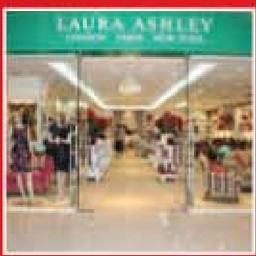
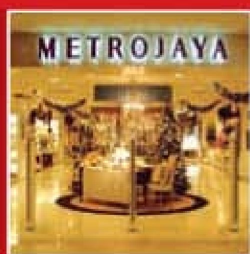
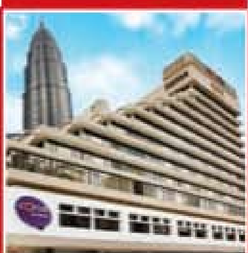
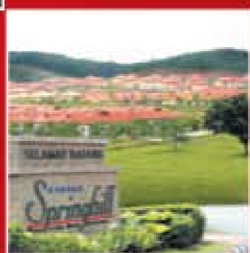
Malayan United Industries Berhad

Company No: 3809 - W









LAPORAN TAHUNAN 2013 ANNUAL REPORT

CONTENTS

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third 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, 26 June 2014 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 2013.

2. To approve Directors' Fees of RM215,200. **(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 consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **(Resolution 3)**

5. To re-elect Dr Wong Hong Meng, who is retiring in accordance with Article 109 of the Company's Articles of Association. **(Resolution 4)**

6. Notice of Nomination from a shareholder pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed as "Appendix A" on page 150 of the Company's 2013 Annual Report, has been received by the Company for the nomination of Messrs Crowe Horwath, who have given their consent to act, for appointment as auditors and of the intention to propose the following Ordinary Resolution:-.

   "THAT Messrs Crowe Horwath be appointed as auditors of the Company for the financial year ending 31 December 2014 and their remuneration be fixed by the Directors." **(Resolution 5)**

As Special Business

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

7. 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 6)**

8. Ordinary Resolution
   - Proposed renewal of 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 4 June 2014 ("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 7)**

9. 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 2013, 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

NOTICE OF MEETING (Cont'd)

(d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

AND THAT the Directors be and are hereby authorized to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorization with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Securities and all other governmental/ regulatory authorities." **(Resolution 8)**

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

By order of the Board

Soo-Hoo Siew Hoon
Lee Chik Siong
Joint Company Secretaries

Kuala Lumpur
4 June 2014

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 16 June 2014 shall be entitled to attend and vote at the meeting. A member of the Company 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 7 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-Second Annual General Meeting held on 27 June 2013 and which will lapse at the conclusion of the Forty-Third Annual General Meeting to be held on 26 June 2014.

   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 8, 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 4 June 2014 for more information.

3. The Ordinary Resolution proposed under item 9, 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.

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*
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.
YB Dato' Dr Tan Kee Kwong, D.M.P.N.
Dr Wong Hong Meng

Joint Company Secretaries

Soo-Hoo Siew Hoon
Lee Chik Siong

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 75. 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. In 2012, was awarded the Lifetime Achievement Award for 'Leadership in Global Business' by the Asian Strategy & Leadership Institute at the World Chinese Economic Forum. In 2013, was awarded the Lifetime Achievement Award for entrepreneurship by Enterprise Asia and the BrandLaureate Premier Brand ICON Leadership Award. Also in 2013, was conferred 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, 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. Attended all the six (6) Board Meetings held during the financial year.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad

Age 70. Independent Non-Executive Director. Appointed as Director on 3 January 2007. Chairman of the Remuneration Committee and Nomination Committee. Also member of the Audit 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 and Wing Tai Malaysia Berhad. Attended all the six (6) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (Cont'd)

YB Dato' Dr Tan Kee Kwong

Age 67. 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 five (5) Board Meetings held during the financial year.

Dr Wong Hong Meng

Age 67. Independent Non-Executive Director. Appointed on 4 October 2011. Chairman of the Audit Committee and member of the Nomination 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. Attended all the six (6) Board Meetings held during the financial year.

Note:-
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 four (4) Directors:-

- One (1) Chairman and Chief Executive
- Three (3) Independent Non-Executive Directors

The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

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.

Tan Sri Dato' Paduka Dr Mazlan bin Ahmad 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 2013 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 2013. 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.

1. **Board of Directors** (Cont'd)

1.7 Directors Remuneration (Cont'd)

For the financial year ended 31 December 2013, 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	-	105	477
- Subsidiaries	1,140	157	27	1,377	2,701
	1,440	229	27	1,482	3,178
Non-Executive Directors					
Received from					
- Company	-	253	-	16	269
- Subsidiaries	-	239	-	8	247
	-	492	-	24	516
	1,440	721	27	1,506	3,694

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	-	3
RM50,001 to RM100,000	-	3
RM150,001 to RM200,000	-	1
RM3,150,001 to RM3,200,000	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 "Managing Effective Boardroom Dynamics & Board Evaluation Mechanism in Making a Difference".

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	Dr Wong Hong Meng	- Independent Non-Executive Director
Members	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	- Independent Non-Executive Director
	YB Dato' Dr Tan Kee Kwong	- 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 2013 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	Tan Sri Dato' Paduka Dr Mazlan bin Ahmad	- Independent Non-Executive Director
Member	Dr Wong Hong Meng	- Independent Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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 held one meeting during the financial year ended 31 December 2013. The Nomination Committee has carried out the annual assessment for financial year ended 31 December 2013 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
Member	YB 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 44 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 2013 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 2013 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'S 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 risks 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 role 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 comprises of the Chief Operating Officer, the Chief of Staff of Chairman's Office, the Financial Controller and the Heads of Operations.

RISK MANAGEMENT PROCESS

Risks are reported and monitored at the operational level using the 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 Management 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, property, food & confectionery and financial services. There have been no significant changes in the nature of these activities during the financial year. The significant risk exposure faced by the Group during the financial year can be broadly categorized as follows:

Financial Risk

The risk of loss arising from:
I. Impairment of investments and intangible assets
II. Recoverability of other receivables
III. Foreign exchange fluctuations

Operational Risk

The risk of loss arising from:
I. Food quality and safety
II. Quality of service and facilities
III. Stock write off
IV. Fire and safety
V. Granting of securities trading limits and margin financing
VI. Recoverability of trade receivables
VII. Project planning and implementation
VIII. Minimum wages implementation

Legal Risk

The risk of loss arising from:
I. Non-compliance with statutory/regulatory requirements
II. Legal suits and prosecutions

External Risk

The risk of loss arising from:
I. Calamities and natural disasters
II. Contagion
III. Economic performance – export markets
IV. More stringent end-financing approval requirements
V. Fluctuation in prices of materials

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 with the necessary caliber to fulfill the respective responsibilities and ensuring that adequate controls are in place;

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

- 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 budgets;

- 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 Chief Operating Officer and the Financial Controller have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

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.

Based on their procedures performed, the external auditor have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraph 41 & 42 of the Guidelines, nor is it factually inaccurate.

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 2013.

2. **SHARE BUYBACK**
   The Company has not made any purchase, resale or cancellation of its own shares in the financial year ended 31 December 2013.

3. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
   There were no options, warrants or covertible securities issued and exercised during the financial year ended 31 December 2013.

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 2013, non-audit fees paid to the external auditors by the Company and its subsidiary companies amounted to RM299,000 (2012: RM341,000).

7. **VARIATION IN RESULTS**
   On 30 April 2014, the Company announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that there was a variation of 327% between the Group's profit after taxation and minority interest stated in the audited financial statements for the financial year ended 31 December 2013 and the Group's profit after taxation and minority interest stated in the unaudited financial statements for the financial year ended 31 December 2013 announced on 25 February 2014.

   The reasons for this deviation were disclosed in an announcement made to Bursa Securities dated 30 April 2014.

8. **PROFIT GUARANTEE**
   There was no profit guarantee for the financial year ended 31 December 2013.

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 2013 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*
Dr Wong Hong Meng - *Chairman*	*Independent Non-Executive Director*
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad - *Member*	*Independent Non-Executive Director*
YB Dato' Dr Tan Kee Kwong - *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 2013, five (5) Audit Committee Meetings were held. Dr Wong Hong Meng, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and YB Dato' Dr Tan Kee Kwong attended all the five (5) meetings of the Audit Committee.

In addition to the Committee members, the Head of Internal Audit and officer in charge of accounts 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 2013

The Audit Committee reviewed and deliberated three (3) 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 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 2014. 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 senior management or by the Audit Committee.

The Internal Audit carries out audit assignments based on risk-based 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 costs incurred for the internal audit function for the financial year ended 31 December 2013 are RM208,000 for the Company and RM172,000 for the Subsidiaries (2012: RM162,800 for the Company and RM61,400 for the Subsidiaries).

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 2013

Malayan United Industries Berhad, through subsidiaries Pan Malaysia Corporation Berhad, Corus Hotel Kuala Lumpur, West Synergy Sdn Bhd ("West Synergy"), Metrojaya Berhad ("Metrojaya"), sponsored the "Heart & Soul" concert by the Philharmonic Society of Selangor community choir from 5 July to 7 July 2013. The "Heart & Soul" concert was part of a series of charity concerts with well-loved classics celebrating unforgettable eras in music.

In 2013, West Synergy made donations to various charitable bodies including Persatuan Bekas Anggota Perisikan Malaysia, Tabung Kebajikan Polis Diraja Malaysia, Kesatuan Kebangsaan Pekerja-Pekerja Jabatan Kerja Raya, Persatuan Ibu Bapa dan Guru SMK Yam Tuan Radin, and Pewira K9 Malaysia. The Group also made donations to flood victims of Kampung Batu 7, near Bandar Springhill, in Port Dickson.

Corus Hotel Kuala Lumpur ("Corus KL") organised a break fast event in July 2013 to help the children from Rumah Titian Kaseh raise money for their school necessities. Corus KL also raised funds through a Christmas goodies sales for a donation to Kiwanis Down Syndrome Foundation.

Corus Paradise Resort Port Dickson, in July 2013, organised a charity event to break fast with children from Pertubuhan Anak Yatim Al-Khir. This event promoted caring for the less fortunate children.

In 2013, Network Foods (Malaysia) Sdn Bhd ("NFM") continued to advance its the Crispy School Campaign involving 50 schools in rural and sub-urban areas where nutrition was taught by trained professionals to school children in order to enhance their knowledge on healthy eating.

NFM also organised Tango Celebrity Night Campaign involving 11 colleges nationwide. NFM's performers presented a dance show to enhance the Tango image of 'Energy and Casual' to young adults to instill healthy energetic lifestyle in the young adults.

In 2013, Network Foods Distribution Pte Ltd ("NFD") sponsored the Mosque Charitable event, an event aimed at raising funds for underprivileged families. In addition, NFD sponsored Nanyang Technological University Earthlink event, an environmental awareness campaign to instill, inspire and encourage a greater sense of environmentalism in adopting environmental sustainable lifestyle in Singapore.

In Hong Kong, Network Foods (Hong Kong) Limited together with its related companies made a charitable donation of HK$0.5 million (RM205,000) to the St. James Settlement in Hong Kong in a joint effort to provide social welfare services to the local community.

Metrojaya continues to play an active role by donating cash and in kind to charities and institutions. This includes Institut Jantung Negara (National Heart Institute), Estee Lauder Group of Companies for the Breast Cancer Awareness Campaign, Montfort Boys' Town, Malaysian Society of the Blind, National Stroke Association of Malaysia (NASAM), All Women's Action Society (AWAM) and Kiwanis Down Syndrome Foundation.

Laura Ashley Holdings plc donated £166,542 (RM0.8 million) in total in 2013 to various charitable organisations such as New Life, Fashion Target Breast Cancer, Breast Cancer Awareness, Red Cross and Marie Curie Cancer Care.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the Annual Report and the Audited Financial Statements of Malayan United Industries Berhad ("MUI", "the Group" or "the Company") and its subsidiary companies for the financial year ended 31 December 2013.

Despite challenging markets, the Group has delivered a resilient performance for the year under review.

The financial results for the year under review reflected the Group's determination to retain its competitive edge in the market and to deliver sustainable growth towards long-term benefit to the Group.

FINANCIAL REVIEW

Group revenue was RM663.4 million for the financial year under review. This compares with RM817.9 million in the previous financial year. The decline in revenue was mainly attributed to the discontinuation of the general insurance business in the previous financial year.

Profit before tax ("PBT") for the financial year under review was RM24.7 million compared with RM129.1 million in the prior financial year. The lower PBT in the financial year under review was due to a gain of RM180.0 million from the disposal of the Group's general insurance assets which was included in the PBT of the previous financial year.

In terms of continuing operations, revenue for the financial year under review was RM663.4 million compared with RM656.4 million in the previous financial year. The PBT from continuing operations for the financial year under review was RM24.7 million compared to a loss before tax ("LBT") of RM50.9 million in the previous financial year.

The increase in the PBT from continuing operations was mainly attributed to a share of higher profits in the Group's overseas associate companies, Laura Ashley Holdings plc and Regent Corporation along with a lower impairment charge in the Group's local associate company, Pan Malaysia Capital Berhad ("PM Capital").

As at 31 December 2013, the Group's total assets and total equity stood at RM2.1 billion and RM1.0 billion respectively.

Laura Ashley Fashion Spring Summer 2014 Collection

Laura Ashley Home Furnishings Spring Summer 2014 Collection

OPERATIONS REVIEW

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 209 stores in the United Kingdom ("UK") and the Republic of Ireland, five stores in France, and franchises 286 stores in 32 countries worldwide. Among the countries where Laura Ashley has an established presence are Japan, Australia, Greece, Spain, Taiwan, Hong Kong, Chile, Ukraine, Malaysia, South Korea, Turkey, the Netherlands, Belgium, Sweden, New Zealand, Singapore and UAE. In addition to these stores, the Laura Ashley Holdings plc, also markets its products through licensing, e-commerce and mail order.

In July 2013, Laura Ashley launched its first hotel, Laura Ashley The Manor in the UK. This high-end boutique hotel showcases Laura Ashley's range of unique and high quality products and designs.

Metrojaya department store in Mid Valley, Megamall, Kuala Lumpur


Home accessories by Living Quarters

For its financial year ending 25 January 2014, revenue of Laura Ashley Holdings plc fell slightly by 1.4% to £294.5 million (RM1.46 billion) compared with £298.8 million (RM1.46 billion) in the previous year. PBT for Laura Ashley Holdings plc increased by 2.0% to £20.5 million (RM101.4 million) compared with £20.1 million (RM98.5 million) in the previous year. This set of positive results marked the 11th consecutive year of profitability for Laura Ashley Holdings plc and enable the company to further strengthen its competitive position in the retailing world.

In North and South America, Laura Ashley's products and services are marketed under licensee agreements with established retailers.

Laura Ashley (North America), Inc, a wholly-owned subsidiary of Regent Corporation which is an associated company of the Group, is primarily engaged in licensing of Laura Ashley Holdings plc's trademarks and copyrighted designs in North and South America.

For the financial year ended 31 December 2013, Laura Ashley (North America), Inc's revenue increased by 1.4% to US$7.3 million (RM23.1 million) and PBT increased by 12.5% to US$3.6 million (RM11.4 million).

Metrojaya is a leading department store chain in Malaysia operating eight department stores, and 74 specialty stores under the established names of Reject Shop, East India Company, Somerset Bay, Cape Cod and Living Quarters. In addition, Metrojaya has also developed and marketed several successful in-house brands such as Passages, Emanuelle and Zona. In Malaysia and Singapore, the Metrojaya group also operates 10 Laura Ashley's franchised and concessionaire stores.

For the year under review, Metrojaya recorded a revenue of RM368.2 million, compared to RM367.3 million in the previous year. However, Metrojaya's PBT decreased to RM11.4 million compared to RM24.7 million in the previous year mainly due to declining profitability in Reject Shop and the impairment of certain assets.

Hotel Division

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

Towards the latter part of 2013, the UK Corus Hotels group began an extensive refurbishment and rebranding project for its Belsfield Hotel, in the famous Lake District, UK. This hotel will be the second high-end boutique hotel under the Laura Ashley brand. The

Corus Hotel Hyde Park, London

Corus Hotel Kuala Lumpur, Malaysia

Laura Ashley The Manor, Elstree

refurbishment is expected to be completed in the third quarter of 2014.

Hotel trading conditions in the UK continued to be challenging, but it is gradually improving. Revenue of UK Corus Hotels group remained stable at £24.6 million (RM121.9 million) while PBT improved to £0.8 million (RM4.1 million) compared to £0.7 million (RM3.2 million) in the previous year as a result of higher average room rates.

Corus Hotel Hyde Park, the group's 389-room UK flagship hotel, sustained revenue at £12.5 million (RM61.8 million) with PBT of £3.5 million (RM17.3 million), compared to last year's £3.75 million (RM18.3 million). The temporary fall was mainly due to higher initial sales and marketing expenses to increase its average room rate in the medium and long term as part of its strategy to move up its market positioning in the hotel industry.

Corus Hotel Kuala Lumpur ("Corus KL")'s revenue grew by 2% to RM35.9 million in the year under review due to the achievement of higher average room rate after modest refurbishment completed in January 2013 while PBT was RM15.0 million, decreased marginally compared to RM15.6 million in the previous year due to higher depreciation of capital expenditure from the refurbishment. The refurbishment was part of Corus KL's strategy to increase its average room rate in the medium and long term and to move up its positioning in the hotel industry.

In 2013, our two signature restaurants in Corus KL, namely Ming Palace (authentic Chinese Restaurant) and Komura (Japanese Restaurant) were awarded Malaysia's Best Restaurants 2013 by Malaysia Tatler.

Corus Paradise Resort Port Dickson achieved a modest revenue growth of 4.5% to RM11.6 million in 2013 due to better yield management and higher average room rate.

Food Division

The Group's food business is undertaken by Network Foods International Ltd ("NFIL"), a subsidiary of Pan Malaysia Corporation Berhad. NFIL operates in Malaysia, Singapore and Hong Kong through its four operating subsidiaries.

In Malaysia, its subsidiary Network Foods 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. NFI also manufactures private label products for local and overseas companies.

NFIL's 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 RM53.1 million, compared to RM57.7 million in the previous year. The decrease was mainly due to lower private label and export sales. PBT decreased from RM3.6 million in 2012 to RM2.9 million mainly due to lower sales, price increase of raw and packing materials and higher labour cost with the legislative implementation of minimum wages imposed by the Ministry of Human Resources with effect from 1 January 2013.

NFM's revenue was RM33.3 million in 2013, compared with RM35.3 million in the previous year. LBT was RM1.0 million, compared to PBT of RM1.4 million in the previous year mainly due to lower sales and higher marketing expenses.

NFD reported lower revenue of S$1.5 million (RM3.8 million) in 2013, compared to S$1.7 million (RM4.3 million) in the previous year. LBT was S$119,000 (RM0.3 million) compared to S$62,000 (RM0.2 million) in the prior year.

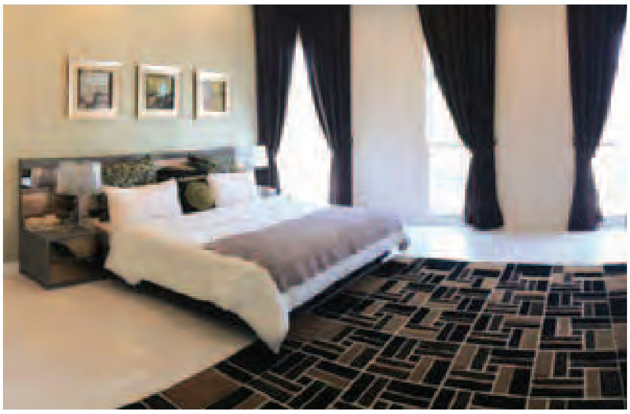
NFHK reported an improved revenue of HK$25.5 million (RM10.4 million), from HK$24.5 million (RM9.8 million) in the prior year. PBT was sustained at HK$1.0 million (RM0.4 million).

Tudor Gold coated nuts in new doypack

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

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



Interior of Bungalow Type Sapphire 1A

with Chin Teck Plantations Berhad. West Synergy also derives income from the sale of oil palm fresh fruit bunches ("FFB").

In the year under review, West Synergy achieved revenue of RM31.3 million from property development, compared to RM30.5 million in the previous year. Gross profit from property development increased by 11.1% to RM10.8 million.

Cumulatively, as at the end of the year under review, West Synergy has sold 2,585 units of residential homes and commercial properties in the Bandar Springhill township.

In July 2013, West Synergy launched 34 units of two and three-storey commercial shop offices. Response to the new launch was encouraging with about 65% of the units sold. A sub-phase launch incorporating a new design for double-storey terrace houses at higher prices was also well received.

Revenue from the sale of FFB for the year under review was RM4.2 million, lower by 31.6% compared to the previous year. This was mainly due to a decline in the average price of crude palm oil ("CPO"). According to the Malaysian Palm Oil Board report, Overview of The Malaysia Oil Palm Industry 2013, the average price of CPO fell to RM2,371 per tonne in 2013 compared to RM2,764 per tonne in 2012. As a result, gross profit from this business segment declined by 38.0% to RM2.7 million.

Financial Services Division

The Financial Services Division of the Group comprises PM Securities Sdn Bhd ("PM Securities") and PCB Asset Management Sdn Bhd ("PCB Asset Management").

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 three electronic access facilities in Jelebu (Negeri Sembilan), Banting (Selangor) and Ayer Itam (Penang).

For the year under review, PM Securities reported a 27.4% increase in revenue of RM20.9 million compared to the previous year. This was due to positive market sentiments and increase in PM Securities' margin portfolio.

Despite achieving a commendable growth in revenue, PM Securities recorded a LBT of RM17.1 million following a further impairment of its intangible asset amounting to RM17.0 million during the year under review. A similar impairment of RM180.4 million was made in the previous year. The provision of impairment charge was made to reflect the fair value of its stockbroking business and has no impact on the cash flow of PM Securities or the Group. Without RM17.0 million for the impairment charge, PM Securities would have reported a LBT of RM0.1 million arising from its recovery of bad debts, processing fees and interest earned from margin and IPO financing.

PCB Asset Management is a wholly-owned fund management subsidiary of PM Capital. During the year under review, PCB Asset Management recorded an increase in funds under its management from the previous year.

CORPORATE DEVELOPMENTS

In July 2013, a subsidiary of the Group completed the disposal of a piece of leasehold land together with a warehouse and office located at Woodlands Link, Singapore to Sing Long Foodstuff Trading Co. Pte Ltd, for a purchase consideration of S$15.4 million (equivalent to approximately RM38.2 million). The gain arising from this disposal was RM21.5 million.

Earlier in April 2013, another 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 RM15,095,000 as at 31 December 2013, for a total cash consideration of RM13,971,000.

LOOKING AHEAD

As we move forward, though the world and domestic economic landscape remain challenging, I am confident that we are on the right course as the Group continues to restructure its business model and strategy as well as to pare down its bank borrowings to ensure a strong balance sheet.

The Group will continue to stay prudent, quality conscious and innovative to respond to new changes and challenges ahead.

At the same time, the Group will continue to develop and optimise its existing business including the expansion of its retail brands into new territories.

Apart from organic growth, the Group will continue to assess potential investment opportunities to further expand its asset base and create value for shareholders.

OUR BOARD

On behalf of the Board of Directors, I would like to take this opportunity to express my deep thanks to Dr Ngui Chon Hee and Dato' Paduka Nik Hashim Nik Yusoff who both retired as Directors of the Group on 27 June 2013, for their contributions.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would also like to express my sincere appreciation to our customers, bankers, financial institutions, suppliers, bussiness partners and shareholders for their faith and support. The Group also thanks its management and staff for their dedication and hard work towards developing the Group's business. Last but not least, I wish to thank my fellow Board members for their wise counsel, confidence and continued support. Let us all work together to achieve better results in the financial year ahead.

To GOD be the glory

Tan Sri Dato' Khoo Kay Peng
Chairman

15 May 2014

KENYATAAN PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit bagi Syarikat dan subsidiari-subsidiari Malayan United Industries Berhad ("MUI", "Kumpulan" atau "Syarikat"), bagi tahun kewangan berakhir 31 Disember 2013.

Walaupun dalam suasana pasaran yang mencabar, Kumpulan telah mencapai prestasi yang berdaya tahan bagi tinjauan tahunan.

Laporan kewangan tahunan di bawah tinjauan tahunan mencerminkan kegigihan Kumpulan dalam usaha mengekalkan daya saing di dalam pasaran dan menghasilkan pertumbuhan yang mapan ke arah faedah jangka panjang kepada Kumpulan.

TINJAUAN KEWANGAN

Pendapatan Kumpulan untuk laporan tahunan kewangan di bawah tinjauan adalah RM663.4 juta berbanding dengan RM817.9 juta pada tahun kewangan sebelumnya. Kemerosotan dalam pendapatan ini adalah disebabkan operasi peniagaan insurans am yang telah ditamatkan pada tahun lalu.

Keuntungan sebelum cukai ("PBT") bagi tahun kewangan di bawah tinjauan adalah RM24.7 juta berbanding dengan RM129.1 juta pada laporan kewangan tahunan sebelumnya. PBT yang lebih rendah ini disebabkan oleh keuntungan sebanyak RM180.0 juta hasil daripada penjualan aset insurans am Kumpulan telah dimasukkan ke dalam keuntungan sebelum cukai tahun kewangan sebelumnya.

Dari segi operasi semasa, pendapatan bagi tahun kewangan di bawah tinjauan adalah RM663.4 juta berbanding dengan RM656.4 juta pada tahun kewangan sebelumnya. PBT daripada operasi semasa bagi tahun kewangan di bawah tinjauan adalah RM24.7 juta berbanding dengan kerugian sebelum cukai ("LBT") yang dicatatkan pada tahun kewangan sebelumya iaitu sebanyak RM50.9 juta.

Peningkatan PBT daripada operasi semasa adalah dari hasil keuntungan yang lebih tinggi dalam Kumpulan syarikat-syarikat bersekutu luar negara, iaitu Laura Ashley Holdings plc dan Regent Corporation serta dibantu oleh caj kemerosotan yang lebih rendah dalam Kumpulan syarikat bersekutu tempatan, Pan Malaysia Capital Berhad ("PM Capital").

Koleksi Fesyen Musim Bunga dan Musim Panas Laura Ashley 2014

Koleksi Hiasan Rumah Musim Bunga Panas Laura Ashley 2014

Sehingga 31 Disember 2013, jumlah aset keseluruhan Kumpulan dan jumlah ekuiti Kumpulan mencapai jumlah RM2.1 bilion dan RM1.0 bilion.

TINJAUAN OPERASI

Bahagian Peruncitan

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

Laura Ashley Holdings plc , yang tersenarai di Bursa Saham London , mengendalikan 209 gedung di United Kingdom ("UK") dan Republik Ireland, lima gedung di Perancis, dan memfrancaiskan 286 gedung di 32 buah negara di seluruh dunia. Di antara negara di mana Laura Ashley mempunyai kedudukan yang kukuh adalah Jepun, Australia, Greece, Sepanyol, Taiwan, Hong Kong, Chile, Ukraine, Malaysia, Korea Selatan, Turki, Belanda, Belgium, Sweden, New Zealand, Singapura dan UAE. Selain gedung-gedung ini, Laura Ashley Holdings plc

Gedung Metrojaya di Mid Valley, Megamall, Kuala Lumpur


Akesesori rumah oleh Living Quarters

turut memasarkan produknya melalui saluran-saluran pelesenan, e-dagang dan pesanan pos.

Pada bulan Julai 2013, Laura Ashley telah melancarkan hotel pertamanya, Laura Ashley The Manor di UK. Hotel butik mewah ini mempamerkan pelbagai produk dan reka bentuk Laura Ashley yang unik dan berkualiti tinggi.

Bagi tahun kewangan berakhir pada 25 Januari 2014, hasil pendapatan Laura Ashley Holdings plc susut sedikit sebanyak 1.4% kepada £ 294.5 juta (RM1.46 bilion) berbanding dengan £ 298.8 juta (RM1.46 bilion) pada tahun sebelumnya. PBT untuk Laura Ashley Holdings plc meningkat sebanyak 2.0 % kepada £ 20.5 juta (RM101.4 juta) berbanding dengan £20.1 juta (RM98.5 juta) pada tahun sebelumnya. Ini merupakan keuntungan yang selama 11 tahun berturut-turut yang telah dicatat oleh Laura Ashley Holdings plc dan sekaligus memperkukuhkan lagi kedudukan daya saingnya dalam bidang peruncitan di pasaran dunia.

Di Amerika Utara dan Amerika Selatan, produk dan perkhidmatan Laura Ashley dipasarkan di bawah perjanjian pelesenan dengan peruncit-peruncit yang kukuh kedudukannya.

Laura Ashley (North America), Inc, sebuah anak syarikat milik penuh Regent Corporation yang juga merupakan sebuah syarikat bersekutu Kumpulan, pada dasarnya terlibat dalam pelesenan tanda niaga Laura Ashley Holdings plc dan dilindungi hakcipta reka bentuk Laura Ashley Holdings plc di Amerika Utara dan Amerika Selatan.

Bagi tahun kewangan berakhir 31 Disember 2013, hasil pendapatan Laura Ashley (North America), Inc telah meningkat sebanyak 1.4% kepada AS $ 7.3 juta (RM23.1 juta) dan PBT Laura Ashley (North America) Inc. meningkat sebanyak 12.5% kepada AS $ 3.6 juta (RM11.4 juta).

Metrojaya adalah sebuah rantaian gedung membeli-belah terkemuka di Malaysia yang mengendalikan lapan gedung membeli-belah, dan 74 gedung barangan khas di bawah jenama Reject Shop, East India Company, Somerset Bay, Cape Cod dan Living Quarters. Di samping itu, Metrojaya juga telah membangunkan dan memasarkan beberapa jenama tersendiri seperti Passages, Emanuelle dan Zona. Di Malaysia dan Singapura, kumpulan Metrojaya turut memegang 10 buah francais dan kedai-kedai konsesi Laura Ashley.

Bagi tahun kewangan di bawah tinjauan ini, Metrojaya mencatatkan pendapatan sebanyak RM368.2 juta, berbanding RM367.3 juta pada tahun sebelumnya.

Corus Hotel Hyde Park, London

Hotel Corus Kuala Lumpur, Malaysia

Laura Ashley The Manor, Elstree

Walau bagaimanapun, PBT Metrojaya menurun kepada RM11.4 juta berbanding RM24.7 juta pada tahun sebelumnya. Ini adalah disebabkan oleh susutan keuntungan dalam Reject Shop dan kemerosotan aset-aset tertentu.

Bahagian Hotel

Kumpulan memiliki dan mengusahakan sembilan hotel dan dua restoran di UK dan dua hotel di Malaysia, dan sebahagian besarnya beroperasi di bawah jenama “Corus”. Kumpulan Hotel Corus UK turut menguruskan sebuah hotel untuk Laura Ashley Holdings plc.

Menjelang akhir tahun 2013, kumpulan Hotel Corus UK telah memulakan kerja-kerja pengubahsuaian dan projek penjenamaan semula yang meluas untuk Hotel Belsfield, yang bertempat di Lake District yang terkenal di UK. Hotel ini akan menjadi hotel butik mewah kedua di bawah jenama Laura Ashley. Kerja-kerja baik pulih ini dijangka selesai pada suku ketiga tahun 2014.

Keadaan perdagangan hotel di UK terus menghadapi suasana yang mencabar, tetapi kini ia beransur-ansur pulih. Hasil pendapatan kumpulan Hotel Corus UK kekal stabil pada £ 24.6 juta (RM121.9 juta) manakala PBT meningkat kepada £ 0.8 juta (RM4.1 juta) berbanding £ 0.7 juta (RM3.2 juta) pada tahun sebelumnya hasil daripada purata kadar bilik yang lebih tinggi.

Hotel Corus Hyde Park, hotel perdana milik Kumpulan UK yang memuatkan 389 bilik, mempertahankan pendapatannya pada £12.5 juta (RM61.8 juta) dengan PBT sebanyak £3.5 juta (RM17.3 juta), berbanding dengan PBT pada tahun lepas iaitu £3.75 juta (RM18.3 juta). Kemerosotan sementara ini adalah disebabkan oleh jualan awal yang lebih tinggi dan kos perbelanjaan pemasaran untuk menaikkan nilai purata kadar bilik dalam jangka masa sederhana dan panjang. Ini adalah strategi untuk meningkatkan kedudukan hotel tersebut dalam industri perhotelan.

Pendapatan Hotel Corus Kuala Lumpur (“Corus KL”), meningkat sebanyak 2% kepada RM35.9 juta pada tahun ini dari pencapaian purata kadar bilik yang lebih tinggi selepas proses baik pulih yang telah selesai pada bulan Januari 2013 manakala PBT sebanyak RM15.0 juta adalah berkurangan sedikit berbanding dengan RM15.6 juta pada tahun sebelumnya disebabkan oleh susut nilai yang lebih tinggi daripada perbelanjaan modal dari proses baik pulih tersebut. Proses baik pulih itu adalah sebahagian daripada strategi Corus KL untuk meningkatkan purata kadar bilik dalam jangka masa sederhana dan panjang dan untuk meningkatkan kedudukannya dalam industri perhotelan.

Pada tahun 2013, dua restoran utama kami di Corus

KL, iaitu Ming Palace (Restoran Cina) dan Komura (Restoran Jepun) telah dianugerahkan Restoran Terbaik Malaysia 2013 oleh Malaysia Tatler.

Corus Paradise Resort Port Dickson mencapai kenaikan pendapatan yang sederhana sebanyak 4.5% kepada RM11.6 juta pada tahun 2013 dari hasil pengurusan yang lebih baik dan purata kadar bilik yang lebih tinggi.

Bahagian Pemakanan

Network Foods International Ltd ("NFIL"), sebuah anak syarikat Pan Malaysia Corporation Berhad, bertanggungjawab untuk memantau operasi-operasi bahagian pemakanan Kumpulan yang beroperasi di Malaysia, Singapura dan Hong Kong melalui empat anak syarikatnya.

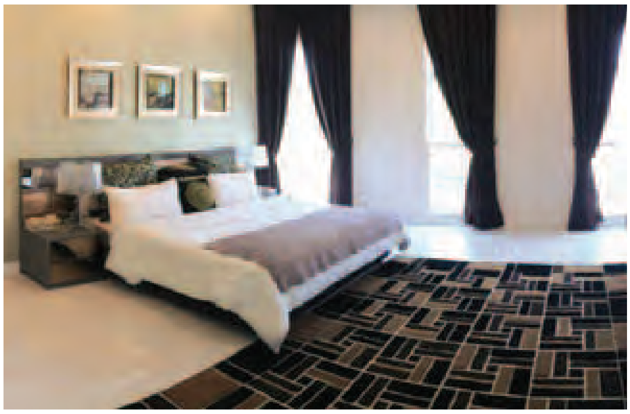
Di Malaysia, anak syarikatnya, Network Foods Industries Sdn Bhd ("NFI") terlibat dalam proses mengilang, memasarkan dan mengeksport produk-produk coklat dan konfeksi di bawah beberapa jenama terkenal seperti Tudor Gold, Crispy, Tango, Kandos dan Kiddies. Produk-produk ini juga dieksport ke lebih daripada 30 buah negara di seluruh dunia. NFI juga mengeluarkan produk berlabel persendirian untuk syarikat-syarikat tempatan dan juga syarikat-syarikat di luar negara.

Aktiviti-aktiviti pemasaran dan pengedaran NFIL ini dijalankan secara berasingan oleh tiga anak syarikatnya – Network Foods (Malaysia) Sdn Bhd ("NFM"), Network Foods Distribution Pte Ltd ("NFD") di Singapura dan Network Foods (Hong Kong) Limited ("NFHK").

Bungkusan baru pekdoy Tudor Gold bersalut kacang

NFI mencatat jualan sebanyak RM53.1 juta untuk tahun kewangan di bawah tinjauan, berbanding RM57.7 juta pada tahun kewangan sebelumnya. Kemerosotan ini adalah disebabkan oleh kemerosotan jualan label persendirian dan eksport yang lebih rendah. PBT berkurangan daripada RM3.6 juta pada tahun 2012

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


Bahagian dalaman Bungalow Jenis Sapphire 1A

kepada RM2.9 juta disebabkan oleh jualan yang lebih rendah, kenaikan harga bahan mentah dan pembungkusan dan kos buruh yang lebih tinggi dengan pelaksanaan gaji minimum yang dikuatkuasakan oleh Kementerian Sumber Manusia pada 1 Januari 2013.

Pendapatan NFM adalah RM33.3 juta pada tahun 2013, berbanding dengan RM35.3 juta pada tahun sebelumnya. LBT adalah sebanyak RM1.0 juta berbanding dengan PBT sebanyak RM1.4 juta pada tahun sebelumnya disebabkan oleh jualan yang lebih rendah dan kos perbelanjaan pemasaran yang lebih tinggi.

NFD melaporkan pendapatan yang lebih rendah iaitu S$1.5 juta (RM3.8 juta) pada tahun 2013, berbanding dengan S$1.7 juta (RM4.3 juta) pada tahun sebelumnya. LBT adalah S$119,000 (RM0.3 juta) berbanding S$62,000 (RM0.2 juta) pada tahun sebelumnya.

NFHK juga melaporkan pendapatan yang lebih baik iaitu HK$ 25.5 juta (RM10.4 juta), dari HK$24.5 juta

(RM9.8 juta) pada tahun sebelumnya. PBT kekal pada HK$1.0 juta (RM0.4 juta).

Bahagian Hartanah

Projek hartanah utama Kumpulan adalah pembinaan Bandar Springhill yang meliputi kawasan seluas 1,990 ekar, yang dibangunkan oleh West Synergy Sdn Bhd ("West Synergy"), sebuah projek usahasama dengan Chin Teck Plantations Berhad. West Synergy turut meraih hasil dari jualan buah kelapa sawit mentah ("FFB").

Dalam tahun kewangan ini, West Synergy meraih pendapatan sebanyak RM31.3 juta daripada pembangunan hartanah, berbanding dengan RM30.5 juta pada tahun sebelumnya. Keuntungan kasar daripada pembangunan hartanah meningkat sebanyak 11.1% kepada RM10.8 juta.

Secara keseluruhan, pada tinjuan akhir tahun ini, West Synergy telah menjual sebanyak 2,585 unit rumah kediaman dan hartanah komersial di perbandaran Bandar Springhill.

Pada bulan Julai 2013, West Synergy telah melancarkan 34 unit kedai pejabat komersial dua tingkat dan tiga tingkat. Hasil daripada pelancaran ini adalah menggalakkan dengan kira-kira 65% daripada jumlah unit yang dilancarkan telah berjaya dijual. Satu pelancaran fasa tambahan yang memperkenalkan reka bentuk yang baru untuk rumah teres dua tingkat pada harga yang lebih tinggi turut diterima dengan baik.

Hasil daripada jualan FFB bagi tahun tinjauan ini adalah RM4.2 juta, penurunan sebanyak 31.6% berbanding dengan tahun sebelumnya. Ini adalah disebabkan oleh penurunan dalam harga purata minyak sawit mentah ("CPO"). Menurut laporan Lembaga Kelapa Sawit Malaysia, Overview of The Malaysia Palm Oil 2013, harga purata minyak sawit mentah merosot kepada RM2,371 se tan metrik pada tahun 2013 berbanding RM2,764 se tan metrik pada tahun 2012. Faktor ini telah menyebabkan keuntungan kasar daripada segmen dagangan ini menurun sebanyak 38.0% kepada RM2.7 juta.

Bahagian Perkhidmatan Kewangan

Bahagian Perkhidmatan Kewangan Kumpulan meliputi PM Securities Sdn Bhd ("PM Securities") dan PCB Management Sdn Bhd ("PCB Asset Management").

PM Securities adalah broker universal. Syarikat ini menawarkan perkhidmatan broker saham melalui rangkaian lapan cawangan di Kuala Lumpur, Seremban, Puchong, Pulau Pinang, Johor Bahru, Melaka, Klang dan Batu Pahat, serta tiga kemudahan akses elektronik di Jelebu (Negeri Sembilan), Banting (Selangor) dan Ayer Itam (Pulau Pinang).

Bagi tahun kewangan di bawah tinjauan ini, PM Securities melaporkan peningkatan dalam pendapatan sebanyak 27.4% berjumlah RM20.9 juta berbanding tahun sebelumnya. Ini disebabkan oleh sentimen pasaran yang positif serta peningkatan dalam portfolio margin PM Securities.

Walaupun mencapai pertumbuhan yang membanggakan dalam hasil pendapatan, PM Securities mencatatkan LBT sebanyak RM17.1 juta berikutan kemerosotan tambahan bagi aset tidak ketara berjumlah RM17.0 juta pada tahun kewangan ini. Kemerosotan yang serupa berjumlah RM180.4 juta telah dicatatkan pada tahun sebelumnya. Caj kemerosotan disediakan untuk mencerminkan nilai saksama perniagaan pembrokeran saham dan tidak memberi kesan kepada aliran tunai PM Securities atau Kumpulan. Tanpa caj kemerosotan sebanyak RM17.0 juta, PM Securities berupaya melaporkan LBT sebanyak RM0.1 juta hasil daripada pemulihan hutang lapuk, yuran pemprosesan dan pendapatan faedah yang diperolehi daripada margin dan pembiayaan IPO.

PCB Asset Management merupakan anak syarikat milik penuh pengurusan dana PM Capital. Pada tahun tinjauan, PCB Asset Management mencatatkan peningkatan dalam dana di bawah pengurusannya daripada tahun sebelumnya.

PERMBANGUAN KORPORAT

Pada bulan Julai 2013, sebuah anak syarikat Kumpulan telah melupuskan sebidang tanah pegangan pajakan bersama-sama dengan gudang dan pejabat yang terletak di Woodlands Link, Singapura kepada Sing Long Foodstuff Trading Co. Pte Ltd. Jumlah hasil penjualan adalah sebanyak S$15.4 juta (bersamaan kira-kira RM38.2 juta). Keuntungan daripada pelupusan ini adalah sebanyak RM21.5 juta.

Pada bulan April 2013, satu lagi anak syarikat Kumpulan telah menjual pelaburannya di dalam George Kent (Malaysia) Berhad berjumlah 16,058,400 unit saham bernilai RM0.50 seunit, dengan harga nilai pasaran sebanyak RM15,095,000 pada 31 Disember 2013. Hasil jumlah tunai yang diterima adalah sebanyak RM13,971,000.

MEMANDANG KE HADAPAN

Sambil mengorak langkah ke hadapan, dengan prasarana ekonomi negara dan dunia yang kekal mencabar, saya yakin kita berada di landasan yang betul dengan Kumpulan terus giat menyusun semula strategi dan modal perniagaan sekali gus mengurangkan pinjaman bank bagi memastikan kedudukan kewangan yang sentiasa kukuh.

Kumpulan akan terus kekal berhemat, mempertingkatkan kualiti dan inovatif untuk menangani perubahan dan cabaran baru di masa hadapan.

Pada masa yang sama, Kumpulan akan terus membangun dan mengoptimumkan perniagaan yang sedia ada termasuk mengembangkan lagi jenama-jenama runcit merentasi sempadan baru.

Selain daripada pertumbuhan yang sedia ada, Kumpulan akan terus menilai peluang-peluang pelaburan yang berpotensi untuk mengembangkan lagi asas aset dan meningkatkan nilai saham kepada pemegang saham.

LEMBAGA PENGARAH

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Dr Ngui Chon Hee dan Dato' Paduka Nik Hashim Nik Yusoff, yang kedua-duanya telah bersara sebagai Pengarah Kumpulan pada 27 Jun 2013, di atas sumbangan dan khidmat mereka.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya juga ingin merakamkan penghargaan ikhlas kepada para pelanggan, bank-bank, institusi kewangan, pembekal, rakan niaga dan pemegang saham atas keyakinan dan sokongan yang ditunjukkan. Kumpulan juga mengucapkan terima kasih kepada pihak pengurusan dan kakitangan atas dedikasi dan kerja keras mereka ke arah membangunkan perniagaan Kumpulan. Akhir sekali, saya ingin mengucapkan terima kasih kepada rakan-rakan Lembaga Pengarah atas nasihat, kepercayaan dan sokongan yang berterusan. Marilah kita bekerja bersama-sama untuk mencapai keputusan yang lebih baik pada tahun kewangan yang seterusnya.

Kepada TUHAN yang Kita Muliakan

Tan Sri Dato' Khoo Kay Peng
Pengerusi

15 Mei 2014

主席献词

我谨代表董事部同仁向各位提呈马联工业有限公司（“马联”、“本集团”、或“本公司”）及子公司截至2013年12月31日财务年度的年报及财务表。

尽管检讨中财务年内的市场充满挑战，本集团取得了扎实的业绩。

本集团在检讨中财务年内所实现的财务成绩反映了本集团要保持市场竞争优势，以及为了谋取长远利益而争取永续成长的决心。

财务表现

本集团在检讨中财务年内的收入共计6亿6,340万令吉，而上一财务年的收入是8亿1,790万令吉。本集团收入减少主要是由于集团在上个财务年停止了普通保险业务的缘故。

检讨中财务年内的税前盈利为2,470万令吉；相比之下，上个财务年的税前盈利为1亿2,910万令吉。检讨中财务年内的税前盈利减少，是由于本集团脱售普通保险业的盈余共值1亿8,000万令吉已包括在上个财务年内的税前盈利中。

在持续业务方面，在检讨中财务年内的收入共达6亿6,340万令吉，而上个财务年是6亿5,640万令吉。在检讨中财务年内持续业务所赚取的税前盈利为2,470万令吉；比较之下，上个财务年则记下税前亏损达5,090万令吉。

持续业务税前盈利增加，主要是本集团的海外联号Laura Ashley控股有限公司和Regent Corporation的盈利提高及本集团国内联号泛马资本有限公司的减损额减少之故。

截至2013年12月31日，本集团总资产和权益分别为21亿令吉和10亿令吉。

Laura Ashley时装春夏季2014精选

Laura Ashley家居装饰春夏季2014精选

业务评论

零售业

本集团的零售部门包括两大规模稳健和知

名的业务集团，即英国的Laura Ashley控股有限公司以及马来西亚的美罗有限公司(Metrojaya)。

在伦敦股票交易所上市的Laura Ashley控股有限公司在英国和爱尔兰共经营209间商店、在法国经营5间商店以及在全球32个国家共有286间加盟店。目前Laura Ashley已设立业务的国家包括日本、澳大利亚、希腊、西班牙、台湾、香港、智利、乌克兰、马来西亚、韩国、土耳其、荷兰、比利时、瑞典、新西兰、新加坡及阿联酋。除此以外，Laura Ashley控股有限公司也通过特许权、电子商务及邮购等渠道经销其产品。

位于吉隆坡谷中城Megamall的美罗百货公司


Living Quarters家居装饰品

2013年7月，Laura Ashley在英国推出首间精品酒店Laura Ashley The Manor，展现Laura Ashley各种独一无二的高品质产品和设计。

截至2014年1月25日的财务年内，Laura Ashley控股有限公司的收入略减1.4%，从上个财务年的2亿9,880万英镑（14亿6,000万令吉）减至2亿9,450万英镑（14亿6,000万令吉，但税前盈利则增加2%，从2,010万英镑（9,850万令吉）增至2,050万英镑（1亿零140万令吉）。这也是Laura Ashley控股有限公司连续11年赚取盈利,进而增强了公司在零售业的竞争地位。

在北美洲和南美洲方面，Laura Ashley通过与知名零售商缔结特许权协议，经销其产品及服务。

本集团联号Regent Corporation独资拥有的子公司,Laura Ashley(北美)公司主要在北美及南美从事Laura Ashley商标的许可权及版权设计业务。

截至2013年12月31日财务年内，Laura Ashley(北美)公司的收入增加1.4%至730万美元（2,310万令吉）；税前盈利增加12.5%至360万美元（1,140万令吉）。

美罗有限公司是马来西亚的首要连锁百货公司，共经营8间百货商店和74家专卖店。上述专卖店以Reject Shop、East India Company、Somerset Bay、Cape Cod及 Living Quarters等知名品牌经营。除此以外，美罗有限公司也开发和经销多个本家的品牌，如Passages、Emanuelle及Zona。美罗集团也在马来西亚及新加坡经营10间Laura Ashley加盟店及专营权商店。

在检讨中财务年内，美罗有限公司的收入共计3亿6,820万令吉；上一年是3亿6,730万令吉；税前盈利则从上一年的2,470万令吉降至2013年的1,140万令吉，原因是Reject Shop的盈利减少及某些资产的减损。

酒店业

本集团在英国拥有及经营的9间酒店及两间餐馆和马来西亚的两间酒店，这些酒店大部分以Corus品牌经营。英国Corus酒店集团也负

伦敦海德堡公园Corus酒店

马来西亚吉隆坡Corus酒店

Lauran Ashley位于Elstree的精品高档酒店The Manor

责为Laura Ashley控股有限公司管理一间酒店。

在2013年下半年，英国Corus酒店集团为位于英国著名Lake District的Belsfield酒店展开全面的装修和品牌重塑工作。在装修工程完成后，Belsfield酒店将成为以Laura Ashley品牌经营的第二间高档精品酒店。装修工程预计将在2014年第三季度竣工。

虽然英国酒店业的经营环境依然充满挑战，但行情逐渐好转。英国Corus酒店集团的收入保持稳定，共达2,460万英镑(1亿2,190万令吉)，而酒店平均房费提高，促使集团的税前盈利从上一年的70万英镑（320万令吉）增至80 万英镑(410万令吉)。

本集团在英国设有389间客房的旗舰酒店--海德堡公园Corus酒店(Corus Hotel Hyde Park)的收入在检讨中财务年内共达1,250万英镑(6,180万令吉)为税前盈利350万英镑(1,730万令吉)；相较于上一年为375万英镑(1,830万令吉)。该酒店收入和税前盈利的暂时减少，主要是由于该酒店的营销策略为了加强酒店业的市场地位，争取提高中、长期平均房费而承担较高的销售及营销开支所致。

吉隆坡Corus酒店(Corus Hotel Kuala Lumpur)在2013年1月完成了适度的装修后，平均房费调高，以致2013年财务年的收入增长2%至3,590万令吉，装修工程造成资本开支的折旧提高，导致税前盈利比上一年的1,560万令吉略减至1,500万令吉。该装修工程是吉隆坡Corus酒店的营销策略为了加强酒店业的市场地位，争取提高中、长期平均房费。

2013年，吉隆坡Corus酒店的两间招牌餐厅--明宫(Ming Palace)（正宗中餐厅）和Komura(日本料理餐厅)荣获Malaysia Tatler评为马来西亚2013年最佳餐厅。

位于波德申的Corus Paradise Resort由于管理效率提高及平均房费增加，在2013年的收入增长4.5%至1,160万令吉。

食品业

泛马企业有限公司的子公司,Network食品国际有限公司(“NFIL”)负责经营本集团的食品业务。该公司通过其四家营业子公司经营马来西亚、新加坡及香港的业务。

在马来西亚的子公司--Network食品工业私人有限公司(“NFI”)制造、销售及外销多个知名牌巧克力和糖果產品，如Tudor Gold、Crispy、Tango、Kandos及Kiddies等。这些产品也外销至全球超过30个国家。NFI也为本地及外国公司制造私有标签的产品。

NFIL的营销和分销业务分别由三家子公司进行，即Network食品(马来西亚)私人有限公司(“NFM”)、新加坡的Network食品分销私人有限公司(“NFD”)以及Network食品(香港)有限公司(“NFHK”)。

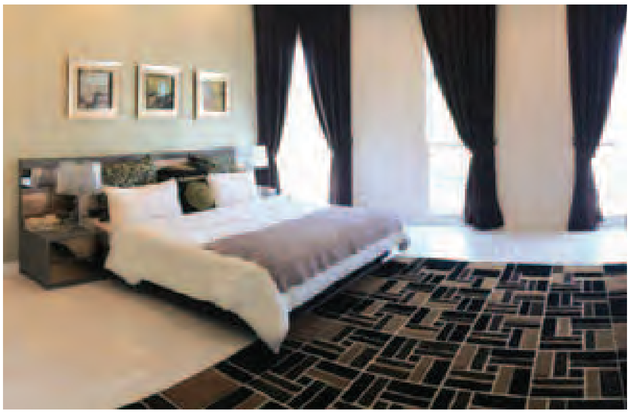
在检讨中财务年，NFI的销售额共达5,310万令吉，相较于上一年的5,770万令吉。营业额下降主要是私人标签和出口销售额减少所致。由于营业额减少、原料和包装材料涨价、人力资源部宣布从2013年1月1日起实施最低薪金制导致劳工成本增加等原因，以致税前盈利从2012年的360万令吉减至290万令吉。

NFM于2013年的收入共达3,330万令吉，相较于上一年的3,530万令吉。销售额减少和营销开支增加导致该公司税前亏损100万令吉，而上一年则赚取税前盈利140万令吉。

采用自立袋新包装的Tudor Gold巧克力坚果

NFD于2013年的收入从上一年的新币170万（430万令吉）降至新币150万元(380万令吉)；税前亏损为新币119,000元(30万令吉)，而

森美兰州波德申综合城镇《春泉镇》



蓝宝石型独立式房屋的内部陈设

上一年的税前亏损是新币62,000元(20万令吉)。

NFHK于2013年的收入从上一年的港币2,450万元（980万令吉）增至港币2,550万元(1,040万令吉)；税前盈利保持为港币100万元(40万令吉)。

房地产业

本集团的旗舰房地产项目是由本集团与振德种植有限公司联营的West Synergy私人有限公司负责发展的占地1990亩《春泉镇》(Bandar Springhill)。West Synergy私人有限公司也从销售棕果赚取收入。

在检讨中财务年内，West Synergy私人有限公司的房地产收入从2012年的3,050万令吉增

至3,130万令吉；而房地产发展的毛利则增加11.1%至1,080万令吉。

截至检讨中财务年底，West Synergy私人有限公司在春泉镇累计售出2,585单位住宅及商业物业。

2013年7月，West Synergy私人有限公司发售34单位两层及三层商铺办公楼；公众反应令人鼓舞，约65%的单位已售出。新一期采用新款设计并以较高售价销售的双层排屋也获得良好反应。

在检讨财务年内销售棕果的收入共计420万令吉,较上一年减少31.6%。这主要是由于原棕油平均价格走低的缘故。根据马来西亚棕油局的报告：《2013年马来西亚棕油业概况》，2013年的原棕油平均价格已从2012年的每公吨2,764令吉，降至每公吨2,371令吉。因此，此业务的毛利下滑38.0%至270万令吉。

财务服务业

本集团的财务服务业包含PM证券私人有限公司和PCB资产管理有限公司。

PM证券私人有限公司是一家全方位证券经纪公司。该公司通过设立在吉隆坡、芙蓉、蒲种、槟城、新山、马六甲、巴生、峇株巴辖等地的8分行网络及设在森美兰州日叻务、雪兰莪州万津及槟城亚逸淡的3个电子进取设施，提供证券经纪服务。

在检讨中财务年内，市场情绪看好及PM证券私人有限公司的按贷财务服务增加，使PM证券私人有限公司的收入比上一年增加27.4%至2,090万令吉。

虽然PM证券私人有限公司的收入增长可观，但由于在检讨中财务年内的无形资产继续减损1,700万令吉，导致该公司记下1,710万令吉的税前亏损。该公司在上一年也提供同样的无形资产减损，高达1亿8,040万令吉。提供以上减损准备的目的是要反映该公司证券经纪业务的公允价值，因而不会影响到PM证券私人有限公司或本集团的现金流量。若非上述1,700万令吉的减损，PM证券私人有限公司的税前亏损能通过坏账收回以及由保证金融资和首次公开发股融资所赚取的手续费及利息而减至10万令吉。

PCB资产管理是泛马资本有限公司独资拥有的基金管理子公司。在检讨中财务年内，PCB资产管理所管理的基金数目比上一年有所增加。

企业发展

2013年7月,本集团的子公司完成了以总买价新币1,540万元（相等于3,820万令吉）的价格，把位于新加坡兀兰路(Woodlands Link)一块租约土地及一栋仓库和办公楼出售予Sing Long食品贸易私人有限公司的交易。此宗交易带来盈余共2,150万令吉。

2013年4月初，本集团另一家子公司以13,971,000令吉的现金价格脱售16,058,400股(每股面值0.5令吉)的乔治肯特（马来西亚）有限公司股份。上述股份于2013年12月31日的账面价值/市值为15,095,000令吉。

展望

展望未来，虽然全球和国内经济形势依然充满挑战，我深信本集团所选择的方向是正确的。我们将继续重组企业模式和策略，削减银行借贷，确保雄厚的财务状况。

本集团将继续保持慎重的经营方针、注重质量与创新，以应对未来的新改变和挑战。

与此同时，本集团将继续发展及优化现有业务，包括把零售业务向新的领域进军。

本集团除了有机成长以外，将继续物色、评估有潜能的投资机会，以求进一步扩大资产基础，为股东创造价值。

董事部

本人代表董事部，借此机会向于2013年6月27日退任董事职位的Dr. Ngui Chon Hee和Dato’Paduka Nik Hashim Nik Yusoff对本集团的贡献，致予由衷的谢意。

致谢

我谨代表董事部同仁，谢谢全体珍贵的顾客、银行界、金融机构、供应商、业务伙伴及股东的的信任和支持。本集团也向管理层及全体员工对集团业务的发展所作出的贡献、付出及忠于职守，致予诚恳的谢忱。同時我也由衷感谢董事部的同事的金玉良言和賜教、信心与给予我的鼎力支持。让我们携手，同心协力，为来临的财务年争取更佳的业绩而努力。

荣耀归于神

丹斯里拿督邱继炳
主席

2014年5月15日

GROUP FINANCIAL HIGHLIGHTS
FIVE-YEAR SUMMARY

	2013	*2012*	*2011*	*2010*	*2009*
KEY RESULTS (RM'000)					
Revenue	**663,374**	817,897	932,925	927,377	908,011
Operating profit (EBITDA)	**102,515**	215,629	142,779	162,018	118,732
Profit before tax	**24,738**	129,089	54,188	72,991	27,621
Net profit attributable to owners of the Company	**6,284**	31,538	15,856	35,759	3,389
OTHER KEY DATA (RM'000)					
Total assets	**2,142,526**	2,209,036	2,824,413	2,779,072	2,763,131
Total liabilities	**1,116,006**	1,185,115	1,810,833	1,804,484	1,768,186
Share Capital (Ordinary shares of RM1.00 each)	**2,932,561**	2,932,561	2,029,773	2,029,773	1,940,532
Equity attributable to owners of the Company	**778,263**	724,736	704,847	670,031	698,550
Total equity	**1,026,520**	1,023,921	1,013,580	974,588	994,945
Total borrowings	**970,324**	1,020,219	1,139,994	1,187,531	1,333,347
FINANCIAL RATIOS					
Operating profit margin (%)	**15.45**	26.36	15.30	17.47	13.08
Current ratio (times)	**1.66**	1.69	1.18	1.04	1.12
Gearing ratio (times)	**1.29**	1.47	1.70	1.88	1.96
SHARE INFORMATION					
Basic earnings per share (sen)	**0.21**	1.49	0.78	1.77	0.17
Net assets per share attributable to owners of the Company (RM)	**0.27**	0.25	0.35	0.33	0.36

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 2013.

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 as set out in Note 37 to the financial statements.

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

Financial Results

	Group *RM'000*	*Company* *RM'000*
Profit/(Loss) for the financial year	11,897	(1,903)
Attributable to:-		
Owners of the Company	6,284	(1,903)
Non-controlling interests	5,613	-
	11,897	(1,903)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2013.

Reserves And Provisions

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

Issue Of Shares And Debentures

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

Option Granted Over Unissued Shares

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

Directors

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

Tan Sri Dato' Khoo Kay Peng (Chairman & Chief Executive)
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad
Dato' Dr Tan Kee Kwong
Dr Wong Hong Meng
Dr Ngui Chon Hee (Retired on 27 June 2013)
Dato' Paduka Nik Hashim Nik Yusoff (Retired on 27 June 2013)

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 of its related corporations except as stated below:-

Ordinary shares of RM1 each in Malayan United Industries Berhad	*Number of shares*				
	Balance at 1.1.2013	*Bought*	*Sold*	*Mandatory # Conversion*	*Balance at 31.12.2013*
Tan Sri Dato' Khoo Kay Peng					
Deemed	1,028,841,027	-	-	369,014,262	1,397,855,289

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 of its related corporations except as stated below:- *(Cont'd)*

Ordinary shares of 20 sen each in MUI Properties Berhad	***Number of shares***			
	Balance at 1.1.2013	***Bought***	***Sold***	***Balance at 31.12.2013***
Tan Sri Dato' Khoo Kay Peng				
Deemed	550,612,661	-	-	550,612,661

Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad	***Number of shares***			
	Balance at 1.1.2013	***Bought***	***Sold***	***Balance at 31.12.2013***
Tan Sri Dato' Khoo Kay Peng				
Deemed	428,304,500	42,841,700	-	471,146,200

Ordinary shares of 10 sen each in Pan Malaysia Holdings Berhad	***Number of shares***			
	Balance at 1.1.2013	***Bought***	***Sold***	***Balance at 31.12.2013***
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 1.1.2013	***Bought***	***Capital Reduction***	***Balance at 31.12.2013***
Tan Sri Dato' Khoo Kay Peng				
Deemed	52,226,568	-	(52,221,347)	5,221

Ordinary shares of RM1 each in Metrojaya Berhad	***Number of shares***			
	Balance at 1.1.2013	***Bought***	***Sold***	***Balance at 31.12.2013***
Tan Sri Dato' Khoo Kay Peng				
Deemed	118,073,133	-	-	118,073,133

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 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 the 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 other than those remuneration received by certain Directors as Directors/executives of the Company and its subsidiaries and those transactions entered in the ordinary course of business with a company in which a Director of the Company has substantial interests as disclosed in Note 36 to the financial statements.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

(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 would 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 statements of profit or loss, statements of other 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 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 other than debts 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 amounts written off for bad debts or the amount of the 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 which would render any amount stated in the financial statements of the Group or of the Company misleading.

Significant Corporate Developments

The significant corporate developments are disclosed in Note 34 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 Wong Hong Meng

28 April 2014

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and Dr Wong Hong Meng, 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 47 to 140 have been 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 2013 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 38 on page 141 to the financial statements has 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 Wong Hong Meng

28 April 2014

STATUTORY DECLARATION

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

I, Deng Heng Fatt, 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 47 to 141 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 Deng Heng Fatt at Kuala Lumpur in the Federal Territory on 28 April 2014.

Deng Heng Fatt

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 2013 of the Group and of the Company, and the statements of profit or loss, statements of other 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 47 to 140.

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 error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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 of 31 December 2013 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Report on Other Legal and Regulatory Requirements (continued)

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 37 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the 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 accounts 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 38 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

Law Kian Huat
2855/06/14 (J)
Chartered Accountant

Kuala Lumpur
28 April 2014

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations					
Revenue	6	**663,374**	656,418	**1,380**	3,152
Cost of sales		**(445,834)**	(422,346)	**-**	-
Gross profit		**217,540**	234,072	**1,380**	3,152
Other income		**13,317**	14,722	**-**	-
Distribution costs		**(14,076)**	(13,831)	**-**	-
Administrative expenses		**(80,357)**	(82,804)	**(1,904)**	(2,715)
Other expenses		**(86,006)**	(96,599)	**-**	-
Profit/(Loss) from operations before exceptional items		**50,418**	55,560	**(524)**	437
Exceptional items	7	**4,472**	(22,651)	**1**	1,771
Profit/(Loss) from operations after exceptional items		**54,890**	32,909	**(523)**	2,208
Finance costs		**(52,620)**	(58,056)	**(1,380)**	(1,372)
Share of results of associates		**22,468**	(25,829)	**-**	-
Profit/(Loss) before taxation	8	**24,738**	(50,976)	**(1,903)**	836
Taxation	9	**(12,841)**	(18,072)	**-**	(345)
Profit/(Loss) for the financial year from continuing operations		**11,897**	(69,048)	**(1,903)**	491
Discontinued operation					
Profit for the financial year from discontinued operation, net of taxation	22(b)	**-**	177,619	**-**	-
Profit/(Loss) for the financial year		**11,897**	108,571	**(1,903)**	491
Attributable to:-					
Owners of the Company		**6,284**	31,538	**(1,903)**	491
Non-controlling interests		**5,613**	77,033	**-**	-
		11,897	108,571	**(1,903)**	491
Earnings per share attributable to owners of the Company:-					
		Sen	Sen		
Basic:					
Profit/(Loss) from continuing operations	10	**0.21**	(2.86)		
Profit from discontinued operation	10	**-**	4.35		
		0.21	1.49		
Diluted :					
Profit/(Loss) from continuing operations	10	**0.21**	(2.86)		
Profit from discontinued operation	10	**-**	4.35		
		0.21	1.49		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Profit/(Loss) for the financial year	**11,897**	108,571	**(1,903)**	491
Other comprehensive income/(loss) for the financial year, net of taxation				
Items that may be reclassified subsequently to profit or loss				
Fair value loss on available-for-sale financial assets	**(1,027)**	(1,688)	**-**	-
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss	**(5,161)**	(10,195)	**-**	-
Foreign currency translations	**51,237**	(9,232)	**-**	-
Share of other comprehensive (loss)/income of associates	**(8,005)**	3,963	**-**	-
Other comprehensive income/(loss) for the financial year	**37,044**	(17,152)	**-**	-
Total comprehensive income/(loss) for the financial year	**48,941**	91,419	**(1,903)**	491
Total comprehensive income/(loss) attributable to:-				
Owners of the Company	**39,881**	20,697	**(1,903)**	491
Non-controlling interests	**9,060**	70,722	**-**	-
Total comprehensive income/(loss) for the financial year	**48,941**	91,419	**(1,903)**	491

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	**635,169**	623,373	**-**	-
Investment properties	12	**78,566**	79,443	**-**	-
Subsidiaries	13	**-**	-	**745,868**	745,868
Associates	14	**412,322**	401,387	**-**	-
Other investments	15	**7,742**	28,848	**-**	-
Land held for property development	16	**35,263**	35,263	**-**	-
Goodwill on consolidation	17	**181,340**	181,340	**-**	-
Deferred tax assets	29	**2,459**	1,879	**-**	-
		1,352,861	1,351,533	**745,868**	745,868
CURRENT ASSETS					
Property development costs	16	**82,077**	84,763	**-**	-
Trade and other receivables	18	**216,272**	229,371	**1,418,798**	1,421,848
Inventories	19	**90,404**	99,363	**-**	-
Held-to-maturity investments	20	**-**	10,021	**-**	-
Other investments	15	**5,454**	8,945	**-**	-
Current tax assets		**5,842**	2,787	**91**	-
Deposits, bank balances and cash	21	**389,616**	417,753	**130**	115
		789,665	853,003	**1,419,019**	1,421,963
Non-current assets held for sale	22	**-**	4,500	**-**	-
		789,665	857,503	**1,419,019**	1,421,963
TOTAL ASSETS		**2,142,526**	2,209,036	**2,164,887**	2,167,831
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	23	**2,932,561**	2,932,561	**2,932,561**	2,932,561
ICULS *	24	**-**	-	**-**	-
Reserves	25	**337,944**	299,822	**246,569**	246,569
Accumulated losses		**(2,492,242)**	(2,507,647)	**(1,034,340)**	(1,032,437)
		778,263	724,736	**2,144,790**	2,146,693
NON-CONTROLLING INTERESTS		**248,257**	299,185	**-**	-
TOTAL EQUITY		**1,026,520**	1,023,921	**2,144,790**	2,146,693

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

STATEMENTS OF FINANCIAL POSITION (Cont'd)

As at 31 December 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES *(Cont'd)*					
NON-CURRENT LIABILITIES					
Trade and other payables	30	**1,911**	-	**-**	-
Borrowings	26	**623,264**	663,088	**-**	-
Provision for restoration cost	27	**5,555**	6,819	**-**	-
Employee benefits	28	**1,862**	2,326	**-**	-
Deferred tax liabilities	29	**8,403**	9,530	**-**	-
		640,995	681,763	**-**	-
CURRENT LIABILITIES					
Trade and other payables	30	**123,186**	139,361	**97**	234
Borrowings	26	**347,060**	357,131	**20,000**	20,000
Employee benefits	28	**834**	826	**-**	-
Current tax liabilities		**3,931**	6,034	**-**	904
		475,011	503,352	**20,097**	21,138
TOTAL LIABILITIES		**1,116,006**	1,185,115	**20,097**	21,138
TOTAL EQUITY AND LIABILITIES		**2,142,526**	2,209,036	**2,164,887**	2,167,831

* 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 2013

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
Fair value gain/(loss) on available-for-sale financial assets, net of tax	-	-	-	-	-	-	3,967	-	-	3,967	(5,655)	(1,688)
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss, net of tax	-	-	-	-	-	-	(10,195)	-	-	(10,195)	-	(10,195)
Foreign currency translations, net of tax	-	-	-	-	(8,576)	-	-	-	-	(8,576)	(656)	(9,232)
Share of other comprehensive (loss)/income of associates, net of tax	-	-	-	-	(2,068)	172	5,859	-	-	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 (Note 13(b)(vi))	-	-	-	-	-	-	-	-	(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.

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2013

Group

2013	Share Capital 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 2013	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
Profit for the financial year	-	-	-	-	-	-	-	6,284	6,284	5,613	11,897
Fair value loss on available-for-sale financial assets, net of tax	-	-	-	-	-	(317)	-	-	(317)	(710)	(1,027)
Fair value on disposal of available-for-sale financial assets reclassified to profit or loss, net of tax	-	-	-	-	-	(5,161)	-	-	(5,161)	-	(5,161)
Foreign currency translations, net of tax	-	-	-	47,080	-	-	-	-	47,080	4,157	51,237
Share of other comprehensive loss of associates, net of tax	-	-	-	(348)	-	(3,132)	-	(4,525)	(8,005)	-	(8,005)
Total comprehensive income/(loss)	-	-	-	46,732	-	(8,610)	-	1,759	39,881	9,060	48,941
Transactions with owners: -											
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	13,646	13,646	(19,226)	(5,580)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(7,169)	(7,169)
Capital reduction by a subsidiary (Note 13(b)(iii))	-	-	-	-	-	-	-	-	-	(48,260)	(48,260)
Ordinary shares contributed by non-controlling interests of of a subsidiary (Note 13(b)(ii))	-	-	-	-	-	-	-	-	-	14,667	14,667
	-	-	-	-	-	-	-	13,646	13,646	(59,988)	(46,342)
At 31 December 2013	2,932,561	220,305	19,304	65,471	3,204	4,403	25,257	(2,492,242)	778,263	248,257	1,026,520

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2013

Company

2012	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
At 1 January 2012	2,029,773	850,927	220,305	26,264	(981,067)	2,146,202
Profit for the financial year	-	-	-	-	491	491
Other comprehensive income, net of tax	-	-	-	-	-	-
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
2013						
At 1 January 2013	**2,932,561**	**-**	**220,305**	**26,264**	**(1,032,437)**	**2,146,693**
Loss for the financial year	**-**	**-**	**-**	**-**	**(1,903)**	**(1,903)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**-**	**-**	**-**	**(1,903)**	**(1,903)**
At 31 December 2013	**2,932,561**	**-**	**220,305**	**26,264**	**(1,034,340)**	**2,144,790**

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 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation from:-					
Continuing operations		**24,738**	(50,976)	**(1,903)**	836
Discontinued operation	22(b)	**-**	180,065	**-**	-
Adjustments for:-					
Depreciation:-					
- property, plant and equipment	11	**24,199**	27,494	**-**	-
- investment properties	12	**958**	990	**-**	-
Dividend income		**(23)**	(4,116)	**-**	(1,780)
Exceptional items *[See (a) below]*		**(4,487)**	(156,014)	**(1)**	(1,771)
Fair value (gain)/loss on financial assets at fair value through profit or loss		**(833)**	7,765	**-**	-
Gain on disposal of property, plant and equipment		**(40)**	(125)	**-**	-
Gain on disposal of other investments (current)		**-**	(8,232)	**-**	-
Interest expense		**52,620**	58,056	**1,380**	1,372
Interest income		**(7,608)**	(14,317)	**(1,380)**	(1,372)
Inventories written down	19	**861**	258	**-**	-
Inventories written off	19	**60**	7	**-**	-
Premium reserves		**-**	5,236	**-**	-
Property, plant and equipment written off		**364**	1,248	**-**	-
Provision for employee benefits	28	**56**	54	**-**	-
Reversal of restoration cost	27	**(1,956)**	(47)	**-**	-
Reversal of impairment on property development cost	16	**(6,500)**	-	**-**	-
Share of results of associates		**(22,468)**	25,829	**-**	-
Writeback of employee benefits	28	**(334)**	(363)	**-**	-
Operating profit/(loss) before working capital changes		**59,607**	72,812	**(1,904)**	(2,715)
Changes in working capital:-					
- receivables		**(3,182)**	(206,681)	**-**	-
- property development costs		**8,302**	(3,131)	**-**	-
- inventories		**8,922**	(9,734)	**-**	-
- other investments		**-**	(4,144)	**-**	-
- payables		**(823)**	211,687	**(137)**	63
Cash generated from/(used in) operations		**72,826**	60,809	**(2,041)**	(2,652)
Employee benefits paid	28	**(181)**	(636)	**-**	-
Interest paid		**(2,466)**	(3,042)	**(1,380)**	(1,372)
Interest received		**919**	9,211	**1,380**	1,372
Tax refunded		**3,162**	476	**-**	-
Tax paid		**(22,931)**	(23,753)	**(995)**	(996)
Net cash from/(used in) operating activities		**51,329**	43,065	**(3,036)**	(3,648)

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

STATEMENTS OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Investing Activities					
Capital reduction by a subsidiary		**(48,260)**	-	**-**	-
Dividends received		**31,404**	28,791	**-**	1,335
Interest received		**6,689**	5,106	**-**	-
Purchase of:-					
- additional interest in associates		**-**	(2,916)	**-**	-
- additional interest in subsidiaries, net of transaction costs		**(5,580)**	-	**-**	-
- investment properties	12	**(40)**	(119)	**-**	-
- other investments (non-current)		**-**	(5,885)	**-**	-
- property, plant and equipment	11	**(13,860)**	(17,850)	**-**	-
Proceeds from disposal of:-					
- held-to-maturity investments		**10,021**	19,989	**-**	-
- insurance business classified as discontinued operation	22(b)	**-**	(83,910)	**-**	-
- non-current assets held for sale	22(a)	**4,500**	32,443	**-**	-
- other investments		**23,629**	103,010	**-**	-
- property, plant and equipment		**38,487**	153	**-**	-
- shares in a subsidiary		**-**	20,008	**-**	-
Repayments from subsidiaries		**-**	-	**3,050**	2,377
Placements of fixed deposits pledged with licensed financial institutions		**(1,527)**	(3,201)	**-**	-
Net cash from investing activities		**45,463**	95,619	**3,050**	3,712
Cash Flows From Financing Activities					
Dividends paid to non-controlling shareholders of subsidiaries		**(7,169)**	(101,067)	**-**	-
Interest paid		**(50,154)**	(55,014)	**-**	-
Proceeds from drawdown of bank borrowings		**23,082**	34,000	**-**	-
Repayments of bank borrowings		**(91,428)**	(158,550)	**-**	-
Share buy back by a subsidiary		**-**	(19)	**-**	-
Net cash used in financing activities		**(125,669)**	(280,650)	**-**	-
Effects of exchange rate changes		**53**	1,890	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(28,824)**	(140,076)	**14**	64
Cash and cash equivalents as at 1 January		**366,037**	507,264	**115**	51
Effect of exchange rate changes on cash and cash equivalents		**6,801**	(1,151)	**1**	-
		372,838	506,113	**116**	51
Cash and cash equivalents as at 31 December	21(f)	**344,014**	366,037	**130**	115

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

STATEMENTS OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2013

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations					
Bad debts written off	18(g)	**(206)**	-	**-**	-
(Loss)/Gain on disposal of:					
- other investments (current)		**(452)**	-	**-**	-
- other investments (non-current)		**5,029**	20,091	**-**	-
- property, plant and equipment		**21,469**	-	**-**	-
Gain on deconsolidation of a subsidiary		**-**	29	**-**	-
(Loss)/Gain on foreign exchange:					
- unrealised		**(4,199)**	3,553	**1**	-
Impairment of:					
- goodwill on consolidation	17	**-**	(39,068)	**-**	-
- investments in subsidiaries	13	**-**	-	**-**	(942)
- other investments (non-current)		**(16)**	(1,951)	**-**	-
- property, plant and equipment	11	**-**	(2,765)	**-**	-
- trade and other receivables	18	**(16,077)**	(1,214)	**-**	-
Provision for legal claims	30	**(1,061)**	-	**-**	-
Reversal of impairment of trade and other receivables		**-**	-	**-**	2,713
		4,487	(21,325)	**1**	1,771
Discontinued operation					
Bad debts written off		**-**	(50)	**-**	-
Impairment of trade and other receivables		**-**	(2,839)	**-**	-
Premium on disposal of insurance business		**-**	180,228	**-**	-
	22(b)	**-**	177,339	**-**	-
		4,487	156,014	**1**	1,771

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

1. Corporate Information

Malayan United Industries Berhad ("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 and the principal place of business of the Company is located at Unit 3, No. 191, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2013 comprise the Company and its subsidiaries and the interests of the Group in associates.

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 in accordance with a resolution by the Board of Directors dated 28 April 2014.

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 as set out in Note 37 to the financial statements. There have been no significant changes in the Group's principal activities during the financial year.

3. Financial Risk Management Objectives and Policies

The financial risk management policy of the Group seeks to ensure that adequate financial resources are available for the development of the businesses of the Group whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the policy of the Group 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 could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group 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 primary exposure of the Group to credit risk arises through its trade and other receivables.

At the end of the reporting period, the maximum exposure of the Group and of the Company 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 large number of receivables of the Group and of the Company who are dispersed over a broad spectrum of industries and businesses other than:

(a) amounts owing by associates of RM130,204,000 (2012: RM130,658,000), which contributes 60% (2012: 57%) of receivables of the Group;

(b) amounts owing by subsidiaries of RM1,418,793,000 (2012: RM1,421,843,000), which represents 100% of receivables of the Company.

<u>Financial assets that are neither past due nor impaired</u>

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.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial asset that are either past due or impaired is disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(b) Liquidity and Cash Flow Risk

Liquidity and cash flow risk arises from the management of working capital of the Group. 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 activities of the Group.

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 means of the Group to repay and refinance.

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

As at 31 December 2013	*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	**123,186**	**2,256**	**-**	**125,442**
Borrowings	**347,060**	**613,382**	**74,792**	**1,035,234**
Total undiscounted financial liabilities	**470,246**	**615,638**	**74,792**	**1,160,676**
Company				
Financial liabilities				
Trade and other payables	**97**	**-**	**-**	**97**
Borrowings	**20,000**	**-**	**-**	**20,000**
Total undiscounted financial liabilities	**20,097**	**-**	**-**	**20,097**
As at 31 December 2012				
Group				
Financial liabilities				
Trade and other payables	139,361	-	-	139,361
Borrowings	357,131	651,610	67,016	1,075,757
Total undiscounted financial liabilities	496,492	651,610	67,016	1,215,118
Company				
Financial liabilities				
Trade and other payables	234	-	-	234
Borrowings	20,000	-	-	20,000
Total undiscounted financial liabilities	20,234	-	-	20,234

(c) Interest Rate Risk

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

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

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

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

(c) **Interest Rate Risk** *(Cont'd)*

Sensitivity analysis for interest rate risk

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

	Group	
	2013	2012
Profit after tax	**RM'000**	RM'000
- increase by 0.5% (2012: 0.5%)	***(2,562)***	*(2,600)*
- decrease by 0.5% (2012: 0.5%)	***2,562***	*2,600*

The sensitivity of the Group is lower in 2013 than in 2012 because of decrease in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(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 policy of the Group is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

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

The Group also 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 and Canada Dollar amounted to RM180,864,000 (2012: RM118,453,000) 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 to a reasonably possible change in the Sterling Pound, Hong Kong Dollar, Singapore Dollar, US Dollar, Australia Dollar, Canada Dollar and European Dollar rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		2013	2012
Profit/(Loss) after tax		**RM'000**	RM'000
GBP/RM	- strengthen by 10%	**-61**	-1,152
	- weaken by 10%	**+61**	+1,152
HKD/RM	- strengthen by 10%	**+32**	+22
	- weaken by 10%	**-32**	-22
SGD/RM	- strengthen by 10%	**-49**	+132
	- weaken by 10%	**+49**	-132
USD/RM	- strengthen by 10%	**-6**	-3
	- weaken by 10%	**+6**	+3
AUD/RM	- strengthen by 10%	**+23**	+43
	- weaken by 10%	**-23**	-43
CAD/RM	- strengthen by 10%	**+2**	+3
	- weaken by 10%	**-2**	-3
EURO/RM	- strengthen by 10%	**+1**	-
	- weaken by 10%	**-1**	-

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

(e) Market Risk

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

The Group's 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.

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 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 available-for-sale with all other variables held constant:

	Group	
	2013	*2012*
Profit after tax	***RM'000***	*RM'000*
- increase by 5% (2012: 5%)	***205***	*151*
- decrease by 5% (2012: 5%)	***(205)***	*(151)*
Available-for-sale reserve		
- increase by 5% (2012: 5%)	***290***	*1,266*
- decrease by 5% (2012: 5%)	***(290)***	*(1,266)*

4. Significant Accounting Policies

(a) Basis of Preparation and Accounting

The financial statements of the Group and of the Company set out on pages 47 to 140 have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 38 to the financial statements set out on page 141 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 had previously been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia, and 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. The Directors of the Group are of the opinion that there is no impact on the financial statements as the Group had disposed of the general insurance business in the previous financial year.

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 contingent 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, amendments of the FRS Framework and IC Interpretation that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

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 (2011)*	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	*Improvements to FRSs (2012)*	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

There is no material effect upon the adoption of the above standards, amendments and IC Interpretation during the financial year other than:-

(a) Amendments to FRS 101 is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items under other comprehensive income must be grouped into two sections:-

(i) Those that are or may be reclassified into profit or loss; and

(ii) Those that will not be reclassified into profit or loss.

The Group has changed the presentation of the statements of profit or loss and statements of other comprehensive income according to these Amendments.

(b) FRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Notes 13 and 14 to the financial statements.

(c) FRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other FRSs have now been relocated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no effect on the financial position or performance of the Group.

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

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

(ii) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

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 10	*Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12	*Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127	*Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21	*Levies*	1 January 2014
Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)		1 July 2014
Amendments to FRSs	*Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to FRSs	*Annual Improvements 2011 – 2013 Cycle*	1 July 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures		Deferred
FRS 9	*Financial Instruments (2009)*	Deferred
FRS 9	*Financial Instruments (2010)*	Deferred
FRS 9	*Financial Instruments* (Hedge Accounting and Amendments to FRS9, FRS7 and FRS139)	Deferred

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 future financial years.

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

On 19 November 2011, the MASB announced the issuance of the new MFRS Framework that is applicable to entities other than private entities. However, the MASB deferred the effective date of MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*) from 1 January 2013 to 1 January 2015. The Group would subsequently adopt the MFRS Framework for the financial year ending 31 December 2015 as it is a transitioning entity.

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2014, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 December 2014 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 31 December 2015 respectively.

The accounting standards, amendments and interpretations expected to be adopted are as follows:

Title		**Effective Date**
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2015
Amendments to MFRS 1	*Government Loans*	1 January 2015
MFRS 2	*Share-based Payment*	1 January 2015
MFRS 3	*Business Combinations*	1 January 2015
MFRS 4	*Insurance Contracts*	1 January 2015
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2015
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2015
MFRS 7	*Financial Instruments: Disclosures*	1 January 2015
Amendments to MFRS 7	*Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2015
MFRS 8	*Operating Segments*	1 January 2015
Mandatory Effective Date of MFRS 9 and Transition Disclosures		Deferred
MFRS 9	*Financial Instruments*	Deferred
MFRS 9	*Financial Instruments* (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred
MFRS 10	*Consolidated Financial Statements*	1 January 2015

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 accounting standards, amendments and interpretations expected to be adopted are as follows: *(Cont'd)*

Title		Effective Date
MFRS 11	*Joint Arrangements*	1 January 2015
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2015
MFRS 13	*Fair Value Measurement*	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127	*Investment Entities*	1 January 2015
MFRS 101	*Presentation of Financial Statements*	1 January 2015
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 January 2015
MFRS 102	*Inventories*	1 January 2015
MFRS 107	*Statement of Cash Flows*	1 January 2015
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2015
MFRS 110	*Events After the Reporting Period*	1 January 2015
MFRS 111	*Construction Contracts*	1 January 2015
MFRS 112	*Income Taxes*	1 January 2015
MFRS 116	*Property, Plant and Equipment*	1 January 2015
MFRS 117	*Leases*	1 January 2015
MFRS 118	*Revenue*	1 January 2015
MFRS 119	*Employee Benefits*	1 January 2015
MFRS 119	*Employee Benefits (revised)*	1 January 2015
Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)		1 January 2015
MFRS 120	*Accounting for Government Grants and Disclosures of Government Assistance*	1 January 2015
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2015
MFRS 123	*Borrowing Costs*	1 January 2015
MFRS 124	*Related Party Disclosures*	1 January 2015
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2015
MFRS 127	*Separate Financial Statements*	1 January 2015
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2015
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2015
MFRS 132	*Financial Instruments: Presentation*	1 January 2015
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2015
MFRS 133	*Earnings Per Share*	1 January 2015
MFRS 134	*Interim Financial Reporting*	1 January 2015
MFRS 136	*Impairment of Assets*	1 January 2015
Amendments to MFRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2015
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2015
MFRS 138	*Intangible Assets*	1 January 2015
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2015
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2015
MFRS 140	*Investment Property*	1 January 2015
MFRS 141	*Agriculture*	1 January 2015
Amendments to MFRSs	*Annual Improvements 2009-2011 Cycle*	1 January 2015
Annual Improvements 2010 - 2012 Cycle		1 January 2015
Annual Improvements 2011 - 2013 Cycle		1 January 2015
Amendments to MFRSs (2008)		1 January 2015
Amendments to MFRSs (2009)		1 January 2015
Amendments to MFRSs (2010)		1 January 2015
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2015
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2015
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2015
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2015

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 accounting standards, amendments and interpretations expected to be adopted are as follows: *(Cont'd)*

Title		Effective Date
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2015
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2015
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2015
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2015
IC Interpretation 12	*Service Concession Arrangements*	1 January 2015
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2015
IC Interpretation 14	*MFRS 119 - The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction*	1 January 2015
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2015
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2015
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2015
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2015
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2015
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2015
IC Interpretation 21	*Levies*	1 January 2015
IC Interpretation 107	*Introduction of the Euro*	1 January 2015
IC Interpretation 110	*Government Assistance- No Specific Relation to Operating Activities*	1 January 2015
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2015
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2015
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2015
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2015
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2015
IC Interpretation 129	*Service Concession Arrangements: Disclosures*	1 January 2015
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2015
IC Interpretation 132	*Intangible Assets - Web Site Costs*	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 year ending 31 December 2015.

(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 2013, with the exception of those subsidiaries under members'/creditors' voluntary winding-up or voluntary administration referred to in Note 37 to the financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee;

(ii) Exposure, or rights, to variable returns from its involvement with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee;

(ii) Rights arising from other contractual agreements; and

(iii) The voting rights of the Group and potential voting rights.

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

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

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

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 equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss, statement of other 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

If 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 of. 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 venture.

<u>Business combinations are accounted for by applying the acquisition method of accounting.</u>

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)*

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.

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 previously held equity interest of the Group 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.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates. 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 activities of the Group as follows:

(i) Sale of Goods/Services Rendered

Revenue from sale of goods, 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 the 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 are stated at cost less any accumulated depreciation and any accumulated impairment losses, if any.

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

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

Included in property, plant and equipment, these freehold land and buildings were previously stated at valuation, which was the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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 represents renovation-in-progress and is stated at cost. 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 to 5
Leasehold land	41 to 96 years
Plant & machinery	4 to 10
Motor vehicles	10 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.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the 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 investment properties 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 investment properties are acquired, if applicable.

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years for buildings. Long term leasehold land is amortised over the period of the lease. Freehold land is not depreciable.

The Directors periodically assess the carrying value of the Group's investment properties based on market values of comparable properties. Where an indication of impairment exists, the carrying value of an investment property is assessed and written down to its recoverable amount.

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

(e) Investment Properties *(Cont'd)*

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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

(f) Leases and Hire-Purchase

(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 incremental borrowing rate of the Group 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.

<u>The Group as lessee</u>

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

<u>The Group as lessor</u>

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 4(c)(v)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(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.

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

(g) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. 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 arrangement. 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 separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any.

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 share of net assets of the investments of the Group.

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 net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group 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 proportionate interest of the Group 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 share of those changes by the Group 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 interest by the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group 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.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(i) Financial Instruments

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

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

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.

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

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

(i) Financial Assets

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

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

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

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

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

(b) Held-to-Maturity Investments

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

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

(c) Loans and Receivables

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

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

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

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

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

(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 right of the Group 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.

(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.

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

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

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

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.

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 each 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 of 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 the end of each reporting period 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.

(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.

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

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

(i) Held-to-Maturity Investments and Loans and Receivables *(Cont'd)*

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.

(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.

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 interest of the Group 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 share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group 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 share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period 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 annually 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 CGU or groups of CGU as the Group 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.

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 its fair value less costs to sell and its value in use.

In estimating the 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 future cash flow estimates 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-rata basis of the carrying amount of each asset in the 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 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 reversed only 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.

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

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

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 costs 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.

Completed properties held for resale are stated at the lower of cost and net realisable value. The cost of completed development property units is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing and selling.

(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 cost is 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 profit or loss and other comprehensive income 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 the statements of financial position and its tax base.

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 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 would 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 would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would 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 would 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 and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each 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.

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.

<u>Provision for restoration costs</u>

Provision for restoration costs is included in the carrying amounts of furniture, fittings and equipment. This provision is recognised in respect of the Group's obligation to restore leased outlets to its original state upon the expiry of tenancy agreements.

(r) **General Insurance Underwriting Results**

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

(i) Gross Premium

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

(ii) Reinsurance Premium

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

Inward treaty reinsurance premiums comprise both proportional and non-proportional treaties. In respect of reinsurance premiums relating to proportional treaties, it is recognised on the basis of periodic advices received from the cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various 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.

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

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

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

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

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

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

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

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

(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.

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

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

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

(a) Unearned Premium Reserve ("UPR")

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

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

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

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

(b) Unexpired Risk Reserves ("URR")

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

(ii) Claims Liabilities

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

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

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

Estimating the outstanding claims provision involves projection of the Group's future claims experience based on current claims experience. As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its actual claims experience due to the level of uncertainty involved in projecting future claims experience based on past claims experience. These uncertainties arise from changes in underlying risks, changes in spread of risks, timing and amounts of claims settlement as well as uncertainties in the projection model and underlying assumptions.

(t) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past 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 would 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.

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.

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

(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 entities of the Group 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, which is the functional and presentation currency of the Company.

(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 each 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 profit or loss and statement of other 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 each reporting period.

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

(w) Customer loyalty programmes

The Group separates the award credits granted according to the customer loyalty programmes as a separately identifiable component of sales transactions involving the award of free or discounted goods or service in the future. The fair value of the consideration received or receivable from the initial sale is allocated between the award credits and the other components of the sale.

The consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed.

(x) 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.

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 Group has classified an asset (or disposal group) as held for sale but subsequently, the criteria for the classification no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceased to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of: -

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

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

(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 profit or loss and statement of other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

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

(y) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

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

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

(z) 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 chief operating decision maker of the Group 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 10 percent or more of the greater, in absolute amount of: -

(a) the combined reported profit of all operating segments that did not report a loss; and

(b) the combined reported loss of all operating segments that reported a loss.

(iii) Its assets are 10 percent or more of the combined assets of all operating segments.

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

Total external revenue reported by operating segments shall constitute at least 75 percent of the revenue of the Group. 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.

(aa) 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.

(ab) Fair Value Measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(i) The condition and location of the asset; and

(ii) Restrictions, if any, on the sale or use of the asset.

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

(ab) Fair Value Measurements *(Cont'd)*

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(i) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(ii) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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 each 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 on Consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the CGU to which goodwill is allocated. Further details on the estimation of the recoverable amounts are disclosed in Note 17 to the financial statements.

(ii) Investments in Subsidiaries and Associates

Management reviews the investments in subsidiaries and associates for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries and associates are assessed by reference to the higher of the fair values less cost to sell and the value in use of the respective subsidiaries and an associate.

Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and other relevant factors.

(iii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(iv) 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.

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

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

(v) Impairment of Property, Plant and Equipment and Investment Properties

Property, plant and equipment and investment properties 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.

(vi) 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.

(vii) 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 this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(viii) 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.

It is impractical to ascertain the sensitivity analysis for the estimated total property development revenue or cost against the actual Group revenue and cost of sales due to material price fluctuation.

(ix) 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.

(x) Provision for restoration costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of sales area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs.

(xi) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 3(c) to the financial statements.

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

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

(xii) Fair Value Measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(a) Level 1: Quoted prices in active markets for identical items (unadjusted);
(b) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(c) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its financial instruments at fair value and are disclosed in Note 32 to the financial statements.

(xiii) Significant influence

Significant influence is presumed to exist (not exist) when the Group hold twenty percent (20%) or more (less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group has a board representation and hold equity interests in associates as disclosed in Note 37 to the financial statements for which the Group has determined that it has significant influence.

(c) Critical Judgements made in Applying Accounting Policies

(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.

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 unamortised upfront payment for land use rights as finance leases in accordance with FRS 117.

(iii) Disposal of non-current assets held for sale

In the previous financial year, a non-current asset as disclosed in Note 22 to the financial statements had been classified as non-current assets held for sale as the management had committed to a plan to sell the assets and liabilities as at the end of the reporting period. Barring any unforeseen circumstances, the Group expected that the sale of the asset to be completed within the next twelve (12) months.

(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.

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

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

(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) Contingent liabilities on corporate guarantee

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

(vii) Operating lease commitments - the Group as lessor

The Group entered into commercial property leases on its investment property portfolio. The Group determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(viii) 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 investment in equity instrument is a decline in fair value of more than twenty (20) percent of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(ix) Contingent rental

The Group has entered into a tenancy agreements for the lease of outlets and concessionaire agreements, which contain contingent rental features based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risks of these contingent rental features are closely related to the economic characteristics and risks of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. Revenue

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Revenue comprises the following: -				
Sales of goods	**444,075**	447,760	**-**	-
Revenue from hotel operations	**169,396**	167,223	**-**	-
Income recognised on property development	**42,861**	30,533	**-**	-
Sales of oil palm fruits	**4,192**	6,129	**-**	-
Interest income	**-**	1,919	**1,380**	1,372
Property rental income	**2,832**	2,804	**-**	-
Dividend income from subsidiaries	**-**	-	**-**	1,780
Others *	**18**	50	**-**	-
	663,374	656,418	**1,380**	3,152

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

7. Exceptional Items

		Group		Company	
		2013	2012	**2013**	2012
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Continuing operations					
Bad debts written off	18(g)	**(206)**	-	**-**	-
(Loss)/Gain on disposal of:					
- other investments (current)		**(452)**	-	**-**	-
- other investments (non-current)		**5,029**	20,091	**-**	-
- property, plant and equipment		**21,469**	-	**-**	-
Gain on deconsolidation of a subsidiary		**-**	29	**-**	-
(Loss)/Gain in foreign exchange:					
- realised		**(15)**	(1,326)	**-**	-
- unrealised		**(4,199)**	3,553	**1**	-
Impairment of:					
- goodwill on consolidation	17	**-**	(39,068)	**-**	-
- investments in subsidiaries	13	**-**	-	**-**	(942)
- other investments (non-current)		**(16)**	(1,951)	**-**	-
- property, plant and equipment	11	**-**	(2,765)	**-**	-
- trade and other receivables	18	**(16,077)**	(1,214)	**-**	-
Provision for legal claims	30	**(1,061)**	-	**-**	-
Reversal of impairment of trade and other receivables		**-**	-	**-**	2,713
		4,472	(22,651)	**1**	1,771
Discontinued operation					
Bad debts written off		**-**	(50)	**-**	-
Impairment of trade and other receivables		**-**	(2,839)	**-**	-
Premium on disposal of insurance business		**-**	180,228	**-**	-
	22(b)	**-**	177,339	**-**	-
		4,472	154,688	**1**	1,771

8. Profit/(Loss) Before Taxation

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations					
Profit/(Loss) before taxation is stated after charging: -					
Auditors' remuneration:					
- current		**1,705**	1,746	**71**	71
- under provision in prior years		**46**	122	**-**	6
Depreciation:					
- property, plant and equipment	11	**24,199**	27,164	**-**	-
- investment properties	12	**958**	990	**-**	-
Directors' remuneration:					
Directors of the Company					
Receivable from the Company					
- fees		**289**	261	**289**	261
- other emoluments		**315**	315	**315**	315
- defined contribution plan		**105**	105	**105**	105
Receivable from subsidiaries					
- fees		**334**	280	**-**	-
- other emoluments		**2,126**	2,101	**-**	-
- defined contribution plan		**399**	399	**-**	-
Directors of subsidiaries					
- fees		**399**	557	**-**	-
- other emoluments		**658**	810	**-**	-
- defined contribution plan		**9**	20	**-**	-
Fair value loss on financial assets at fair value through profit or loss		**-**	825	**-**	-
Interest expense on:					
- bank overdrafts		**2,466**	3,042	**-**	-
- term loans		**12,702**	13,738	**-**	-
- other borrowings		**37,452**	41,276	**1,380**	1,372
Inventories written down	19	**861**	258	**-**	-
Inventories written off	19	**60**	7	**-**	-
Loss on disposal of property, plant and equipment		**4**	1	**-**	-
Property, plant and equipment written off		**364**	1,247	**-**	-
Provision for employee benefits	28	**56**	54	**-**	-
Rental of buildings		**37,174**	39,601	**-**	-
Rental of equipment		**802**	906	**-**	-
Staff costs:					
- defined contribution plan		**5,494**	6,214	**-**	-
- salary, wages and other costs		**96,927**	98,650	**-**	-

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations *(Cont'd)*					
Profit/(Loss) before taxation is stated after crediting: -					
Fair value gain on financial assets at fair value through profit or loss		**833**	-	-	-
Gain on disposal of other investments (current)		-	1	-	-
Gain on disposal of property, plant and equipment		**44**	126	-	-
Gross dividends received from Subsidiaries: -					
- unquoted		-	-	-	1,780
Other investments: -					
- quoted in Malaysia		**19**	1,454	-	-
- quoted overseas		**4**	878	-	-
Interest income received from: -					
- a subsidiary		-	-	**1,380**	1,372
- term deposits		**6,689**	4,841	-	-
- others		**919**	3,118	-	-
Property rental income		**6,165**	7,263	-	-
Reversal of impairment of property development costs	16	**6,500**	-	-	-
Reversal of restoration cost	27	**1,956**	47	-	-
Writeback for employee benefits	28	**334**	-	-	-
Discontinued operation					
Profit before taxation is stated after charging: -					
Depreciation of property, plant and equipment		-	330	-	-
Fair value loss on financial assets at fair value through profit or loss		-	6,940	-	-
Property, plant and equipment written off		-	1	-	-
Profit before taxation is stated after crediting: -					
Gain on disposal of other investments (current)		-	8,231	-	-
Gross dividends received from other investments					
- quoted shares		-	1,784	-	-
Interest income received from: -					
- term deposits		-	5,473	-	-
- others		-	885	-	-
Writeback of employee benefits	28	-	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 RM Nil (2012: RM27,000 and RM2,000) respectively.

9. Taxation

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations					
Current tax expense based on profit for the financial year:					
- Malaysian income tax		**14,910**	15,715	**-**	324
- Foreign income tax		**2,027**	3,257	**-**	-
Deferred tax	29	**(937)**	1,025	**-**	-
		16,000	19,997	**-**	324
(Over)/Under provision in respect of prior years					
- Current tax		**(2,326)**	(1,846)	**-**	21
- Deferred tax	29	**(833)**	(79)	**-**	-
Total tax expense from continuing operations		**12,841**	**18,072**	**-**	345
Discontinued operation					
Current tax expense based on profit for the financial year:					
- Malaysian income tax		**-**	4,181	**-**	-
Deferred tax	29	**-**	(1,735)	**-**	-
Total tax expense from discontinued operation	22(b)	**-**	2,446	**-**	-

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 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 2013 %	Group 2012 %	Company 2013 %	Company 2012 %
Tax at applicable tax rate on profit/(loss) before taxation	**25.00**	25.00	**(25.00)**	25.00
Tax effects of:-				
Different tax rates on foreign subsidiaries	**(8.04)**	(0.37)	**-**	-
Tax exempt income	**(12.47)**	(1.31)	**-**	-
Movement in deferred tax assets not recognised during the financial year	**0.07**	0.26	**-**	-
Crystallisation of revaluation surplus on property, plant and equipment	**(0.38)**	(0.07)	**-**	-
Taxable income not recognised in profit or loss	**1.44**	-	**-**	-
Non-allowable expenses	**115.61**	31.00	**25.00**	13.76
Income not subject to tax	**(33.84)**	(42.12)	**-**	-
Share of results of associates	**(22.70)**	5.00	**-**	-
	64.69	17.39	**-**	38.76
(Over)/Under provision in respect of prior years	**(12.78)**	(1.49)	**-**	**2.51**
Average effective tax rate	**51.91**	**15.90**	**-**	**41.27**

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	
	2013	2012
	RM'000	RM'000
Profit/(Loss) from continuing operations attributable to owners of the Company	**6,284**	(60,603)
Profit from discontinued operation attributable to owners of the Company	**-**	92,141
Profit attributable to owners of the Company	**6,284**	31,538
	Unit	Unit
Weighted average number of ordinary shares in issue ('000)	**2,932,561**	2,117,617
	Sen	Sen
Basic earnings per share for:		
Profit/(Loss) from continuing operations	**0.21**	(2.86)
Profit from discontinued operation	**-**	4.35
Profit for the financial year	**0.21**	1.49

(b) Diluted

Diluted earnings per ordinary share equals 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 2013 RM'000	Total 2012 RM'000
Cost or Deemed Cost										
At 1 January	266,062	46,182	458,436	52,215	6,765	179,688	760	94,073	1,104,181	1,088,363
Exchange difference	20,913	19	25,596	(41)	151	9,718	(59)	27	56,324	7,769
	286,975	46,201	484,032	52,174	6,916	189,406	701	94,100	1,160,505	1,096,132
Additions	-	-	2,000	312	161	8,927	214	3,108	14,722	17,914
Disposals	-	-	(21,688)	(22)	(254)	(119)	-	-	(22,083)	(3,476)
Written off	-	-	-	(5)	(35)	(1,370)	-	(2,725)	(4,135)	(6,389)
Reclassifications	-	-	-	-	-	57	-	(57)	-	-
At 31 December	286,975	46,201	464,344	52,459	6,788	196,901	915	94,426	1,149,009	1,104,181
Accumulated Depreciation										
At 1 January	3,832	5,469	111,357	46,640	6,247	165,093	-	72,794	411,432	390,343
Exchange difference	363	19	4,086	(41)	151	9,302	-	26	13,906	1,726
	4,195	5,488	115,443	46,599	6,398	174,395	-	72,820	425,338	392,069
Charge for the financial year	-	1,140	5,591	951	331	9,447	-	6,739	24,199	27,494
Disposals	-	-	(4,740)	(15)	(254)	(96)	-	-	(5,105)	(2,990)
Written off	-	-	-	(3)	(35)	(1,223)	-	(2,510)	(3,771)	(5,141)
Reclassifications	-	-	-	27	-	(27)	-	-	-	-
At 31 December	4,195	6,628	116,294	47,559	6,440	182,496	-	77,049	440,661	411,432
Accumulated Impairment										
At 1 January	1,455	2,373	65,548	-	-	-	-	-	69,376	66,076
Exchange difference	138	-	3,665	-	-	-	-	-	3,803	535
	1,593	2,373	69,213	-	-	-	-	-	73,179	66,611
Recognised during the financial year	-	-	-	-	-	-	-	-	-	2,765
At 31 December	1,593	2,373	69,213	-	-	-	-	-	73,179	69,376
Carrying amount										
At 31 December 2013	281,187	37,200	278,837	4,900	348	14,405	915	17,377	635,169	-
At 31 December 2012	260,775	38,340	281,531	5,575	518	14,595	760	21,279	-	623,373

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

	Group 2013 RM'000	Group 2012 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 was recognised in the previous financial year to reflect its recoverable amount which was 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 carrying amounts totalling RM477,795,000 (2012: RM422,884,000) 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 carrying amounts totalling RM144,000 (2012: RM283,000) have been acquired under hire-purchase and lease arrangements.

(e) The title deed of the freehold land with a carrying amount of RM180,000 of the Group is pending issuance by the authorities.

(f) The strata titles of shoplots of the Group with carrying amounts of RM2,011,000 (2012: RM2,059,000) have yet to be transferred to the Group as at the end of reporting period.

(g) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Note	Group 2013 RM'000	Group 2012 RM'000
Purchase of property, plant and equipment		**14,722**	17,914
Provision for restoration costs capitalised	27	**(862)**	(64)
Cash payments on purchase of property, plant and equipment		**13,860**	17,850

12. Investment Properties

	Group 2013 RM'000	Group 2012 RM'000
Cost or Deemed Cost		
At 1 January		
- at cost	**92,563**	92,404
- at valuation (1982)	**150**	150
	92,713	92,554
Exchange difference	**60**	40
Additions	**40**	119
At 31 December	**92,813**	92,713

12. Investment Properties *(Cont'd)*

	Group	
	2013	2012
	RM'000	RM'000
Accumulated Depreciation		
At 1 January	**13,270**	12,268
Exchange difference	**19**	12
Charge for the financial year	**958**	990
At 31 December	**14,247**	13,270
Carrying amount		
At 31 December	**78,566**	79,443
Fair Value	**114,369**	112,982
Included in the above are:-		
Buildings	**32,647**	33,871
Freehold land	**44,998**	44,637
Long term leasehold land	**921**	935
	78,566	79,443

(a) The long term leasehold land is amortised over its remaining lease period of 88 years as at the date of acquisition.

(b) 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	
	2013	2012
	RM'000	RM'000
Rental income	**2,950**	2,932
Direct operating expenses	**1,674**	1,592

(c) 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.

(d) The strata titles of the freehold shoplots of the Group with a carrying amount of RM22,857,000 (2012: RM23,541,000) have yet to be transferred to the Group as at the end of reporting period.

(e) Investment properties of a subsidiary with carrying amount totalling RM24,630,000 (2012: RM24,845,000) are charged to a financial institution for banking facilities granted to the Group (Note 26).

(f) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, were recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square feet basis. The price per square feet of the properties adopted were significant inputs. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment properties.

(g) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflect the highest and best use of the said properties based on the view and estimation that the Group should the investment properties be disposed. However, the management does not intent to dispose the investment properties at the moment and the existing use of the investment properties remain for rental purpose.

13. Subsidiaries

	Company	
	2013	2012
	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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Subsidiaries *(Cont'd)*

	Company 2013 RM'000	Company 2012 RM'000
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)**	(298,842)
	745,868	745,868
Market value of quoted shares	**74,230**	44,733

(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) During the financial year, Oriental Omega Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 42,841,700 ordinary shares of RM0.50 each representing 6.05% equity interest in Pan Malaysia Corporation Berhad ("PMCorp") for a total cash consideration of RM5,694,776, thereby increasing the Group's equity interest in PMCorp from 60.46% to 66.51%.

(ii) During the financial year, Corus Hotels Limited ("Corus UK"), a wholly-owned subsidiary in UK, incorporated a new entity namely Belsfield LLP, whereby 61% of the entity's equity interest is held by Delaquest Limited, a wholly owned subsidiary of Corus UK, with cost of investment of GBP4,100,000 (equivalent to RM22,222,000) while the remaining equity interest of 39% is held by Jonadith UK Ltd with cost investment of GBP2,964,000 (equivalent RM14,667,000).

(iii) On 17 April 2013, MUI Continental Berhad ("MCB"), a subsidiary of the Group, underwent a capital reduction exercise in accordance with Sections 60 and 64 of the Companies Act, 1965 in Malaysia involving a reduction of its share capital and cancellation of share premium of RM980,000. Following the capital reduction, MCB's issued and paid-up share capital had reduced from RM100,023,500 comprising 100,023,500 ordinary shares of RM1.00 each to RM10,000 comprising 10,000 ordinary shares of RM1.00 each by cancelling 100,013,500 ordinary shares of RM1.00 each.

(iv) On 18 December 2013, the Company announced that MJ Specialty Stores.Com Sdn. Bhd. ("MJSSC") and MJ Discount Store Sdn. Bhd. ("MJDS"), the wholly-owned subsidiaries of Metrojaya Berhad, a subsidiary of the Group have been struck off from the register of the Companies Commission of Malaysia pursuant to the notice issued under Section 308(4) of the Companies Act, 1965 in Malaysia, which were published in the Gazette dated 2 December 2013. As such, MJSSC and MJDS have ceased to be subsidiaries of the Group.

The striking-off did not have any material financial or operational effects on the Group for the financial year ended 31 December 2013.

(v) In the previous financial year, Pan Malaysia Holdings Berhad ("PMH"), a subsidiary of the Group, announced that its wholly-owned subsidiary incorporated in 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.

(vi) In the previous financial year, Corus Hotels Limited ("Corus UK"), a wholly-owned subsidiary in UK, 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.

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

13. Subsidiaries *(Cont'd)*

(d) The Directors are of the view that no impairment on the investments in quoted shares of subsidiaries is required as the Group hold the investments for long term purposes and the recoverable amount based on the underlying net assets of these subsidiaries are higher than the market value.

(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 37 to the financial statements.

(g) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	MUI Continental Berhad	MUI Properties Berhad	Pan Malaysia Corporation Berhad	Pan Malaysia Holdings Berhad	Metrojaya Berhad	Others	Total
2013							
NCI percentage of ownership interest and voting interest	**47.79%**	**25.68%**	**33.49%**	**33.89%**	**5.48%**		
Carrying amount of NCI (RM'000)	**9,659**	**54,707**	**112,310**	**20,723**	**11,480**	**39,378**	**248,257**
(Loss)/Profit allocated to NCI (RM'000)	**(2,260)**	**6,061**	**4,789**	**(3,502)**	**289**	**236**	**5,613**
2012							
NCI percentage of ownership interest and voting interest	47.79%	25.68%	39.54%	34.42%	5.48%		
Carrying amount of NCI (RM'000)	67,348	50,006	124,817	24,669	11,163	21,182	299,185
Profit/(Loss) allocated to NCI (RM'000)	83,102	3,214	3,162	(13,564)	1,013	106	77,033

(h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	MUI Continental Berhad	MUI Properties Berhad	Pan Malaysia Corporation Berhad	Pan Malaysia Holdings Berhad	Metrojaya Berhad
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***
2013					
Assets and liabilities					
Non-current assets	**388**	**156,609**	**189,793**	**28,742**	**60,421**
Current assets	**21,911**	**171,809**	**175,727**	**56,568**	**277,260**
Non-current liabilities	**-**	**(2,048)**	**(939)**	**(20,947)**	**(6,723)**
Current liabilities	**(724)**	**(8,087)**	**(19,955)**	**(4,310)**	**(121,850)**
Net assets	**21,575**	**318,283**	**344,626**	**60,053**	**209,108**
Results					
Revenue	**-**	**48,160**	**80,793**	**11,605**	**368,205**
(Loss)/Profit for the financial year	**(4,730)**	**14,105**	**13,771**	**(10,333)**	**5,273**
Total comprehensive (loss)/income	**(4,730)**	**8,396**	**29,371**	**(10,540)**	**5,768**
Cash flows (used in)/from operating activities	**(1,227)**	**8,242**	**2,454**	**2,511**	**14,145**
Cash flows from investing activities	**14,878**	**13,652**	**42,510**	**141**	**3,556**
Cash flows used in financing activities	**(115,994)**	**-**	**(9,017)**	**(2,155)**	**(2,904)**
Net (decrease)/increase in cash and cash equivalents	**(102,343)**	**21,894**	**35,947**	**497**	**14,797**
Dividends paid to NCI	**7,169**	**-**	**-**	**-**	**-**

13. Subsidiaries *(Cont'd)*

(h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: *(Cont'd)*

	MUI Continental Berhad *RM'000*	MUI Properties Berhad *RM'000*	Pan Malaysia Corporation Berhad *RM'000*	Pan Malaysia Holdings Berhad *RM'000*	Metrojaya Berhad *RM'000*
2012					
Assets and liabilities					
Non-current assets	-	175,545	202,734	38,116	70,212
Current assets	143,352	148,403	137,237	57,018	269,620
Non-current liabilities	-	(240)	(1,247)	(14,878)	(8,515)
Current liabilities	(1,054)	(14,007)	(23,469)	(9,663)	(126,977)
Net assets	142,298	309,701	315,255	70,593	204,340
Results					
Revenue	162,720	36,829	83,257	11,373	367,295
Profit/(Loss) for the financial year	173,889	3,584	7,998	(39,406)	18,484
Total comprehensive income/(loss)	173,889	3,111	8,073	(39,203)	18,633
Cash flows (used in)/from operating activities	(13,841)	476	4,678	2,973	7,865
Cash flows from/(used in) investing activities	258,088	221	33,823	652	(47,306)
Cash flows (used in)/from financing activities	(200,647)	(17,157)	(113)	(4,663)	31,697
Net increase/(decrease) in cash and cash equivalents	43,600	(16,460)	38,388	(1,038)	(7,744)
Dividends paid to NCI	95,880	3,600	1,587	-	-

14. Associates

	Group 2013 *RM'000*	Group 2012 RM'000
Investments in associates		
Quoted shares, at cost		
Malaysia	**63,828**	63,828
Overseas	**336,279**	336,279
	400,107	400,107
Unquoted shares, at cost	**317,849**	317,849
	717,956	717,956
Exchange difference	**(27,772)**	(55,625)
	690,184	662,331
Group's share of post-acquisition reserves, net of dividend received	**(243,634)**	(226,716)
	446,550	435,615
Less: Impairment losses	**(34,228)**	(34,228)
	412,322	401,387
Market value of quoted shares		
Malaysia	**30,126**	28,243
Overseas	**357,581**	368,087
	387,707	396,330

14. Associates *(Cont'd)*

The summarised financial information of the material associates were as follows:-

	Laura Ashley Holdings plc *RM'000*	Regent Corporation *RM'000*
2013		
Assets and liabilities		
Non-current assets	**173,440**	**115,098**
Current assets	**588,612**	**44,286**
Non-current liabilities	**(54,200)**	**-**
Current liabilities	**(444,440)**	**(14,479)**
Net assets	**263,412**	**144,905**
Results		
Revenue	**1,457,127**	**24,155**
Profit for the financial year	**77,680**	**3,913**
Total comprehensive income	**54,921**	**3,913**
Cash flows (used in)/from operating activities	**(33,645)**	**8,241**
Cash flows used in investing activities	**(18,307)**	**(76)**
Net (decrease)/increase in cash and cash equivalents	**(51,952)**	**8,165**
2012		
Assets and liabilities		
Non-current assets	194,574	102,407
Current assets	517,875	42,106
Non-current liabilities	(34,162)	-
Current liabilities	(366,869)	(13,359)
Net assets	311,418	131,154
Results		
Revenue	1,464,060	23,008
Profit for the financial year	72,027	2,657
Total comprehensive income	83,297	2,657
Cash flows from operating activities	12,250	6,972
Cash flows used in investing activities	(14,209)	(139)
Net (decrease)/increase in cash and cash equivalents	(1,959)	6,833

14. Associates *(Cont'd)*

The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:-

	Laura Ashley Holdings plc *RM'000*	Regent Corporation *RM'000*	Other individual immaterial associates *RM'000*	Total *RM'000*
As at 31 December 2013				
Share of net assets of the Group	**92,642**	**71,003**	**-**	**163,645**
Dividend receivable	**11,505**	**-**	**-**	**11,505**
Exchange difference	**(44,091)**	**2,399**	**-**	**(41,692)**
Goodwill	**111,918**	**53,609**	**-**	**165,527**
Net investment in preference shares	**-**	**113,337**	**-**	**113,337**
Carrying amount in the statement of financial position	**171,974**	**240,348**	**-**	**412,322**
Share of results of the Group for the financial year ended 31 December 2013				
Share of profit or loss of the Group	**27,320**	**1,917**	**(6,769)**	**22,468**
Share of other comprehensive loss of the Group	**(8,005)**	**-**	**-**	**(8,005)**
Share of total comprehensive income/(loss) of the Group	**19,315**	**1,917**	**(6,769)**	**14,463**
Dividend received	**31,381**	**-**	**-**	**31,381**
As at 31 December 2012				
Share of net assets of the Group	109,526	64,266	6,769	180,561
Exchange difference	(65,548)	2,065	-	(63,483)
Goodwill	111,918	49,925	-	161,843
Net investment in preference shares	-	122,466	-	122,466
Carrying amount in the statement of financial position	155,896	238,722	6,769	401,387
Share of results of the Group for the financial year ended 31 December 2012				
Share of profit or loss of the Group	25,332	1,302	(52,463)	(25,829)
Share of other comprehensive income of the Group	3,963	-	-	3,963
Share of total comprehensive income/(loss) of the Group	29,295	1,302	(52,463)	(21,866)
Dividend received	24,823	-	-	24,823

(a) The contingent liabilities of the associates are as follows:

	2013 ***RM'000***	*2012* *RM'000*
Share of associates' contingent liabilities incurred jointly with other investors:		
- Guaranteed bank facilities	-	10,000

(b) Certain quoted shares in an overseas associate held by an overseas subsidiary were pledged to overseas financial institutions for credit facilities of RM267,685,000 (2012:RM263,000,000) granted to an overseas and a Malaysia subsidiary (Note 26).

(c) In the previous financial year, certain quoted shares in an associate were pledged to financial institutions for credit facilities of RM5,820,000 granted to a Malaysia subsidiary (Note 26).

14. Associates *(Cont'd)*

(d) The recoverable amount of investment in an associate, unquoted shares, is based on value in use calculation using cash flow projections approved by management covering a period of 15 years (2012:10 years) and based on the following key assumptions:-

(i) Growth rates ranging from 1 % in year 2014, 10% to 19% for years 2015 to 2017 and thereafter at 4% until year 2028;

(ii) Terminal value is based on projected net assets of the associate as at the end of the reporting period; and

(iii) Pre-tax discount rate of 5% (2012: 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.

Based on the sensitivity analysis performed by management, a 0.5% increase in discount rate or 1% decrease in growth rates would result in a deficit of approximately RM5,867,000 and RM7,732,000 respectively.

(e) In the previous 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%.

(f) The associates are disclosed in Note 37 to the financial statements.

15. Other Investments

	Group	
	2013	*2012*
	RM'000	*RM'000*
Non-current		
Available-for-sale financial assets		
Quoted shares in Malaysia	**5,531**	26,154
Quoted shares outside Malaysia	**989**	1,102
	6,520	27,256
Unquoted shares in Malaysia	**8,366**	8,750
Less: Impairment loss	**(7,144)**	(7,158)
	1,222	1,592
Net carrying amount	**7,742**	28,848
Market value of quoted shares		
Malaysia	**5,531**	26,154
Overseas	**989**	1,102
	6,520	27,256
Current		
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	**155**	4,038
Unquoted shares outside Malaysia	**5,299**	4,907
	5,454	8,945
Market value of quoted shares	**155**	4,038

(a) Information on the fair value hierarchy is disclosed in Note 32(b)(iv) to the financial statements.

(b) In the previous financial year, an impairment loss on quoted shares in Malaysia of RM1,951,000 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 2013 RM'000	Group 2012 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	**22,146**	23,147
Development costs	**71,318**	80,703
Exchange difference	**884**	(152)
	94,348	103,698
Costs incurred for the financial year		
Development costs	**20,663**	26,788
Accumulated costs reversed during the financial year in respect of completed projects		
Freehold land	**(1,106)**	(242)
Development costs	**(239)**	(21,238)
	(1,345)	(21,480)
Costs recognised in profit or loss		
At 1 January	**(3,086)**	(15,566)
Recognised for the financial year	**(28,217)**	(8,999)
Accumulated costs reversed during the financial year in respect of completed projects	**1,345**	21,480
At 31 December	**(29,958)**	(3,085)
Accumulated impairment		
At 1 January/31 December	**(6,500)**	(6,500)
Reversal during the year	**6,500**	-
	-	(6,500)
Transfers at 31 December		
Transfer to inventories	**(884)**	(14,594)
Exchange difference	**(747)**	(64)
	(1,631)	(14,658)
At 31 December	**82,077**	84,763

An impairment loss on property development cost amounting to RM6,500,000 has been reversed during the financial year due to disposal of properties.

17. Goodwill On Consolidation

	Group	
	2013	2012
	RM'000	RM'000
Cost		
At 1 January/At 31 December	**1,267,253**	1,267,253
Accumulated Impairment		
At 1 January	**1,085,913**	1,046,845
Recognised for the financial year	**-**	39,068
At 31 December	**1,085,913**	1,085,913
Carrying amount		
At 31 December	**181,340**	181,340

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

	Group	
	2013	2012
Carrying Amount	**RM'000**	RM'000
Retailing	**156,728**	156,728
Food & Confectionery	**24,612**	24,612
Financial Services	**-**	-
	181,340	181,340

An impairment loss on goodwill amounting to RM39,068,000 relating to the financial services CGU had been recognised in the previous financial year due to losses suffered from 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 and based on the following key assumptions:-

(a) Retailing
   (i) Cash flows were projected based on expected future cash flows for a period of up to 10 years (2012: 5 years) and the assumption that cash flow is subjected to a growth rate of 12% for the financial year 2014 from an exceptional low in the financial year 2013 and 7% to 9% for the financial years 2015 to 2023; and
   (ii) Terminal values are based on the projected net assets of the CGU as at the end of the reporting period, and
   (iii) Pre-tax discount rate of 5% (2012: 4%) estimated based on the weighted average cost of capital of the Group.

(b) Food & Confectionery
   (i) Cash flows were projected based on expected future cash flows for a period of up to 20 years (2012: 20 years) and the assumption that cash flow is subjected to a growth rate of 8% from 2014 to 2017 based on 2013 cash flows and no growth from 2018 onwards; and
   (ii) A discount rate of 8% (2012: 8%) per annum was used to calculate the present value of the cash flows.

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	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade receivables	**460,076**	464,668	**-**	-
Less: Impairment loss	**(429,976)**	(429,715)	**-**	-
	30,100	34,953	**-**	-
Other receivables	**63,372**	63,159	**-**	-
Less: Impairment loss	**(32,683)**	(16,000)	**-**	-
	30,689	47,159	**-**	-
Accrued billings in respect of property development cost	**5,661**	1,732	**-**	-
Amounts owing by associates	**130,204**	130,658	**-**	-
Amounts owing by subsidiaries	**-**	-	**2,515,016**	2,518,066
Less: Impairment loss	**-**	-	**(1,096,223)**	(1,096,223)
	-	-	**1,418,793**	1,421,843
Deposits	**13,452**	10,241	**5**	5
Loans and receivables	**210,106**	224,743	**1,418,798**	1,421,848
Prepayments	**6,166**	4,628	**-**	-
	216,272	229,371	**1,418,798**	1,421,848

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

	Group	
	2013	*2012*
	RM'000	*RM'000*
Sterling Pound	**6,205**	4,916
Hong Kong Dollar	**3,146**	1,971
Singapore Dollar	**841**	1,303
US Dollar	**358**	150
	10,550	8,340

(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 (2012: RM54.4 million), which bear interest at 4.7% (2012: 4.7%) per annum and are repayable in year 2014.

(c) The amounts owing by subsidiaries 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 (2012: RM20.0 million), which bear interest at 6.90% (2012: 6.85% to 6.90%) per annum.

(d) Included in other receivables is an amount owing by a related party of RM14,042,000 (2012: RM13,442,000), which is unsecured, bear average interest at 6% (2012: 5%) per annum and payable upon demand in cash and cash equivalents. During the financial year, an impairment loss of RM7,693,000 on this amount is recognised to profit or loss.

(e) Included in other receivables is an overpayments of rental to be refunded from a related party, which amounted to RM14,320,000 (2012:RM7,631,000). During the financial year, an impairment loss of RM7,683,000 on this amount is recognised to profit or loss.

(f) Trade receivables are non-interest bearing and the normal trade credit terms ranges from 7 to 120 days (2012: 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

(g) During the financial year, bad debts written off of the Group amounted to RM206,000 (2012: Nil).

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

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

	Group	
	2013	2012
	RM'000	RM'000
Neither past due nor impaired	**17,605**	22,122
Past due, not impaired		
1 to 30 days	**912**	1,284
31 to 60 days	**5,186**	5,816
61 to 90 days	**3,457**	3,450
91 to 120 days	**161**	485
More than 121 days	**2,614**	5,455
	12,330	16,490
Past due and impaired	**430,141**	429,837
	460,076	468,449

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.

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: -

	Collectively Impaired		Individually Impaired		Total	
	2013	2012	**2013**	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Trade Receivables	**351**	266	**429,790**	429,571	**430,141**	429,837
Less: Impairment loss	**(186)**	(144)	**(429,790)**	(429,571)	**(429,976)**	(429,715)
	165	122	**-**	-	**165**	122

The reconciliation of movements in the impairment losses are as follows: -

	Group	
	2013	2012
	RM'000	RM'000
Trade receivables		
At 1 January	**429,715**	433,713
Charge for the financial year	**456**	5,164
Written off	**(182)**	-
Written back	**(24)**	-
Disposal of insurance business	**-**	(9,173)
Exchange difference	**11**	11
At 31 December	**429,976**	429,715

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

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

The reconciliation of movements in the impairment losses are as follows: - *(Cont'd)*

	Group	
	2013	*2012*
	RM'000	*RM'000*
Other receivables		
At 1 January	**16,000**	17,646
Charge for the financial year	**15,662**	-
Written back	**(17)**	(1,111)
Exchange difference	**1,038**	(535)
At 31 December	**32,683**	16,000
	462,659	445,715

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	
	2013	*2012*
	RM'000	*RM'000*
At cost		
Completed development property units	**26,691**	30,170
Finished goods	**7,148**	7,147
Raw materials	**5,458**	6,784
Sundry stores and consumables	**1,818**	1,901
Work-in-progress	**1,549**	1,703
Food, beverages and hotel supplies	**1,407**	1,474
At net realisable value		
Retail trading merchandises	**46,333**	50,184
	90,404	99,363

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM280,914,000 (2012: RM271,804,000). In addition, the amounts recognised as cost of sales include the following:

	Group	
	2013	*2012*
	RM'000	*RM'000*
Inventories written down	**861**	1,527
Reversal of inventories previously written down	**-**	(1,269)
	861	258

(b) Inventories written off amounted to RM60,000 (2012: RM7,000) were recognised in other operating expenses.

20. Held-To-Maturity Investments

	Group	
	2013	2012
	RM'000	RM'000
Amortised Cost		
Malaysian Government Securities	-	5,014
Corporate Bonds	-	5,007
	-	10,021
Fair Value		
Malaysian Government Securities	-	5,132
Corporate Bonds	-	5,222
	-	10,354

(a) The weighted average effective annual interest rates of held-to-maturity investments during the financial year are as follows:-

	Group	
	2013	2012
	%	%
Malaysian Government Securities	-	3.58%
Corporate Bonds	-	5.79%

(b) The maturities of held-to-maturity investments are as follows:-

	Group	
	2013	2012
	RM'000	RM'000
Malaysian Government Securities		
Less than 1 year	-	5,014
Corporate Bonds		
Less than 1 year	-	5,007
	-	10,021

21. Deposits, Bank Balances And Cash

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Term deposits with licensed banks	**287,056**	326,842	**14**	13
Bank balances and cash	**102,560**	90,911	**116**	102
	389,616	417,753	**130**	115

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

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Sterling Pound	**116,011**	94,782	**6**	-
Hong Kong Dollar	**5,410**	4,891	**16**	17
Singapore Dollar	**59,003**	18,062	**1**	-
US Dollar	**89**	105	**2**	-
Australia Dollar	**301**	573	**15**	1
Canada Dollar	**27**	40	**2**	-
Others	**23**	-	**6**	-
	180,864	118,453	**48**	18

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

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

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Term deposits with licensed banks	**2.16**	3.30	**-**	0.01
Bank balances and cash	**2.60**	2.57	**-**	-

The average maturity for deposits ranges from 1 to 365 days (2012: 2 to 366 days).

(c) Included in deposits, bank balances and cash of the Group are amounts totalling RM16,205,000 (2012: RM13,383,000) 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 was an amount of RM31,000,000, which represented 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. This amount remained unutilised as at the end of the reporting period.

(e) Included in deposits is an amount of RM5,361,000 (2012: RM3,834,000) pledged to licensed banks as securities for banking facilities granted to the Group (Note 26).

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

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Term deposits with licensed banks	**287,056**	326,842	**14**	13
Bank balances and cash	**102,560**	90,911	**116**	102
	389,616	417,753	**130**	115
Less:				
Deposits pledged with licensed banks	**(5,361)**	(3,834)	**-**	-
Bank overdrafts included in borrowings (Note 26)			**-**	-
- secured	**(37,518)**	(34,022)	**-**	-
- unsecured	**(2,723)**	(13,860)	**-**	-
	(45,602)	(51,716)	**-**	-
	344,014	366,037	**130**	115

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

(a) Non-Current Assets Held For Sale

In the previous financial year, the Group had a property with carrying amount of RM4,500,000 under non-current assets held for sale. During the financial year, the disposal was completed and proceeds were fully recovered.

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

(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 transferred to TMIM should 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.

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

	2012
	RM'000
Revenue	161,479
Other income	2,319
Expenses	(161,072)
Profit from operations	2,726
Exceptional items (Note 7)	177,339
Profit before taxation	180,065
Taxation (Note 9)	(2,446)
Profit for the financial year	177,619

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

	2012
	RM'000
Depreciation of property, plant and equipment	330
Fair value loss on financial assets at fair value through profit or loss	6,940
Gain on disposal of other investments (current)	(8,231)
Gross dividend received from other investments:	
- quoted in Malaysia	(1,784)
Interest income received from:-	
- term deposits	(5,473)
- others	(885)
Property, plant and equipment written off	1
Writeback for employee benefits	(363)

The following amounts have been included in exceptional items:

	2012
	RM'000
Bad debts written off	(50)
Impairment of trade and other receivables	(2,839)
Premium on disposal of insurance business	180,228
	177,339

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
Operating activities	306,412
Investing activities	(86,430)
	219,982

Reinsurance assets/insurance contract liabilities of the discontinued operation are as follows:-

	Gross	*Reinsurance*	*Net*
	RM'000	*RM'000*	*RM'000*
Provision for claims reported by policyholders	245,011	(132,855)	112,156
Provision for incurred but not reported claims ("IBNR")	108,411	(44,813)	63,598
Provision for outstanding claims (i)	353,422	(177,668)	175,754
Unearned premium reserves (ii)	114,503	(44,708)	69,795
	467,925	(222,376)	245,549
Disposal	(467,925)	222,376	(245,549)
	-	-	-

(i) Provision for outstanding claims/claims liabilities

	Gross	*Reinsurance*	*Net*
	RM'000	*RM'000*	*RM'000*
At 1 January 2012	318,236	(164,948)	153,288
Claims incurred in the current accident year	51,504	(19,228)	32,276
Additional/(Writeback of) provision for incurred but not reported claims ("IBNR")	8,933	(4,993)	3,940
Other movements in claims incurred in prior accident years	53,382	(17,339)	36,043
Claims paid during the year	(78,633)	28,840	(49,793)
At 31 December 2012	353,422	(177,668)	175,754

(ii) Unearned premium reserves/premium liabilities

	Gross	*Reinsurance*	*Net*
	RM'000	*RM'000*	*RM'000*
At 1 January 2012	115,461	(50,902)	64,559
Premium written in the year	156,362	(69,319)	87,043
Premium earned during the year	(157,320)	75,513	(81,807)
At 31 December 2012	114,503	(44,708)	69,795

The effects of disposal to the Group were 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)
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	
	2013	2012
	RM'000	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, 2,932,561,192 (2012: 2,029,773,004) ordinary shares of RM1.00 each	**2,932,561**	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 (2012: 2,932,561,192) ordinary shares of RM1.00 each.	**2,932,561**	2,932,561

In the previous financial year, 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	
	2013	2012
	RM'000	RM'000
At nominal value		
Class A1, 8-year ICULS ("Class A1 ICULS")	**-**	443,662
Class A2, 8-year ICULS ("Class A2 ICULS")	**-**	443,662
Class A3, 2½-year ICULS ("Class A3 ICULS")	**-**	104,705
	-	992,029
Less: Conversion of Class A1 ICULS to 443,662,030 ordinary shares of RM1.00 each	**-**	(443,662)
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)
	-	-

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.

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

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");

(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 would be from 27 June 2012 to 27 December 2012 ("Conversion Period").

All holders of ICULS ("ICULS holders") who wished to convert their ICULS into new ordinary share of RM1.00 each in the Company ("New MUI Shares") during the Conversion Period should 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 should 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 into 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 into 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*	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*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	**65,471**	18,739	**-**	-
Capital reserve	**3,204**	3,204	**-**	-
Available-for-sale reserve	**4,403**	13,013	**-**	-
Distributable				
General reserve	**25,257**	25,257	**-**	-
	337,944	299,822	**246,569**	246,569

(a) The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) 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.

(c) The available-for-sale reserve arose from fair value gains or losses of financial assets classified as available-for-sale.

(d) The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiaries in previous financial years.

26. Borrowings

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Term loans and revolving credits				
- secured	**667,233**	666,139	**-**	-
- unsecured	**73,220**	93,040	**-**	-
Hire-purchase and lease liabilities	**179**	263	**-**	-
	740,632	759,442	**-**	-
Less: Current portion of term loans	**(117,368)**	(96,354)	**-**	-
	623,264	663,088	**-**	-
Current				
Bank overdrafts (Note 21)				
- secured	**37,518**	34,022	**-**	-
- unsecured	**2,723**	13,860	**-**	-
Revolving credits				
- secured	**30,500**	26,150	**-**	-
- unsecured	**158,867**	186,657	**20,000**	20,000
Current portion of term loans	**117,368**	96,354	**-**	-
Hire-purchase and lease liabilities	**84**	88	**-**	-
	347,060	357,131	**20,000**	20,000
Total	**970,324**	1,020,219	**20,000**	20,000

	Group	
	2013	2012
	RM'000	RM'000
(a) The maturities of non-current term loans and revolving credits are as follows:-		
Between 1 year to 2 years	**284,895**	115,563
Between 2 years to 3 years	**317,692**	35,938
Between 3 years to 4 years	**2,248**	347,354
Between 4 years to 5 years	**2,318**	163,970
More than 5 years	**15,932**	-
	623,085	662,825
(b) Details of hire-purchase and lease liabilities are as follows:-		
Hire-purchase and minimum lease payments		
Within 1 year	**104**	108
Between 1 year to 5 years	**216**	321
	320	429
Future finance charges	**(57)**	(78)
Present value of hire-purchase and lease liabilities	**263**	351
Portion payable: -		
Within 1 year (current)	**84**	88
Between 1 year to 5 years (non-current)	**179**	263
	263	351

26. Borrowings *(Cont'd)*

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

	Group	
	2013	2012
	RM'000	RM'000
Sterling Pound	**327,216**	304,194

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

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Bank overdrafts	**6.3**	6.5	**-**	-
Revolving credits	**5.9**	5.5	**6.9**	6.9
Term loans	**3.8**	3.9	**-**	-
Hire-purchase and lease liabilities	**4.0**	4.0	**-**	-

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

	Group		Company	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Fixed rate borrowings	**-**	5,820	**-**	-
Floating rate borrowings	**970,061**	1,014,048	**20,000**	20,000
	970,061	1,019,868	**20,000**	20,000

(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);

(ii) floating charges over all the other assets of certain subsidiaries;

(iii) corporate guarantee by the Company; and

(iv) corporate guarantee by certain subsidiaries.

27. Provision for restoration cost

		Group	
		2013	2012
Non-current	*Note*	**RM'000**	RM'000
Provision for restoration cost of rented premises			
At 1 January		**6,819**	6,985
Additions	11	**862**	64
Paid during the financial year		**(170)**	(183)
Written back during the year		**(1,956)**	(47)
At 31 December		**5,555**	6,819

Provision for restoration cost comprises mainly initial estimates of reinstatement costs for stores upon termination of tenancy.

28. Employee Benefits

	Note	Group 2013 RM'000	Group 2012 RM'000
At 1 January		**3,152**	4,407
Exchange difference		**3**	(3)
Provision made during the year		**56**	54
Writeback during the financial year		**(334)**	(363)
Paid during the financial year		**(181)**	(636)
Disposal	22(b)	**-**	(307)
At 31 December		**2,696**	3,152
Non-current portion		**1,862**	2,326
Current portion		**834**	826
		2,696	3,152

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 2013 RM'000	Group 2012 RM'000
At 1 January		**7,651**	8,441
Exchange difference		**63**	(1)
Transfer from profit or loss	9	**(1,770)**	(789)
At 31 December		**5,944**	7,651

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

	2013 RM'000	2012 RM'000
Deferred tax liabilities, net	**8,403**	9,530
Deferred tax assets, net	**(2,459)**	(1,879)
	5,944	7,651

(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

	Property, plant and equipment RM'000	Investments RM'000	Set off of tax RM'000	Total RM'000
At 1 January 2012	27,045	2,338	(19,039)	10,344
Exchange difference	268	-	(278)	(10)
Recognised in profit or loss	(2,235)	(2,338)	3,769	(804)
Reclassification	(1,579)	-	1,579	-
At 31 December 2012/1 January 2013	**23,499**	-	**(13,969)**	**9,530**
Exchange difference	**1,158**	-	**(1,132)**	**26**
Recognised in profit or loss	**(1,609)**	**-**	**456**	**(1,153)**
Reclassification	**(1,110)**	**-**	**1,110**	**-**
At 31 December 2013	**21,938**	**-**	**(13,535)**	**8,403**

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*	*Set off of tax RM'000*	*Total RM'000*
At 1 January 2012	(8,646)	(4,727)	(7,569)	19,039	(1,903)
Exchange difference	(206)	-	(63)	278	9
Recognised in profit or loss	1,044	2,942	(202)	(3,769)	15
Reclassification	929	(86)	736	(1,579)	-
At 31 December 2012/1 January 2013	**(6,879)**	**(1,871)**	**(7,098)**	**13,969**	**(1,879)**
Exchange difference	**(593)**	**(2)**	**(500)**	**1,132**	**37**
Recognised in profit or loss	**90**	**(186)**	**(65)**	**(456)**	**(617)**
Reclassification	**529**	**(178)**	**759**	**(1,110)**	**-**
At 31 December 2013	**(6,853)**	**(2,237)**	**(6,904)**	**13,535**	**(2,459)**

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

	Group **2013 RM'000**	*2012 RM'000*
Unutilised tax losses	**685,692**	688,126
Unutilised capital allowances	**10,181**	11,353
Other deductible temporary differences	**73,036**	69,366
	768,909	768,845

The deferred tax assets are not recognised in respect of these items as the subsidiaries are 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	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Non-current				
Trade payables	***1,911***	-	-	-
Current				
Trade payables	**65,863**	71,714	**-**	-
Other payables	**8,760**	11,149	**97**	234
Accrued expenses	**23,372**	34,249	**-**	-
Progress billings	**240**	240	**-**	-
Tenant deposits	**119**	145	**-**	-
Amounts owing to associates	**24,832**	21,864	**-**	-
	123,186	139,361	**97**	234
Total other financial liabilities	**125,097**	139,361	**97**	234

(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) Included in other payables of the Group is a sum of RM1,061,000 (2012: Nil) in respect of a legal suit settlement.

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

	Group	
	2013	*2012*
	RM'000	*RM'000*
Sterling Pound	**5,512**	9,509
Hong Kong Dollar	**672**	-
US Dollar	**527**	283
Singapore Dollar	**901**	387
	7,612	10,179

(d) Trade payables are non-interest bearing and the normal trade credit term ranges from 7 to 90 days (2012: 7 to 90 days).

(e) Non-current trade payables represent retention sums, which are unsecured, interest-free and are expected to be payable within one to two years.

31. Operating Segments 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 other food products
Financial services	- Universal broking and general insurance
Property	- Property development and investment
Others	- Investment activities and others

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

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as impairment losses.

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.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. Operating Segments Of The Group *(Cont'd)*

(i) Business segment

2013	*Retailing RM'000*	*Hotels RM'000*	*Food & Confectionery RM'000*	*Financial Services RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
REVENUE								
External revenue	880,677	169,396	78,495	7,507	47,260	11,853	-	1,195,188
Inter-segment revenue	-	86	-	-	-	6,860	(6,946)	-
Total revenue	880,677	169,482	78,495	7,507	47,260	18,713	(6,946)	1,195,188
Less: Group's share of associates' revenue								(531,814)
								663,374
RESULTS								
Segment results (external)	17,421	29,548	2,422	-	13,735	(20,316)	-	42,810
Interest income	1,350	9	609	-	621	5,019	-	7,608
Profit/(Loss) from operations before exceptional items	18,771	29,557	3,031	-	14,356	(15,297)	-	50,418
Exceptional items *(refer note 7)*	(7,691)	(223)	21,074	-	-	(8,688)	-	4,472
Profit/(Loss) from operations after exceptional items	11,080	29,334	24,105	-	14,356	(23,985)	-	54,890
Finance costs	(2,904)	(1,207)	(28)	-	(100)	(48,381)	-	(52,620)
Share of results of associates	27,320	-	-	(6,769)	-	1,917	-	22,468
Profit/(Loss) before taxation	35,496	28,127	24,077	(6,769)	14,256	(70,449)	-	24,738
Taxation	(6,167)	(5,472)	(350)	-	(2,218)	1,366	-	(12,841)
Profit/(Loss) for the financial year	29,329	22,655	23,727	(6,769)	12,038	(69,083)	-	11,897

31. Operating Segments Of The Group *(Cont'd)*

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

2013	Retailing RM'000	Hotels RM'000	Food & Confectionery RM'000	Financial Services RM'000	Property RM'000	Others RM'000	Elimination RM'000	Total Group RM'000
ASSETS								
Segment assets	341,466	459,940	209,084	-	217,959	493,454	-	1,721,903
Investments in associates	171,974	-	-	-	-	240,348	-	412,322
Unallocated corporate assets								8,301
Consolidated total assets								2,142,526
LIABILITIES								
Segment liabilities	125,554	477,056	12,083	-	8,917	480,062	-	1,103,672
Unallocated corporate liabilities								12,334
Consolidated total liabilities								1,116,006
OTHER SEGMENT INFORMATION								
Additions to non-current assets other than financial instruments and deferred tax assets	3,190	9,898	997	-	24	653	-	14,762
Depreciation	(8,966)	(13,238)	(1,892)	-	(247)	(814)	-	(25,157)
Other material non-cash items: -								
- Fair value gain on financial assets at fair value through profit or loss	-	-	-	-	816	17	-	833
- (Loss)/Gain on disposal of: -								
- other investments (non-current)	-	(85)	(1,337)	-	6,451	-	-	5,029
- other investments (current)	-	-	-	-	-	(452)	-	(452)
- property, plant and equipment	-	(4)	21,504	-	-	9	-	21,509
- Gain/(Loss) in foreign exchange (unrealised)	2	1	(313)	-	-	(3,889)	-	(4,199)
- Impairment of: -								
- other investments (non-current)	-	(16)	-	-	-	-	-	(16)
- trade and other receivables	(7,693)	(202)	(404)	-	-	(7,778)	-	(16,077)
- Reversal of restoration cost	1,956	-	-	-	-	-	-	1,956
- Reversal of impairment of property development costs	-	-	-	-	6,500	-	-	6,500

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. Operating Segments Of The Group *(Cont'd)*

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

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	(18,479)	2,726	-	52,246
Interest income	1,241	19	235	-	557	3,988	-	-	6,040
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

31. Operating Segments Of The Group *(Cont'd)*

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

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	-	10,004	552,645	-	-	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
- property, plant and equipment	10	10	59	-	40	6	-	-	125
- 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)
- Reversal of restoration cost	47	-	-	-	-	-	-	-	47

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. Operating Segments Of The Group *(Cont'd)*

(ii) Geographical segments

	Revenue		*Assets Employed*		*Capital Expenditure*	
	2013	*2012*	***2013***	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Malaysia	**534,675**	690,810	**862,892**	990,945	**7,483**	13,698
Asia-Pacific	**14,178**	13,995	**365,617**	315,394	**415**	20
Australia	**30**	-	**5,664**	11,864	**-**	-
North America	**11,836**	11,273	**346,852**	356,884	**-**	-
United Kingdom	**634,469**	635,620	**561,501**	533,949	**6,864**	4,315
Total	**1,195,188**	1,351,698	**2,142,526**	2,209,036	**14,762**	18,033
Less: Group's share of associates' revenue	**(531,814)**	(533,801)	**-**	-	**-**	-
	663,374	817,897	**2,142,526**	2,209,036	**14,762**	18,033

32. Financial Instruments

(a) Capital management

The primary objective of the capital management of the Group 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 from that in the previous financial year.

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.

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

	Group		*Company*	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Total debts	**970,324**	1,020,219	**20,000**	20,000
Equity attributable to the owners of the Company	**778,263**	724,736	**2,144,790**	2,146,693
Less: Fair value adjustment reserve	**(23,707)**	(32,317)	**(26,264)**	(26,264)
Total capital	**754,556**	692,419	**2,118,526**	2,120,429
Gearing ratio	**1.29**	1.47	**0.01**	0.01

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 RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2013.

(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*	*Total RM'000*
Group				
2013				
Other investments	**-**	**5,454**	**7,742**	**13,196**
Trade and other receivables	**210,106**	**-**	**-**	**210,106**
Deposits, bank balances and cash	**389,616**	**-**	**-**	**389,616**
	599,722	**5,454**	**7,742**	**612,918**

32. Financial Instruments *(Cont'd)*

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

(i) Categories of financial instruments *(Cont'd)*

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*
2012					
Held-to-maturity investments	-	-	-	10,021	10,021
Other investments	-	8,945	28,848	-	37,793
Trade and other receivables	224,743	-	-	-	224,743
Deposits, bank balances and cash	417,753	-	-	-	417,753
	642,496	8,945	28,848	10,021	690,310
Company					
2013					
Trade and other receivables	**1,418,798**	**-**	**-**	**-**	**1,418,798**
Deposits, bank balances and cash	**130**	**-**	**-**	**-**	**130**
	1,418,928	**-**	**-**	**-**	**1,418,928**
2012					
Trade and other receivables	1,421,848	-	-	-	1,421,848
Deposits, bank balances and cash	115	-	-	-	115
	1,421,963	-	-	-	1,421,963

Financial liabilities	*Other financial liabilities RM'000*	*Total RM'000*
Group		
2013		
Borrowings	**970,324**	**970,324**
Trade and other payables	**125,097**	**125,097**
	1,095,421	**1,095,421**
2012		
Borrowings	1,020,219	1,020,219
Trade and other payables	139,361	139,361
	1,159,580	1,159,580
Company		
2013		
Borrowings	**20,000**	**20,000**
Trade and other payables	**97**	**97**
	20,097	**20,097**
2012		
Borrowings	20,000	20,000
Trade and other payables	234	234
	20,234	20,234

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. Financial Instruments *(Cont'd)*

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

(ii) Fair values of financial instruments carried at fair value

(a) Quoted investments

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

(b) Unquoted investments

The fair value of unquoted investments has been derived on a basis of a valuation carried out by independent qualified professional valuers, who are not connected to the Group.

(iii) Fair values of financial instruments not carried at fair value

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

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

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(b) Quoted investments

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

(c) Unquoted investments

The fair values of unquoted investments has been estimated using a valuation technique based on present values of the estimated future cash flows covering eight years period and discount rates of 5.5%.

Management believe that the estimated fair values resulting from the valuation technique are reasonable and the most appropriate at the end of each reporting period.

(d) Retention sum

The fair value of the retention sum included in non-current trade payable is estimated by discounting expected future cash flows at weighted average borrowing interest rates of the Group.

(e) Hire purchase liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For hire purchase liabilities, the market rate of interest is determined by reference to similar lease agreements.

(f) Term loan

The fair value of term loan is estimated based on the discounted cash flows technique. The discount rate is based on the ongoing cost of funding used to obtain the term loan.

32. Financial Instruments *(Cont'd)*

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

(iv) Fair value hierarchy

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).

Fair values of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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).

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	**Valuation technique used**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
<u>Financial assets</u>			
Unquoted investments	Discounted cash flows method	Discount rate of 5.5%	The higher of the discount rate, the lower the fair values of the unquoted investments.
<u>Financial liabilities</u>			
Retention sum	Discounted cash flows method	Discount rate of 8.0%	The higher of the discount rate, the lower the fair values of the unquoted investments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. Financial Instruments *(Cont'd)*

(iv) Fair value hierarchy *(Cont'd)*

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair values of financial instruments carried at fair value				*Fair values of financial instruments not carried at fair value*					
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Total fair values*	*Carrying amount*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
2013										
Group										
Financial assets										
Available-for-sale investments										
- Quoted shares in Malaysia	5,531	-	-	5,531	-	-	-	-	5,531	5,531
- Quoted shares outside Malaysia	989	-	-	989	-	-	-	-	989	989
- Unquoted shares in Malaysia	-	-	1,222	1,222	-	-	-	-	1,222	1,222
Financial assets at fair value through profit or loss										
- Quoted shares in Malaysia	155	-	-	155	-	-	-	-	155	155
- Unquoted shares outside Malaysia	-	5,299	-	5,299	-	-	-	-	5,299	5,299
	6,675	5,299	1,222	13,196	-	-	-	-	13,196	13,196
Financial liabilities										
Other financial liabilities										
- Retention sum	-	-	-	-	-	-	1,911	1,911	1,911	1,911
- Hire purchase and lease liabilities	-	-	-	-	-	-	263	263	263	263
Company										
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	-	*	-	-

During the reporting period ended 31 December 2013, there were no transfer between Level 1 and Level 2 fair value measurements.

* Negligible

32. Financial Instruments *(Cont'd)*

(iv) Fair value hierarchy *(Cont'd)*

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. *(Cont'd)*

	Fair values of financial instruments carried at fair value				*Fair values of financial instruments not carried at fair value*					
	Level 1	***Level 2***	***Level 3***	***Total***	***Level 1***	***Level 2***	***Level 3***	***Total***	***Total fair values***	***Carrying amount***
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***
2012										
Group										
Financial assets										
Available-for-sale investments										
- Quoted shares in Malaysia	26,154	-	-	26,154	-	-	-	-	26,154	26,154
- Quoted shares outside Malaysia	1,102	-	-	1,102	-	-	-	-	1,102	1,102
- Unquoted shares in Malaysia	-	-	1,592	1,592	-	-	-	-	1,592	1,592
Financial assets at fair value through profit or loss										
- Quoted shares in Malaysia	4,038	-	-	4,038	-	-	-	-	4,038	4,038
- Unquoted shares outside Malaysia	-	4,907	-	4,907	-	-	-	-	4,907	4,907
Held-to-maturity investments										
- Quoted shares in Malaysia	-	-	-	-	10,354	-	-	10,354	10,354	10,021
	31,294	4,907	1,592	37,793	10,354	-	-	10,354	48,147	47,814
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease liabilities	-	-	-	-	-	-	351	351	351	351
- Term loan	-	-	-	-	-	5,820	-	5,820	5,820	5,820
Company										
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	-	*	-	-

During the reporting period ended 31 December 2012, there were no transfer between Level 1 and Level 2 fair value measurements.

* Negligible

32. Financial Instruments *(Cont'd)*

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

(v) 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:

Financial assets	Group	
	2013	2012
	RM'000	RM'000
At 1 January	**1,592**	1,600
Addition	**-**	-
Disposals	**(390)**	-
Fair value adjustments	**21**	-
Impairment loss	**(16)**	-
Exchange difference	**15**	(8)
At 31 December	**1,222**	1,592
Financial liabilities		
At 1 January	**351**	444
Additons	**1,911**	-
Repayments	**(88)**	(93)
At 31 December	**2,174**	351

33. Capital And Other Commitments

(a) Capital commitments

	Group	
	2013	2012
	RM'000	RM'000
Capital expenditures in respect of purchase of property, plant and equipment: -		
Approved but not contracted for	**-**	242
Contracted but not provided for	**358**	217
	358	459

(b) Operating lease commitments

Group as a lessee

	Group	
	2013	2012
	RM'000	RM'000
Non-cancellable operating lease commitments not provided for in the financial statements: -		
Within 1 year	**29,946**	32,805
Between 1 year to 5 years	**39,281**	55,840
More than 5 years	**-**	14,958
	69,227	103,603

Group as a lessor

The Group lease out their investment properties under operating leases (Note 12). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Less than one year	**2,625**	2,625
Between one and five years	**1,750**	4,375
	4,375	7,000

34. Significant Corporate Developments

(a) Significant corporate developments during the financial year

(i) On 4 February 2013 the Company 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 to purchase ("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 erected thereon known as 12, Woodlands Link, 738740 Singapore ("Properties") for a total cash consideration of S$15.4 million (equivalent to approximately RM38.18 million) ("Purchase Consideration"). The Purchase Consideration payable by Sing Long was exclusive of Goods and Services Tax.

The Disposal was completed on 31 July 2013. Simultaneously, NFIL executed a Lease Agreement with Sing Long to lease back part of the warehouse and office measuring 295.2 square meters. The gain arising from the disposal of the leasehold land was RM21.54 million.

(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.

(iii) On 14 February 2013, Malayan United Properties Sdn Bhd, Ming Fung Sendirian Berhad ("MFSB") 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. Pursuant to Section 272(5) of the Companies Act 1965 in Malaysia, the Return by Liquidator Relating to Final Meeting (Form 69) of MFSB was lodged on 4 December 2013 with the Companies Commission of Malaysia and the Official Receiver and on the expiration of three months after the said lodgement date, MFSB had been dissolved on 4 March 2014.

(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 2013, for a total cash consideration of RM13,971,000.

(v) On 17 April 2013, MUI Continental Berhad ("MCB"), a subsidiary of the Group, underwent a capital reduction exercise in accordance with Sections 60 and 64 of the Companies Act, 1965 in Malaysia involving a reduction of its share capital and cancellation of share premium of RM980,000. Following the capital reduction, MCB's issued and paid-up share capital has reduced from RM100,023,500 comprising 100,023,500 ordinary shares of RM1.00 each to RM10,000 comprising 10,000 ordinary shares of RM1.00 each by cancelling 100,013,500 ordinary shares of RM1.00 each.

(vi) During the financial year, Corus Hotels Limited ("Corus UK"), a wholly-owned subsidiary in UK, incorporated a new entity namely Belsfield LLP, whereby 61% of the entity's equity interest is held by Delaquest Limited, a wholly owned subsidiary of Corus UK, with cost of investment of GBP4,100,000 (equivalent to RM22,222,000) while the remaining equity interest of 39% is held by Jonadith UK Ltd with cost investment of GBP2,964,000 (equivalent RM14,667,000).

(b) Significant corporate developments subsequent to the end of the reporting period

(i) On 16 January 2014, a loan modification agreement ("Agreement") was entered into between MUI Media Ltd. ("Borrower"), a subsidiary of the Company and Regent Corporation ("Lender"), an associate of the Group.

By way of the Agreement, the principal sum of USD4.0 million pursuant to the loan agreement of 1 June 2011 was increased by another USD4.0 million, making a total of USD8.0 million ("Loan Sum").

The purpose of the Loan Sum is to facilitate working capital requirements and to repay bank borrowings.

The Loan Sum together with accrued interest (if any) will be repaid by the Borrower to the Lender by 31 August 2015.

(ii) On 27 January 2014, Designer Forte Sdn. Bhd., Metro-Direct Sdn. Bhd., Metrojaya Holdings Sdn. Bhd., and MJ Properties (Komtar) Sdn. Bhd., wholly-owned subsidiaries of Metrojaya 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.

The liquidations of these subsidiaries did not have any material financial effect on the Group.

(iii) On 21 March 2014, the Company acquired the entire issued and paid-up share capital of Corus Hotels Sdn. Bhd. ("CHSB") comprising 2 ordinary shares of RM1.00 each at a total consideration of RM2.00 ("Acquisition"). Upon the completion of the Acquisition, CHSB has become a wholly-owned subsidiary of the Company.

The acquisition of CHSB did not have any material financial effect on the Group.

35. Contingent Liabilities - Unsecured

Group

A subsidiary of MUI Properties Berhad, which in turn is a subsidiary of the Company, and Kensington Place Owners Association, Inc. ("KPOA") have been named as defendants in a lawsuit arising from alleged deficiencies and deferred maintenance issues at the Kensington Place condominium complex. The plaintiffs are suing the subsidiary and KPOA to recover maintenance and repair costs, which are disputed. The subsidiary has denied liability for any portion of this claim and has been diligently defending this matter. Due to the uncertainties in the litigation process it is not possible for management and its counsel to calculate a reliable estimate of the outcome of this matter.

A corresponding claim was asserted against the subsidiary by KPOA. On 1 April 2011, the cross-claim asserted against the subsidiary by KPOA was dismissed by the Court and later affirmed by the Court of Appeals.

Company

At 31 December 2013, the Company has guaranteed bank credit facilities of subsidiaries for a total of RM542,085,000 (2012: RM604,920,000). The guarantees are unsecured. The Directors are of the view that the fair value of the corporate guarantees is negligible as the chances of the financial institutions to call upon the guarantees are remote.

36. Related Party Disclosures

(a) Identities of related parties

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

(iii) Associates of the Group as disclosed in Note 37 to the financial statements.

(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*	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Major Corporate Shareholder: -				
Equipment rental income	**12**	12	**-**	-
Insurance premium income	**-**	193	**-**	-
Interest income	**600**	583	**-**	-
Office rental paid	**2,092**	2,096	**-**	-
Overpayment of rental	**6,910**	7,520	**-**	-
Share registrar fees income	**-**	5	**-**	-
Associates: -				
Interest income	**-**	1,919	**-**	-
Management fees paid	**63**	483	**-**	-
Purchase of inventories	**5,274**	3,994	**-**	-
Share registrar fees income	**-**	5	**-**	-
Subsidiaries: -				
Dividend income	**-**	-	**-**	1,780
Interest income	**-**	-	**1,380**	1,372
Repayments	**-**	-	**(3,050)**	(2,377)
Insurance premium paid	**-**	-	**-**	58

36. Related Party Disclosures *(Cont'd)*

(b) 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	
	2013	*2012*	***2013***	*2012*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Short term employee benefits	**5,274**	5,476	**604**	578
Defined contributions plan	**611**	619	**105**	105
	5,885	6,095	**709**	683

37. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD

At 31 December 2013

	Subsidiary	*Equity Interest (Nominal)* **2013** %	*2012* %	*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
	32. MUI Continental 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

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

At 31 December 2013

	Subsidiary	*Equity Interest (Nominal)* 2013 %	2012 %	*Principal Activities*	*Country of Incorporation*
+	38. MUI Philippines, Inc	**100**	100	Investment holding	Philippines
*	39. MUI Properties Berhad	**74.32**	74.32	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	**66.51**	60.46	Investment holding	Malaysia
	47. Pan Malaysia Holdings Berhad	**69.19**	69.19	Investment holding	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

	Associate	*Equity Interest (Nominal)* 2013 %	2012 %	*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	Hong Kong
*	6. Mansara International Limited	**35**	35	Investment holding	British Virgin Islands
Ω	7. Pan Malaysia Capital Berhad	**46.19**	46.19	Investment holding	Malaysia
*	8. Regent Corporation	**49**	49	Investment holding	U.S.A.
*	9. Zhaodaola Limited	**26.25**	26.25	Inactive	Bermuda

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

At 31 December 2013

Subsidiaries of Regent Corporation

(The list comprises major subsidiaries only)

	Subsidiary	*Equity Interest (Nominal)*		*Principal Activities*	*Country of Incorporation*
		2013	*2012*		
		%	*%*		
*	1. Laura Ashley (North America), Inc	**100**	100	Licensing and sub-licensing trademarks and copyright designs	U.S.A.
*	2. Regent Carolina Corporation	**100**	100	Hotel operation & property investment	U.S.A.
*	3. Regent Park Corporation	**100**	100	Property investment	U.S.A.

Subsidiaries of Pan Malaysia Capital Berhad ("PMC")

(The list comprises major subsidiaries only)

Subsidiary	*Equity Interest (Nominal) Held by PMC*		*Principal Activities*	*Country of Incorporation*
	2013	*2012*		
	%	*%*		
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

37. SUBSIDIARIES OF MUI PROPERTIES BERHAD

At 31 December 2013

		Subsidiary	*Equity Interest (Nominal)* 2013 %	2012 %	*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
^	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

37. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD

At 31 December 2013

	Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	Principal Activities	Country of Incorporation
Φ *	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
Φ +	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
Φ *	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
Φ *	22. PMRI Investments (Singapore) Pte Ltd	**100**	100	Investment holding	Singapore
*	23. Taraf Sanjung (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
Φ *	24. Tudor Gold Limited	**100**	100	Dormant	United Kingdom
*	25. Tunas Juara Sdn Bhd	**100**	100	Investment holding	Malaysia
*	26. United Pace Sdn Bhd	**100**	100	Investment holding	Malaysia
*	27. Uniwell Nominees (Tempatan) Sdn Bhd	**100**	100	Inactive	Malaysia

Subsidiaries of Network Foods International Ltd

	Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	Principal Activities	Country of Incorporation
*	1. Danau Gelombang Sdn Bhd	**100**	100	Inactive	Malaysia
Φ*	2. Network Foods Distribution Pte Ltd	**100**	100	Warehousing & distribution of chilled products, confectionery products & snack foods	Singapore
+	3. Network Foods (Hong Kong) Limited	**100**	100	Distribution of chocolates & other food & beverage products	Hong Kong

37. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD *(Cont'd)*

At 31 December 2013

Subsidiaries of Network Foods International Ltd *(Cont'd)*

	Subsidiary	*Equity Interest (Nominal)* ***2013*** %	*2012* %	*Principal Activities*	*Country of Incorporation*
*	4. Network Foods Industries Sdn Bhd	**100**	100	Manufacturing & trading of consumer chocolate products	Malaysia
*	5. Network Foods (Malaysia) Sdn Bhd	**100**	100	Marketing & distribution of chocolates, confectionery & beverage products	Malaysia
Φ *	6. Quintrinox Pte Ltd	**100**	100	Investment holding	Singapore
Φ *	7. Specialist Food Retailers Pte Ltd	**100**	100	Inactive	Singapore
*	8. Tiffany Enterprise Sdn Bhd	**100**	100	Dormant	Malaysia
Φ *	9. Tiffany Hampers & Gifts Pte Ltd	**100**	100	Inactive	Singapore

37. SUBSIDIARIES PAN MALAYSIA HOLDINGS BERHAD

At 31 December 2013

		Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	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 services	Malaysia
	10.	Twin Phoenix Sdn Bhd	**100**	100	Dormant	Malaysia

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

	Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	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 Electronics Industries Sdn Bhd	**67**	67	Malaysia
8.	Sensor Equipment Sdn Bhd	**64.10**	64.10	Malaysia
9.	Technitone (M) Sdn Bhd	**64.10**	64.10	Malaysia

37. SUBSIDIARIES OF METROJAYA BERHAD

At 31 December 2013

		Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	Principal Activities	Country of Incorporation
*	1.	Blue Spruce Holdings Ltd	**100**	100	Dormant	British Virgin Islands
*	2.	Danberg Overseas Inc.	**100**	100	Dormant	British Virgin Islands
‡	3.	Designer Forte Sdn Bhd	**100**	100	Dormant	Malaysia
# *	4.	Dixon Enterprise Limited	**100**	100	Dormant	Hong Kong
	5.	East India Company Clothing (Malaysia) Sdn Bhd	**100**	100	Dormant	Malaysia
# *	6.	East India Company (Hong Kong) Pte Limited	**100**	100	Dormant	Hong Kong
*	7.	East India Company (Singapore) Pte Ltd	**100**	100	Dormant	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	Dormant	Malaysia
‡	13.	Metrojaya Holdings Sdn Bhd	**100**	100	Dormant	Malaysia
*	14.	Metrojaya Reject Shop Pte Ltd	**100**	100	Dormant	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	Operations of department stores	Malaysia
‡	19.	MJ Properties (Komtar) Sdn Bhd	**100**	100	Dormant	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

Subsidiaries of Metrojaya Berhad

(These companies are under striking-off and are not consolidated)

		Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	Country of Incorporation
■	1.	MJ Discount Store Sdn Bhd	-	100	Malaysia
■	2.	MJ Specialty Stores.Com Sdn Bhd	-	100	Malaysia

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SUBSIDIARIES OF CORUS HOTELS LIMITED

At 31 December 2013

	Subsidiary	Equity Interest (Nominal) 2013 %	2012 %	Principal Activities	Country of Incorporation
*	1. Belsfield Hotels Limited	**100**	100	Dormant	United Kingdom
*	2. Belsfield LLP	**61**	-	Hotel operations	United Kingdom
*	3. Bistro Bistrot Limited	**62.50**	62.50	Dormant	United Kingdom
*	4. Catermax Limited	**100**	100	Dormant	United Kingdom
*	5. Corus Corporation UK Limited	**100**	100	Dormant	United Kingdom
*	6. County Hotels Group Plc	**100**	100	Investment holding & hotel operations	United Kingdom
*	7. County Hotels Limited	**61.11**	61.11	Hotel operations	United Kingdom
*	8. Delaquest Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	9. Dionball Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	10. Earl Grey Tea Rooms Limited	**62.50**	62.50	Dormant	United Kingdom
*	11. Echostand Limited	**100**	100	Dormant	United Kingdom
*	12. Etrop Grange Limited	**100**	100	Dormant	United Kingdom
*	13. Experience Inns Limited	**62.50**	62.50	Dormant	United Kingdom
*	14. Flamepro Limited	**100**	100	Hotel operations	United Kingdom
*	15. Historic Country Inns Limited	**62.50**	62.50	Dormant	United Kingdom
*Δ	16. No. 1 Cigar Club Limited	**36.80**	36.80	Dormant	United Kingdom
*	17. Patrolmake Limited	**100**	100	Investment holding & hotel operations	United Kingdom
*	18. Plaza On Hyde Park Limited	**100**	100	Hotel operations	United Kingdom
*	19. Pub (Nico) Limited	**62.50**	62.50	Dormant	United Kingdom
*	20. Regal Hotels Limited	**100**	100	Dormant	United Kingdom
*	21. Rose & Crown VCT Limited	**100**	100	Dormant	United Kingdom
*	22. Shandwick Leisure Limited	**100**	100	Hotel operations	United Kingdom
*	23. Simply Nico Limited	**62.50**	62.50	Dormant	United Kingdom
*	24. Styletune Limited	**100**	100	Dormant	United Kingdom
*	25. The Bowler Hat Limited	**100**	100	Dormant	United Kingdom
*	26. The Imperial Crown Hotel Limited	**100**	100	Hotel operations	United Kingdom
*	27. The Restaurant Partnership plc	**62.50**	62.50	Restaurant operations	United Kingdom
*	28. TRP Belgium S. A. NV	**62.50**	62.50	Dormant	Belgium
*	29. TRP (Langan's) Limited	**62.50**	62.50	Dormant	United Kingdom
*	30. TRP (Nico) Limited	**62.50**	62.50	Dormant	United Kingdom
*	31. Woodmount Limited	**100**	100	Dormant	United Kingdom
*	32. Wright Hotels (North Queensferry) Limited	**100**	100	Dormant	United Kingdom
*	33. 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 and were desolved on 25 April 2014.*
■ *Subsidiaries struck off from the register under Section 308(4) of the Companies Act, 1965 in Malaysia on 2 December 2013.*
^ *Placed under members' voluntary winding up on 14 February 2013*
Ω *Associate where its financial statements contained an unqualified modified auditor's report due to the associate is considered as a Practice Note 17 ("PN17") company pursuant to Paragraph 2.1(a) of PN17 and Paragraph 8.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the appropriateness of the going concern assumption in the preparation of its financial statements.*
Φ *Consolidated based on unaudited management accounts*
Subsidiaries whose financial year ends are non-coterminous with that of the Company as required pursuant to Section 168(1) of the Companies Act, 1965 in Malaysia
‡ *Placed under members' voluntary winding up on 27 January 2014*
> *Places under members' voluntary winding up on 14 February 2013 and was dissolved on 4 March 2014.*

38. 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	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Total accumulated losses: -				
- Realised	**(4,721,103)**	(4,737,161)	**(1,034,340)**	(1,032,437)
- Unrealised	**15,356**	(577)	**-**	-
	(4,705,747)	(4,737,738)	**(1,034,340)**	(1,032,437)
Total share of accumulated losses from associates: -				
- Realised	**(252,571)**	(239,133)	**-**	-
	(4,958,318)	(4,976,871)	**(1,034,340)**	(1,032,437)
Consolidation adjustments	**2,466,076**	2,469,224	**-**	-
Total Group/Company accumulated losses as per financial statements	**(2,492,242)**	(2,507,647)	**(1,034,340)**	(1,032,437)

PROPERTIES OWNED BY THE MUI GROUP

At 31 December 2013

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	29	60,498
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	30	1,242
1 lot of freehold land with two units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991)	3,540	21	8,129
1 lot of freehold land with a 10 units, four storey residential apartment building at 191, Jalan Ampang, Kuala Lumpur (Date of aquisition: July 2007)	3,056	19	24,630
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 last revaluation: December 1982)	771	-	165
Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim Ulu Kelang, Selangor Darul Ehsan (Date of acquisition: April 1995)	2,182	-	430
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	43	8,335
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	46	16,296

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	30	2,425
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	30	8,656
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	28	2,010
Freehold retail space comprising basement and ground floor of Kompleks Bukit Jambul, Jalan Rumbia, Penang (Date of acquisition: August 2007)	13,549	17	22,856
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	32	1,102
1 unit of residential suite at Lot No. B-31-3, Southbay Plaza, Pulau Pinang (Date of acquisition: February 2013)	159	-	185
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	20	475
State of Negeri Sembilan Darul Khusus			
3 lots of freehold land with a 4-storey hotel building at 7 1/2 Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation: 1983)	11,892	39	12,315
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)	5,098,471	-	141,637

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2013

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
4 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288 & 289, PT 5855, Batu 2 1/2, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996)	55,745	18	27,626
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	-	28,512
State of Pahang Darul Makmur			
1 lot of freehold bungalow land at HS 10468 PT 11291, Bentong, Pahang Darul Makmur (Date of acquisition: September 1996)	1,115	-	180
4 apartments at Block E Equatorial Hill Resort Cameron Highlands, Pahang Darul Makmur. (Date of acquisition: May 2009)	582	14	1,181
AUSTRALIA			
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	36	5,115
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: March 1993)	938	18	1,964
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	35	1,160

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
SINGAPORE			
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	13	2,714
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	162	10,375
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	62	1,588
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	262	4,900
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	72	7,295
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	62	44,840
1 lot of freehold land with a 50-room hotel known as Hillcrest Hotel at Cronton Lane, Widness, Cheshire WA8 9AR (Date of acquisition: November 2001)	2,003	62	9,209
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	162	30,959
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	62	56,861

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

At 31 December 2013

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Net Book Value RM'000*
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	-	22,574
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	112	257,461
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	112	824
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	112	575

ANALYSIS OF SHAREHOLDINGS

As at 28 April 2014

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
Ordinary shares of 20 sen each in MUI Properties Berhad				
Tan Sri Dato' Khoo Kay Peng	-	-	550,612,661	74.32
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				
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.*

ANALYSIS OF SHAREHOLDINGS (Cont'd)

Distribution of Shareholders

Holdings	*No. of Holders*	*%*	*No. of Shares*	*%*
Less than 100 shares	2,301	5.34	64,851	0.00
100 - 1,000 shares	6,660	15.44	5,388,417	0.18
1,001 - 10,000 shares	24,203	56.12	110,677,817	3.78
10,001 - 100,000 shares	8,805	20.41	274,103,572	9.35
100,001 to less than 5% of issued shares	1,154	2.68	916,637,806	31.36
5% and above of issued shares	5	0.01	1,622,688,729	55.33
Total	**43,128**	**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.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for 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.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Rigap Prima Sdn Bhd	46,000,000	1.57
9.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Peak Meadow Sdn Bhd	45,847,100	1.56
10.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Good Proffer Sdn Bhd	34,940,000	1.19
11.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Nada Saujana Sdn Bhd	22,830,000	0.78
12.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Kiwiton Sdn Bhd	20,000,000	0.68
13.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Yu Kuan Chon	18,190,600	0.62
14.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Liew Jun Kuan	17,811,621	0.61
15.	Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited	13,353,997	0.46
16.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Yap Lim Sen	12,672,000	0.43
17.	Affin Nominees (Tempatan) Sdn Bhd - Securities Account for Yu Kuan Chon	10,471,100	0.36
18.	Wong Mun Yoong	9,970,000	0.34
19.	Citigroup Nominees (Tempatan) Sdn Bhd - Securities Account for Yu Kuan Chon	9,369,600	0.32

Thirty (30) Largest Registered Shareholders (Cont'd)

	Name	*No. of Shares*	*%*
20.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for Scopebright Sdn Bhd	8,908,160	0.30
21.	Chua Ah Moi @ Chua Sai Peng	8,705,698	0.30
22.	JF Apex Nominees (Tempatan) Sdn Bhd - Securities Account for Lim Ching Neoh	8,419,300	0.29
23.	Maybank Nominees (Tempatan) Sdn Bhd - Securities Account for True Benefits Sdn Bhd	7,432,000	0.25
24.	Kim Hin Joo Private Limited	7,143,434	0.24
25.	UOB Kay Hian Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	6,748,415	0.23
26.	CIMSEC Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd	6,624,277	0.23
27.	AMSEC Nominees (Tempatan) Sdn Bhd - Securities Account for Yu Kuan Chon	6,599,000	0.23
28.	HLIB Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	6,544,487	0.22
29.	Lim Kian Huat	6,187,552	0.21
30.	Lim Siang Hee	5,955,600	0.20
	Total	2,095,570,844	71.46

APPENDIX A

NOTICE OF NOMINATION OF AUDITORS

BONHAM INDUSTRIES LIMITED

Correspondence address:
189, Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel :(603) 2145 1366
Fax :(603) 2145 1397

Date: 20 May 2014

The Board of Directors
MALAYAN UNITED INDUSTRIES BERHAD
Unit 3, 191 Jalan Ampang
50450 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

The Company, being a registered shareholder of Malayan United Industries Berhad, hereby give notice of our nomination of Messrs Crowe Horwath for appointment as auditors of Malayan United Industries Berhad at the forthcoming Annual General Meeting.

The Company hereby proposes the following resolution to be considered and passed:-

"THAT subject to their consent to act, Messrs Crowe Horwath be appointed as auditors of the Company for the financial year ending 31 December 2014 and that their remuneration be fixed by the directors."

Thank you.

Yours faithfully
For and on behalf of
BONHAM INDUSTRIES LIMITED

....
LEE CHI HSIANG

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/CompanyNo. ______________________
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-Third 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, 26 June 2014 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 RM215,200.		
2. To re-appoint Tan Sri Dato' Khoo Kay Peng as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
3. To re-appoint Tan Sri Dato' Paduka Dr Mazlan bin Ahmad as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
4. To re-elect Dr Wong Hong Meng as Director of the Company.		
5. To appoint Messrs Crowe Horwath as auditors of the Company and to authorize the Directors to fix their remuneration.		
6. Proposed authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		
7. Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
8. Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad.		

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

Seal

____
Signature

Signed this ______________ day of ______________ 2014

Notes:-

1. *Only a member whose name appears on the Record of Depositors as at 16 June 2014 shall be entitled to attend and vote at the meeting. A member of the Company 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 authorised 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 authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Security Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Security Industry (Central Depositories) Act, 1991.*
3. *Where a member and/or an exempt authorised 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