



 **Stronger Together**

GROWTH COMPETITIVENESS INNOVATIVE

ANNUAL REPORT 2010



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Notice of 46th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting of KUB Malaysia Berhad will be held at Laman Puteri, Hotel Singgahsana Petaling Jaya, Persiaran Barat off Jalan Sultan, 46760 Petaling Jaya, Selangor on Thursday, 23 June 2011 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.
2. To approve a First and Final Gross Dividend of 2.4 sen per ordinary share less 25% taxation for the financial year ended 31 December 2010.
3. To re-elect the following Directors who retire in accordance with Article 95 (i) of the Company's Articles of Association, and being eligible have offered themselves for re-election:
 - (i) Datuk Hj Faisyal Datuk Yusof Hamdain Diego
 - (ii) Dato' Rosman Abdullah
4. To consider and if thought fit to pass the following resolution:-
"THAT Dato' Hj Abd Halim Hj Abd Samad, a director over the age of 70 years who retires in accordance with Section 129(6) of the Companies Act, 1965 be re-appointed as a Director of the Company to hold office until the next Annual General Meeting".
5. To approve director's fees for the year ended 31 December 2010.
6. To reappoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

SPECIAL BUSINESS

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

7. **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965**
"THAT pursuant to Section 132D of the Companies Act, 1965 ("Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue the shares in the Company from time to time and upon such terms and conditions and for such purpose as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
8. **Proposed Renewal of the Authority for the Purchase by KUB Malaysia Berhad ("KUB" or "Company") of its Own Ordinary Shares Representing up to 10% of its Issued and Paid Up Share Capital ("Proposed Share Buy-Back")**
"THAT subject always to compliance with the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") or the rules and regulations of any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.40 each in the Company's issued and paid-up ordinary share capital ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:
 - (i) the aggregate number of Shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the issued and paid up ordinary share capital of the Company at any point in time of the said purchase(s);
 - (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the total retained earnings and/or share premium of the Company at the time of the said purchase(s); and
 - (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required to be held in accordance with the provisions of the Act; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is earlier;

Ordinary Resolution 8

Notice of 46th Annual General Meeting

AND THAT upon completion of the purchase by the Company of its own Shares, the Directors of the Company be and are hereby authorised to deal with the Shares so purchased in their absolute discretion in the following manner:

- (i) cancel all the Shares so purchased; and/or
- (ii) retain the Shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and
- (iv) in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Listing Requirements and rules and regulations of any other relevant authorities for the time being in force;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including but not limited to executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to implement and give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this Ordinary Resolution.”

Ordinary Resolution 9

9. **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT subject to the Listing Requirements approval be and is hereby given to KUB Malaysia Berhad (“KUB” or “Company”) and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“Recurrent Related Party Transactions”) as set out in Section 2.2 of Part B of the Circular to Shareholders dated 31 May 2011 (“the Circular”), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms’ length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company;
- (iii) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:
 - (a) the conclusion of the next AGM of the Company following the general meeting at which mandate will lapse, unless by a resolution passed at the next AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT given that, the estimates for the Recurrent Related Party Transactions specified in Sections 2.2 of Part B of the Circular being provisional in nature, the Directors of the Company and/ or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of Part B of the Circular.”

Ordinary Resolution 10

10. **Any Other Ordinary Business**

To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act, 1965 and/or the Articles of Association.

Notice of 46th Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 46th Annual General Meeting of the Company, a First and Final Gross Dividend of 2.4 sen per ordinary share less 25% taxation for the financial year ended 31 December 2011 will be paid on 20 July 2011 to shareholders whose names appear in the Record of Depositors at the close of business on 30 June 2011.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (i) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 28 June 2011 (in respect of shares which are exempted from Mandatory Deposit);
- (ii) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2011 (in respect of Ordinary Transfers); and
- (iii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Shareholders are reminded that pursuant to Securities Industry (Central Depositories) (Amendment) (No.2), 1998 (SICDA), which came into force on 1 November 1998, all shares not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the Minister of Finance (MOF). Accordingly, the payment for such undeposited shares will be paid to MOF.

By Order of the Board

HARNITA HARMAIN (LS008063)

TUNKU ALIZAN RAJA MUHAMMAD ALIAS (BC/T/342)

Secretaries

Petaling Jaya

31 May 2011

Notes:

1. A member of the Company entitled to attend and vote at the abovementioned Meeting is entitled to appoint a maximum of two (2) proxies whether a member or not as his/her proxy/proxies to attend and vote in his/her stead. Where a member appoints two proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation.
3. The Proxy Forms must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan by hand or fax to 603-78418152 not less than forty eight (48) hours before the time for holding the Meeting or an adjournment thereof.
4. Explanatory Notes:

Ordinary Resolution 8 - Authority to the Directors to issue shares under section 132D of the Companies Act, 1965

This resolution if passed, will give the Directors of the Company, from the date of the above Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting.

The mandate will give flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisition without having to convene a general meeting which would be both time and cost-consuming.

Ordinary Resolution 9 - Proposed Renewal of Authority for Purchase by the Company of its own Shares ("Proposed Share Buy-Back").

The detailed Circular to Shareholders dated 31 May 2011 is enclosed together with the Annual Report.

Ordinary Resolution 10 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.

The detailed Circular to Shareholders dated 31 May 2011 is enclosed together with the Annual Report.

Statement Accompanying Notice Of 46th Annual General Meeting

THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 46TH ANNUAL GENERAL MEETING OF THE COMPANY

Directors retiring and standing for re-election pursuant to Article 95(i) of the Company's Article of Association are:-

- (a) Datuk Hj Faisyal Datuk Yusof Hamdain Diego
- (b) Dato' Rosman Abdullah

Director standing for re-appointment under Section 129(6) of the Companies Act, 1965 is Dato' Hj Abd. Halim Hj. Abd. Samad.

Further details of the above Directors are set out in the Directors' profiles which appear from pages 16 of this Annual Report.

The details of Directors' securities holdings in the Company are set out in the List of Directors' Shareholdings which appear on page 114 of the Annual Report.



Higher AIM



Corporate Information



BOARD OF DIRECTORS

Dato' Hj Abd. Halim Hj Abd. Samad
Chairman
Non-independent non-executive Director

Datuk Mohd Nazar Samad
Group Managing Director

Datuk Hj Faisyal Datuk Yusof Hamdain Diego
Deputy Chairman
Senior independent non-executive Director

Dato' Kamilia Ibrahim
Non-independent non-executive Director

Dato' Rosman Abdullah
Non-independent non-executive Director

Mohamed Ezzuddeen Mohd Effendi
Independent non-executive Director

Raja Ali Raja Othman
Independent non-executive Director

Dato' Gumuri Hussain
Independent non-executive Director

SECRETARIES

Harnita Harmain
(LS008063)
Tunku Alizan Raja Muhammad Alias
(BC/T/342)

REGISTERED OFFICE

Level 8, Block D
Kompleks Kelana Centre Point
Jalan SS7/19 Kelana Jaya,
47301 Petaling Jaya
Selangor
Tel : 603-7680 9666
Fax : 603-7680 9669
www.kub.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : 603-7841 8000
Fax : 603-7841 8152

AUDITORS

Messrs. Ernst & Young (AF 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-7495 8000
Fax : 603-2095 5332

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Affin Bank Berhad

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad

STOCK CODE

KUB 6874

5-Year Performance Highlights

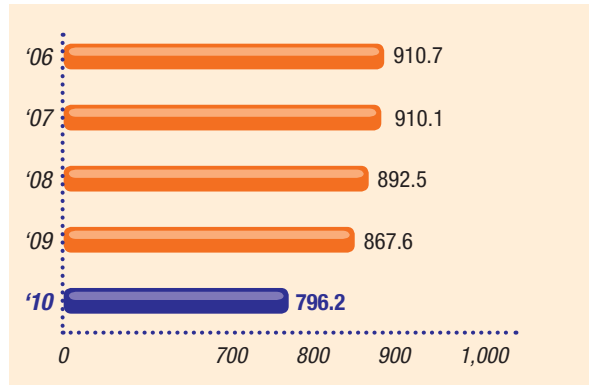
IN RM'000	2010	2009	2008	2007	2006
as at 31 December					
Revenue	796,208	867,605	892,508	910,080	910,698
Profit/(loss) from operating activities	28,261	62,144	49,818	(73,738)	(30,031)
Profit/(loss) before tax	22,265	80,224	46,903	(83,341)	(40,178)
Profit/(loss) after tax	17,018	70,291	37,310	(88,800)	(52,323)
Profit/(loss) after minority interests	11,482	47,156	32,447	(86,130)	(44,916)
Earnings/(loss) per share (sen)	2.1	8.5	5.8	(15.6)	(8.3)
Non-current assets	259,789	246,250	253,564	220,730	225,260
Current assets	441,946	560,262	434,333	281,048	334,493
Current liabilities	293,369	388,324	325,090	257,363	309,903
Non-current liabilities	36,228	37,458	44,002	43,004	46,222
Shareholders' equity	351,380	355,753	317,952	291,212	363,246
Net asset per share (RM)	0.63	0.64	0.57	0.52	0.67



5-Year Performance Highlights

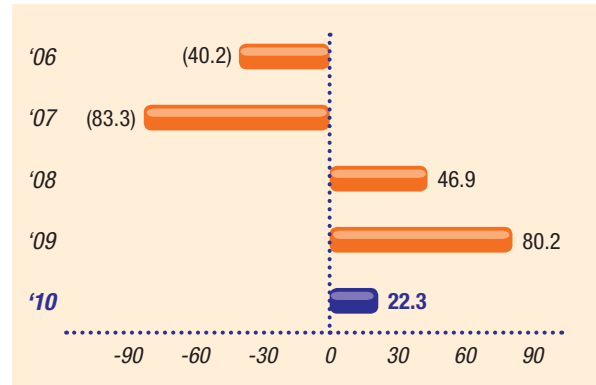
REVENUE

(RM'million)



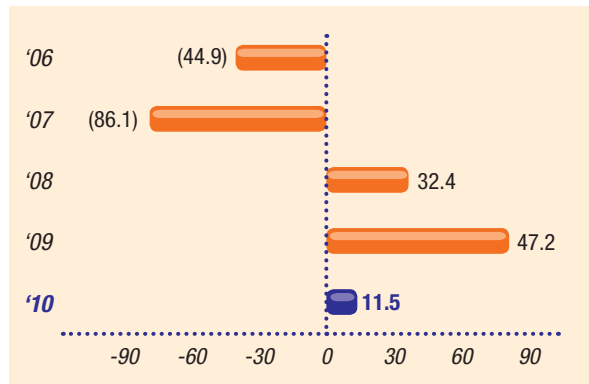
PROFIT/(LOSS) BEFORE TAXATION

(RM'million)



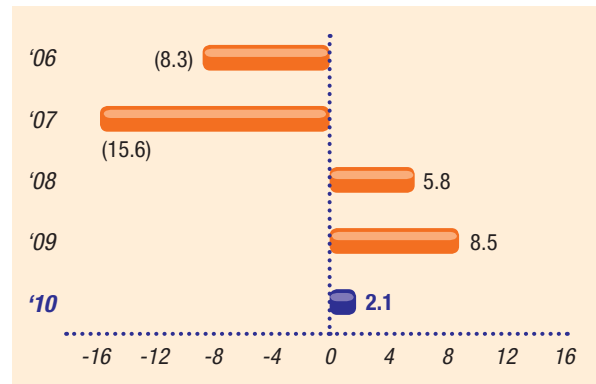
PROFIT/(LOSS) AFTER MINORITY INTERESTS

(RM'million)



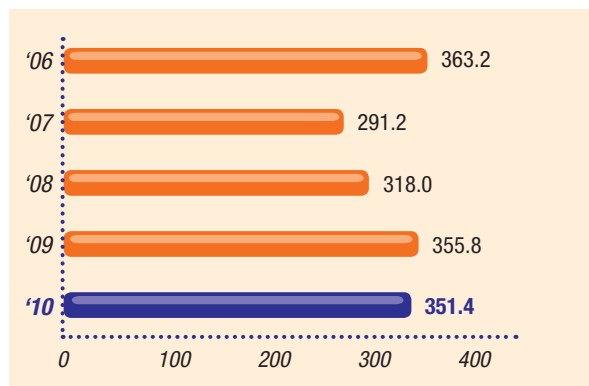
EARNINGS/(LOSS) PER SHARE

(Sen)



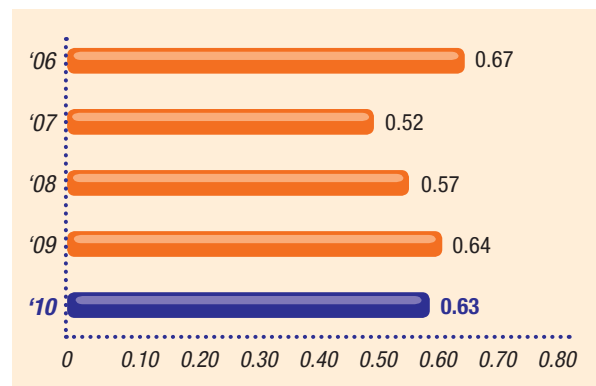
SHAREHOLDERS' EQUITY

(RM'million)



NET ASSET PER SHARE

(RM)



Corporate Structure



Information, Communication & Technology (ICT)

KUB Telekomunikasi Sdn Bhd	100%
KFT International (Malaysia) Sdn Bhd <i>(formerly known as KUB-Fujitsu Telecommunications (Malaysia) Sdn Bhd)</i>	100%
Empirical Systems (M) Sdn Bhd	70%
Credensoft Solutions Sdn Bhd	70%



Property, Engineering & Construction (PEC)

KUB Power Sdn Bhd	100%
KUB Realty Sdn Bhd	100%
KUB Realty (PJ) Sdn Bhd	100%
Peraharta Sdn Bhd	100%
KUB Development Berhad	100%
KUB Builders Sdn Bhd	100%
Precast Products Sdn Bhd	70%
Bina Alam Bersatu Sdn Bhd	55%



Agro

KUB Agrotech Sdn Bhd	100%
KUB Sepadu Sdn Bhd	60%



Food Related

A&W (Malaysia) Sdn Bhd	100%
A&W Restaurants (Thailand) Co. Ltd.	100%
KUB Singgahsana (PJ) Sdn Bhd	100%



Others

Summit Petroleum (Malaysia) Sdn Bhd	100%
KUB-Berjaya Enviro Sdn Bhd	40%

Organisation Structure

Group Managing Director

GROUP OPERATION SERVICES

Group General Manager

GROUP FINANCE

Group Financial Controller

GROUP BUSINESS DEVELOPMENT

General Manager

GROUP LEGAL & SECRETARIAL

Head

GROUP HUMAN CAPITAL DEVELOPMENT

Head

GROUP INTERNAL AUDIT

Head

GROUP INFORMATION TECHNOLOGY

Head

Str nger Together



Board of Directors



Datuk Mohd Nazar Samad
Group Managing Director

**Dato' Hj Abd. Halim
Hj Abd. Samad**
Chairman
Non-independent
non-executive Director

Raja Ali Raja Othman
Independent
non-executive Director

Dato' Rosman Abdullah
Non-independent
non-executive Director



**Datuk Hj Faisyal Datuk
Yusof Hamdain Diego**
Deputy Chairman
Senior independent
non-executive Director

**Mohamed Ezzuddeen
Mohd Effendi**
Independent non-executive Director

Dato' Kamilia Ibrahim
Non-independent non-executive
Director

Dato' Gumuri Hussain
Independent non-executive
Director

Directors' Profile



Dato' Hj Abd. Halim Hj Abd. Samad

CHAIRMAN

Non-independent non-executive Director
Chairman of Board Investment Committee
Chairman of Employee Share Scheme Committee

Dato' Hj Abd. Halim Hj Abd. Samad, aged 71, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 19 November 2009. Subsequently on 10 December 2009 he was appointed as Chairman of KUB Malaysia Berhad.

He is also the Executive Chairman and Director of Stamford College Berhad and sits on the Board of Multi Vest Resources Berhad. He also sits on the Board of several subsidiary companies of KUB Malaysia Berhad.

He trained at the Teachers College Kota Bahru, Kelantan in December 1960 and served as Senior Private Secretary to YAB Dato' Sri Mohd Najib Tun Abdul Razak for over 20 years. He has been actively involved in politics since 1970 and held the position of the First Chief of Wilayah Persekutuan UMNO Youth. He was also a Deputy Division Head for 15 years and is currently the UMNO Deputy Division Head for Setiawangsa.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Datuk Mohd Nazar Samad

GROUP MANAGING DIRECTOR

Member of Board Nomination Committee
Member of Employee Share Scheme Committee
Member of Board Investment Committee

Datuk Mohd Nazar Samad, aged 55, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 1 March 2007 as Executive Director and was subsequently appointed as Executive Director & Chief Executive on 2 April 2007. He was redesignated the Group Managing Director on 24 December 2008.

He sits on the Board of several subsidiary companies of KUB Malaysia Berhad.

With more than 30 years of both strategic and operational senior management experience, he has worked and been involved in numerous industries.

Before joining KUB, Datuk Nazar served as the Advisor to Halal Industry Development Corporation from 2006 - 2007.

In 2003, he was the Chairman and Advisor to Diversatech (M) Sdn Bhd, a company engaged in the manufacture and sale of specialised agricultural fertilisers.

From 1998 to 2002, Datuk Nazar spent his time in South Africa, serving as the Executive Director and Chief Executive Officer of Buildmax Ltd, a building materials manufacturing business listed on the Johannesburg Stock Exchange.

In 1996, he joined Krystal Management Sdn Bhd, a management consulting firm that established the Eraman duty free outlets for Malaysia Airports Berhad.

Prior to that, Datuk Nazar was the Group Chief Executive of Cold Storage Malaysia Berhad.

He holds a Bachelor of Science Degree in Business Administration from Oklahoma City University, USA as well as a Diploma in Accountancy from MARA Institute of Technology and began his career as a banker with Bank Pertanian Malaysia and Rakyat First Merchant Bankers Berhad.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.

Directors' Profile



Datuk Hj Faisyal Datuk Yusof Hamdain Diego

DEPUTY CHAIRMAN

Senior independent non-executive Director
Chairman of Board Remuneration Committee
Member of Board Audit Committee
Member of Board Nomination Committee
Member of Board Risk Management Committee

Datuk Hj Faisyal Datuk Yusof Hamdain Diego, aged 49, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 18 August 2005.

He holds a degree in Economics from York University, Toronto, Canada.

Datuk Hj Faisyal has been the Executive Chairman of Arus Sutera Sdn Bhd since 1997, Director of Perkasa Trading Sdn Bhd (a SEDCO subsidiary) since 1996 and Treasurer of the Dewan Perniagaan Melayu Malaysia (Sabah) from 1997 till April 2007. He sat on the Board of Directors of Bursa Malaysia since 9 June 2004 and served the organisation until 8 June 2010.

He sits on the Board of several subsidiary companies of KUB Malaysia Berhad. On 1 October 2010, he was appointed as Chairman of Yayasan Bumiputra Sabah Berhad.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Dato' Kamilia Ibrahim

DIRECTOR

Non-independent non-executive Director
Chairman of Board Nomination Committee
Member of Board Risk Management Committee

Dato' Kamilia Ibrahim, aged 59, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 28 April 1997.

She sits on the Boards of several subsidiary companies of KUB Malaysia Berhad. She was appointed in 2007 as Chairman of Advisory Panel of Amanah Mutual Berhad (AMB) Unit Trust.

Currently, she is the principal partner in her law firm, which specializes in property, commercial and banking. Politically active, she has been an elected member of the Wanita UMNO National Executive Council since 1987. She is currently the Deputy Head of Wanita UMNO Malaysia and has been appointed as UMNO Supreme Council member for the 2009 - 2012 term. She has served as a member of the National Islamic Council Malaysia since 2000. In 2004 she was appointed as a Commissioner for the Royal Commission Enhancing the Operation and the Management of the Royal Malaysian Police.

Dato' Kamilia obtained her LLB and LLM from University Malaya and her Postgraduate Diploma in Syariah Law & Practice from International Islamic University of Malaysia (IIUM).

She does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. She has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Directors' Profile



Dato' Rosman Abdullah

DIRECTOR

Non-independent non-executive Director
Member of Board Audit Committee
Member of Board Investment Committee

Dato' Rosman Abdullah, aged 44, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 19 May 2005.

Dato' Rosman is a Chartered member of the Malaysian Institute of Accountants and a member of the Australian Society of Certified Practising Accountants. He holds a Bachelor of Commerce (Accounting) degree from the Australian National University and had attended the Advanced Management Programme at the Oxford University.

Presently, he is the Chief Executive Officer of Syarikat Air Negeri Sembilan Sdn Bhd. He is also serving as a Non-independent non-executive Director of Cuscapi Berhad and is an Independent non-executive Director of Kumpulan Fima Berhad and Narra Industries Berhad.

Dato' Rosman was previously with Arthur Andersen & Co., Malaysia Airport Holdings Berhad and PECD Berhad.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Mohamed Ezzuddeen Mohd Effendi

DIRECTOR

Independent non-executive Director
Chairman of Board Risk Management Committee
Member of Board Audit Committee
Member of Board Remuneration Committee

Mohamed Ezzuddeen Mohd Effendi, aged 51, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 18 August 2005.

He holds a Bachelor of Science in Management degree from University of Dublin, Ireland as well as an Advanced Diploma in Marketing Techniques from College of Marketing and Design in Dublin, Ireland. At present, he is pursuing an MBA in International Marketing (final semester) at University of East London.

Mohamed Ezzuddeen gained vast experience in the corporate restructuring and merger & acquisition (M&A) processes during his tenure in Corporate Affairs at Renong Berhad's ICT Division. He was the Managing Director of RenCorp Sdn Bhd from 1994 to 1998 and E-Form Resources Sdn Bhd from 1999 to 2000.

He was the Chief Executive Officer and Director of Research of National Development Institute of Research (NADIR) from 2001 to 2008. Currently, he is a Director of Medical Apparatus Services Sdn Bhd.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Directors' Profile



Raja Ali Raja Othman

DIRECTOR

Independent non-executive Director
Chairman of Board Audit Committee
Member of Board Remuneration Committee
Member of Employee Share Scheme Committee

Raja Ali Raja Othman, aged 45, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 18 August 2005.

He is currently attached with Deutsche Bank (Malaysia) Berhad as Director in Global Markets Division.

Prior to joining Deutsche Bank (Malaysia) Berhad, he was attached with global accountancy firms of Arthur Andersen and Ernst & Young for over 14 years and left as a Partner in their Transaction Advisory Services practice. He joined ECM Libra Securities in August, 2004 and left as Deputy Chief Executive Officer in August, 2007.

He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a Chartered Accountant with the Malaysian Institute of Accountants.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.



Dato' Gumuri Hussain

DIRECTOR

Independent non-executive Director
Member of Board Remuneration Committee
Member of Board Investment Committee
Member of Board Nomination Committee

Dato' Gumuri Hussain, aged 64, a Malaysian, was appointed to the Board of KUB Malaysia Berhad on 10 February 2010.

Dato' Gumuri is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Dato' Gumuri is currently the Chairman of SME Bank and a member of the Securities Commission. He sits on the Board of Media Prima Berhad and Metrod (Malaysia) Berhad. He also sits on the Board of several subsidiary companies of KUB Malaysia Berhad.

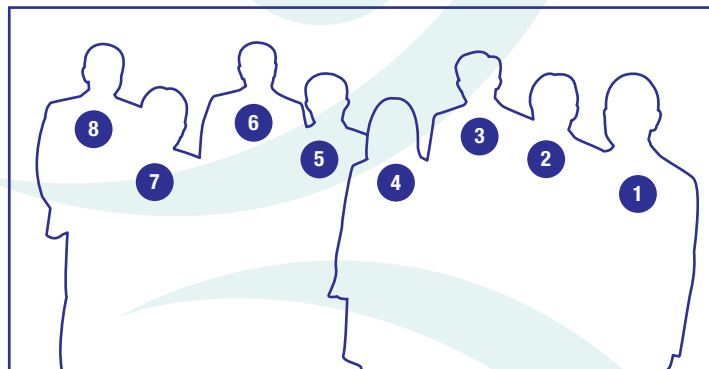
He was the Managing Director and Chief Executive Officer of Penerbangan Malaysia Berhad from August 2002 to August 2004. Prior to this, he was a Senior Partner and Deputy Chairman of Governance Board of PricewaterhouseCoopers Malaysia. He had served as the Non-executive Director of Bank Industri & Teknologi Malaysia Berhad, Malaysian Airlines System Berhad, Sabah Bank Berhad, Kurnia Setia Berhad and Rangkaian Hotel Seri Malaysia.

He does not have any family relationship with any Director and/or major shareholder of KUB Malaysia Berhad. He has never been convicted of any offence over the past 10 years and has no conflict of interest with KUB Malaysia Berhad.

Senior Management Team

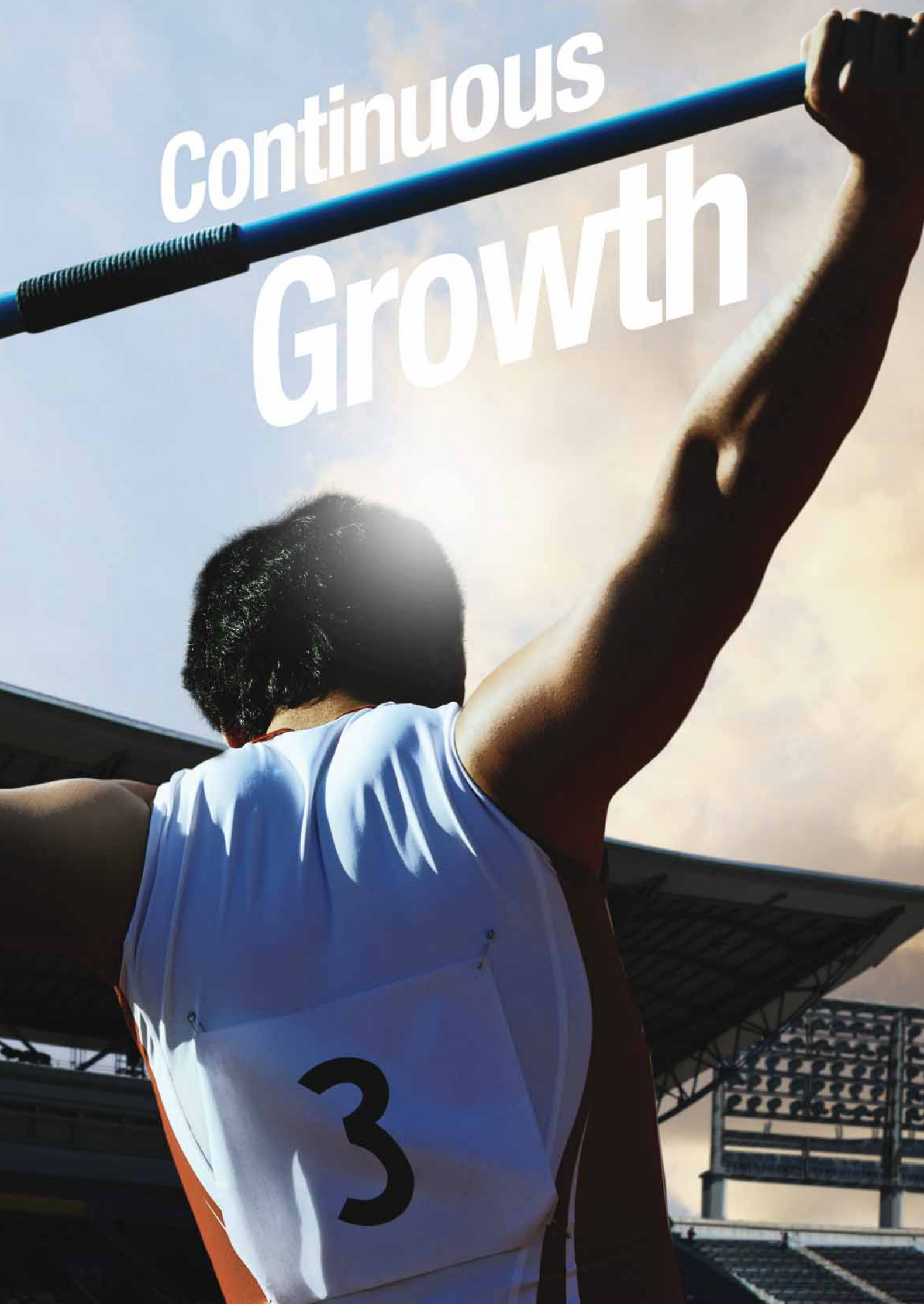


- 1** **Datuk Mohd Nazar Samad**
Group Managing Director
- 2** **Mohd Imran Mohd Tahir**
Head
Group Internal Audit
- 3** **Dr. Wan Ahmad Rudirman Wan Razak**
Group General Manager
Group Operation Services
- 4** **Haniza Ros Nasaruddin**
General Manager
Group Business Development
- 5** **Mahazir Ahmad**
Head
Group Human Capital Development
- 6** **Ahmad Harzimi Mohd Taib**
Head
Group Legal & Secretarial
- 7** **Jaafar Sarjo**
Head
Group Information Technology
- 8** **Marzuki Rafie**
Group Financial Controller
Group Finance



Continuous

Growth



Statement From The Chairman



We are encouraged by the fact that KUB remains in the black for the third year running, attesting to the continuing effectiveness of current corporate strategy under the stewardship of Datuk Mohd Nazar Samad.

Dato' Hj Abd. Halim Hj Abd. Samad
CHAIRMAN

Statement From The Chairman

On behalf of the Board and the management, it gives me great pleasure to present the Group's 2010 Annual Report.

Although 2010 was a volatile and difficult year, the Group managed to maintain its profit record for the third year running. Indeed, business was forced to contend with various challenges in 2010 – such as the malaise affecting developed economies, the sovereign debt crises afflicting Portugal, Italy, Greece and Spain and assorted environmental crises in countries such as Australia and New Zealand which impaired economic production and drove up costs of raw materials.

Fortunately, the Asia Pacific region including Malaysia was relatively insulated from global turmoil thanks to strong domestic demand and growth in emerging economies. Malaysia's announcement of a New Economic Model (NEM) aimed at an economic renaissance and business and government reform was well-received by international markets. The NEM is underpinned by the Economic Transformation Plan (ETP) and the Government Transformation Plan (GTP), implementation of which is providing economic stimulus and should help Malaysia achieve a projected GDP growth of 6.8% for 2010 according to forecasts from the Malaysian Institute of Economic Research.



Dividend and Share Buybacks

We are encouraged by the fact that KUB remains in the black for the third year running, attesting to the continuing effectiveness of current corporate strategy under the stewardship of Datuk Mohd Nazar Samad. Although the Group revenues and profits experienced a drop in FY2010, we are pleased with our consistent performance in the face of continuing global economic difficulties.

For FY 2010, the Board has proposed a first and final dividend of 2.4 sen per ordinary share less 25% income tax, subject to shareholders' approval.

As of April 2010, the Group had renewed its proposal to buyback 10% of its share capital to reduce the number of shares on the open market in the hope of enhancing share value and to accumulate treasury stock.

Our objective for 2011 is to remain operationally profitable despite these threats, which will send a strong message that KUB Malaysia is determined to remain a robust business entity and icon of Bumiputera entrepreneurship.



Statement From The Chairman

Outlook for 2011

The landscape for 2011 looks no less challenging compared to 2010. Visibility has been greatly reduced on the global front as environmental and political crises are throwing spanners into the works of business all over the globe. For instance, Japan's status as the world's third largest economy and a global centre of manufacturing has been impaired by the tragic earthquake and tsunami of March 2011 and the consequent nuclear crisis, and affected global business as usual. Meanwhile, political upheavals in the Middle East and North America (MENA) are being watched carefully in order to avoid another devastating oil crisis while environmental crises such as earthquakes and tsunamis, climate change and global warming contribute to food security and inflation woes.

In spite of these global headwinds, Malaysia's GDP is expected to grow at 5.2% in 2011, according to MIER forecasts which are within the range of government forecasts of 5%-6% GDP growth in 2011. Other factors that will affect business will be inflation and a strong local currency. MIER projected a ringgit average of RM3.20 to 1USD for 2010 which should strengthen to 3.10 to 1 USD in 2011. MIER also expects BNM will raise its OPR (Overnight Policy Rate) to 3.00% at the end of 2011 from the current 2.75% due to higher inflation. The

CPI (Consumer Price Index) is expected to increase 2.5% in 2011 as compared to 2.2% last year.

In response, the Group has put in place the necessary risk management measures to neutralise and mitigate these headwinds. Our objective for 2011 is to remain operationally profitable despite these threats, which will send a strong message that KUB Malaysia is determined to remain a robust business entity and icon of Bumiputera entrepreneurship. Going forward, we also intend to pursue organic growth by investing vertically and horizontally in our core business units. At the same time, we will ally ourselves with strategic partners to pursue sustainable longer-term projects which leverage on our core strengths and enable us to add specific value while earning recurring income.

Corporate Social Responsibility

KUB Malaysia recognises our social responsibility to the community, especially the disadvantage and suffering as a result of the crises and disasters of 2010. The group channelled help towards victims of flood in Kuala Kedah, Kedah as well as CSR and breaking of fast programmes during Ramadan as part of our mandatory group CSR programmes. These contributions were not just monetary but we helped provide better

infrastructure in these orphanages for the welfare of the orphans residing there. KUB also helped contribute improved learning facilities for orphans and the disadvantaged such as computers, reference books and educational tools.

Acknowledgements

The success of KUB Malaysia is very much a group effort. On behalf of the Group, I thank our customers for their ongoing patronage of our brands, products and services. Please continue to offer your feedback so we can improve and innovate on our existing and new offerings in order to serve you better.

To our shareholders, I hope that you will remain invested in KUB Malaysia. With your faith in us, we are committed to strive better and better.

On behalf of the Group, I wish to also express our appreciation to the Government and regulators for working to create a more competitive, transparent and business-friendly environment via initiatives such as the GTP and the ETP as well as the ongoing reforms of corporate governance and corporate and business legislation.

Our people are a key factor behind the Group's success. I thank them for their dedication, perseverance and hard work. Kudos to the management led by Group Managing Director, Datuk Mohd Nazar Samad for devising a sustainable business strategy and to the executives and all the staff for good execution and implementation. It is also important to maintain a strong element of continuity in the Group's leadership; the extension of Datuk Mohd Nazar Samad's contract of service for another three years commencing 1 March 2010 to 28 February 2013 supports this continuity.

I believe people power is a key element which has enabled the Group to maintain its profitable performance over the past three years despite earlier setbacks. Keep up the good work.



Statement From The Chairman

The Group pledges to keep investing in our people and the relevant talent development programmes in order to keep the momentum going.

Last but not least, I wish to thank my fellow directors for their support and cooperation as we discharge our fiduciary duties in providing good governance and guidance to the Group and management. I believe the board as it stands today is well-balanced and diversified, offering a relevant mix of skills and experience. In particular, our Board Audit Committee has a strong composition of chartered accountants which is necessary as the country looks to converge with International Financial Reporting Standards by 2012. Complying with new regulations on fair value accounting standards will be tough for all preparers including the Group. We have identified fair value accounting as a challenge in our medium term growth strategies. Therefore, being equipped with the right accounting skills within the board and the finance function will help the Group comply with these new requirements in order to prepare financial statements that are true and fair.



Finally, I wish to thank our resigned independent and non-executive director Dato' Rosman Ridzwan for his services to the Board. During his tenure, Dato' Rosman offered us the benefit of his significant entrepreneurial experience which helped to guide Group strategy and nurture core businesses. On behalf of the Board and the Group, I wish Dato' Rosman all the best in his future undertakings.

As we move forward, it is my sincere wish that all of us at KUB Malaysia can interact more cohesively in future as we strive to take the Group to greater heights.

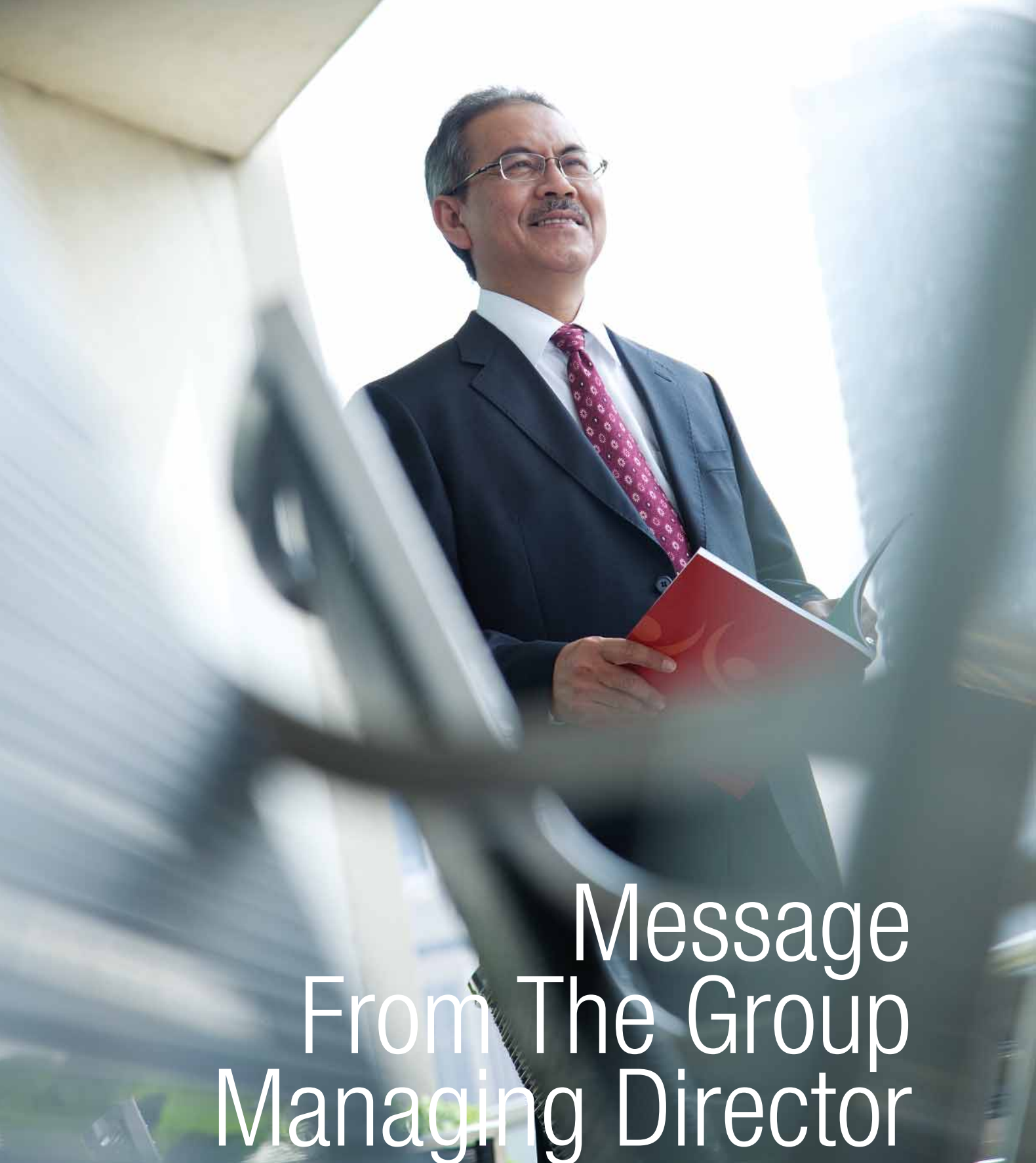




G  **ing**



F u r t h e r



Message From The Group Managing Director

Gross profit margin in FY2010 was better recorded in relations to revenue ie 13.8% as compared to 12.7% for the year before, implying a huge reduction in direct costs and efficiency in costs of goods sold. Alhamdulillah.

Datuk Mohd Nazar Samad
GROUP MANAGING DIRECTOR

Message From The Group Managing Director

Dear Shareholders,

On behalf of the management and staff, I am pleased to present the review of operations for the Group for the year ended 31 December 2010.

It is certainly an understatement to say that 2010 was a volatile and challenging year for business around the globe. Against this turbulent landscape, I am pleased to report that KUB Malaysia's business strategy and execution enabled the Group to remain in the black for the third year running. While profit before tax was markedly reduced, it is worth noting that pre-tax profit was attributed almost wholly to operations, rather than a mixture of operations and extraordinary gains as was the pattern in previous years.

For the financial year ended 31 December 2010, the Group recorded a profit before tax of RM22.265 million on the back of revenue of RM796.208 million. In comparison, the Group recorded profit before tax of RM80.224 million on the back of RM867.605 million in revenues for the financial year ended 31 December 2009. The erosion of profit is due to lower results from operating activities which includes other income and positive effects of deconsolidation of subsidiaries during FY2009. Nevertheless, gross profit margin in FY2010 was better recorded in relations to revenue ie 13.8% as compared to 12.7% for the year before, implying a huge reduction in direct costs and efficiency in costs of goods sold. Alhamdulillah.



2010 Review of Operations

In terms of operations, 2010 was a quiet year for the Group as we focused on building up the pipeline for our core businesses and increasing capital investment in our subsidiaries in advance of our growth phase, which is slated to begin in 2012 according to our corporate strategy timeline.

To build up our pipeline, we used existing networks to build up our partners and strategic alliances and built up book orders by tendering for projects that leveraged on our key strengths. For instance, ICT subsidiary KUB Telekomunikasi accepted a RM29.493 million contract award for the construction of a digital TV broadcasting centre for the free-to-air Al-Hijrah channel and upgrading of digital tv playout centre for RTM worth RM29.784 million. Both the contracts contributed positively to Group earnings for the financial year ended 31 December 2010, and enabled us to hone our expertise and skill sets in broadcasting. The debut job for TV Al-Hijrah aptly recognised KUB Telekomunikasi as the industry expert with fastest completion

of Full Digital HD TV station in the world. Now preparing itself for a bigger scale project on National Digital Roll-out, KUB Telekomunikasi aims to provide the best proposal that will uplift the country's lifestyle resulting from the Digital dividend yields, Insya Allah.

To prepare for our future growth phase, we also built up equity in key subsidiaries, for example through our acquisition of the remaining 40% stake in IBS (Industrialised Building Systems) specialist KUB Builders Sdn Bhd (formerly Ibuzawa Corporation Sdn Bhd) in early 2010.

Unfortunately, our proposal to consolidate and enhance our food-related core business was unsuccessful. In November 2010, QSR Brands Berhad ("QSR") rejected the revised proposal made by Idaman Saga Sdn Bhd in collaboration with KUB and CVC Capital Partners Asia III Limited to acquire all the business and undertakings of QSR and its subsidiaries at an indicative offer price of RM6.70 per issued ordinary share of RM1.00 each in QSR. QSR is the owner of quick service restaurant franchises such as KFC and Pizza Hut.

The debut job for TV Al-Hijrah aptly recognised KUB Telekomunikasi as the industry expert with fastest completion of Full Digital HD TV station in the world. Now preparing itself for a bigger scale project on National Digital Roll-out, KUB Telekomunikasi aims to provide the best proposal that will uplift the country's lifestyle resulting from the Digital dividend yields, Insya Allah.



Message From The Group Managing Director

	FY2010 RM'000	%	FY2009 RM'000	%
Revenue	796,208		867,605	
Cost of Sales	(686,572)		(757,241)	
Gross Profit	109,636	13.8	110,364	12.7
Other Income	27,158		53,772	
Expenses	(108,533)		(101,992)	
Result from operating activities	28,261		62,144	
Finance costs	(9,774)		(7,667)	
Effects of deconsolidation of subsidiaries	(363)		23,305	
Share of results of associates	4,141		2,442	
Profit before tax	22,265		80,224	
Profit after tax	17,018		70,291	

Increasing access to funding was also deemed necessary as we prepare to take on new joint-venture projects that will allow us to grow within the scope of our core businesses. Among these are:

- our recently announced public transport project in the Iskandar Development Region, Johor, which harnesses our skills in ICT and PEC,
- our plans for vertical and horizontal expansion in the oil and gas ecosystem beyond LPG bottling (for example, into logistics and trading) and
- our intention to increase our palm oil acreage to ride on heavy forecast demand for vegetable oils and biofuels.

2011 Outlook

For 2011, the Group is embarking on the “refinement” phase of its business strategy, to be followed by the sustainable “growth” phase in 2012 and beyond. By refinement, I mean that we need to improve and enhance our skills and expertise within the ambit of our core businesses: ICT, PEC, Food-related, Agro Business and Others.

To refine our business strategy, the Group will focus on the following tactics: strengthening order books, strengthening human capital, fund-raising, brand equity building, and capital investment. These will build a solid foundation for future sustainable growth.

When it comes to strengthening order books, the Group is placing added emphasis on long-term projects with the potential for adding value and optimising our core strengths,

while delivering streams of recurring income. Furthermore, we seek to work with strategic partners in projects that will leverage our strengths and skillsets.

Last year, I noted that we were aiming for a 50-50 mix between recurring streams of income and pure project income. I'm happy to note that we have moved closer to achieving this balanced mix.

A key new project that will help secure recurring income streams is the 40:60 joint-venture between KUB Malaysia Bhd and Malaysia Steel Works (KL) Bhd to build and operate a rail transit system in the Iskandar Development Region. The plan is to build and operate a 100-kilometer commuter train network costing more than RM1 billion that will link Johor state with Singapore. We estimate that the project

will be completed within 24 months from the date of the site possession.

This project fits in seamlessly with the Group's parameters for business. Apart from providing recurring income streams, elements of the project such as property development and construction and the provision and maintenance of modern signalling and communications systems are synergistic with the Group's strengths, such as construction, IBS and facility management through our PEC core and managed services through our ICT core.

Elsewhere, we have secured a RM22.16 million contract to provide maintenance and support services to Telekom Malaysia Bhd. The five-year contract would see KUB maintaining the so-called Huawei Metro-E Equipment, and



Message From The Group Managing Director



executives, judging by the increased interest in our people by executive search firms. Although head-hunting is a necessary evil, it proves we're doing right by our people. We remain committed to investing in our people in order to develop managers and executives of high calibre.

In 2011, we will step up fund-raising in order to achieve our growth objectives for our many initiatives. At the time of writing, I can disclose that we are assessing various options, whether equity finance, debt finance or public-private partnership finance, and the decision will hinge on the business model adopted for specific projects. While I can't go into detail, the Group intends to be innovative with financing in order to achieve the most efficient funding and capital structures and acceptable profit margins.

In terms of brand equity building, I think that it is timely to start marketing the KUB brand since we have a sustainable growth story to sell which is backed by our three-year profit track record. I am pleased to report that as of 2010 we have launched an investor relations programme to market our shares and increase our visibility on investors' radar screens, particularly among institutional investors and pension funds such as Tabung Haji and the Employees Provident Fund as well as retail stockbroking firms. Our initial overtures garnered positive response from local fund analysts who are now actively tracking the stock. At the same time, we will continue to market the customer and consumer-oriented brands in our core businesses, such as IBS and A&W.

will provide recurring income to the Group within the parameters of the Group's managed services specialty.

Talent is the keystone of a dynamic business entity, and KUB Malaysia is no exception to this rule. As we move forward into the refinement phase in order to set the stage for future sustainable growth, strengthening human capital will be essential. We need to build capacity and capabilities. Apart from nurturing and optimising the abilities of our existing people, we want to diversify our workforce and incorporate growth-oriented specialists in our teams.

Previously, we emphasised on people who were able to offer expertise in change management to spearhead our turnaround programme. But turnaround experts possess a different profile and skillsets from people who are equipped to lead a growing business unit. Forging ahead, we will need operational talents who are entrepreneurial, able to lead teams and communicate well, possess a keen eye for spotting and seize opportunities for recurring and sustainable growth, and are good at assessing and managing calculated risks.

To achieve this, the Group has empowered the human resources division as a strategic

business partner in talent development. By automating more mundane HR functions, this unit has been freed up to concentrate on mapping out skillsets, planning recruitment, retention and remuneration strategies, and formulating and delivering professional development programmes in order to ensure a stable and high-quality pool of talent for the Group and its subsidiaries.

As a result, I am pleased to note that KUB Malaysia is now being regarded as a good training and hunting ground for managers and



Message From The Group Managing Director

CORPORATE MOVES

Towards Sustainable Growth

2007 REVISION	2008 TURNED AROUND	2009 SUSTAINED	2010 STABILISATION	2011 REFINEMENT	2012 GROWTH
<ul style="list-style-type: none"> Strengthened Balance Sheet Core Business Revision 	<ul style="list-style-type: none"> Restructured Org Chart Restructured Operations Capital Reduction Acquisition Disposal 	<ul style="list-style-type: none"> Performance Brand Building Capital Investment 	<ul style="list-style-type: none"> Building Pipeline Capital Investment 	<ul style="list-style-type: none"> Strengthen Book Order Strengthen Human Capital Fund Raising Brand Equity Building Capital Investment 	<ul style="list-style-type: none"> Strengthen Strategic Partners & Alliances Increase Book Order

Capital investment is ongoing where salient. For example, the Group purchased the remaining 30 per cent equity interest in KUB-Fujitsu Telecommunications (Malaysia) Sdn Bhd for RM1.5 million cash in January 2011. Now renamed as KFT International (Malaysia) Sdn Bhd, this acquisition would enable KUB Group to better plan and manage its operational requirements in view of upcoming projects in Malaysia as well as exploring the business operations expansion outside Malaysia.

Appreciation

While we are growing in robustness and are backed by a three-year track record of profitability since 2008, we cannot afford to take a slower pace in our quest. The operating environment is tougher now, making it challenging to achieve our goals of “refinement” for 2011 and “growth” for 2012 and beyond.

Nevertheless, we are backed by a solid and proven team of talented people. 2011 marks

my fifth year with the Group. Throughout that time and especially in 2010, our people have undergone trial by fire and pulled through, Alhamdulillah. My sincere thanks go out to all who have supported me throughout my tenure here. God willing, the management and staff of KUB Malaysia will continue to work together as a winning team under the guidance of the Board and with the support of all our stake holders and especially the prayers from our shareholders, in order to achieve even better results in future, despite daunting circumstances.



Calendar Of Events



01

19 MAY 2010

Datuk Mohd Nazar Samad, Group Managing Director of KUB Malaysia Berhad at the launch of 'What's Your Story?' contest together with Haniza Ros, General Manager, Group Business Development KUB Malaysia Berhad and Datuk Jalaluddin Hassan.

02 & 03

20 JUN 2010

The shareholders at 45th Annual General Meeting at Hotel Singgahsana, Petaling Jaya.



04

22 JUL 2010

YBM Senator Datuk Raja Nong Chik Minister of Federal Territories and Urban Wellbeing, Datuk Mohd Nazar Samad and Dato' Hj Abd Halim together with the finalist 'What's Your Story?' Contest finale.

Calendar Of Events



05



06



07

05

20 AUG 2010

The orphans from Rumah Amal Kasih Bestari at Kampung Melayu Subang had their special performance during CSR Programme and Majlis berbuka Puasa organised by KUB Malaysia Berhad.

06

23 SEPT 2010

Dato' Hj Abd Halim Hj Abd Samad, Chairman of KUB Malaysia Berhad and Datuk Mohd Nazar Samad distributing 'duit raya' to the children from Rumah Nur Salam.

07

15 NOV 2010

Dato' Kamilia Ibrahim, Board of Director of KUB Malaysia Berhad handed over the goodies bags to the flood victims at Kuala Kedah, Kedah Darul Aman.



08

08

19 JAN 2011

YB Datuk Liew Vui Keong, Deputy Minister at the Prime Minister's Department together with Datuk Mohd Nazar Samad and Dato' Hj Abd Halim Hj Abd Samad at the JV signing Ceremony between KUB Malaysia Berhad and Malaysia Steel Works (KL) Bhd.

KUB unit secures RM30m TV project

LEE CHING WEE
KUB Malaysia Bhd's wholly-owned subsidiary, KUB Telekomunikasi Sdn Bhd, has secured a RM29.5 million contract from Al Hijrah Media Corporation...

chosen us and this award validates our efforts at strengthening the group's ICT (information and communication technology)...

KUB-Fujitsu JV gets RM14m contract
KUB Malaysia Bhd has been awarded with the supply and delivery of DECT Cordless Telephone for M13.879 million from Telekom Malaysia Bhd. The contract was awarded via its 70% owned joint venture subsidiary KUB-Fujitsu Telecommunications (M) Sdn Bhd for three years, said KUB in a statement on Friday. The contract will contribute positively to the group's earnings and per share of KUB Group for the financial year.

KUB tidak jual Hotel Singgahsana

Pada saya, sekiranya ia boleh diperbaiki akan berusaha menyelamatkannya dan merancang untuk jangka panjang berbanding hanya menyelesaikan masalah bagi jangka pendek," ujarnya.

- MOHD. NAZAR SAMAD
Pegawai Urusan Hotel Singgahsana
Oleh **SARAH NADLIN ROHIM**
sarah.rohim@utusan.com.my

KELANA JAYA 30 Mei - KUB Malaysia Bhd. (KUB) merancang untuk membangunkan semula Hotel Singgahsana milik-nya dan menjadikan antara penyumbang penting dalam segmen perniagaan makanan dan minuman (F&B).

Johor lulus projek tren komuter moden RM1.23b

KERAJAAN negeri Johor sudah meluluskan cadangan rangkai rel sepanjang lebih 100 kilometer. Sistem tren berkecuali akan menyediakan perkhidmatan antara bandar berjarak RM1.23 bilion yang dijangka akan menarik minat 30 juta orang menggunakan kemudahan ini setiap tahun.

Perkhidmatan komuter itu adalah sesuatu pelaburan yang tepat dan sesuai dengan pembangunan kawasan utama Iskandar Malaysia. Projek ini akan diberikan kepada Masefield Construction dan Masefield Construction (M) Sdn Bhd (MCN), satu syarikat rakan sekerja antara KUB Malaysia Bhd dengan Malaysia Steel Works (KL) Bhd.



Perkhidmatan komuter itu sudah tentunya pelaburan yang tepat dan serentak dengan pembangunan kawasan utama Iskandar Malaysia.

KUB Malaysia bags RM22m Telekom contract

KUB Malaysia Bhd has secured a RM22.16 million contract to provide maintenance and support services to Telekom Malaysia Bhd. The five-year contract would see KUB maintaining the so-called Huawei Metro-E Equipment, according to a filing to Bursa Malaysia yesterday.

Sebelum ini, terdapat desas-desus pasaran yang menyatakan KUB akan menjual Hotel Singgahsana kerana ia menjadi beban kepada perniagaan KUB secara keseluruhan.

Mohd. Nazar berkata, sudah menjadi cara pengurusan perniagaannya untuk tidak menjual perniagaan yang boleh dipulihkan. Pada saya, sekiranya ia boleh diperbaiki akan berusaha menyelamatkannya dan merancang untuk jangka panjang berbanding hanya menyelesaikan masalah bagi jangka pendek," ujarnya.



Mohd. Nazar Samad, Managing Director of KUB Malaysia Bhd.

dahan sedia ada seperti ballroom) sepenuhnya dipakej-pakej menarik kepunyaan kepada Utusan Malaysia baru-baru ini. Tambah Mohd. Nazar boleh menjadi pilihan persidangan atau acara yang terdapat...

Rail transit system for Iskandar in the works

Hamsiah Hamid
MALAYSIA Steel Works (KL) Bhd (Masefield) and KUB Malaysia Bhd have proposed to develop and operate a RM1.23 billion-intensity rail transit system project in Iskandar Johor.

are optimistic of returns from the project as it will provide a recurring income during the 25-year concession period. For the rail transit project, MCN has to secure licensing from The Land Public Transport Commission and concession from the Economic Planning Unit.

technology and property, engineering and construction, while Masefield is strong in complex engineering, automation systems and maintenance of mechanical system. This is the first time steel maker Masefield ventures into infrastructure and public transport sector.

Cabaran KUB kekalkan prestasi

SOALAN
BUAT pertama kali dalam sejarah KUB Malaysia Bhd, kontrak Pengurusan Urusannya, Datuk Mohd. Nazar Samad, 54 tahun dilantik sebagai ketua terutamanya selama tiga tahun. Lanjutnya itu sememangnya wajar kerana Nazar selepas mengemudi syarikat itu keluar daripada zaman gelangnya selepas 11 tahun. Selepas dua tahun menerajui KUB Malaysia, momentum permilahannya kelihatan jelas ketara sekali.



Mohd. Nazar Samad

Tahniah, Datuk baru-baru ini dilantik kontrak selama tiga tahun sebagai Pegawai Urusan KUB. Apa komen Datuk?
Terima kasih, Alhamdulillah pihak Lembaga Pengarah masih memperպարutkan kontrak dan akan terus memberikan yang terbaik kepada KUB.

The project, which will take 24 months to complete, will involve construction of rolling stock, electrification, signalling as well as upgrading existing stations and construction of four new stations at new growth areas. The rail project in Iskandar Malaysia is also expected to ease traffic congestion, which is growing at 4.2 per cent annually along Johor and Singapore.

KUALA LUMPUR: KUB Malaysia Bhd through its subsidiary, KUB Telekomunikasi Sdn Bhd, has been awarded the RM29.5 million TV Al Hijrah Digital Broadcasting Centre contract from Al Hijrah Media Corporation.

In a statement here yesterday, the company said TV Al Hijrah is a new concept TV station operated by Al Hijrah Media Corporation, scheduled for transmission by year-end and will be free-to-air. Expected to be completed by end of October, KUB Malaysia will provide TV Al Hijrah with equipment and engineering services for its tapeless High-Definition Digital Broadcast Centre.

KUB kenal pasti projek RMK-10 kembang perniagaan

PETALING JAYA 24 Jun - Dengan prestasi tahun lepas terjejas akibat kesan krisis ekonomi, KUB Malaysia Bhd. kini giat mengenalpasti projek untuk disertai di bawah Rancangan Malaysia ke-10 (RMK-10). Pegawai Urusan Kumpulannya, Datuk Mohd Nazar Samad berkata satu pelan kembangan yang agresif telah dirancang untuk bahagian harta, kejuruteraan dan pembinaan ketika kerajaan sedang mempercepatkan pakej rangkangan bagi pembangunan prasarana.

menyusut tiga peratus kepada RM867.6 juta daripada RM892.5 juta pada 2008. "Cabaran 2009 telah memberi inspirasi kepada kami untuk bekerja lebih kuat untuk meningkatkan produktiviti kumpulan. Kami kini lebih bersedia untuk memanfaatkan pemulihan dengan modal yang mencukupi untuk menumpukan kepada operasi yang lebih menguntungkan dengan potensi pertumbuhan yang lebih besar," katanya.

Bantu mangsa banjir



PENGARAH KUB, Datuk Kamilla Ibrahim (Kiri) menyampaikan sumbangan kepada mangsa banjir baru-baru ini. Sertamai 350 kakitangan KUB telah berkolaborasi dengan pihak berwajib dan masyarakat setempat untuk membantu mangsa banjir.

"We would like to thank Al Hijrah Media for providing KUB Malaysia the opportunity to undertake this project. "We are confident the project will be completed within the given time frame, based on our strong track record in handling past broadcasting projects," KUB Malaysia Group Managing Director, Datuk Mohd Nazar Samad said. - Bernama

Corporate Governance Statement

The Board of Directors of KUB Malaysia Berhad (“the Board”) recognises the paramount importance of good corporate governance to the continued growth, success and reputation of the Group. The Board therefore remains fully committed to ensure that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Revised Malaysian Code on Corporate Governance (“the Code”), are practiced throughout the Group as a fundamental part of conducting the affairs of the Group with the ultimate objective of safeguarding and enhancing shareholders’ value and the financial performance of the Group.

The purpose of this statement is to provide shareholders with an insight into the corporate governance practices of the Group under the leadership of the Board. It demonstrates the Board’s continuous effort to strive for the highest standard of practice throughout the Group. Therefore, the Board is pleased to disclose the following report on the application of the Principles and compliance with the Best Practices as set out in Parts 1 and 2 of the Code and Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

A THE BOARD OF DIRECTORS

The Board is responsible to lead and direct the Group in an effective manner and discharge its responsibilities in the manner described below:

1 Board Composition and Balance

As at the date of this statement, the Board consists of eight (8) members comprising three (3) Non-independent non-executive Directors, four (4) Independent non-executive Directors and one (1) Executive Director.

The Board is ultimately responsible for the Group’s corporate governance, strategic direction, overseeing the investments of the Company, establishing goals for management and monitoring the achievement of these goals. The Board’s authority is defined and communicated through KUB Management Guide.

The Company is led by an experienced Board, comprising members from diversified professional backgrounds, with expertise, skills and knowledge in various fields such as finance, business, legal and technical. A brief profile of each Director appears on pages 16 to 19 of this annual report. The profile indicates the high level and range of business experience amongst Board members which is essential to manage effectively a business of the size and complexity of the Group.

The Board composition complies with Paragraph 15.02(1) of the MMLR, which requires a minimum of two (2) Directors, or one-third (1/3) of the Board members, whichever is the higher, to be independent Directors.

In order to promote a balance of power and authority, there is a clear and distinct division of responsibility between the Chairman and the Group Managing Director. The Chairman provides coherent leadership and assumes the responsibility for the effective running of the Board, as well as represents the Board to the shareholders. The Group Managing Director, supported by his team of management, is responsible for the day-to-day management of the business, organisational effectiveness as well as implementation of the Board’s policies and decisions.

Datuk Hj Faisyal Datuk Yusof Hamdain Diego has been appointed as the Senior independent non-executive Director who is available to shareholders, if they have concerns that have not been resolved through the normal channel of contact with the Chairman or the Group Managing Director. The appointment reflects the Board’s commitment to embrace best practices as set out in the Best Practices Provision AA VII of the Code.

Corporate Governance Statement

2 Board Meetings & Attendance

The Board is highly dedicated and has exhibited utmost commitment to the Group, evidenced by its members' attendance record. During the financial year ended 31 December 2010, twelve (12) Board meetings were held. The record of attendance at Board meetings is as follows:

DIRECTORS	MEETING ATTENDANCE
Dato' Hj Abd. Halim Hj Abd. Samad <i>Chairman</i> <i>Non-independent non-executive Director</i>	12/12
Datuk Mohd Nazar Samad <i>Group Managing Director</i>	9/12
Datuk Hj Faisyal Datuk Yusof Hamdain Diego <i>Deputy Chairman</i> <i>Senior independent non-executive Director</i>	8/12
Dato' Kamalia Ibrahim <i>Non-independent non-executive Director</i>	11/12
Dato' Rosman Abdullah <i>Non-independent non-executive Director</i>	9/12
Mohamed Ezzuddeen Mohd Effendi <i>Independent non-executive Director</i>	11/12
Raja Ali Raja Othman <i>Independent non-executive Director</i>	11/12
Dato' Gumuri Hussain <i>Independent non-executive Director</i>	11/12
Dato' Rosman Ridzwan (resigned w.e.f 25 November 2010) <i>Independent non-executive Director</i>	10/10

3 Access to and Supply of Quality Information and Advice

All relevant papers, which are comprehensive and encompass both quantitative and qualitative factors, for deliberation by the Board are circulated in advance to its Directors to facilitate focused discussion and effective decision-making process. Members of the senior management team and professional advisers are invited into Board meetings to provide the necessary information and attend to the Board's enquiries on relevant issues, enabling the Board to make informed decisions premised on in-depth knowledge. The Board has also approved a procedure for Directors, whether as a full board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

A balance of financial and non-financial information is encapsulated in the papers covering the Group's strategies, financial results, overall performance of the Group, budgets, corporate proposals, major investments, business directions and corporate governance matters for the Board's deliberation at the Board meetings.

All Directors have unrestricted access to all information pertaining to the Company's business and affairs necessary for the effective discharge of their responsibilities. The Directors also have direct access to the advice and services of Company Secretaries, who are responsible to ensure that Board meeting procedures are observed, and applicable laws and regulations, particularly pertaining to the duties and responsibilities of the Board and individual directors are complied with.

Board meetings are scheduled in advance at the turn of the new calendar year, allowing the Directors to plan ahead and enter the calendar year's meetings into their individual schedules.

Corporate Governance Statement

B BOARD STRUCTURE AND EFFECTIVENESS

1 Board Committees

In executing its responsibilities, the Board delegates specific responsibilities to the following Committees:

- (i) Board Audit Committee (“BAC”)
- (ii) Board Nomination Committee (“BNC”)
- (iii) Board Remuneration Committee (“BRC”)
- (iv) Board Investment Committee (“BIC”)
- (v) Executive Committee (“EXCO”) - (abolished on 28 April 2010)
- (vi) Employee Share Scheme Committee (“ESSC”)
- (vii) Board Risk Management Committee (“BRMC”)

All committees operate within clearly defined terms of reference which outline their responsibilities and operating procedures. Reports of proceedings and outcome of various Committee meetings are submitted by the Chairman of the various committees to the Board. These committees were formed to enhance business and operational efficiency as well as efficacy. However, the Board retains full responsibilities for the direction and control of the Company and the Group.

i Board Audit Committee

Explained on pages 47 to 50 of this annual report.

ii Board Nomination Committee

The Board Nomination Committee consists of the following members:

NAME OF MEMBERS

Dato' Kamilia Ibrahim
Chairman, Non-independent non-executive Director

Datuk Mohd Nazar Samad
Group Managing Director

Datuk Hj Faisyal Datuk Yusof Hamdain Diego
(appointed on 30 November 2010)
Senior independent non-executive Director

Dato' Gumuri Hussain (appointed on 25 May 2010)
Independent non-executive Director

Dato' Rosman Ridzwan (resigned on 25 November 2010)
Independent non-executive Director

The Committee had met seven (7) times during the financial year. The Committee is empowered by the Board to bring to the Board recommendations as to the appointment of new Directors for KUB Malaysia Berhad and its subsidiaries. In addition, the Committee will review the required mix of skills, experience and other core competencies, which the non-executive Directors should bring to the Board. The Committee believes that the Board's current composition possesses the required mix of skills and core competencies necessary for the Board's effective discharge of its duties. Besides the afore mentioned roles, the Committee also reviews and make recommendation on appointment of senior management of the Group.

The Board did not see the need to have composition of BNC comprised of a majority of independent Directors or exclusively of non-executive Directors as it is able to discharge its duties independently and objectively.

Corporate Governance Statement

iii Board Remuneration Committee

The Board Remuneration Committee consists of the following members:

NAME OF MEMBERS
Datuk Hj Faisyal Datuk Yusof Hamdain Diego <i>Chairman, Senior independent non-executive Director</i>
Raja Ali Raja Othman <i>Independent non-executive Director</i>
Dato' Gumuri Hussain <i>Independent non-executive Director</i>
Mohamed Ezzuddeen Mohd Effendi <i>Independent non-executive Director</i>

The Committee had met twice (2) times during the financial year. The policy practiced on Directors' remuneration by the Committee is to provide the remuneration package needed to attract, retain and motivate the Directors of the quality required to manage the businesses of the Group and to align the interests of the Directors with those of the shareholders.

The Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of executive Directors. Nevertheless, it is the ultimate responsibility of the entire Board to approve the remuneration of the Directors. None of the executive Directors participated in any way in determining their individual remuneration. The executive Directors' remuneration comprises of basic salary and the Group's other customary benefits made available where appropriate.

iv Board Investment Committee

The Board Investment Committee consists of the following members:

NAME OF MEMBERS
Dato' Hj Abd. Halim Hj Abd. Samad <i>Chairman, Non-independent non-executive Director</i>
Datuk Mohd Nazar Samad <i>Group Managing Director</i>
Dato' Gumuri Hussain <i>Independent non-executive Director</i>
Dato' Rosman Ridzwan (resigned on 25 November 2010) <i>Independent non-executive Director</i>

The Committee did not meet during the financial year since there was no new investment to be considered by the Committee.

The Committee is responsible for making recommendations to the Board in relation to the management of the Group's investment and divestment activities and also to review the investment objectives and strategies of the Group and its core business.

v Executive Committee

The Executive Committee was abolished on 28 April 2010.

Corporate Governance Statement

vi Employee Share Scheme Committee

The Employee Share Scheme Committee consists of the following members:

NAME OF MEMBERS

Dato' Hj Abd. Halim Hj Abd. Samad

Chairman, Non-independent non-executive Director

Datuk Mohd Nazar Samad

Group Managing Director

Raja Ali Raja Othman

Independent non-executive Director

Dr. Wan Ahmad Rudirman Wan Razak

Group General Manager

There was no meeting held during the financial year.

The Committee is responsible to review and finalise the details of the Employee Share Scheme for the Group.

vii Board Risk Management Committee

The Board Risk Management Committee consists of the following members:

NAME OF MEMBERS

Mohamed Ezzuddeen Mohd Effendi (appointed as Chairman on 25 November 2010)

Chairman, Independent non-executive Director

Datuk Hj Faisyal Datuk Yusof Hamdain Diego

Senior independent non-executive Director

Dato' Kamilia Ibrahim

Non-independent non-executive Director

Dato' Rosman Ridzwan (resigned on 25 November 2010)

Chairman, Independent non-executive Director

The Committee had met once during the financial year.

The Committee was established with the primary responsibility of ensuring the effective functioning of the integrated risk management system within the Group. It is tasked with providing oversight, direction and counsel to the risk management process and to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for Board approval.

2 Appointment to the Board

Appointments to the Board are made upon recommendation by the Board Nomination Committee. In making the recommendation, the Board Nomination Committee considers the required blend of skills and experience which the Directors should be equipped. On a periodic basis, the Board, through the Board Nomination Committee shall review the size, structure and effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual Directors.

Any new nomination received is put to the full Board for assessment and endorsement. The appointment of members is carried out through a proper selection process, which is consistent with the Articles of Association of the Company. The Company Secretary will also ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Corporate Governance Statement

3 Re-election of Directors

In accordance with the Company's Articles of Association, all of the Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment. The Articles also provide that at least one-third (1/3) of the Directors shall be subject to retirement by rotation at each AGM. The retiring Directors are eligible for re-election. In addition, Directors over seventy years of age are to retire at every AGM pursuant to Section 129(6) of the Companies Act, 1965 and may offer themselves for reappointment. In this respect our Chairman, Dato' Hj Abd. Halim Hj Abd. Samad, who is over 70 years old will be re-appointed as a director of the Company at the upcoming AGM.

4 Continuing Professional Development

All Directors are encouraged to have appropriate professional development training to enhance their business acumen and professionalism in discharging their fiduciary duties to the Company.

All members of the Board have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia for Directors of public-listed companies. In spite of the repeal of Practice Note No. 15/2003 on Continuing Education Programme ("CEP") for Directors of public-listed companies by Bursa Malaysia effective 1 January 2005, the Board is mindful of the need for Directors to attend continuous education programmes to keep them abreast of changes in legislations and regulations that affect business operations and compliance matters.

In addition, appropriate continuous training and education programmes are identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge as well as keep them updated on new developments in corporate governance, leadership, relevant industry updates and the business and regulatory environments.

The training programmes, seminars and/or conferences attended by the Directors for the financial year ended 31 December 2010 are as follows:

- Executive Compensation
- Non Executive Director Development Series
- Annual Conference 2010 'Governance & Ethical Practices in the Boardroom'
- Regulatory Framework and Directors Duties 2010

5 Directors' Remuneration

In line with requirements of the Code which requires that the level of remuneration for Directors should be sufficient to attract and retain the Directors needed to guide the Group successfully, the BRC recommends to the Board the remuneration package for the Group Managing Director, which is benchmarked to the market and information from independent sources on the package for similar position in a selected group of comparable companies.

The Board as a whole determines fees payable to the non-executive Directors upon recommendation made by the BRC after considering experience, level of responsibilities undertaken as well as the rates comparable to other relevant companies, and such fees are tabled to the shareholders of the Company for approval. The aggregate remuneration of Directors are categorized into appropriate components for the financial year ended 31 December 2010 as follows:-

	SALARY, BONUS AND EPF RM'000	ALLOWANCES AND BENEFITS IN KIND RM'000	FEES RM'000	TOTAL RM'000
Executive Director	1,305	74	-	1,379
Non-executive Directors	-	522	372	894
	1,305	596	372	2,273

The number of Directors whose remuneration falls into the following bands during the financial year ended 31 December 2010 are as follows:

RANGE OF REMUNERATION (RM)	NUMBER OF DIRECTORS @		
	EXECUTIVE	NON-EXECUTIVE	TOTAL
50,001 – 100,000	-	6	6
100,001 – 150,000	-	1	1
250,001 – 300,000	-	1	1
1,350,001 – 1,400,000	1	-	1
Total	1	8	9

Note: @ includes resignation of a Director

The Board is of the opinion that, while individual Directors' remuneration is not disclosed, the information provided above, which is made in accordance with the MMLR, is sufficient to provide an understanding and basis for evaluation of KUB's corporate governance.

Corporate Governance Statement

C CONTINUOUS COMMUNICATION WITH SHAREHOLDERS

The Company communicates with its shareholders and investors primarily through its AGMs, annual reports, quarterly financial statements and the various disclosures and announcements made to Bursa Malaysia.

At the AGM, the shareholders are given the opportunity to ask questions and seek clarifications on the businesses and performance of the Group.

Additionally, shareholders can also have access to information by accessing the corporate website at www.kub.com. This website is maintained by the Group and provides up-to-date information to its shareholders as well as stakeholders at large and includes useful information such as latest announcements, developments and daily share prices.

D ACCOUNTABILITY AND AUDIT

1 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects throughout the financial year, primarily through the annual financial statements, quarterly announcements to shareholders as well as Chairman's statement and Message to shareholders in the annual report.

The BAC assists the Board in scrutinising information for disclosure in the reports and the overall quality of the financial reporting.

2 Directors' Responsibility Statement

(Pursuant to Paragraph 15.26(a) of the MMLR)

The Board is accountable for ensuring that the financial statements present a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

3 Relationship with Auditors

Through the BAC, the Board maintains an active, transparent and professional relationship with the external auditors, Messrs Ernst & Young. The BAC meets with the external auditors without the presence of management at least twice a year in its aim to establish a transparent and appropriate relationship. The BAC report is provided on pages 47 to 50.

4 Internal Controls

The Code requires the Board to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Group's Internal Controls Statements pursuant to Paragraph 15.26(b) of the MMLR is set out on pages 45 to 46.

5 Related Party Transactions

An internal compliance framework exists to ensure that the Company meets its obligations under the MMLR in connection with related party transactions. The Board, through the BAC, reviews all related party transactions. A director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting.

The Board is satisfied that the Company has in all material aspects, complied with the best practices of the Code as at 31 December 2010.

This statement is made in accordance with a resolution of the Board of Directors dated 27 April 2011.

Additional Compliance Information

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto:-

- a. Utilisation of Proceeds Raised from Any Corporate Proposal**
There were no proceeds raised from any Corporate Proposal in the financial year ended 31 December 2010.
- b. Non-audit fees**
The amount of non-audit fees incurred by the Group for services rendered by the External Auditors for the financial year ended 31 December 2010 amounted to RM120,000.
- c. Imposition of Sanctions/Penalties**
During the financial year, no sanctions and/or penalties were imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory authority.
- d. Material Contracts**
During the financial year, there were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving Directors and substantial shareholders.
- e. Variation in Results**
There was no variance of 10% or more between the audited results of the financial year ended 31 December 2010 and the unaudited results previously announced.
- f. Revaluation Policy on Landed Properties**
The revaluation policy on landed properties is as set out in the financial statements.
- g. Profit Guarantee**
There was no profit guarantee given by the Company and its subsidiaries during the financial year ended 31 December 2010.
- h. Share Buy-back**
The proposed share buy-back which was announced on 28 April 2010 was approved by the shareholders of the Company at the 45th AGM on 24 June 2010. However, no share buy-back has taken place as at 31 December 2010.
- i. American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)**
The Company did not sponsor any ADR or GDR programme during the financial year.
- j. Options, Warrant or Convertible Securities**
During the financial year, no options, warrant or convertible securities were issued by the Company.
- k. Recurrent Related Party Transactions**
At the 45th AGM of the Company on 24 June 2010, a Shareholders’ Mandate was obtained for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions (“RRPT”) of a revenue and/or trading nature.

Details of the RRPT conducted during the financial year ended 31 December 2010 pursuant to the Shareholders’ Mandate obtained on 24 June 2010, are disclosed as follows:

RELATED TRANACTING PARTY	RELATED PARTY	RELATIONSHIPS	NATURE OF TRANSACTIONS	ACTUAL VALUE (24 JUNE - 31 DEC 2010) (RM'000)
Jeks Engineering Sdn Bhd (“JESB”)	Interested Directors & major shareholders JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	Precast Products Sdn. Bhd. (“PPSB”) is a 70%-owned subsidiary of KUB Builders Sdn. Bhd. (“KBSB”) which in turn is our wholly-owned subsidiary. JESB is a major shareholder of PPSB holding 30% equity interest. Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB and JESB.	Supply of pre-cast products by PPSB to JESB	2,799

Additional Compliance Information

RELATED TRANSACTIONING PARTY	RELATED PARTY	RELATIONSHIPS	NATURE OF TRANSACTIONS	ACTUAL VALUE (24 JUNE - 31 DEC 2010) (RM'000)
Jeks Engineering Pte. Ltd. ("JEPL")	Interested Directors & major shareholders JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	PPSB is a 70%-owned subsidiary of KBSB which in turn is our wholly-owned subsidiary. JEPL is a wholly-owned subsidiary of JESB which in turn is a major shareholder of PPSB holding 30% equity interest. Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB, JESB and JEPL.	Supply of pre-cast products by PPSB to JEPL	151
JESB	Interested Directors & major shareholders JESB Jari Erkki Kalervo Silventoinen Michael Khor Loke Chong	PPSB is a 70%-owned subsidiary of KBSB which in turn is our wholly-owned subsidiary. JESB is a major shareholder of PPSB holding 30% equity interest in PPSB. Jari Erkki Kalervo Silventoinen and Michael Khor Loke Chong who are the major shareholders of JESB are also the directors of PPSB and JESB.	Sale of raw materials by JESB to PPSB	-
Cuscapi Malaysia Sdn Bhd ("CMSB")	Interested Director Dato' Rosman Abdullah	CMSB is a wholly-owned subsidiary of Cuscapi Berhad ("CB"). Rosman Abdullah is a Director of KUB and CB as well as a major shareholder of CB via his interest in Transight Systems Sdn. Bhd.	Rental and maintenance of point of sales ("POS") systems to AWM's restaurants	160
Fujitsu Limited ('FL')	Interested major shareholder	FL was a major shareholder of KUB-Fujitsu Telecommunications (Malaysia) Sdn. Bhd. ("KFTSB") holding 25% equity interest in KFTSB. KFTSB is now a 100%-owned subsidiary of KUB Telekomunikasi Sdn. Bhd. ("KUBTEL") which in turn is our wholly-owned subsidiary.	Provision of maintenance services of telecommunication equipments to KFTSB	335
Fujitsu Telecommunications Asia Sdn. Bhd. ("FTASB")	Interested major shareholder FL Person connected Masaya Motegi	FTASB was a major shareholder of KFTSB holding 25% equity interest in KFTSB. KFTSB is now a 100%-owned subsidiary of KUBTEL which in turn is our wholly-owned subsidiary. Masaya Motegi who is currently a director of FTASB was also a director of KFTSB.	Provision of supplies and engineering services for telecommunication works to KFTSB	415
FTASB	Interested major shareholder FL Person connected Masaya Motegi	FTASB is a wholly-owned subsidiary of FL which is in turn was a major shareholder of KFTSB holding 25% equity interest. KFTSB is now a 100%-owned subsidiary of KUBTEL which in turn is our wholly-owned subsidiary. Masaya Motegi who is currently a director of FTASB was also a director of KFTSB.	Provision of maintenance services of telecommunication equipments to KFTSB	402

Internal Control Statement

INTRODUCTION

This statement is made pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad with regard to the Group’s compliance with the Principles and Best Practices provisions relating to internal controls as stipulated in the Malaysian Code on Corporate Governance (“the Code”).

The Board of Directors (“the Board”) is pleased to present herein the annual update on the Group’s state of internal controls coupled with work done during the year under review.

BOARD RESPONSIBILITY

In accordance with the Code, one of the six (6) principal responsibilities expected of the Board is to review, amongst others, the adequacy and integrity of the Group’s internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board affirms that it is committed to uphold the spirit of the Code in addition to compliance with the MMLR that includes the assurance of its adequacy and integrity at all times, and its alignment with business objectives. However, it should be noted that this system is designed to mitigate the risks of failure in achieving its business objectives and hence, can only manage to provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a process for identifying, evaluating and managing significant risks faced by the Group except for the associated companies. The process has been in place throughout the year and up to the date of approval of the annual report and financial statements. It has been reviewed by the Board and accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“Internal Control Guidance”).

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

The Board acknowledges that effective risk management is an essential and indispensable part of corporate management. The Group strives to embed within the organisational structure, defined roles and responsibilities for all aspects of risk management with the appropriate tools to support the identification, assessment, treatment and reporting of key risks. The Group endeavours to develop, implement and maintain sound risk management practices and systems that are consistent with good corporate governance to address these objectives:

- Communicate the vision, role, direction and priorities to Group personnel;
- Identify, assess and manage risks in an effective and efficient manner;
- Improve decision making, planning and prioritisation based on comprehensive understanding of the reward to risk balance; and
- Enable systematic and prompt reporting on any perceived new risks or failures of existing control measures.

The Board has put in place an Enterprise-Wide Risk Management Framework within the Group to ensure an ongoing process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in its business operation to give effect to this responsibility. The following initiatives were undertaken:

- Streamlining risk management and business planning activities to ensure that controls and mitigation plans for risk management are built into business plans and budgets of the Group;
- Carrying out the risk assessments through brain-storming sessions where existing risks are assessed, discussed, revisited and updated whilst new risks and action plans are identified and categorised. Risk owners were identified for the purpose of implementing action plans. Follow-up on the action plans was closely monitored;
- Implementing a comprehensive and systematic risk assessment and reporting process across the Group;
- Creating an environment that controls and mitigate risks within the accepted risk tolerance;
- Promoting risk management awareness in the business processes;
- Fostering a culture of continuous improvement in risk management through audit and review processes; and
- Prioritizing risk treatment efforts by producing a risk profile with a significant rating to each risk.

The Board is also assisted by the Board Risk Management Committee whose main responsibility is to review the effectiveness of the process and report key risks and recommend appropriate risk management strategies, policies, risk tolerance and mitigation plans for the Board’s approval.

KEY INTERNAL CONTROL ELEMENTS

The Board is fully committed in ensuring that a proper control environment is maintained at the Group. The key elements of the Group’s internal control are as follows:

CONTROL STRUCTURE

Board Committees

Specific Board responsibilities have been delegated to committees established with formalised and specific terms of reference, to assist the Board in the execution of its responsibilities.

The following are the committees established:

- Board Audit Committee
(Please refer to page 47 to 50 for further explanation)
- Board Nomination Committee
(Please refer to page 38 for further explanation)
- Board Remuneration Committee
(Please refer to page 39 for further explanation)
- Board Investment Committee
(Please refer to page 39)
- Executive Committee
(Abolished on 28 April 2010)
(Please refer to page 39 for further explanation)
- Employee Share Scheme Committee
(Please refer to page 40)
- Board Risk Management Committee
(Established on 28 April 2010)
(Please refer to page 40)

Internal Control Statement

These committees have been established with clear terms of reference to ensure effective management and monitoring of the Group's business operations. In addition, these committees have the authority to examine all matters and report back to the Board on a periodic basis with their recommendations for review or approval by the Board, where appropriate.

Organisational Structure

The Board has put in place a defined organisational structure with clear lines of responsibility and accountability in the Group that is directly aligned to the strategic and operational demands of the business. Each operational unit is headed by personnel who are fully accountable to ensure that the business activities are implemented with full compliance with the Group's objectives and policies. Staff job description has also been established to provide clear guidelines to staff in discharging their duties to achieve Group's objectives and policies.

Policies, Limits of Authority and Procedures

The delegation of responsibilities to the Board Committees and the management as well as the delineation of their respective authority limits have been defined in the KUB Management Guide and the establishment of similar authority guides for all the active subsidiaries of the Group. Procedures are established to provide sufficient guidelines for proper management and operations of the Group operating units. These policies, limits of authority and procedures are monitored by the Group Internal Audit Division ("GIAD"). The Group has also put in place a Whistle Blower Policy to provide an avenue to employees to report concerns regarding any improper conduct or malpractices in a safe and confidential manner and the Group Information and Communication Technology (ICT) policies to strengthen and consolidate the Group's ICT business processes and operations.

Staff Competency and Performance Management

Training and development programmes are established to ensure that employees are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. The Group believe that effective organisation requires employees at all levels to be competent, skilled and capable of contributing to the achievement of Group's vision and mission. Key Performance Indicators are used to measure staff performance in line with Group's mission that is to enhance a culture that emphasize on high performance.

MONITORING AND REVIEW

Business Plan and Budget Review

The Group undertakes business planning and budgeting each year, to establish plans and targets against which performances are compared and monitored as well as to facilitate management in focusing on areas of concern.

The Board and senior management play a role in the stages of strategic review and update, which include, among others reviewing the plan before its finalisation, and the budget approval process to ensure that the plan developed reflects the corporate intent of the Group and that resource allocation is strategically aligned.

Financial and Operational Review

The Board Audit Committee ("BAC") reviews the annual and quarterly financial statements and performance of the Group together with Management before they are tabled to the Board for their approval. The BAC reviews reports from internal and external auditors on the state of internal control, to help ensure the adequacy and integrity of the internal control systems of the Group.

Internal Audit

The GIAD provides independent assurance to the BAC on the adequacy and integrity of internal control system to manage risks across the Group. GIAD reports functionally to the BAC and administratively to the Group Managing Director. The BAC and GIAD perform their duties to uphold a level of integrity and competency in operational, financial and business functions and to assure that the applicable laws, regulations, rules, directives and guidelines are complied with. Regular internal audit review on the adequacy and effectiveness of the internal control procedures, assurance on the management of risk and governance processes is carried out based on the Internal Audit Annual Plan. The GIAD annual plan, budget, competency and resources are reviewed and approved by the BAC.

The internal audit reports prepared by GIAD and status of actions taken by management on audit recommendations are submitted on a regular basis to the BAC for deliberation and approval.

CONCLUSION

After due and careful inquiry on the information and assurance provided, the Board is satisfied with the process of identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. There was no material control failure or weakness that has resulted in material loss that has not been disclosed in the Group's financial statements. The Board and the Management will continuously improve and seek assurance on the efficiency and effectiveness of the internal control system through independent assessments by the internal and external auditors.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 April 2011.

Board Audit Committee Report

The Board of Directors is pleased to present the report on the Board Audit Committee (“BAC”) for the year ended 31 December 2010.

The BAC was established by a resolution of the Board of Directors (“the Board”) on 7 May 1997 to assist the Board of Directors in fulfilling its responsibilities in accordance with its terms of reference.

MEMBERSHIP

The BAC currently consists of the following members:

- 1 Raja Ali Raja Othman**
Chairman, Independent non-executive Director
- 2 Datuk Hj. Faisyal Datuk Yusof Hamdain Diego**
Senior independent non-executive Director
- 3 Dato’ Rosman Abdullah**
Non-independent non-executive Director
- 4 Mohamed Ezzuddeen Mohd Effendi**
Independent non-executive Director
(appointed w.e.f 28 April 2010)

The BAC is governed by its terms of reference as set out on pages 48 to 50 of the annual report. Two (2) of the BAC members are members of the Malaysian Institute of Accountants (“MIA”) thus complying with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

MEETINGS

During the financial year, the BAC met nine (9) times, with the following record of attendance:

Name of Members	No. of Meetings	
	Held	Attended
Raja Ali Raja Othman	9	9
Datuk Hj. Faisyal Datuk Yusof Hamdain Diego	9	8
Dato’ Rosman Abdullah	9	7
Mohamed Ezzuddeen Mohd Effendi (appointed w.e.f 28 April 2010)	6	6

The Company Secretary was present during all the meetings except for the private sessions with the external auditors. The Head of Group Internal Audit, representatives of the external auditors, Messrs Ernst & Young, as well as the senior management personnel also attended the meetings upon invitation.

The BAC chairman updates the Board of Directors on matters deliberated after each BAC meeting.

SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE

The following activities were carried out by the BAC during the financial year ended 31 December 2010:

a Financial Results and Corporate Governance

- Reviewed the external auditors’ scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;
- Reviewed the quarterly unaudited financial results and announcements to Bursa Malaysia before recommending to the Board for approval;
- Reviewed the Company’s compliance, in particular the quarterly and year end financial statements with the MMLR, Financial Reporting Standards issued by the Malaysian Accounting Standard Board (“MASB”) and other legal and regulatory requirements;
- Reviewed the audited financial statements of the Group with external auditors prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards issued by MASB;
- Reviewed with the external auditors the results of audit, audit report and management letter, including the management’s response;
- Reviewed minutes of the BAC meetings;
- Considered and recommended to the Board for approval the audit fees payable to the external auditors as disclosed in the Financial Statements;
- Met with the external auditors twice during the year without the presence of the management;
- Reviewed the application of corporate governance principles and the Group’s compliance with the best practices set out under the Revised Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement, Internal Control Statement and Board Audit Committee Report pursuant to the MMLR for Board approval; and
- Reviewed the Related Party Transactions (“RPT”) entered by the Group.

b Internal Audit

- Reviewed the internal audit reports presented by the Group Internal Audit Division (“GIAD”) on findings and recommendations with respect to the adequacy and integrity of the internal control system.
- Reviewed with management on corrective actions taken on all matter raised in the internal audit reports to improve the system of internal control.
- Assessed the performance of the GIAD function and reviewed the reasonableness of compensation of members of the function;
- Reviewed and approved GIAD budget and Internal Audit Plan for year 2011 to ensure adequacy in resources, competencies and coverage;

Board Audit Committee Report

c Training

BAC Chairman has attended trainings on “Non – Executive Director Development Series” on 24 March 2010 by Securities Industry Development Corporation and “The Executive Compensation” on 10 June 2010 by Malaysian Alliance of Corporate Directors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Division, which assists the BAC in discharging its duties and responsibilities throughout the financial year under review. The terms of reference of the Group Internal Audit function are clearly spelt out in the Internal Audit Charter. The principal role of the Division is to undertake independent, regular and systematic reviews of the internal control systems, so as to provide the BAC with independent and objective feedbacks and reports that such systems continue to operate satisfactorily and effectively. The GIAD adopts a risk-based approach in preparing its Internal Audit Annual Plan. The audit plan, budget, key performance indicators and manpower resources are submitted to the BAC for its review and approval.

During the financial year, a total of twenty (20) audits were carried out in accordance with the Internal Audit Annual Plan. The audit engagements encompassed scheduled and follow-up audits covering the Information Communication & Technology (ICT); Food Sector; Property, Engineering & Construction (PEC) and Energy sectors. All the internal audit activities were performed in-house.

The resulting reports from the internal audits undertaken were forwarded to the management for response and necessary corrective actions as recommended. The management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame. GIAD continuously monitor the implementation of audit recommendations through periodic follow-up reviews, which are reported and presented to the BAC regularly.

The total costs incurred by GIAD for the internal audit function of the Group in 2010 amounted to RM767,796.

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

1 OBJECTIVES OF THE COMMITTEE

The primary function of the Committee is to assist the Board to implement and support the following oversight objectives for the KUB Group of Companies:

- Assess the Group’s processes relating to its risks and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes including the review of the adequacy of scope, functions and reporting of internal and external auditors;
- Maintain, through regularly scheduled meetings, a direct line of communication between the Board, external auditors, management and internal auditors; and
- Avail to the external and internal auditors a private and confidential audience at least twice a year, through the Chairman of the Committee.

2 COMPOSITION OF THE COMMITTEE

The composition of the committee shall take into consideration the following:

- The Board shall appoint the Members, who must be non-executive Directors, with a majority of them being independent Directors. The Committee shall, at all times, comply with the relevant provisions of the MMLR;
- The period of appointment shall be concurrent with their tenure on the Board unless otherwise decided by the Board and in accordance to the MMLR;
- The composition of the Committee must not be less than three (3) Members;
- Where the Members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members and in accordance with the general requirements of the MMLR;
- The Members shall elect a Chairman from amongst themselves who is an independent Director;
- All members of the Audit Committee should be financially literate and at least one member of the BAC must comply with paragraph 15.09(1)(c) (i)-(ii) of the MMLR; and
- Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.

3 SECRETARY OF THE COMMITTEE

The Company Secretary shall be the Secretary of the Committee.

4 AUTHORITY OF THE COMMITTEE

The Committee shall have:

- Authority to investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the BAC;
- The authority to obtain outside legal or other independent professional advice and to secure the attendance of outside parties with relevant experience and expertise, if it considers this necessary;
- Direct communication channels with both external and internal auditors; and
- The authority to convene meetings with external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Board Audit Committee Report

5 RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

In fulfilling its objectives, the Committee shall undertake the following responsibilities and duties:

a Internal Audit

- Establish an Internal Audit Function and the Head of Internal Audit should report directly to the BAC;
- Review the adequacy of the scope, functions, competency and resources of the Internal Audit and ensure that it has the necessary authority to carry out its work;
- Review the Internal Audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Function;
- Review any appraisal or assessment of the performance and reasonableness of compensation of members of the Internal Audit Function;
- Approve any appointment or termination of senior staff members of the Internal Audit Function;
- Take cognizance of resignation of internal audit staff members and provide the resigning member an opportunity to submit his reasons for resigning;
- Review the Internal Audit reports, which highlight the operational risks, recommendation and management's response; and
- Discuss with management on actions taken to improve the system of internal controls, based on operational risks identified in the Internal Audit reports.

b External Audit

- Review with the external auditors their audit plan, scope of their audits, their evaluation of the system of internal controls and their audit report;
- Evaluate with the external auditors the assistance given by the employees to the external auditors;
- Evaluate the performance of the external auditors and make recommendations to the Board of Directors on their appointment and remuneration;
- Review any letter of resignation from the external auditors;
- Where there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment, the Committee is to recommend the nomination and remuneration of a person or persons as external auditors; and
- The Chairman of the BAC should engage on a continuous basis with the Chairman of the Board and senior management such as the Group Managing Director, the Head of Finance, the Head of Internal Audit and external auditors in order to keep informed of matters affecting the Group.

c Financial Reporting

- Meet with management and the external auditors to discuss the scope of their audit, to evaluate the audit report on the financial statements and the results of the audit before recommending for approval by the Board;
- Review the quarterly results and year end financial statements for recommendation to the Board of Directors for approval, focusing particularly on:
 - i) Changes in or implementation of new accounting policies;
 - ii) Significant and unusual events;
 - iii) The going concern assumption; and
 - iv) Compliance with accounting standards and other legal requirements.
- Review the nature and resolution of any significant accounting and auditing problems encountered during examination, the nature of any significant adjustments, reclassifications or additional disclosures proposed by the external auditors that are currently significant or may become significant in the future, the adequacy and impact of any changes in the accounting policies or principles during the year, reasons for major fluctuations in financial statement balances for the current year compared to prior year.

d Related Party Transactions

- Review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity.

e Others

- Consider and evaluate other matters as judged appropriate by the Committee or as authorised by the Board and as required by the general requirements set up by local authorities or any other government authorities;
- Act upon the Board of Directors' request to investigate and report on any issues or concerns with regard to the management of the Company;
- To promptly report to Bursa Malaysia matters reported by the BAC to the Board of Directors of the Company which have not been satisfactorily resolved, resulting in a breach of the MMLR;
- Upon the request of the external auditors, the Chairman of the BAC shall convene a meeting of the BAC to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders; and
- To verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's Share Scheme Committee and in accordance with the By-laws of the relevant share scheme.

Board Audit Committee Report

6 COMMITTEE MEETINGS

The Committee meetings shall take into consideration the following:

- The Committee shall convene meetings as and when required, provided that the Committee shall meet at least four (4) times a year;
- The Chairman of the Committee, or the Secretary on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Members absent from Malaysia;
- No business shall be transacted at any meeting of the Committee unless a quorum is present. A quorum must be in accordance with Paragraph 15.18 of the MMLR, where the majority of the members present must be independent Directors;
- The majority of the members present must be independent non-executive Directors;
- The Chairman of the Committee shall chair the Committee meetings and in his absence, the members present shall elect one of their members to be Chairman of the meeting;
- The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting;
- The Secretary shall prepare the minutes of the meeting and distribute it to each Member. The minutes of the Committee shall be confirmed and signed by the Chairman of the Committee or the presiding Chairman of the next succeeding meeting;
- The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custodian of the Company Secretary. The minutes book shall be opened for inspection of the Board, external auditor, internal auditor, management and other persons deemed appropriate by the Company Secretary;
- Subject to the requirement to conduct the required meetings, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting;
- Appropriate officers of the Company or professional advisors may be invited to attend the meetings where the Committee considers their presence necessary;
- All recommendations and findings of the Committee shall be submitted to the Board for approval; and
- The Head of Finance, Head of Internal Audit and representatives of external auditors should normally attend meetings. Other Board members may attend meetings upon invitation of the BAC. However, the Committee should meet with the external auditors without executive board members and employees present at least twice a year.

7 DISCLOSURE

The Committee shall assist the Board in making certain disclosures concerning the activities of the Committee such as in the Corporate Governance Statement, Internal Control Statement and Board Audit Committee Report to be issued in the Annual Report.



Achieving

Results

Financial Statements

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food and others as stated in Note 43 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	17,018	16,386
Attributable to:		
Owners of the parent	11,482	16,386
Minority interests	5,536	-
	17,018	16,386

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

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

Dividends

The amounts of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
First and final dividend of 2.4 sen less 25% taxation, declared on 31 May 2010 and paid on 13 July 2010	10,016

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 31 December 2010, of 2.4 sen less 25% taxation on 566,464,690 ordinary shares, amounting to a dividend payable of RM10,016,364 (1.8 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Hj Abd. Halim Hj Abd. Samad
Datuk Haji Faisyal Datuk Yusof Hamdain Diego
Dato' Kamilia Ibrahim
Dato' Rosman Abdullah
Mohamed Ezzuddeen Mohd Effendi
Raja Ali Raja Othman
Datuk Mohd Nazar Samad
Dato' Gumuri Hussain
Dato' Rosman Ridzwan (resigned on 25 November 2010)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36(b) to the financial statements.

Directors' Report

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

Name of director	Number of ordinary shares of RM0.40 each			
	1.1.2010	Acquired	Sold	31.12.2010
Direct Interest:				
Ordinary shares of the Company				
Dato' Kamilia Ibrahim	3,000	-	-	3,000

Dato' Kamilia Ibrahim is deemed to have interest in the shares of all the Company's subsidiaries to the extent the Company has an interest by virtue of her interest in the Company as disclosed above.

Except for the above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had 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 which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (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 which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

The details of the significant events during the year are disclosed in Note 41 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2011.



Dato' Hj Abd. Halim Hj Abd. Samad



Datuk Mohd Nazar Samad

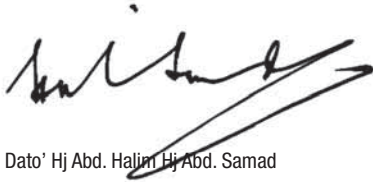
Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dato' Hj Abd. Halim Hj Abd. Samad and Datuk Mohd Nazar Samad, being two of the directors of KUB Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 56 to 108 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 45 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2011.



Dato' Hj Abd. Halim Hj Abd. Samad



Datuk Mohd Nazar Samad

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Marzuki Rafie, being the officer primarily responsible for the financial management of KUB Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 108 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Marzuki Rafie at
Petaling Jaya in Selangor
on 27 April 2011



Marzuki Rafie

Before me,



21A, Jalan SS 6/12
Taman Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Independent Auditors' Report

To The Members Of KUB Malaysia Berhad (Incorporated In Malaysia)

Report on the financial statements

We have audited the financial statements of KUB Malaysia Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant policies and other explanatory notes, as set out on pages 56 to 108.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries, of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries, of which we have not acted as auditors, which are indicated in Note 43 to the financial statements, being accounts that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

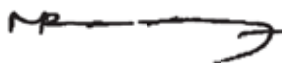
The supplementary information set out in Note 45 on page 109 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

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.



Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
27 April 2011



Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/12 (J)
Chartered Accountant

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	4	796,208	867,605	2,948	22,540
Cost of sales	5	(686,572)	(757,241)	-	-
Gross profit		109,636	110,364	2,948	22,540
Other income		27,158	53,772	28,465	26,421
Distribution expenses		(4,785)	(3,883)	-	-
Administrative expenses		(90,036)	(84,631)	(13,775)	(15,110)
Other expenses		(13,712)	(13,478)	(1,252)	(3,427)
Results from operating activities		28,261	62,144	16,386	30,424
Finance costs	6	(9,774)	(7,667)	-	(65)
Effects of deconsolidation of subsidiaries	18	(363)	23,305	-	-
Share of results of associates		4,141	2,442	-	-
Profit before tax	7	22,265	80,224	16,386	30,359
Income tax expense	10	(5,247)	(9,933)	-	-
Profit for the year		17,018	70,291	16,386	30,359
Other comprehensive income					
Net gain on available-for-sale financial assets					
- Gain on fair value changes, net of tax		2,273	-	2,273	-
Foreign currency translation		136	4,031	-	-
Effects of deconsolidation of subsidiaries	18(b)(i)	-	(3,370)	-	-
Total comprehensive income for the year		19,427	70,952	18,659	30,359
Profit attributable to:					
Owners of the parent		11,482	47,156	16,386	30,359
Minority interests		5,536	23,135	-	-
		17,018	70,291	16,386	30,359
Total comprehensive income attributable to:					
Owners of the parent		13,891	47,817	18,659	30,359
Minority interests		5,536	23,135	-	-
		19,427	70,952	18,659	30,359
Basic and diluted earnings per ordinary share (sen)	12	2.06	8.47		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2010

	Note	Group			Company		
		2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000
Assets							
Non-current assets							
Property, plant and equipment	14	168,115	156,204	145,793	12,910	6,446	6,250
Land held for property development	15	4,603	4,601	9,099	-	-	-
Plantation development expenditure	16	36,396	38,175	39,539	-	-	-
Investment properties	17	11,805	11,854	13,379	-	-	-
Investments in subsidiaries	18	-	-	-	276,514	211,471	211,471
Investments in associates	19	14,737	10,596	25,154	9,000	9,000	18,000
Other investments	20	151	151	263	151	151	153
Intangible assets	21	21,368	18,985	17,589	-	-	-
Due from subsidiaries	22	-	-	-	23,254	63,394	43,071
Deferred tax assets	24	2,614	5,684	2,748	-	-	-
		259,789	246,250	253,564	321,829	290,462	278,945
Current assets							
Other investments	20	5,036	2,006	2,886	5,036	2,006	2,886
Inventories	25	30,445	22,208	46,700	-	-	-
Trade and other receivables	22	204,003	293,259	164,852	8,380	14,579	6,599
Tax recoverable		7,739	6,446	4,907	5,823	5,146	1,612
Cash and bank balances	26	194,723	236,343	214,988	21,172	61,391	80,682
		441,946	560,262	434,333	40,411	83,122	91,779
Assets classified as held for sale	11	1,412	6,598	25,877	1,298	1,298	1,298
Total assets		703,147	813,110	713,774	363,538	374,882	372,022
Equity and liabilities							
Equity attributable to owners of the parent							
Share capital	27	222,586	222,586	222,586	222,586	222,586	222,586
Reserves	28	49,874	55,713	55,052	13,163	10,890	10,890
Retained earnings	29	78,920	77,454	40,314	97,611	84,691	64,348
		351,380	355,753	317,952	333,360	318,167	297,824
Minority interests		22,167	31,575	20,492	-	-	-
Total equity		373,547	387,328	338,444	333,360	318,167	297,824
Non-current liabilities							
Borrowings	30	22,090	23,904	28,396	-	-	214
Deferred tax liabilities	24	9,906	8,252	8,660	757	-	-
Trade and other payables	31	-	-	-	-	25,538	34,044
Provision for liabilities	32	4,232	5,302	6,946	4,232	5,302	6,946
		36,228	37,458	44,002	4,989	30,840	41,204
Current liabilities							
Trade and other payables	31	170,567	250,688	219,680	25,189	25,667	32,342
Provision for tax		4,529	13,132	5,206	-	-	-
Borrowings	30	117,414	124,504	100,204	-	208	652
Derivatives	33	859	-	-	-	-	-
		293,369	388,324	325,090	25,189	25,875	32,994
Liabilities classified as held for sale	11	3	-	6,238	-	-	-
Total liabilities		329,600	425,782	375,330	30,178	56,715	74,198
Total equity and liabilities		703,147	813,110	713,774	363,538	374,882	372,022

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2010

2010 Group	Equity, total RM'000	Equity attributable to owners of the parent				Other reserves, total RM'000	Attributable to owners of the parent						Minority interests RM'000		
		Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000		Capital reserve RM'000	Capital redemption adjustment reserve RM'000	Fair value acquisition of minority interests RM'000	Premium paid on acquisition of minority interests RM'000	Translation reserve RM'000	Merger reserve RM'000		Revaluation reserve RM'000	
Opening balance at 1 January 2010	387,328	355,753	222,586	5,965	77,454	49,748	34,016	312	-	-	-	-	11,147	4,613	31,575
Total comprehensive income	19,427	13,891	-	-	11,482	2,409	-	-	2,273	-	-	-	-	136	5,536
Transactions with owners															
Liquidation of a subsidiary	(2,163)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,163)
Acquisition of minority interests	(9,631)	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,631)
Premium paid on acquisition of minority interests	(8,248)	(8,248)	-	-	-	(8,248)	-	-	-	(8,248)	-	-	-	-	-
Dividends on ordinary shares	(13,166)	(10,016)	-	-	(10,016)	-	-	-	-	-	-	-	-	-	(3,150)
Total transactions with owners	(33,208)	(18,264)	-	-	(10,016)	(8,248)	-	-	-	(8,248)	-	-	-	-	(14,944)
Closing balance at 31 December 2010	373,547	351,380	222,586	5,965	78,920	43,909	34,016	312	2,273	(8,248)	(204)	11,147	4,613	22,167	
2009 Group															
Opening balance at 1 January 2009	338,444	317,952	222,586	5,965	40,314	49,087	34,016	312	(1,001)	11,147	4,613	20,492			
Total comprehensive income	70,950	47,817	-	-	47,156	661	-	-	661	-	-	23,133			
Transactions with owners															
Dividends on ordinary shares, representing total transaction with owners	(22,066)	(10,016)	-	-	(10,016)	-	-	-	-	-	-	(12,050)			
Closing balance at 31 December 2009	387,328	355,753	222,586	5,965	77,454	49,748	34,016	312	(340)	11,147	4,613	31,575			

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2010

2010 Company	Note	← Non-distributable →			Distributable	← Non-distributable →			
		Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Revaluation reserve RM'000
Opening balance at 1 January 2010		318,167	222,586	5,965	84,691	4,925	312	-	4,613
Effects of adopting FRS 139	2.2	6,550	-	-	6,550	-	-	-	-
		324,717	222,586	5,965	91,241	4,925	312	-	4,613
Total comprehensive income		18,659	-	-	16,386	2,273	-	2,273	-
Transactions with owners									
Dividends on ordinary shares, representing total transaction with owners	13	(10,016)	-	-	(10,016)	-	-	-	-
Closing balance at 31 December 2010		333,360	222,586	5,965	97,611	7,198	312	2,273	4,613

2009 Company	Note	← Non-distributable →			Distributable	← Non-distributable →			
		Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Revaluation reserve RM'000
Opening balance at 1 January 2009		297,824	222,586	5,965	64,348	4,925	312	-	4,613
Total comprehensive income		30,359	-	-	30,359	-	-	-	-
Transactions with owners									
Dividends on ordinary shares, representing total transaction with owners	13	(10,016)	-	-	(10,016)	-	-	-	-
Closing balance at 31 December 2009		318,167	222,586	5,965	84,691	4,925	312	-	4,613

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Operating activities				
Profit before tax	22,265	80,224	16,386	30,359
<i>Adjustments for:</i>				
Amortisation of intangible assets	380	282	-	-
Amortisation of plantation development expenditure	2,595	2,427	-	-
Bad debts written off	368	894	-	-
Depreciation of property, plant and equipment	20,855	20,302	1,253	1,060
Depreciation of investment properties	368	383	-	-
Interest expense	9,774	7,667	-	65
Loss on fair value changes of derivative liabilities	859	-	-	-
Property, plant and equipment written off	756	953	-	-
Investment properties written off	46	-	-	-
Allowance for impairment on receivables	313	4,075	-	-
Unrealised loss on foreign exchange	44	13	-	-
Write down of inventories	-	313	-	-
Write down of other investments	-	990	-	880
Dividend income	(448)	(347)	(2,948)	(22,390)
(Gain)/loss on disposal of:				
- investment in associates	-	(162)	-	(162)
- investment properties	(1,000)	(31,232)	-	-
- land held for property development	(500)	-	-	-
- property, plant and equipment	(1,625)	(1,935)	(13)	-
- subsidiaries	(150)	5	-	-
Effects of deconsolidation of subsidiaries	363	(23,305)	-	-
Government grant income	-	(4,038)	-	-
Interest income	(3,892)	(3,869)	(2,728)	(3,526)
Reversal of impairment loss on:				
- investment in associates	-	(761)	-	-
- property, plant and equipment	-	(149)	-	-
Reversal of allowance for impairment on:				
- receivables	(82)	(3,990)	-	-
- amount due from subsidiaries	-	-	-	(815)
Recoveries of due from subsidiaries previously provided for	-	-	(21,459)	(19,783)
Unrealised gain on foreign exchange	(282)	(28)	-	-
Share of results of associates	(4,141)	(2,442)	-	-
Operating profit/(loss) before changes in working capital	46,866	46,270	(9,509)	(14,312)
Changes in working capital:				
Inventories	(8,237)	24,179	-	-
Trade and other payables	(81,428)	39,847	(85,579)	(16,825)
Trade and other receivables	81,843	(132,920)	101,941	(11,239)
Cash generated from/(used in) operations	39,044	(22,624)	6,853	(42,376)
Tax paid	(10,419)	(3,356)	-	-
Net cash generated from/(used in) operating activities	28,625	(25,980)	6,853	(42,376)

Statements of Cash Flows

For the Financial Year Ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Investing activities				
Acquisition of plantation development expenditure	(816)	(1,063)	-	-
Acquisition of property, plant and equipment	(35,061)	(28,642)	(7,764)	(1,256)
Acquisition of minority interests	(12,000)	-	(12,000)	-
Additional intangible assets	(2,122)	(1,676)	-	-
Advances to subsidiaries	-	-	(44,611)	-
Capital repayment received	-	9,000	-	9,000
Disposal of a subsidiary, net of cash disposed	779	(1)	-	-
Deconsolidation of subsidiaries, net of cash deconsolidated	(2,784)	(22)	-	-
Dividends received	448	8,347	2,948	22,390
Government grant received	-	4,038	-	-
Interest received	3,892	3,869	2,728	3,526
Proceeds from disposal of associates	-	162	-	162
Proceeds from disposal of investment properties	1,800	56,087	-	-
Proceeds from disposal of property, plant and equipment	2,366	6,543	60	-
Proceeds from disposal of land held for property development	5,000	-	-	-
Redemption of other investments	-	2	-	2
Repayment from subsidiaries	-	-	21,791	-
Subsequent expenditure of land held for development expenditure	(2)	(2)	-	-
Net cash (used in)/generated from investing activities	(38,500)	56,642	(36,848)	33,824
Financing activities				
Deposits pledged with licensed banks	(12,116)	800	829	(6)
Dividends paid	(13,166)	(22,066)	(10,016)	(10,016)
Interest paid	(9,774)	(7,667)	-	(65)
Net drawdown/(repayment) of short term borrowings	13,738	(39,818)	-	-
Payment of finance lease liabilities	(724)	(468)	(208)	(658)
Net drawdown/(repayment) of term loans	4,646	(3,947)	-	-
Net cash used in financing activities	(17,396)	(73,166)	(9,395)	(10,745)
Net decrease in cash and cash equivalents	(27,271)	(42,504)	(39,390)	(19,297)
Effect of exchange rate fluctuations on cash held	99	618	-	-
Cash and cash equivalents at beginning of year	96,216	138,102	60,562	79,859
Cash and cash equivalents at end of year (Note 26)	69,044	96,216	21,172	60,562

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Block D, Kompleks Kelana Centre Point, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries. The subsidiaries are principally engaged in the business of property, engineering and construction, agricultural businesses, information, communications and technology, energy, food and others as stated in Note 43. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 117 Leases
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting ("FRS 114"), specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 40 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in the entire unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The effect of adoption of the amended FRS 117 Leases is disclosed in Note 42.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Unquoted equity instruments**

Prior to 1 January 2010, the Group classified its investments in unquoted equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as available-for-sale financial assets. There was no material impact to the opening balance of retained earnings as at that date. These investments whose fair value cannot be reliably measured, continued to be carried at cost less impairment losses.

- **Quoted equity instruments**

Prior to 1 January 2010, the Group classified its investments in quoted equity instruments as current investments. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as available-for-sale financial assets. There was no material impact to the opening balance of retained earnings as at that date since these investments were carried at market value.

- **Non-hedging derivatives**

Prior to 1 January 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 January 2010 are recognised at their fair values. However, there was no material impact to the opening balance of retained earnings as at that date.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

- Impairment of trade receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and there was no material impact to the opening balance of retained earnings as at that date.

- Financial guarantee contracts**

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010, resulting in a credit adjustment to the opening balance of retained earnings of the Company amounting to RM6,550,000.

- Inter-company loans**

Prior to 1 January 2010, the Company granted long term interest-free or low-interest loans and advances to its subsidiaries. These loans and advances were recorded at cost in the Company's financial statements. Upon adoption of FRS 139, these loans and advances bear interest rate at the market Base Lending Rate ("BLR") and are measured at amortised cost. However, there was no material impact to the opening balance of retained earnings as at 1 January 2010.

The effects arising from the adoption of FRS 139 to the Group and the Company are shown below:

	Increase/(decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000

Statements of financial position

Group

Other investments - available-for-sale financial assets	3,030	-
Derivatives (liabilities)	859	-
Retained earnings	(859)	-
Fair value adjustment reserve, net of tax	2,273	-
Deferred tax liabilities	757	-

Company

Investment in subsidiaries	-	13,865
Other investments - available-for-sale financial assets	3,030	-
Trade and other payables - financial guarantees	4,211	7,315
Retained earnings	3,104	6,550
Fair value adjustment reserve, net of tax	2,273	-
Deferred tax liabilities	757	-

	Increase/(decrease)	
	Group 2010 RM'000	Company 2010 RM'000

Statements of comprehensive income

Fair value loss on derivatives (liabilities)	(859)	-
Net gain on available-for-sale financial assets		
- gain on fair value changes, net of tax	2,273	2,273
Amortisation of financial guarantees	-	3,104

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124 Related Party Disclosures	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Other than the acquisition of a subsidiary accounted for using merger method as disclosed in Note 28(e), acquisitions of other subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in 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 (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Long term leasehold land is initially measured at cost. Following initial recognition, long term leasehold land is measured at cost less accumulated amortisation and accumulated impairment losses. The long term leasehold land is amortised over their lease terms.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress that relates to equipment not yet installed at the intended specific location is also not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory and buildings

- Factory and buildings	2%
- Renovations	10%-20%

Plant and equipments

- Plant, machinery and tools	5% - 20%
- Furniture and fittings	5% - 33%
- Office equipment and computers	20% - 33%
- Project assets	10% - 20%

Motor vehicles

- Motor vehicles	20% - 33%
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Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment (cont'd)

Assets under construction are not depreciated as these assets are not yet available for use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are investments in land and buildings which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2.7.

The freehold land element of an investment property is not depreciated due to the unlimited useful life and the building element is depreciated at an annual rate of depreciation of 2%. Buildings which are situated on leasehold land are also depreciated at annual rate of depreciation of 2%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Fair value, for purpose of disclosure in the financial statements, is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Research and development costs

All research costs are recognised in the profit or loss as incurred. Development expenditures on individual projects to develop new products, including IT related products, are recognised as an intangible asset by capitalising and deferring them, when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

All other product development expenditures which do not meet these criteria are expensed off when incurred.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit not exceeding five years. During the period of development, the asset is tested for impairment annually.

(c) Initial fees

The initial fee is incurred for right granted by the franchisor to operate A&W restaurants. The restaurants' initial franchise fees are stated at cost and are amortised on a straight line basis over 10 to 15 years.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.10 Plantation development expenditure

Plantation development expenditure includes the costs incurred on the land, plantation infrastructure and development and capitalisation of interest expense on loans and advances utilised to finance on-going development. The capitalisation of interest is ceased when the plantation is ready for its intended use.

Plantation expenditure incurred for the land development, planting and trees maintenance is capitalised until maturity in the plantation development accounts. Upon maturity, the expenditure incurred is amortised based on estimated annual yield over 25 years.

2.11 Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.14 Financial assets (cont'd.)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale.

After initial recognition, available-for-sale financial assets are measured at fair value, except for investments in equity instruments whose fair value cannot be reliably measured. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the 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 the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively 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 reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.15 Impairment of financial assets (cont'd.)

(c) Available-for-sale financial assets

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 are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits (excluding deposits pledged with licensed banks as securities for banking facilities), and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.18 Land held for property development and property development costs

(i) Land held for property development

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

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 development activities or that can be allocated on a reasonable basis to such activities.

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

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

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

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

The excess of revenue recognised in the 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.19 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of liquified petroleum gas is based on weighted average method, whilst the cost of other type of inventories is based on first-in, first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress/manufactured inventories/finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. For the cost of contract work-in-progress, it includes costs relating to the information technology and telecommunication equipment for which the assembling/installation/commissioning has yet to be completed.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

2.22 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.23 Financial guarantee contracts

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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.25 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.26 Leases - As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.27 Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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 major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.28 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from services rendered is recognised on accrual basis over the period of the service rendered.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.17.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Management fees

Management fees are recognised when services are rendered.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.28 Revenue (con'td.)

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(g) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.29 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(c) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (cont'd.)

2.31 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Deferred taxes (Note 24)

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

(b) Impairment of investments in subsidiaries (Note 18) and associates (Note 19)

The Company assesses whether there is any indication that investments in subsidiaries and associates may be impaired at each reporting date. If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets and the assets' estimated recoverable amount.

The Group and the Company determine whether investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals. Depending on their nature and the industries in which the investments relate to, judgments are made by management to select suitable methods of valuation such as the discounted cash flow method.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(c) Construction contracts (Note 23)

The Group recognises construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date over the total construction contract costs.

Significant judgment is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction project. In making the judgment, the Group evaluates based on past experience, external economic factor and by relying on the work of specialists.

The construction contracts revenue and expenses recognised in the profit or loss are disclosed in Note 4 and Note 5, respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes (Note 10)

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected 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 recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of goodwill (Note 21)

The Group determines whether goodwill is impaired at least once annually. This requires an estimation of the value-in-use of the cash generating unit ("CGU") to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

3. Significant accounting judgments and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Impairment of loans and receivables (Note 22)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

4. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Contract revenue	193,814	298,329	-	-
Sale of goods	569,951	542,747	-	-
Services	31,995	26,182	-	-
Management fee	-	-	-	150
Dividend income from:				
- subsidiaries	-	-	2,500	14,043
- associate	-	-	-	8,000
- others	448	347	448	347
	796,208	867,605	2,948	22,540

5. Cost of sales

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Contract costs	171,740	247,901	-	-
Cost of inventories sold	503,389	493,644	-	-
Cost of services rendered	11,443	15,696	-	-
	686,572	757,241	-	-

6. Finance costs

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on:				
- Bank borrowings	8,879	7,211	-	-
- Obligations under finance leases	141	137	-	65
Others	754	319	-	-
	9,774	7,667	-	65

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amortisation of:				
- intangible assets	380	282	-	-
- plantation development expenditure	2,595	2,427	-	-
Auditors' remuneration:				
Statutory audits				
- to holding company's auditors and other member firms of Ernst & Young Global	480	462	93	73
- to other firms of auditors	30	27	-	-
Other services				
- to holding company's auditors	120	13	-	-
Bad debts written off	368	894	-	-
Depreciation of:				
- investment properties	368	383	-	-
- property, plant and equipment	20,855	20,302	1,253	1,060
Employee benefits expense (Note 8)	43,101	41,691	7,620	7,700
Non-executive directors' remuneration (Note 9)	883	1,201	797	1,055
Loss on fair value changes of derivative liabilities	859	-	-	-
Allowance for impairment on receivables	220	4,075	-	-
Property, plant and equipment written off	756	953	-	-
Investment properties written off	46	-	-	-
Rental expense on:				
- land and buildings	640	524	864	868
- premises	10,347	7,954	-	-
- office equipment	811	1,050	-	-
Unrealised loss on foreign exchange	44	13	-	-
Realised loss on foreign exchange	73	183	-	-
Write down of inventories	-	313	-	-
Write down of other investments	-	990	-	880
(Gain)/loss on disposal of:				
- investments in associates	-	(162)	-	(162)
- property, plant and equipment	(1,625)	(312)	(13)	-
- subsidiaries	(150)	5	-	-
Government grant	-	(4,038)	-	-
Interest income	(3,892)	(3,869)	(2,728)	(3,526)
Amortisation of financial guarantees	-	-	(3,104)	-
Rental income	(1,785)	(1,529)	(626)	(480)
Realised gain on foreign exchange	(2,112)	(1,075)	-	-
Unrealised gain on foreign exchange	(282)	(28)	-	-
Reversal of allowance for impairment on:				
- receivables	(82)	(3,990)	-	-
- due from subsidiaries	-	-	-	(815)
Recoveries of due from subsidiaries previously provided for	-	-	(21,459)	(19,783)
Reversal of impairment loss on:				
- investments in associates	-	(761)	-	-
- property, plant and equipment	-	(149)	-	-

The above profit or loss items exclude the items relating to the disposal group and other non-current assets held for sale, which have been disclosed separately in Note 11.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

8. Employee benefits expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	33,003	29,403	4,982	5,579
Social security contributions	327	376	37	37
Contributions to defined contribution plan	2,579	3,548	777	854
Other benefits	7,192	8,364	1,824	1,230
	43,101	41,691	7,620	7,700

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,610,000 (2009: RM3,095,000) and RM1,305,000 (2009: RM1,045,000) respectively.

9. Directors' remuneration

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors' remuneration (Note 8):	2,610	3,095	1,305	1,045
Non-executive directors' remuneration (Note 7):				
Fees	372	233	372	233
Ex-gratia (i)	-	500	-	500
Other emoluments	511	468	425	322
	883	1,201	797	1,055
Total directors' remuneration (Note 36(b))	3,493	4,296	2,102	2,100
Estimated money value of benefits-in-kind	166	90	130	24
Total directors' remuneration including benefits-in-kind	3,659	4,386	2,232	2,124

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive director:				
Salaries and other emoluments	1,315	1,055	1,305	1,045
Estimated money value of benefits-in-kind	64	16	64	16
	1,379	1,071	1,369	1,061
Non-executive directors:				
Fees	372	233	372	233
Ex-gratia (i)	-	500	-	500
Other emoluments	456	342	425	322
Estimated money value of benefits-in-kind	66	8	66	8
	894	1,083	863	1,063
	2,273	2,154	2,232	2,124

(i) The ex-gratia is in respect of the retirement of the previous chairman of the Board during the previous financial year.

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2010	2009
Executive director:		
RM1,050,001 - RM1,100,000	-	1
RM1,350,001 - RM1,400,000	1	-
Non-executive directors:		
Below RM50,000	-	6
RM50,001 - RM100,000	6	-
RM100,001 - RM150,000	1	1
RM250,001 - RM300,000	1	-
RM700,001 - RM750,000	-	1

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian income tax:				
- Current year	6,920	12,943	-	-
- (Over)/under provision in prior years	(5,924)	40	-	-
Foreign income tax:				
- Current year	284	294	-	-
	1,280	13,277	-	-
Deferred income tax:				
- Origination and reversal of temporary differences	(1,374)	(3,480)	-	-
- Effect of changes in tax rates	-	(5)	-	-
- Underprovision in prior years	5,341	141	-	-
	3,967	(3,344)	-	-
Income tax expense recognised in profit or loss	5,247	9,933	-	-

Reconciliation between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	22,265	80,224	16,386	30,359
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	5,566	20,056	4,097	7,590
Income not subject to tax	(987)	(8,179)	(6,389)	(6,813)
Effect of changes in tax rates	-	94	-	-
Foreign income tax	122	98	-	-
Effect of expenses not deductible for tax purposes	2,354	3,638	1,344	1,420
Deferred tax assets not recognised during the year	1,562	654	948	150
Effect of utilisation of previously unrecognised tax losses and capital allowances	(2,787)	(6,609)	-	(2,347)
(Over)/under provision of tax expense in prior years	(5,924)	40	-	-
Underprovision of deferred tax in prior years	5,341	141	-	-
Tax expense for the year	5,247	9,933	-	-

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

Taxation of other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Tax savings during the financial year arising from utilisation of:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax losses brought forward	1,229	5,833	-	1,949

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

11. Disposal group and other non-current assets classified as held for sale

As at 31 December 2009, the disposal group and other non-current assets classified held for sale of the Group includes:

- (i) an agricultural land in Mukim of Bruas, Perak held by the Company;
- (ii) land and building at Wisma Pernida in Bandar Gerik, Daerah Hulu Perak, Perak held by Peraharta Sdn. Bhd.; and
- (iii) an agricultural land in Mukim Tawar, Baling, Kedah held by KUB Development Berhad.

During the financial year, the proposed disposals of items (ii) and (iii) were completed and the Group recognised approximately RM1.5 million gain on the said disposals.

The other non-current assets classified as held for sale of the Group as at 31 December 2010 include:

- (i) assets and liabilities of Cocoa Valley Sdn. Bhd. following the disposal of 70% equity interest by Bina Alam Bersatu Sdn. Bhd. as disclosed in Note 41(e); and
- (ii) two leasehold apartments located at Taman Batu Permai held by Bina Alam Bersatu Sdn. Bhd., with carrying value amounting to RM76,000.

At 31 December 2010, the assets and liabilities of the disposal group and non-current assets held for sale are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets				
Property, plant and equipment	1,412	1,298	1,298	1,298
Land held for property development	-	4,500	-	-
Investment properties	-	800	-	-
	1,412	6,598	1,298	1,298
Liabilities				
Other payables	3	-	-	-
	3	-	-	-

The following amounts have been included in arriving at profit before tax from disposal group classified as held for sale:

	Group	
	2010 RM'000	2009 RM'000
Audit fee	7	7
Gain on disposal of:		
- land held for property development	(500)	-
- investment properties	(1,000)	(31,232)
- property, plant and equipment	-	(1,623)

12. Earnings per ordinary share

Basic and diluted earnings per ordinary share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2010	2009
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	11,482	47,156
Weighted average number of ordinary shares for basic and diluted earnings per share computation (in '000)	556,465	556,465
	2010 Sen	2009 Sen
Basic and diluted earnings per share	2.06	8.47

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

13. Dividends

	2010 RM'000	2009 RM'000
First and final dividend for 2009 of 2.4 sen less 25% taxation on 556,464,690 ordinary shares (1.8 sen net per ordinary share)	10,016	-
First and final dividend for 2008 of 2.4 sen less 25% taxation on 556,464,690 ordinary shares (1.8 sen net per ordinary share)	-	10,016

The directors have recommended a first and final gross dividend in respect of the financial year ended 31 December 2010 of 2.4 sen less 25% taxation on 556,464,690 ordinary shares for approval by the shareholders at the forthcoming Annual General Meeting. The financial statements of the current year do not reflect this proposed dividend. If approved, the dividend, amounting to a dividend payable of RM10,016,364 (1.8 sen net per ordinary share), will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

14. Property, plant and equipment

Group	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000																								
At 31 December 2010																															
At cost																															
At 1 January 2010																															
As previously reported	10,229	82,038	-	219,771	10,147	-	322,185																								
Effects of adopting the amendments to FRS 117	-	-	35,695	-	-	-	35,695																								
As restated	10,229	82,038	35,695	219,771	10,147	-	357,880																								
Additions	-	8,574	-	18,778	921	6,788	35,061																								
Disposal of a subsidiary	(545)	(997)	-	-	-	-	(1,542)																								
Disposals	-	(25)	(986)	(8,575)	(1,125)	-	(10,711)																								
Written off	-	(1,340)	(555)	(262)	(8)	-	(2,165)																								
Transfer to assets held for sale	-	-	(268)	-	-	-	(268)																								
Reclassification	2,600	(1,081)	-	(1,519)	-	-	-																								
Exchange differences	-	(25)	(23)	(43)	-	-	(91)																								
At 31 December 2010	12,284	87,144	33,863	228,150	9,935	6,788	378,164																								
Accumulated depreciation and impairment losses																															
At 1 January 2010																															
As previously reported	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 10%;">Accumulated depreciation</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%; text-align: right;">21,635</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%; text-align: right;">158,660</td> <td style="width: 10%; text-align: right;">6,271</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%; text-align: right;">186,566</td> </tr> <tr> <td>Accumulated impairment losses</td> <td style="text-align: right;">527</td> <td style="text-align: right;">1,345</td> <td style="text-align: right;">-</td> <td style="text-align: right;">396</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2,268</td> </tr> <tr> <td></td> <td style="text-align: right;">527</td> <td style="text-align: right;">22,980</td> <td style="text-align: right;">-</td> <td style="text-align: right;">159,056</td> <td style="text-align: right;">6,271</td> <td style="text-align: right;">-</td> <td style="text-align: right;">188,834</td> </tr> </tbody> </table>							Accumulated depreciation	-	21,635	-	158,660	6,271	-	186,566	Accumulated impairment losses	527	1,345	-	396	-	-	2,268		527	22,980	-	159,056	6,271	-	188,834
Accumulated depreciation	-	21,635	-	158,660	6,271	-	186,566																								
Accumulated impairment losses	527	1,345	-	396	-	-	2,268																								
	527	22,980	-	159,056	6,271	-	188,834																								
Effects of adopting the amendments to FRS 117	-	-	12,842	-	-	-	12,842																								
As restated	527	22,980	12,842	159,056	6,271	-	201,676																								
Depreciation charge for the year	-	5,375	929	13,204	1,347	-	20,855																								
Disposal of a subsidiary	(250)	(642)	-	-	-	-	(892)																								
Disposals	-	(1)	(602)	(8,385)	(982)	-	(9,970)																								
Written off	-	(1,002)	(200)	(199)	(8)	-	(1,409)																								
Transfer to assets held for sale	-	-	(154)	-	-	-	(154)																								
Reclassification	-	-	-	248	(248)	-	-																								
Exchange differences	-	(12)	(19)	(26)	-	-	(57)																								
At 31 December 2010:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 10%;">Accumulated depreciation</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%; text-align: right;">25,716</td> <td style="width: 10%; text-align: right;">12,778</td> <td style="width: 10%; text-align: right;">163,502</td> <td style="width: 10%; text-align: right;">6,380</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%; text-align: right;">208,376</td> </tr> <tr> <td>Accumulated impairment losses</td> <td style="text-align: right;">277</td> <td style="text-align: right;">982</td> <td style="text-align: right;">18</td> <td style="text-align: right;">396</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1,673</td> </tr> <tr> <td></td> <td style="text-align: right;">277</td> <td style="text-align: right;">26,698</td> <td style="text-align: right;">12,796</td> <td style="text-align: right;">163,898</td> <td style="text-align: right;">6,380</td> <td style="text-align: right;">-</td> <td style="text-align: right;">210,049</td> </tr> </tbody> </table>							Accumulated depreciation	-	25,716	12,778	163,502	6,380	-	208,376	Accumulated impairment losses	277	982	18	396	-	-	1,673		277	26,698	12,796	163,898	6,380	-	210,049
Accumulated depreciation	-	25,716	12,778	163,502	6,380	-	208,376																								
Accumulated impairment losses	277	982	18	396	-	-	1,673																								
	277	26,698	12,796	163,898	6,380	-	210,049																								
Net carrying amount	12,007	60,446	21,067	64,252	3,555	6,788	168,115																								

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

14. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Factory and buildings RM'000	Leasehold land RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2009						
At cost						
At 1 January 2009						
As previously reported	9,756	65,187	-	193,012	8,303	276,258
Effects of adopting the amendments to FRS 117	-	-	35,608	-	-	35,608
As restated	9,756	65,187	35,608	193,012	8,303	311,866
Additions	-	11,354	499	14,342	2,447	28,642
Disposal of a subsidiary	-	-	-	(7)	-	(7)
Disposals	-	-	-	(730)	(901)	(1,631)
Written off	-	(2,014)	(503)	(2,827)	(12)	(5,356)
Transfer from assets held for sale	-	6,611	-	17,181	308	24,100
Reclassification	473	840	-	(1,313)	-	-
Exchange differences	-	60	91	113	2	266
At 31 December 2009	10,229	82,038	35,695	219,771	10,147	357,880
Accumulated depreciation and impairment losses						
At 1 January 2009						
As previously reported						
Accumulated depreciation	-	16,592	-	129,350	5,533	151,475
Accumulated impairment losses	527	1,345	-	397	-	2,269
Effects of adopting the amendments to FRS 117	-	17,937	-	129,747	5,533	153,744
As restated	527	17,937	12,329	129,747	5,533	166,073
Depreciation charge for the year	-	2,082	1,090	15,795	1,335	20,302
Reversal of impairment	-	-	(149)	-	-	(149)
Disposal of a subsidiary	-	-	-	(1)	-	(1)
Disposals	-	-	-	(675)	(901)	(1,576)
Written off	-	(1,635)	(503)	(2,259)	(6)	(4,403)
Transfer from assets held for sale	-	4,550	-	16,347	308	21,205
Exchange differences	-	46	75	102	2	225
At 31 December 2009 (restated):						
Accumulated depreciation	-	21,635	12,817	158,660	6,271	199,383
Accumulated impairment losses	527	1,345	25	396	-	2,293
	527	22,980	12,842	159,056	6,271	201,676
Net carrying amount	9,702	59,058	22,853	60,715	3,876	156,204

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For the Financial Year Ended 31 December 2010

14. Property, plant and equipment (cont'd.)

Company	Leasehold land RM'000	Office renovation and equipment RM'000	Motor vehicles RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2010					
At cost					
At 1 January 2010					
As previously reported	-	4,080	590	-	4,670
Effects of adopting the amendments to FRS 117	5,592	-	-	-	5,592
As restated	5,592	4,080	590	-	10,262
Additions	-	499	477	6,788	7,764
Disposals	-	-	(75)	-	(75)
Adjustment	-	958	96	-	1,054
At 31 December 2010	5,592	5,537	1,088	6,788	19,005
Accumulated depreciation and impairment losses					
At 1 January 2010					
As previously reported	-	2,133	291	-	2,424
Effects of adopting the amendments to FRS 117	1,392	-	-	-	1,392
As restated	1,392	2,133	291	-	3,816
Depreciation charge for the year	324	800	129	-	1,253
Disposals	-	-	(28)	-	(28)
Adjustment	-	1,054	-	-	1,054
At 31 December 2010					
Accumulated depreciation	1,450	3,987	392	-	5,829
Accumulated impairment losses	266	-	-	-	266
	1,716	3,987	392	-	6,095
Net carrying amount	3,876	1,550	696	6,788	12,910
At 31 December 2009					
At cost					
At 1 January 2009					
As previously reported	-	3,074	340	-	3,414
Effects of adopting the amendments to FRS 117	5,592	-	-	-	5,592
As restated	5,592	3,074	340	-	9,006
Additions	-	1,006	250	-	1,256
At 31 December 2009 (restated)	5,592	4,080	590	-	10,262
Accumulated depreciation and impairment losses					
At 1 January 2009					
As previously reported	-	1,476	212	-	1,688
Effects of adopting the amendments to FRS 117	1,068	-	-	-	1,068
As restated	1,068	1,476	212	-	2,756
Depreciation charge for the year	324	657	79	-	1,060
At 31 December 2009 (restated):					
Accumulated depreciation	1,126	2,133	291	-	3,550
Accumulated impairment losses	266	-	-	-	266
	1,392	2,133	291	-	3,816
Net carrying amount	4,200	1,947	299	-	6,446

Assets under construction

The Company's assets under construction relates to expenditure for a freehold commercial land and building acquired during the year and still in the course of construction.

Assets pledged as security

At 31 December 2010, freehold land, factory and buildings of the Group with net carrying amount of RM44,331,000 (2009: RM47,510,000) are pledged to banks as securities for borrowings as disclosed in Note 30.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

15. Land held for property development

	Group	
	2010 RM'000	2009 RM'000
At cost		
At 1 January	11,816	16,400
Additions	2	2
Transfer to assets held for sale	-	(4,586)
At 31 December	11,818	11,816
Accumulated impairment losses		
At 1 January	7,215	7,301
Transfer to assets held for sale	-	(86)
At 31 December	7,215	7,215
Net carrying amount	4,603	4,601

Land held for property development of the Group with net carrying amount of RM4,388,000 (2009: RM4,388,000) is pledged as security for borrowings as disclosed in Note 30.

16. Plantation development expenditure

	Group	
	2010 RM'000	2009 RM'000
At cost		
At 1 January	54,116	53,053
Additions	816	1,063
At 31 December	54,932	54,116
Accumulated amortisation		
At 1 January	15,941	13,514
Amortisation for the year	2,595	2,427
At 31 December	18,536	15,941
Net carrying amount	36,396	38,175

17. Investment properties

Group	Freehold land and buildings RM'000	Leasehold building RM'000	Total RM'000
At 31 December 2010			
Cost			
At 1 January 2010	17,711	2,088	19,799
Written off	(46)	-	(46)
Adjustment	555	-	555
At 31 December 2010	18,220	2,088	20,308
Accumulated depreciation and impairment losses			
At 1 January 2010			
Accumulated depreciation	7,487	247	7,734
Accumulated impairment losses	211	-	211
	7,698	247	7,945
Depreciation for the year	347	21	368
Adjustment	190	-	190
At 31 December 2010			
Accumulated depreciation	8,024	268	8,292
Accumulated impairment losses	211	-	211
	8,235	268	8,503
Net carrying amount	9,985	1,820	11,805
Fair value	18,850	2,800	21,650

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

17. Investment properties (cont'd.)

Group	Freehold land and buildings RM'000	Leasehold building RM'000	Total RM'000
At 31 December 2009			
Cost			
At 1 January 2009	19,565	2,088	21,653
Transfer to assets held for sale	(1,356)	-	(1,356)
Adjustment	(498)	-	(498)
At 31 December 2009	17,711	2,088	19,799
Accumulated depreciation and impairment losses			
At 1 January 2009			
Accumulated depreciation	7,837	226	8,063
Accumulated impairment losses	211	-	211
Depreciation for the year	8,048	226	8,274
Transfer to assets held for sale	362	21	383
Adjustment	(556)	-	(556)
Adjustment	(156)	-	(156)
At 31 December 2009	7,487	247	7,734
Accumulated depreciation	211	-	211
Accumulated impairment losses	7,698	247	7,945
Net carrying amount	10,013	1,841	11,854
Fair value	18,850	2,800	21,650

Included in the freehold land and buildings are:

	2010 RM'000	2009 RM'000
Freehold land	348	394
Buildings	9,637	9,619
	9,985	10,013

Investment properties comprise a number of commercial properties leased to third parties.

Leasehold building of the Group with net carrying amount of RM1,820,000 (2009: RM1,841,000) is pledged as security for borrowings as disclosed in Note 30.

18. Investments in subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	284,150	258,071
Less: Accumulated impairment losses	(46,600)	(46,600)
	237,550	211,471
Advances to subsidiaries (c)	326,658	-
Less: Accumulated impairment losses	(301,559)	-
	25,099	-
Provision for financial guarantees	13,865	-
	276,514	211,471

A list of the subsidiaries is shown in Note 43.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

18. Investments in subsidiaries (cont'd.)

(a) Transactions during the year

(i) Acquisition of minority interests

On 9 February 2010, the Company entered into Settlement Agreement with Nuriza binti Ahmad Zahran and Syadida binti Ahmad Zahran ("Vendors"), Ahmad Zahran bin Ibrahim and KUB Builders Sdn. Bhd. ("KUB Builders") to inter-alia acquire 720,000 ordinary shares, representing the remaining 40% equity interests in KUB Builders for a total cash consideration of RM12,000,000. As a result, KUB Builders became a wholly-owned subsidiary of the Company.

The amount reflected in equity as premium paid on acquisition of minority interests was RM8,248,000 being the cash consideration plus the capitalised excess project cost of RM5,879,000 less the book value of the interest acquired in KUB Builders.

(ii) Disposal of a subsidiary

On 30 April 2010, KUB Ekuiti Sdn. Bhd. ("KUB Ekuiti"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with MForce Bike Holdings Sdn. Bhd. ("MForce") to dispose of its 8,000,000 ordinary shares representing 100% equity interest in Maga (M) Textile Sdn. Bhd. ("Maga") to MForce for cash consideration of RM800,000. Hence, Maga ceased to be a subsidiary of KUB Ekuiti and the Company, the ultimate holding company.

The disposal above had the following effects on the financial position of the Group as at the end of the year:

	2010 RM'000
Property, plant and equipment (Note 14)	650
Cash and bank balances	21
Payables	(21)
Fair value of net assets disposed	650
Proceeds from disposal	(800)
Gain on disposal recognised in profit or loss	(150)
Cash inflows arising on disposal:	
Cash consideration	800
Cash and bank balances of subsidiary disposed	(21)
Net cash inflows on disposal of the Group	779

(iii) Deconsolidation of subsidiaries

(1) On 26 August 2010, Lembayung Sukma Sdn. Bhd., a dormant subsidiary of the Company, underwent a Members' Voluntary Winding-Up pursuant to Section 254 (1)(b) of the Companies Act, 1965.

(2) On 23 November 2010, the Company announced Limpahan Laksana Sdn. Bhd., a dormant subsidiary of the Company, had been struck off from the register of Companies Commission of Malaysia pursuant to Section 308 (4) of the Companies Act, 1965.

The deconsolidation above had the following effects on the financial position of the Group as at the end of the year:

	2010 RM'000
Cash and bank balances	2,784
Payables	(258)
Fair value of net assets deconsolidated	2,526
Minority interests	(2,163)
Proceeds from deconsolidation	-
Loss on deconsolidation recognised in profit or loss	363
Cash outflows arising on deconsolidation:	
Cash consideration	-
Cash and bank balances of subsidiary deconsolidated	(2,784)
Net cash outflows on deconsolidation of the Group	(2,784)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

18. Investments in subsidiaries (cont'd.)

(b) Transactions during the previous year

(i) Deconsolidation of subsidiaries

- (1) On 8 April 2009, A&W Distribution Co. Ltd., a company incorporated in Thailand and a dormant subsidiary of A&W Restaurants (Thailand) Co. Ltd., had been deregistered from the Bangkok Registration Office of Partnerships and Companies, Department of Business Development, Ministry of Commerce, Thailand.
- (2) On 30 April 2009, A&W (Singapore) Pte. Ltd. and Harbour Place Developments Pte. Ltd., both are wholly-owned and dormant subsidiaries of KUB Ekuiti Sdn. Bhd. had been deregistered from the Accounting and Corporate Regulatory Authority (ACRA), Singapore.

The deconsolidation above had the following effects on the financial position of the Group as at the end of the year:

	2009 RM'000
Receivables	340
Cash and bank balances	22
Payables	(20,297)
Group's share of fair value of net liabilities deconsolidated	(19,935)
Transfer from foreign exchange reserve	(3,370)
	(23,305)
Proceeds from deconsolidation	-
Gain on deconsolidation recognised in profit or loss	(23,305)
Cash outflows arising on deconsolidation:	
Cash consideration	-
Cash and bank balances of subsidiaries deconsolidated	(22)
Net cash outflows on deconsolidation of the Group	(22)

(ii) Disposal of a subsidiary

On 30 September 2009, KUB Builders Sdn. Bhd., a 60% subsidiary of the Company, completed the disposal of its entire 70% shareholding in a dormant subsidiary, Binazawa Corporation Sdn. Bhd., to the minority shareholder, Encik Yahya Hamid, for a cash consideration of RM1.00.

The disposal above had the following effects on the financial position of the Group as at the end of the year:

	2009 RM'000
Property, plant and equipment (Note 14)	6
Receivables	9
Cash and bank balances	1
Payables	(9)
Fair value of net assets disposed	7
Minority interests	(2)
Group's share of fair value of net assets disposed	5
Proceeds from disposal	-
Loss on disposal recognised in profit or loss	5
Cash outflows arising on disposal:	
Cash consideration	-
Cash and bank balances of subsidiary disposed	(1)
Net cash outflows on disposal of the Group	(1)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

18. Investments in subsidiaries (cont'd.)

(c) Advances to subsidiaries

In the prior year, advances to subsidiaries were unsecured, interest free and had no fixed term of repayment.

During the year, the terms of these outstanding balances have been changed as follows:

- (i) The subsidiaries shall have the discretion to decide whether to pay any interest as well as the quantum of such interest;
- (ii) The advance has no fixed tenure; and
- (iii) The advance is repayable at the sole discretion of the subsidiaries.

Accordingly, the balances are reclassified to investments in subsidiaries as disclosed in Note 22(b).

19. Investments in associates

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	29,748	29,748	27,822	27,822
Share of post-acquisition reserves	7,236	3,095	-	-
	36,984	32,843	27,822	27,822
Less: Accumulated impairment losses	(22,247)	(22,247)	(18,822)	(18,822)
	14,737	10,596	9,000	9,000

A list of the associates is shown in Note 44.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010 RM'000	2009 RM'000
Gross assets and liabilities		
Current assets	58,143	47,099
Non-current assets	20,795	15,542
Total assets	78,938	62,641
Current liabilities	6,758	3,774
Non-current liabilities	49,103	38,096
Total liabilities	55,861	41,870
Gross results		
Revenue	30,008	18,964
Profit for the year	8,233	6,105

20. Other investments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Available-for-sale financial assets				
Non-current				
At cost:				
Unquoted shares	628	628	151	151
Less: Accumulated impairment losses	(477)	(477)	-	-
	151	151	151	151
Current				
At market value:				
Quoted shares in Malaysia	5,036	2,006	5,036	2,006
Total other investments	5,187	2,157	5,187	2,157

As at 1 January 2010, available-for-sale financial assets are stated at fair value, except for unquoted shares which are continued to be carried at cost less impairment losses.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

21. Intangible assets

Group	Goodwill RM'000	Initial fees RM'000	Development costs RM'000	Total RM'000
At 31 December 2010				
Cost				
At 1 January 2010	103,653	3,055	310	107,018
Additions	-	2,102	20	2,122
Written off	-	(79)	-	(79)
Exchange difference	-	(7)	-	(7)
At 31 December 2010	103,653	5,071	330	109,054
Accumulated amortisation and impairment losses				
At 1 January 2010:				
Accumulated amortisation	-	1,707	-	1,707
Accumulated impairment losses	86,326	-	-	86,326
	86,326	1,707	-	88,033
Amortisation for the year	-	333	47	380
Written off	-	(79)	-	(79)
Adjustment	-	(644)	-	(644)
Exchange difference	-	(4)	-	(4)
At 31 December 2010:				
Accumulated amortisation	-	1,313	47	1,360
Accumulated impairment losses	86,326	-	-	86,326
	86,326	1,313	47	87,686
Net carrying amount	17,327	3,758	283	21,368
At 31 December 2009				
Cost				
At 1 January 2009	103,653	1,677	-	105,330
Additions	-	1,366	310	1,676
Exchange difference	-	12	-	12
At 31 December 2009	103,653	3,055	310	107,018
Accumulated amortisation and impairment losses				
At 1 January 2010:				
Accumulated amortisation	-	1,415	-	1,415
Accumulated impairment losses	86,326	-	-	86,326
	86,326	1,415	-	87,741
Amortisation for the year	-	282	-	282
Exchange difference	-	10	-	10
At 31 December 2010:				
Accumulated amortisation	-	1,707	-	1,707
Accumulated impairment losses	86,326	-	-	86,326
	86,326	1,707	-	88,033
Net carrying amount	17,327	1,348	310	18,985

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

21. Intangible assets (cont'd.)

(a) Goodwill

(i) Allocation of goodwill

The carrying amount of goodwill at 31 December 2010 is in respect of the acquisition of subsidiaries, Empirical Systems (M) Sdn. Bhd. and KUB Builders Sdn. Bhd. by the Company in 2008.

(ii) Key assumptions used in value-in-use calculations

The recoverable amount of the cash generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Board covering a three-year period. The following describes each key assumption on which the management has based its cash flow projections for the purpose of impairment testing of goodwill:

(1) Revenue and profit assumptions

Revenue and profit for the financial year ending 2011 is predominantly based on the expected revenue and profit from existing contracts and contracts expected to be secured in 2011. The weighted average growth rate used is consistent with the long term average growth rate for the industry where the cash generating unit is in.

(2) Discount rate

The discount rate used for the information, communications and technology segment is 16% (2009: 16%) and for property, engineering and construction segment is 12% (2009: 12%). These rates are pre-tax and reflect specific risks relating to the respective industry.

(3) Sensitivity to changes in assumptions

There are no reasonable possible changes in key assumptions which could cause the carrying value of the cash generating units to exceed their recoverable amounts except for KUB Builders Sdn. Bhd., whereby the recoverable amount will be realised through certain contracts which are pending formalisation.

(b) Initial fees

The restaurant's initial franchise fees incurred are charged by the franchise holder for new outlets opened during the year.

(c) Development costs

The development costs relate to a product, known as PROBIT, which was being internally developed by a subsidiary since the previous financial year.

22. Trade and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Due from subsidiaries (b)	-	-	23,254	402,711
Less: Allowance for impairment loss	-	-	-	(339,317)
	-	-	23,254	63,394
Current				
Trade				
Due from customers on contract (Note 23)	40,013	52,804	-	-
Trade receivables (a)	111,888	175,152	-	-
Less: Allowance for impairment loss	(15,197)	(15,427)	-	-
	136,704	212,529	-	-
Non-trade				
Due from associates (c)	462	431	-	-
Other receivables	17,566	35,182	2,352	4,708
Government subsidy receivable	35,821	30,733	-	-
Deposits and prepayments	17,165	20,332	6,124	9,967
Less: Allowance for impairment loss	(3,715)	(5,948)	(96)	(96)
	67,299	80,730	8,380	14,579
	204,003	293,259	8,380	14,579

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

22. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2009: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The trade receivables are non-interest bearing.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2010 RM'000	2009 RM'000
Neither past due nor impaired	51,778	118,208
Past due but not impaired	44,913	41,517
	96,691	159,725
Impaired	15,197	15,427
	111,888	175,152

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.

Receivables that are past due but not impaired

Included in this balance is the amount due from Government of Malaysia and Government Linked Corporations amounting to RM42,318,000 (2009: RM38,145,000) which are recoverable based on the creditworthiness of these debtors.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2010 RM'000	2009 RM'000
Group		
Trade receivables - nominal amounts	15,197	15,427
Less: Allowance for impairment	(15,197)	(15,427)
	-	-

Movement in allowance accounts:

	Group	
	2010 RM'000	2009 RM'000
At 1 January	15,427	16,236
Charge for the year (Note 7)	220	4,075
Written off during the year (Note 7)	(368)	(894)
Written back during the year (Note 7)	(82)	(3,990)
At 31 December	15,197	15,427

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

(b) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, bears interest at the market Base Lending Rate ("BLR") of 5.6% to 6.3% (2009: 4.5% to 5.3%) per annum and not expected to be repaid within the next twelve months.

During the year, advances to subsidiaries with a carrying amount of RM25,099,000 have been classified as part the Company's investments in subsidiaries as disclosed in Note 18(c).

(c) Amount due from associates

The amount due from associates is non-trade, unsecured, non-interest bearing and repayable on demand.

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For the Financial Year Ended 31 December 2010

23. Due from/(to) customers on contract

	Group	
	2010 RM'000	2009 RM'000
Construction costs incurred to date	933,610	755,735
Attributable profits to date	80,599	77,974
	1,014,209	833,709
Less:		
Provision for foreseeable loss	(580)	(16,615)
Progress billings to date	(973,616)	(767,546)
	40,013	49,548
Analysed as:		
Due from customers on contract (Note 22)	40,013	52,804
Due to customers on contract (Note 31)	-	(3,256)
	40,013	49,548
Retention sum on contracts included within trade receivables	21,238	8,148

Construction contracts revenue and costs are disclosed in Notes 4 and 5 respectively.

24. Deferred tax assets and liabilities

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	2,568	5,912	-	-
Recognised in profit or loss	3,967	(3,344)	-	-
Recognised in other comprehensive income	757	-	757	-
At 31 December	7,292	2,568	757	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,614)	(5,684)	-	-
Deferred tax liabilities	9,906	8,252	757	-
	7,292	2,568	757	-

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	Fair value adjustment reserve RM'000	Total RM'000
At 1 January 2009	8,660	-	8,660
Recognised in profit or loss	(408)	-	(408)
At 31 December 2009	8,252	-	8,252
Recognised in profit or loss	897	-	897
Recognised in other comprehensive income	-	757	757
At 31 December 2010	9,149	757	9,906

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

24. Deferred tax assets and liabilities (cont'd.)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2009	(1)	(2,667)	(80)	(2,748)
Recognised in profit or loss	(1,273)	(937)	(726)	(2,936)
At 1 January 2010	(1,274)	(3,604)	(806)	(5,684)
Recognised in profit or loss	(241)	3,065	246	3,070
At 31 December 2010	(1,515)	(539)	(560)	(2,614)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	145,444	151,272	34,570	31,339
Unabsorbed capital allowances	35,503	34,712	5,196	4,634
Other deductible temporary difference	11,504	11,368	-	-
	192,451	197,352	39,766	35,973

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

25. Inventories

	Group	
	2010 RM'000	2009 RM'000
At cost:		
Raw materials and consumables	7,747	4,924
Contract work-in-progress	18,970	10,065
Finished goods	2,413	6,100
Parts and components	1,179	983
	30,309	22,072
At net realisable value:		
Raw materials and consumables	136	136
	30,445	22,208

26. Cash and bank balances

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	89,814	91,550	460	9,460
Deposits with licensed banks	104,909	144,793	20,712	51,931
	194,723	236,343	21,172	61,391

Included in cash at banks of the Group is an amount of RM24,000 (2009: RM24,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

Included in deposits with licensed banks of the Group and of the Company are amounts of RM59,230,000 and RMNil (2009: RM47,114,000 and RM829,000) respectively, which have been pledged as securities for borrowings as disclosed in Note 30.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

26. Cash and bank balances (cont'd.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	194,723	236,343	21,172	61,391
Deposits pledged with licensed banks	(59,230)	(47,114)	-	(829)
Bank overdrafts (Note 30)	(66,449)	(93,013)	-	-
	69,044	96,216	21,172	60,562

The weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group and the Company's deposits with licensed banks are as follows:

	Group		Company	
	2010	2009	2010	2009
WAEIR (%)	2.6	2.6	2.5	2.5
Average maturities (days)	60	60	30	30

27. Share capital

	Number of ordinary shares		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January/31 December	556,465	556,465	222,586	222,586
Par value (RM) per share	0.40	0.40		

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

28. Reserves

(a) Capital reserve

The capital reserve arose from the capitalisation of bonus shares issued by certain subsidiaries.

(b) Capital redemption reserve

The capital redemption reserve arose from the redemption of the Redeemable Convertible Preference Shares by the Company in prior years.

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Translation reserve

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

(e) Merger reserve

Merger reserve amounting to approximately RM11,147,000 which arose from the acquisition of KUB Ekuiti Sdn. Bhd. in 1997.

(f) Revaluation reserve

Revaluation reserve amounting to RM4,613,000 which arose from the revaluation of the Company's land which was performed prior to 1 January 2006.

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For the Financial Year Ended 31 December 2010

29. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 of the Income Tax Act, 1967 ("Section 108") balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to approximately RM26,700,000 (2009: RM40,057,000). If the balance of the retained profits of RM70,911,000 (2009: RM44,634,000) were to be distributed as dividend, the Company may distribute such dividends under the single tier system.

As at 31 December 2010, the Company has tax exempt account amounting to RM15,524,000 (2009: RM15,279,000).

30. Borrowings

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Long term borrowings				
Secured				
Term loans	21,393	22,894	-	-
Finance lease liabilities (a)	697	1,010	-	-
	22,090	23,904	-	-
Short term borrowings				
Secured				
Term loans	10,564	4,417	-	-
Revolving credit	-	5,343	-	-
Bankers' acceptances	3,500	-	-	-
Letter of credit	31,473	17,905	-	-
Trust receipts	5,094	3,081	-	-
Finance lease liabilities (a)	334	745	-	208
Bank overdrafts	66,449	93,013	-	-
	117,414	124,504	-	208
Total borrowings				
Term loans	31,957	27,311	-	-
Revolving credit	-	5,343	-	-
Bankers' acceptances	3,500	-	-	-
Letter of credit	31,473	17,905	-	-
Trust receipts	5,094	3,081	-	-
Finance lease liabilities (a)	1,031	1,755	-	208
Bank overdrafts	66,449	93,013	-	-
	139,504	148,408	-	208
Maturity of borrowings is as follows:				
Within 1 year	117,414	124,504	-	208
More than 1 year and less than 2 years	6,255	5,633	-	-
More than 2 years and less than 5 years	14,127	12,499	-	-
More than 5 years	1,708	5,772	-	-
	139,504	148,408	-	208

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

30. Borrowings (cont'd.)

The weighted average effective interest rates ("WAEIR") (% per annum) of the borrowings at the reporting date are as follows:

	Group		Company	
	2010 WAEIR %	2009 WAEIR %	2010 WAEIR %	2009 WAEIR %
Term loans	7.00 - 8.10	7.00 - 7.52	-	-
Revolving credit	-	7.00 - 7.50	-	-
Bankers' acceptance	3.50	-	-	-
Trust receipts	7.05 - 7.75	7.50	-	-
Finance lease liabilities	2.50 - 9.87	2.50 - 9.87	-	3.5 - 9.87
Bank overdrafts	1.50 - 8.25	1.50 - 8.25	-	-

The secured term loans, bank overdrafts, bankers' acceptances, trust receipts and revolving credits of the Group are secured by way of fixed and floating charges over certain assets of the Group as disclosed in Note 14, Note 15, Note 17 and Note 26.

(a) Finance lease liabilities

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum lease payables				
Not later than 1 year	366	790	-	241
Later than 1 year and not later than 2 years	471	551	-	-
Later than 2 years and not later than 5 years	276	567	-	-
Later than 5 years	-	20	-	-
Total future minimum lease payments	1,113	1,928	-	241
Less: Future finance charges	(82)	(173)	-	(33)
	1,031	1,755	-	208
Analysis of present value of finance lease liabilities				
Not later than 1 year	334	745	-	208
Later than 1 year and not later than 2 years	431	522	-	-
Later than 2 years and not later than 5 years	266	468	-	-
Later than 5 years	-	20	-	-
	1,031	1,755	-	208
Less: Due within 12 months	(334)	(745)	-	(208)
Due after 12 months	697	1,010	-	-

The Group has finance leases contracts for various items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalations clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

31. Trade and other payables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Due to subsidiaries (b)	-	-	-	25,538
Current				
Trade:				
Trade payables (a)	85,638	126,159	-	-
Due to customers on contract (Note 23)	-	3,256	-	-
Due to associates (c)	-	1,732	-	-
	85,638	131,147	-	-
Non-trade:				
Refundable deposits	28,380	32,413	-	-
Financial guarantees (d)	-	-	4,211	-
Other payables	56,549	87,128	20,978	25,667
	84,929	119,541	25,189	25,667
	170,567	250,688	25,189	25,667

(a) Trade payables

These amounts are non-interest bearing and normally settled between 60 to 90 days (2009: 60 to 90 days) terms.

(b) Amount due to subsidiaries

This amount is non-interest bearing, unsecured and repayable on demand and shall be settled by cash.

(c) Amount due to associates

This amount is non-interest bearing, unsecured and repayable on demand.

(d) Financial guarantees

This amount relates to corporate guarantees provided by the Company to banks for banking facilities granted to subsidiaries as disclosed in Note 35.

32. Provision for liabilities

The provision for liabilities is provided in respect of litigation exposures of certain subsidiaries in the Group.

33. Derivatives

Group	2010	
	Contract/ notional amount RM'000	Fair value of derivative liabilities RM'000
Current		
Forward currency contracts	18,102	859

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to April 2011.

During the financial year, the Group recognised a loss of RM859,000 arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

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For the Financial Year Ended 31 December 2010

34. Capital commitments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	74,158	22,954	39,574	1,256
Approved but not contracted for:				
Property, plant and equipment	37,209	90,437	5,082	39,715
	111,367	113,391	44,656	40,971
Lease and repurchase commitments				
Less than a year	2,433	2,545	-	-
Between one and five years	8,606	9,056	-	-
More than 5 years	6,434	8,416	-	-
	17,473	20,017	-	-

35. Contingent liabilities

The Company has given financial guarantees amounting to RM608,291,000 (2009: RM616,705,000) to banks for credit facilities granted to its subsidiaries. Upon the adoption of FRS 139, the Company has recognised financial guarantees amounting to RM561,042,000 as liability at fair value of RM13,865,000 as at 1 January 2010. As at 31 December 2010, the carrying amount of the financial guarantees is RM4,211,000 as disclosed in Note 31(d).

36. Related party disclosures

(a) The Company had the following transactions with related parties during the financial year:

	Company	
	2010 RM'000	2009 RM'000
Dividend income from:		
- subsidiaries	2,500	14,043
- associate	-	8,000
Interest income from subsidiaries	1,556	1,695

Related parties refer to:

- (i) subsidiaries and associates of the Company and its subsidiaries;
- (ii) directors and key management personnel having authority and responsibility for planning, directing and controlling activities of the Company and their close family members;
- (iii) enterprises owned by directors of the Group; and
- (iv) enterprises that have a member of key management in common with the Company.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2010 are disclosed in Note 36(c).

(b) Compensation of key management personnel

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors (Note 9):				
- fees	372	233	372	233
- remuneration	3,121	4,063	1,730	1,867
	3,493	4,296	2,102	2,100
Other key management personnel:				
- salaries and wages	2,890	3,383	1,275	1,558
- defined contribution plan	432	454	173	193
- other benefits	-	14	-	-
	6,815	8,147	3,550	3,851

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For the Financial Year Ended 31 December 2010

36. Related party disclosures (cont'd.)

(b) Compensation of key management personnel (cont'd.)

Other key management personnel comprises persons other than directors of the Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

(c) Other significant related party transactions

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	2010		2009	
	Transactions amount for year ended 31 December RM'000	Net balance outstanding at 31 December RM'000	Transactions amount for year ended 31 December RM'000	Net balance outstanding at 31 December RM'000
Group				
Cuscapi Malaysia Sdn. Bhd.				
Rental of point of sales systems	458	-	449	-
Remedial and maintenance services	11	-	129	-
JEKS Engineering Sdn. Bhd.				
Sales of precast products	2,887	3,112	3,964	1,961
JEKS Trading Sdn. Bhd.				
Purchase of raw material	(1,794)	(49)	(1,655)	-
JEKS Engineering Pte. Ltd.				
Sales of precast products	155	7	4,383	1,641
Purchase of raw material	(885)	(45)	-	-
Fujitsu Limited				
Maintenance and support services	900	30	354	30
Fujitsu Telecommunications Asia Sdn. Bhd.				
Purchase of equipment and engineering services	(2,294)	703	(1,703)	864

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

37. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	2010		2009	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial liabilities:					
Borrowings (non-current)					
- Term loans	30	21,393	17,113	22,894	18,406
- Finance lease liabilities	30	697	656	1,010	951

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

37. Fair value of financial instruments (cont'd.)

B. Determination of fair value

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Due from subsidiaries (non-current)	22(b)
Trade and other payables (current)	31

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, 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 reporting date.

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

Derivatives

Forward currency contracts are valued using valuation obtained from counterparties.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

38. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Board of Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for the concentration of credit risk arising from exposures to the Government of Malaysia and Government Linked Corporations amounting to RM40,579,000 and RM50,162,000 (2009: RM98,242,000 and RM41,365,000) representing 30% (2009: 62%) and 37% (2009: 26%) of the Group's total net trade receivables, respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

38. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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

	2010			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Group				
Financial liabilities:				
Trade and other payables	170,567	-	-	170,567
Borrowings	119,845	25,265	3,697	148,807
Total undiscounted financial liabilities	<u>290,412</u>	<u>25,265</u>	<u>3,697</u>	<u>319,374</u>
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*, representing total undiscounted financial liabilities	20,978	-	-	20,978

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The information on the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk is disclosed in the Notes 26 and 30 to the financial statements.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM335,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

38. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk

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

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Thailand Baht. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level.

The Group has entered into forward currency contracts for certain transactions to manage the exposures in foreign currencies as disclosed in Note 33. The Board is of the opinion that the unhedged foreign currencies exposures are minimal and can be efficiently managed.

The amounts of trade payables denominated in foreign currencies as at the reporting date is as follows:

	Group RM'000
Trade payables hedged using forward currency contracts	18,102
Unhedged trade payables	928
	<u>19,030</u>

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, return capital to shareholders, adjust the dividend payment to shareholders or obtain funding through external borrowings. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors its capital using a gearing ratio, which is debt divided by total capital and debt. The Group's total debts include borrowings and trade payables, while the Group's capital is represented by equity attributable to the owners of the parent less fair value adjustment reserve.

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Borrowings - long term	30	22,090	23,904	-	-
Borrowings - short term	30	117,414	124,504	-	208
Trade payables	31	85,638	131,147	-	-
Total debts		<u>225,142</u>	279,555	-	208
Equity attributable to the owners of the parent		373,547	387,328	333,360	318,167
Less: Fair value adjustment reserve		(10,981)	(11,485)	-	-
Total capital		<u>362,566</u>	375,843	333,360	318,167
Capital and total debts		<u>587,708</u>	655,398	333,360	318,375
Gearing ratio - long term		4%	4%	-	-
Gearing ratio - short term		35%	39%	-	-
Gearing ratio - total debts		38%	43%	-	-

40. Segment information

(a) Business segments

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

- I. Information, communications and technology ("ICT")
 - ICT services and their related infrastructures
- II. Energy
 - Bottling and trading of liquefied petroleum gas
- III. Agricultural businesses ("Agro")
 - Oil palm plantation and trading of agriculture fertilizer

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

40. Segment information (cont'd.)

(a) Business segments (cont'd.)

- IV. Food related ("Food")
 - Quick service restaurants and hotelier
- V. Property, engineering and construction ("PEC")
 - Development, construction and management of residential and commercial properties, including engineering and civil works in the power sector
- VI. Others
 - Investment holding and trading of consumer goods

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31 December 2010	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue								
External sales	120,922	346,019	37,285	84,765	201,737	5,480	-	796,208
Inter-segment sales	2,964	-	-	-	-	19,633	(22,597)	-
Total revenue	123,886	346,019	37,285	84,765	201,737	25,113	(22,597)	796,208
Results								
Profit/(loss) from operations	10,956	2,781	15,930	(13,253)	18,215	(51,380)	41,120	24,369
Interest income	398	183	305	-	1,730	1,276	-	3,892
Finance costs	(1,439)	(100)	(827)	(204)	(7,174)	(30)	-	(9,774)
Effects of deconsolidation of subsidiaries	-	-	-	-	(611)	248	-	(363)
Share of profit of associates	-	-	-	-	-	4,141	-	4,141
Income tax expense	(3,279)	(345)	(3,613)	-	2,026	(36)	-	(5,247)
Profit/(loss) for the year	6,636	2,519	11,795	(13,457)	14,186	(45,781)	41,120	17,018
Assets								
Segment assets	116,293	102,678	82,118	63,223	254,055	70,043	-	688,410
Investment in associates	-	-	-	-	-	14,737	-	14,737
Total assets	116,293	102,678	82,118	63,223	254,055	84,780	-	703,147
Liabilities								
Segment liabilities	63,088	60,843	25,886	22,692	131,182	25,909	-	329,600
Other information								
Capital expenditure	170	5,600	940	20,588	364	7,399	-	35,061
Depreciation	818	6,238	992	8,153	3,444	1,578	-	21,223
Amortisation	47	-	2,595	333	-	-	-	2,975

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

40. Segment information (cont'd.)

(a) Business segments (cont'd.)

31 December 2009	ICT RM'000	Energy RM'000	Agro RM'000	Food RM'000	PEC RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue								
External sales	166,908	281,226	29,665	68,666	320,132	1,008	-	867,605
Inter-segment sales	2,780	-	-	-	-	36,799	(39,579)	-
Total revenue	169,688	281,226	29,665	68,666	320,132	37,807	(39,579)	867,605
Results								
Profit/(loss) from operations	12,361	2,252	10,369	(6,891)	56,747	42,545	(59,107)	58,276
Interest income	446	259	273	-	1,004	1,886	-	3,868
Finance costs	(790)	(81)	(1,580)	(253)	(4,867)	(96)	-	(7,667)
Effects of deconsolidation of subsidiaries	-	-	-	-	-	23,305	-	23,305
Share of profit of associates	-	-	-	-	-	2,442	-	2,442
Income tax expense	(3,266)	1,927	(2,558)	-	(6,007)	(29)	-	(9,933)
Profit/(loss) for the year	8,751	4,357	6,504	(7,144)	46,877	70,053	(59,107)	70,291
Assets								
Segment assets	117,547	103,127	83,235	51,808	332,190	114,607	-	802,514
Investment in associates	-	-	-	-	-	10,596	-	10,596
Total assets	117,547	103,127	83,235	51,808	332,190	125,203	-	813,110
Liabilities								
Segment liabilities	59,616	61,435	29,799	23,559	203,546	47,827	-	425,782
Other information								
Capital expenditure	496	41	728	23,011	3,110	1,256	-	28,642
Depreciation	1,155	6,844	911	7,184	3,489	1,102	-	20,685
Amortisation	-	-	2,427	282	-	-	-	2,709

Geographical information

The Group's geographical segments primarily operate in Malaysia except for its food related segment which is also operated in Thailand.

The following table provides an analysis of the Group's revenue by geographical segments:

	Revenue	
	2010 RM'000	2009 RM'000
Malaysia	776,715	851,923
Thailand	19,493	15,682
	796,208	867,605

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

40. Segment information (cont'd.)

Geographical information (cont'd.)

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical segments:

	Segment assets		Capital expenditure	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	688,210	806,282	28,992	23,969
Thailand	14,937	6,828	6,069	4,673
	703,147	813,110	35,061	28,642

Information about major customers

The Group's customers are primarily the Government of Malaysia and Government Linked Corporations.

41. Significant events during the financial year

(a) On 9 February 2010, the Company entered into a Settlement Agreement ("SA") with Nuriza Ahmad Zaharan and Syadida Ahmad Zaharan (collectively referred to as the "Vendors"), Ahmad Zaharan Ibrahim and KUB Builders Sdn. Bhd. ("KUB Builders"), to acquire from the Vendors, the balance of 720,000 ordinary shares of RM1.00 each representing the remaining 40% equity interest in KUB Builders for a total consideration of RM12,000,000. The acquisition was completed on the same date and effectively, KUB Builders became a wholly-owned subsidiary of the Company.

(b) On 5 December 2007, ITTAR Sdn. Bhd. and KUB Hotel and Resort Management Sdn. Bhd., wholly-owned subsidiaries of KUB Ekuiti Sdn. Bhd., together with the Company entered into the Sale of Share Agreement with Eden Inc. Berhad and Eden Industries Sdn. Bhd. ("Eden") to dispose their entire shareholdings in ITTAR-IPP PJ Sdn. Bhd. and KUB Singgahsana (PJ) Sdn. Bhd. for a total cash consideration of RM3.5 million ("Proposed Disposal").

On 19 February 2010, the Proposed Disposal had lapsed since the conditions precedent of the Sale of Share Agreement had yet to be met by Eden.

(c) On 30 April 2010, KUB Ekuiti Sdn. Bhd. ("KUB Ekuiti"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with MForce Bike Holdings Sdn. Bhd. ("MForce") to dispose of its 8,000,000 ordinary shares representing 100% equity interest in Maga (M) Textile Sdn. Bhd. ("Maga") to MForce for cash consideration of RM800,000. Maga ceased to be a subsidiary of KUB Ekuiti and the Company, the ultimate holding company.

(d) On 24 May 2010, the Company entered into 12 sale and purchase agreements with Sime Darby Brunsfield Holding Sdn. Bhd. ("Vendor") and Sime Pilmoor Development Sdn. Bhd. ("Proprietor") in respect of 12 floors of commercial and retail office space with a net floor area of 93,293 square feet known as Phase 3, Block C, Oasis Ara Damansara for a total aggregate purchase price of RM39,096,540.

(e) On 20 September 2010, Bina Alam Bersatu Sdn. Bhd. ("Bina Alam"), a subsidiary of the Company has entered into a Share Sale Agreement ("SSA") with Top Genesis Sdn. Bhd. to dispose its 210,000 ordinary shares representing 70% equity interest in Cocoa Valley Sdn. Bhd. ("Cocoa Valley") to Top Genesis Sdn. Bhd. for cash consideration of RM4,550,000 ("the Disposal"). Upon completion of the SSA, Cocoa Valley ceased to be a subsidiary of Bina Alam and the Company, the ultimate holding company.

The Disposal was completed on 9 February 2011.

(f) On 29 December 2010, KUB Telekomunikasi Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Fujitsu Limited and Marubeni Corporation, both of which incorporated in Japan, for the acquisition of 3,300,000 ordinary shares of RM1.00 each representing 30% of the equity interest in KFT International (Malaysia) Sdn. Bhd. (formerly known as KUB-Fujitsu Telecommunications (Malaysia) Sdn. Bhd.) for a total cash consideration of RM1,500,000 ("Proposed Acquisition").

The Proposed Acquisition was completed on 12 January 2011.

42. Restatement of comparatives

(a) Amendments to FRS 117 Leases - Reclassification of prepaid land lease payments

The entire prepaid land lease payments of the Group and Company have been reclassified to property, plant and equipment as a result of retrospective adoption of Amendments to FRS 117 Leases as disclosed in Note 2.2. The effects on the opening balances on property, plant and equipment and prepaid land lease payments in the prior and current year are disclosed in Note (b) below.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

42. Restatement of comparatives

(b) Restatement of comparatives due to reclassification

Statements of financial position	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Group			
As at 1 January 2009			
Property, plant and equipment	122,514	23,279	145,793
Prepaid land lease payments	23,279	(23,279)	-
Tax recoverable	3,295	1,612	4,907
Trade and other receivables	166,464	(1,612)	164,852
As at 31 December 2009			
Property, plant and equipment	133,351	22,853	156,204
Prepaid land lease payments	22,853	(22,853)	-
Tax recoverable	1,300	5,146	6,446
Trade and other receivables	298,405	(5,146)	293,259
Company			
As at 1 January 2009			
Property, plant and equipment	1,726	4,524	6,250
Prepaid land lease payments	4,524	(4,524)	-
Tax recoverable	-	1,612	1,612
Trade and other receivables	8,211	(1,612)	6,599
As at 31 December 2009			
Property, plant and equipment	2,246	4,200	6,446
Prepaid land lease payments	4,200	(4,200)	-
Tax recoverable	-	5,146	5,146
Trade and other receivables	19,725	(5,146)	14,579

43. Investments in subsidiaries

Details of the subsidiaries are as follows:-

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2010 %	2009 %
Held by the Company:				
KUB Ekuiti Sdn. Bhd. @	Malaysia	Investment holding	100	100
KUB Builders Sdn. Bhd.	Malaysia	Property investment and general contractor and trading	100	60
Empirical Systems (M) Sdn. Bhd.	Malaysia	Information and communication technology infrastructure and consultation	70	70
Restoran Kualiti Sdn. Bhd.* @	Malaysia	Investment holding	100	100
Summit Petroleum (Malaysia) Sdn. Bhd.	Malaysia	Bottling and trading of liquefied petroleum gas	100	100
KUB Prasarana Sdn. Bhd.* @	Malaysia	Dormant	100	100
Peraharta Sdn. Bhd.	Malaysia	Property management	100	100
Perbiba Sdn. Bhd.*	Malaysia	Dormant	100	100
Pernida Berhad *	Malaysia	Dormant	86	86

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

43. Investments in subsidiaries (cont'd.)

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2010 %	2009 %
Held by the Company (cont'd.):				
Peramining Sdn. Bhd.*	Malaysia	Investment trading	100	100
Utama Steel Works Sdn. Berhad* @	Malaysia	Dormant	51	51
Pelita Espipi Sendirian Berhad* @	Malaysia	Dormant	100	100
Gerik Timber Industries Sdn. Bhd.* @	Malaysia	Dormant	100	100
Perinding Plantations Sdn. Bhd.*	Malaysia	Dormant	100	100
Creative Communications & Events Sdn. Bhd.* @	Malaysia	Dormant	100	100
Academy of Knowledge for Accounting and Leadership Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Ibuzawa Sdn. Bhd.*	Malaysia	General contractor and trading	60	60
Held through KUB Ekuiti Sdn. Bhd.:				
Bina Alam Bersatu Sdn. Bhd.	Malaysia	Civil engineering works, building works and housing development	55	55
KUB Agrotech Sdn. Bhd.	Malaysia	Plantation and estate management	100	100
KUB Telekomunikasi Sdn. Bhd.	Malaysia	Assembling and commissioning of telecommunication equipment	100	100
KUB Power Sdn. Bhd.	Malaysia	Constructions of power substations	100	100
KUB Realty Sdn. Bhd.* @	Malaysia	Property management and investment holding	100	100
KUB Development Berhad* @	Malaysia	Dormant	100	100
ITTAR Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Hotel and Resort Management Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Teknologi Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB-Tis Controls Sdn. Bhd.*	Malaysia	Dormant	100	100
Affluent Vision Sdn. Bhd.* @	Malaysia	Dormant	100	100
KUB Drilling Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Gas Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Microelectronics Sdn. Bhd.* @	Malaysia	Dormant	78.5	78.5
Perumahan KUB Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Advanced System Sdn. Bhd. (formerly known as KUB Sistem Sdn. Bhd.)*	Malaysia	Dormant	100	100
Maga Textile (M) Sdn. Bhd. (Disposed on 30 April 2010)	Malaysia	Dormant	-	100
Pembinaan Efektif (M) Sdn. Bhd.*	Malaysia	Dormant	100	100
KUB Expertise A & I Sdn. Bhd. (formerly known as Verein Sdn. Bhd.)*	Malaysia	Dormant	100	100
Villa-Annexe Sdn. Bhd.*	Malaysia	Dormant	100	100
Held through KUB Builders Sdn. Bhd.:				
Precast Products Sdn. Bhd.	Malaysia	Manufacturing and trading of precasted concrete slabs and concrete elements	70	70
Held through Empirical Systems (M) Sdn. Bhd.:				
Credensoft Solutions Sdn. Bhd.	Malaysia	Telco engineering works and dealer of software products, information technology advisers and general trading	70	70

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

43. Investments in subsidiaries (cont'd.)

Name of subsidiary	Country of incorporation	Principal activities	Equity interest	
			2010 %	2009 %
Held through Bina Alam Bersatu Sdn. Bhd.:				
Apsley Sdn. Bhd.	Malaysia	Dormant	100	100
Bina Alam Management Sdn. Bhd.*	Malaysia	Dormant	100	100
Cocoa Valley Sdn. Bhd.*	Malaysia	Dormant	70	70
Bina Alam Bersatu Development Sdn. Bhd.	Malaysia	Dormant	100	100
Bina Alam - KMK Development Sdn. Bhd.	Malaysia	Dormant	70	70
Held through Apsley Sdn. Bhd.:				
Lembayung Sukma Sdn. Bhd. (Underwent a Members' Voluntary Winding Up on 26 August 2010)	Malaysia	Dormant	-	80
Held through KUB Agrotech Sdn. Bhd.:				
KUB Sepadu Sdn. Bhd.	Malaysia	Plantation and estate management	60	60
Held through KUB Telekomunikasi Sdn. Bhd.:				
Cybertrek (Malaysia) Sdn. Bhd.* @	Malaysia	Dormant	100	100
KFT International (Malaysia) Sdn. Bhd. (formerly known as KUB-Fujitsu Telecommunications (Malaysia) Sdn. Bhd.)	Malaysia	Assembling and installation of telecommunication equipment	70	70
KUB Research Sdn. Bhd.* @	Malaysia	Dormant	100	100
Held through ITTAR Sdn. Bhd.:				
ITTAR-IPP (PJ) Sdn. Bhd. @	Malaysia	Hospitality education and training	100	100
ITTAR-ILP (Prai) Sdn. Bhd.* @	Malaysia	Dormant	100	100
Held through KUB Realty Sdn. Bhd.:				
KUB Realty (PJ) Sdn. Bhd.* @	Malaysia	Property management	100	100
Held through KUB Development Berhad:				
Kesina Development Sdn. Bhd.*	Malaysia	Property development and project management	100	100
KUB-Astana Development Sdn. Bhd.* @	Malaysia	Dormant	51	51
Held through KUB Hotel and Resort Management Sdn. Bhd.:				
KUB Singgahsana (PJ) Sdn. Bhd.	Malaysia	Hotel management	100	100
KUB Singgahsana (Langkawi) Sdn. Bhd.* @	Malaysia	Dormant	100	100
Held through KUB Microelectronics Sdn. Bhd.:				
KUB Microelectronics Sales and Services Sdn. Bhd.*	Malaysia	Dormant	100	100
Held through Restoran Kualiti Sdn. Bhd.:				
A&W (Malaysia) Sdn. Bhd.	Malaysia	Operating a chain of restaurants	100	100
A&W Restaurants (Thailand) Co. Ltd. ^@	Thailand	Food and beverage catering through retail outlets	100	100
Held through A&W (Malaysia) Sdn. Bhd.:				
A&W Properties Sdn. Bhd.*@	Malaysia	Dormant	100	100
Prosperous Avenue Sdn. Bhd.* @	Malaysia	Dormant	100	100
Dysec (M) Sdn. Bhd.* @	Malaysia	Dormant	60	60
Limpahan Laksana Sdn. Bhd. (Struck off on 23 November 2010)	Malaysia	Dormant	-	60
Pleasant Harmony Sdn. Bhd.* @	Malaysia	Dormant	60	60
Syarikat Ayam Mutiara Sdn. Bhd.*	Malaysia	Dormant	55	55

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

43. Investments in subsidiaries (cont'd.)

* Audited by firms other than Ernst & Young

^ Audited by a member firm of Ernst & Young Global

© The auditors' report on the financial statements includes an emphasis of matter on the uncertainty over the ability to continue on. The financial statements have been prepared on going concern basis as the directors of these companies believe that there would be continued financial support from the Company. Where necessary, appropriate adjustments have been made to the carrying value of investments at Company level and to the carrying value of assets at Group level.

44. Investment in associates

Details of associates are as follows:-

Name of associates	Country of incorporation	Principal activities	Equity interest	
			2010 %	2009 %
Held by the Company:				
KUB-Berjaya Enviro Sdn. Bhd.	Malaysia	Sanitary waste management	40	40
Mambang Di-Awan Sdn. Bhd.	Malaysia	Dormant	37.5	37.5
Rimba Raya Sdn. Bhd.	Malaysia	Dormant	20	20
Progas Holding Limited	Pakistan	Investment holding	38.2	38.2
Held through KUB Telekomunikasi Sdn. Bhd.:				
Sphairon (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and distribution of wireless local loop system	49	49
Held through Apsley Sdn. Bhd.:				
Lambaian Indah Sdn. Bhd.	Malaysia	Dormant	50	50
Held through A&W (Malaysia) Sdn. Bhd.:				
Success United Corporation Sdn. Bhd.	Malaysia	Dormant	40	40
Relk Food Services Sdn. Bhd.	Malaysia	Fast food business	49	49
Matrix Consolidated Sdn. Bhd.	Malaysia	Fast food business	20.7	20.7
Held through KUB Ekuiti Sdn. Bhd.:				
Editry Sdn. Bhd.	Malaysia	Dormant	41	41
Held through KUB Builders Sdn. Bhd.				
KUB Ibuzawa Sdn. Bhd.	Malaysia	General contractor and trading	40	40

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

45. Supplementary information - realised and unrealised unappropriated profits

	Group 2010 RM'000	Company 2010 RM'000
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
Realised	(469,870)	101,114
Unrealised	(11,767)	(3,503)
	<u>(481,637)</u>	<u>97,611</u>
Total share of retained earnings from associated companies:		
Realised	8,466	-
Unrealised	(1,230)	-
	<u>7,236</u>	<u>-</u>
Consolidation adjustments	553,321	-
Retained profits as per financial statements	<u>78,920</u>	<u>97,611</u>

The above breakdown of the retained profits and accumulated losses of the Group and of the Company as at 31 December 2010 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and 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.

In accordance with a directive issued by Bursa Malaysia dated 20 December 2010 ("the Directive"), the Company does not have to present the comparative figures of the realised and unrealised retained earnings/(accumulated losses) in the first year of application of the Directive.

List of Properties

LOCATION/ADDRESS	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/10 (RM'000)	AGE OF BUILDING (YEARS)
KUB MALAYSIA BERHAD						
Lot 10101 & 10027, Mukim of Beruas, District of Manjung, Perak	Oil Palm Plantation	Industrial	346.5 hectares and 305.6834 acres respectively	Leasehold (50 years expiring 2021)	1,298	-
HS (D) 170719, PT No. 9, Town of Petaling Jaya, District of Petaling, Selangor	Retail Lot	Commercial	4,623.0756 sq. metres	Leasehold (60 years expiring 2026)	3,876	6
KUB REALTY SDN BHD						
PT No. 51, Seksyen 16 Town and District of Kota Bharu, Kelantan	Shoplot Malay Reserve	Commercial	915 sq. metres	Leasehold (66 years expiring 2061)	1,392	20
KUB SEPADU SDN BHD						
Lot 221, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.053 hectares	Leasehold (60 years expiring 2024)	58	-
Lot 252, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.4007 hectares	Leasehold (60 years expiring 2024)	62	-
Lot 261, Block No. 7, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1.1787 hectares	Leasehold (60 years expiring 2030)	53	-
Lot 642, Block No. 363, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	2,431.6 hectares	Leasehold (60 years expiring 2050)	5,174	-
Lot 135, Block No. 48, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,101.1 hectares	Leasehold (60 years expiring 2050)	1,415	-
Lot 8, Block No. 109, Oya Dalat Land District, Sarawak	Oil Palm Plantation	Agricultural	1,139.8 hectares	Leasehold (60 years expiring 2052)	1,285	-
KUB AGROTECH SDN BHD						
PTD No. 3545, Mukim of Paloh & PTD No. 3796, Mukim of Kahang, Kluang District, Johor	Oil Palm Plantation	Agricultural	1,120 acres and 1,243 acres respectively	Leasehold (99 years expiring 2086)	1,713	-
PTD No. 4901, Mukim of Kahang, PTD No. 26005 & 26006, Mukim of Kluang, District of Kluang, Johor	Oil Palm Plantation	Agricultural	3686.3370 acres 364.5800 acres 149.9174 acres respectively	Leasehold (99 years expiring 2093)	4,656	-

List of Properties

LOCATION/ADDRESS	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/10 (RM'000)	AGE OF BUILDING (YEARS)
KUB DEVELOPMENT BERHAD						
PT 515, PT 518, PT 524, PT 520 – PT 523, PT 528 – PT 543 and PT 546 – PT 555, Bukit Mawat, Mukim of Ulu Melaka, District of Langkawi, Kedah	Vacant Agricultural Land	Agricultural	46.8093 hectares	Freehold	4,388	-
PT No. 606, Mukim of Seriting Ulu, District of Jempol, Negeri Sembilan	Vacant Development Land	Industrial	80,920 sq. metres	Leasehold (99 years expiring 2086)	775	-
A&W (MALAYSIA) SDN BHD						
Lot No 1897 Township of Johor Bahru District of Johor Bahru, Johor	Vacant Land	Commercial	13,966 sq. feet	Freehold	473	-
A&W PROPERTIES SDN BHD						
Unit No. LG-07, Amcorp Mall Trade Centre, Jalan Timur, Petaling Jaya, Selangor	Retail Lot	Commercial	4,605 sq. feet	Leasehold (99 years expiring 2088)	1,820	11
A&W RESTAURANTS (THAILAND) CO. LTD.						
Silom Complex, Unit 020 & 021, Basement Floor, Silom, Complex Shopping Plaza, Silom Road, Bangkrak District, Bangkok, Thailand	Retail Lot	Commercial	312 sq. metres	Leasehold (20 years expiring 2011)	244	20
KUB TELEKOMUNIKASI SDN BHD						
No. 1 Jalan Selukat 33/27, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor	Factory Building & 3 Storey Office Annex	Industrial & Commercial	75,804 sq. feet	Freehold	7,215	11
PERAHARTA SDN BHD						
Lot 4180N, Bangunan Sri Kinta, Jalan Sultan Idris Shah, Ipoh, Perak	4-storey Podium Block and 9-storey Tower Block	Commercial	56,855 sq. feet	Strata Title	8,324	27

List of Properties

LOCATION/ADDRESS	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/10 (RM'000)	AGE OF BUILDING (YEARS)
PERAHARTA SDN BHD						
Lot 193003-193005, No. 26, 28 & 30, Persiaran Orkid 1, Taman Orkid, Batu Gajah, Perak	3 Units of double-storey Shoplots	Commercial & Residential	5,120 sq. feet	Leasehold (99 years expiring 2090)	322	18
Lot PT 122810-122813, No. 24, 26, 28 & 30, Laluan Rokan 15, Pekan Razaki, Ipoh, Perak	4 Units of double-storey Shophouses	Commercial & Residential	6,337 sq. feet	Leasehold (99 years expiring 2092)	452	18
Lot PT 10174 and PT 10175, Industrial Estate Sri Manjung, Sitiawan, Perak	Industrial Vacant Land	Industrial	21,780 sq. feet	Leasehold	56	-
SUMMIT PETROLEUM (M) SDN BHD						
HS (D) 44395 (formerly PT PTBM/A/146/69) Lot 91 Mukim 1, Seberang Perai Tengah District, Pulau Pinang	Land & office building	Industrial	3.35 acres	Leasehold (99 years expiring 2070)	191	21
Lot 941 & 942, Seksyen 9W, Town of Georgetown, District of Timur Laut, Pulau Pinang	Open-sided structure for storage purposes	Industrial	15,926 sq. feet	Freehold	2,700	10
PTD 40053 Mukim of Tebrau, District of Johor Bahru, Johor	Office & Plant	Industrial	143,609 sq. feet	Freehold	331	23
BINA ALAM BERSATU SDN BHD						
PT No. 9139, District of Setapak, District of Gombak, Selangor	End terrace shoplot rectangular in shape with 3-storey shop office	Commercial	1,920 sq. feet	Freehold	199	27
Lot 30713, 30701, 30803, 30908 Taman Batu Permai, Kuala Lumpur	4 apartments	Residential	266.36 sq. metres	Leasehold (95 years expiring 2086)	153	19
PT No. 0050357, District of Batu Selangor, Gombak, Selangor	Agricultural Land	Agricultural	1.654 acres	Freehold	347	-
2-8-5, Menara Bukit Ceylon, Jalan Ceylon, Kuala Lumpur	Condominium	Residential	1,410 sq. feet	Strata title	277	12
C-4-5, Kondo Idaman Putera, 7 Jalan 6/21D, Medan Idaman, Kuala Lumpur	Condominium	Residential	120.10 sq. metres	Strata title	144	12

List of Properties

LOCATION/ADDRESS	DESCRIPTION	USAGE	AREA	TENURE	NET BOOK VALUE AS AT 31/12/10 (RM'000)	AGE OF BUILDING (YEARS)
PERNIDA BERHAD						
PN 2801, Lot 315, Bandar Kuala Kangsar, District Kuala Kangsar, Perak	3 Storey Shoplot	Building	148.64 sq. metres	Leasehold (60 years expiring 2029)	169	41
KUB BUILDERS SDN BHD						
Level 3, Wisma Chinese Chamber, 258 Jalan Ampang, 50450 Kuala Lumpur	Office space	Office	15,507 sq. feet	Freehold	4,236	17
Unit 6.14, 6th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office space	Commercial	291 sq. metres	Freehold	523	19
Unit 6.15, 6th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office space	Commercial	312 sq. metres	Freehold	564	19
Unit 6.16, 6th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	Office space	Commercial	312 sq. metres	Freehold	564	19
PRECAST PRODUCTS SDN BHD						
No. HS.D 122114 PT No. 6704 Mukim of Rantau, District of Seremban, Negeri Sembilan	Land and building	Industrial	44,639 sq. metres	Grant in perpetuity	12,238	16
Lot 664, Mukim of Ampangan, District of Seremban, Negeri Sembilan	Land for storage purposes	Multi usage	2.087 hectares	Grant in perpetuity	1,427	-
EMPIRICAL SYSTEMS (M) SDN BHD						
HS (D) 181336, PT932, Town of Shah Alam, District of Petaling, State, Selangor	2 storey shop office	Commercial	143 sq. metres	Leasehold (99 years expiring 2102)	528	9

Analysis of Shareholdings

As at 3 May 2011

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares Held	% of Shareholdings
Less than 100	10,464	14.08	456,567	0.08
100 - 1,000	37,165	50.00	20,836,766	3.74
1,001 - 10,000	23,542	31.67	69,806,191	12.55
10,001 - 100,000	2,882	3.88	86,124,714	15.48
100,001 to less than 5%	274	0.37	88,928,982	15.98
5% and above	2	0.00	290,311,470	52.17
Total	74,329	100.00	556,464,690	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No	Names	Shareholdings	%
1	Gaya Edisi Sdn Bhd	164,844,520	29.62
2	Minister of Finance	125,466,950	22.55

LIST OF DIRECTORS' SHAREHOLDINGS

No	Names	Direct Shareholdings	%
1	Dato' Hj Abd Halim Hj Abd Samad	-	-
2	Datuk Hj Faisyal Bin Datuk Yusof Hamdain Diego	-	-
3	Dato' Kamilia Ibrahim	3,000	0.00
4	Dato' Rosman Abdullah	-	-
5	Mohamed Ezzuddeen Mohd Effendi	-	-
6	Raja Ali Raja Othman	-	-
7	Dato' Gumuri Hussain	-	-
8	Datuk Mohd Nazar Samad	-	-

Analysis of Shareholdings

As at 3 May 2011

LIST OF THIRTY (30) LARGEST ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same person)

No	Names	Shareholdings	%
1	Gaya Edisi Sdn Bhd	164,844,520	29.62
2	Minister Of Finance	125,466,950	22.55
3	Tasec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Puncak Kinta Sdn Bhd	10,000,000	1.80
4	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	5,214,000	0.94
5	Gan Lai Tian	2,180,900	0.39
6	Cimsec Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,050,000	0.37
7	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	2,050,000	0.37
8	CIMB Group Nominees (Tempatan) Sdn Bhd Perak Corporation Berhad for Perbadanan Kemajuan Negeri Perak (49999 KLMN)	2,000,000	0.36
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noor Azman @ Noor Hizam B Mohd Nurdin (CEB)	1,484,200	0.27
10	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,353,500	0.24
11	Lim Gaik Bway @ Lim Chiew Ah	1,177,800	0.21
12	Bank Pertanian Malaysia Berhad	1,030,000	0.19
13	Raja Mohd Nazri Bin Raja Abd Malek	1,000,000	0.18
14	Tan Boon Har	1,000,000	0.18
15	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (8026769)	900,000	0.16
16	Gan Chwen Teck	800,000	0.14
17	Tio Swee Chia	730,000	0.13
18	Cartaban Nominees (Asing) Sdn Bhd Union Bank for Acadian Emerging Markets Portfolio	603,700	0.11

Analysis of Shareholdings

As at 3 May 2011

LIST OF THIRTY (30) LARGEST ACCOUNT HOLDERS (CONT'D)

(Without aggregating the securities from different securities accounts belonging to the same person)

No	Names	Shareholdings	%
19	Chong Hong Jong	600,000	0.11
20	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Su Ming Yaw	600,000	0.11
21	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Seo Cheng Gaok (SMT)	600,000	0.11
22	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 2DCN for John Hancock Funds II Emerging Markets Fund	592,900	0.11
23	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Thoo Chan (REM 868-Margin)	575,000	0.10
24	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Funds PLC	560,800	0.10
25	Ooi Bin Keong	550,000	0.10
26	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 2CIA for Emerging Markets Value Trust (John Hnck Trust)	534,400	0.10
27	Chee Chi Yun	532,000	0.10
28	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siah Chin Tiam	518,000	0.09
29	Lee Kok Chin	510,000	0.09
30	Yeo Aik Gee	503,100	0.09

I/We NRIC
(block letters)

of
(full address)

being a member/members of KUB Malaysia Berhad ("Company"), hereby appoint Chairman of the Meeting* or

..... NRIC
(block letters)

of
(full address)

and/or failing him NRIC
(block letters)

of
(full address)

as my/our proxy(ies) to vote for me/us on my/our behalf at the 46th Annual General Meeting of the Company to be held on Thursday, 23 June 2011 at 10.00 a.m. or at any adjournment thereof.

*If you wish to appoint other person(s) as your proxy/proxies, kindly delete the words "Chairman of the Meeting" and insert name(s) of the desired person(s). My/our proxy (ies) is/are to vote as indicated by an "X" in the appropriate spaces below:-

NO	RESOLUTIONS	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2010		
2	Approval of First and Final Gross Dividend of 2.4 sen per ordinary share		
3	Re-election of Datuk Hj Faisyal Datuk Yusof Hamdain Diego		
4	Re-election of Dato' Rosman Abdullah		
5	Re-appointment of Dato' Hj Abd. Halim Hj Abd. Samad		
6	Approval of the Directors' fees		
7	Re-appointment of Messrs. Ernst & Young as Auditors		
8	Authority to the Director to issue shares under Section 132D of Companies Act, 1965		
9	Proposed Renewal of Authority for Purchase by the Company of its own shares (Share Buy-Back)		
10	Proposed Renewal of Shareholders' Mandate For RRPT		

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows:

First proxy	%
Second proxy	%
Total	100 %

In the case of vote by a show of hands, **First Proxy/Second Proxy shall vote on my/our behalf.

Dated this day of 2011

.....
Signature of Member/Common Seal/Attorney/Authorised Officer

** Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit)

NOTES:

1. A member of the Company entitled to attend and vote at the abovementioned Meeting is entitled to appoint a maximum of two (2) proxies whether a member or not as his/her proxy/proxies to attend and vote in his/her stead. Where a member appoints two proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy, failing which the appointment shall be invalid.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized or if the appointer is a corporation, either under its common seal or signed under the hand of its attorney or by an officer given the authority on behalf of the corporation.
3. The Proxy Forms must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. by hand or fax to 603-78418152 not less than forty eight (48) hours before the time for holding the Meeting or an adjournment thereof.

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AFFIX STAMP

KUB MALAYSIA BERHAD (6022-D)
c/o THE REGISTRAR
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House, Block D 13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

fold here

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KUB MALAYSIA BERHAD 6022-D

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KUB MALAYSIA BERHAD (6022-D)

**ADDENDUM TO THE NOTICE OF 46th ANNUAL GENERAL MEETING IN
RELATION TO THE EXPLANATORY NOTES ON SPECIAL BUSINESS**

To : All Shareholders of KUB Malaysia Berhad

We refer to our Notice of 46th Annual General Meeting (“AGM”) of KUB Malaysia Berhad (“KUBM” or “the Company”) dated 31st May 2011.

We wish to inform that in respect of the Note on Ordinary Resolution 8 under the Explanatory Notes on Special Business, the whole Note on Ordinary Resolution 8 is deleted in its entirety and replaced with the following:-

**Ordinary Resolution 8 - Authority to the Directors to Issue Shares under
Section 132D of the Companies Act, 1965**

This resolution if passed, will give the Directors of the Company, from the date of the above Meeting, authority to issue and allot ordinary shares to an amount not exceeding in total 10% of the issued share capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting.

The mandate will give flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisition without having to convene a general meeting which would be both time and cost-consuming.

The mandate sought is a renewal from the previous mandate obtained at the last Annual General Meeting held on 24 June 2010 which mandate will lapse at the conclusion of the 46th Annual General Meeting. As at the date of this Notice, no new shares in the Company were issued pursuant to the said mandate obtained at the last Annual General Meeting.

By Order of the Board

**Harnita Harmain (LS 0008063)
3rd June 2011**