





WE ARE COMMITTED TO  
**our social  
responsibilities**



# CONTENTS

## KANDUNGAN

### COVER RATIONALE

MRCB is a leading property and infrastructure developer in Malaysia. As such, we want our 2010 Annual Report to personify the clear, concise thoughts and actions of MRCB. And for this year, we are showcasing our Kuala Lumpur Sentral as the next generation Central Business District (CBD) and other core business activities, whilst at the same time, committed in assisting poor students via CSR initiatives as well as embracing and nurturing our rich 1Malaysia cultural heritage through our contribution to the development of Little India Project.

### RASIONAL KULIT LUAR

MRCB adalah sebuah pemaju hartanah dan infrastruktur terkemuka di Malaysia. Oleh sebab itu, kami ingin Laporan Tahunan 2010 memberi gambaran yang jelas dan tepat mengenai wawasan dan tindakan MRCB. Justeru, selain pelbagai aktiviti perniagaan teras lain, kami menampilkan Kuala Lumpur Sentral sebagai Kawasan Pusat Perniagaan masa depan. Pada masa yang sama, kami komited untuk membantu para pelajar kurang berkemampuan melalui beberapa inisiatif CSR serta mendokong dan memupuk warisan budaya 1Malaysia menerusi sumbangan kami terhadap pembangunan Projek "Little India".

## progress with partnerships

|     |   |
|-----|---|
| 2   | Corporate Information                                   |
| 3   | Vision & Mission  |
| 6   | Corporate Social Responsibility                         |
| 12  | Media Milestones  |
| 16  | Corporate Events 2010                                   |
| 22  | Notice of 40th Annual General Meeting                   |
| 23  | Statement Accompanying Notice of Annual General Meeting |
| 28  | Director's Profile                                      |
| 36  | Awards & Recognitions                                   |
| 40  | Chairman's Statement                                    |
| 52  | Group Financial Highlights                              |
| 53  | Charts  |
| 54  | Organisation Chart                                      |
| 56  | Corporate Structure                                     |
| 60  | Operations Review                                       |
| 92  | Group Support Services                                  |
| 94  | Statement on Corporate Governance                       |
| 116 | Report of The Audit Committee                           |
| 124 | Statement on Internal Control                           |
| 126 | Risk Management Report                                  |
| 130 | Additional Compliance Information                       |
| 132 | Material Contracts                                      |
| 134 | Analysis of Shareholdings                               |
| 136 | Top 30 Largest Shareholders                             |
| 140 | Properties of The Group                                 |
| 143 | Financial Report 2010                                   |

Proxy Form

|     |   |
|-----|---|
| 2   | Maklumat Korporat                             |
| 3   | Visi & Misi                                   |
| 24  | Notis Mesyuarat Agung Tahunan ke-40           |
| 25  | Penyata Bersama Notis Mesyuarat Agung Tahunan |
| 28  | Profil Pengarah                               |
| 46  | Penyata Pengerusi                             |
| 54  | Carta Organisasi                              |
| 56  | Struktur Korporat                             |
| 105 | Penyata Tadbir Urus Korporat                  |
| 120 | Laporan Jawatankuasa Audit                    |
| 125 | Penyata Kawalan Dalaman                       |
| 128 | Laporan Pengurusan Risiko                     |
| 131 | Maklumat Pematuhan Tambahan                   |
| 133 | Kontrak-Kontrak Penting                       |
| 135 | Analisa Pegangan Saham                        |
| 138 | 30 Pemegang Saham Terbesar                    |

Borang Proksi

# CORPORATE INFORMATION

## MAKLUMAT KORPORAT

### BOARD OF DIRECTORS

#### LEMBAGA PENGARAH

**TAN SRI AZLAN ZAINOL**

Non-Independent  
Non-Executive Chairman  
[Pengerusi Bukan Bebas](#)  
[Bukan Eksekutif](#)

**DATUK MOHAMED RAZEEK MD**

**HUSSAIN MARICAR**  
Chief Executive Officer  
[Ketua Pegawai Eksekutif](#)

**DATUK AHMAD ZAKI ZAHID**

Executive Director  
[Pengarah Eksekutif](#)

**SHAHRLIL RIDZA RIDZUAN**

Non-Independent  
Non-Executive Director  
[Pengarah Bukan Bebas Bukan Eksekutif](#)

**DATO' ABDUL RAHMAN AHMAD**

Independent Director  
[Pengarah Bebas](#)

**DATO' AHMAD IBNIHAJAR**

Independent Director  
[Pengarah Bebas](#)

**DR ROSLAN A GHAFAR**

Independent Director  
[Pengarah Bebas](#)

**CHE KING TOW**

Independent Director  
[Pengarah Bebas](#)

### COMPANY SECRETARY

#### SETIAUSAHA SYARIKAT

**MOHD NOOR RAHIM YAHAYA**

(MAICSA 0866820)

### AUDIT COMMITTEE

#### JAWATANKUASA AUDIT

**DATO' AHMAD IBNIHAJAR**

Chairman  
[Pengerusi](#)

**DATO' ABDUL RAHMAN AHMAD****DR ROSLAN A GHAFAR**

### REGISTERED OFFICE

#### PEJABAT BERDAFTAR

Level 21, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2786 8080  
Fax: 03-2780 7668

### SHARE REGISTRAR

#### PENDAFTAR SAHAM

**Symphony Share Registrars**

**Sdn Bhd**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8151

### AUDITORS

#### JURUAUDIT

PricewaterhouseCoopers

### PRINCIPAL BANKERS

#### BANK-BANK UTAMA

Affin Bank Berhad  
Malayan Banking Berhad  
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad  
Standard Chartered Bank  
Malaysia Berhad

### STOCK EXCHANGE LISTING

#### PENYENARAIAH BURSA SAHAM

Listed on Main Market of  
Bursa Malaysia Securities Berhad  
[Tersenarai di Pasaran Utama](#)  
[Bursa Malaysia Securities Berhad](#)

### DATE OF LISTING

#### TARIKH PENYENARAIAH

22 March 1971  
22 Mac 1971



## VISION VISI

Our Vision is to be a leading Malaysian organisation, recognised for the delivery of world-class services in each of our core businesses, with a corporate presence in strategically selected countries and markets. In doing so, we will strive to be an organisation differentiated globally for its dedication to the delivery of the critical resources for growth in the interest of our country, employees, stakeholders, and the various communities within the countries which we operate.

Visi kami adalah untuk menjadi sebuah organisasi Malaysia terkemuka yang diiktiraf sebagai penyedia perkhidmatan bertaraf dunia dalam setiap perniagaan teras kami, serta memainkan peranan di negara-negara dan pasaran yang strategik. Dalam mencapai visi ini, kami berusaha menjadi organisasi unik di peringkat global yang bertekad untuk menggunakan sumber pembangunan kritikal demi kepentingan negara, warga kerja, pemegang kepentingan dan pelbagai komuniti di setiap negara di mana kami beroperasi.

## MISSION MISI

In achieving our Mission, we are firmly committed to the following:

- Supporting Malaysia's economic growth and its pursuit of developed nation status by developing and delivering critical resources for the present and future knowledge and IT-driven economies.
- Building and sustaining a leadership position in the delivery of excellent services in each of our core businesses through the creative efforts and dedication of our skilled employees.
- Enhancing the quality of life of the communities within which we operate through projects and activities that are socially, culturally and environmentally responsible.
- Creating shareholder value not only through the development of viable business strategies with partners and investors, but upholding the principles of good corporate governance, integrity and honesty.
- Nurturing a corporate culture that places an emphasis on learning, knowledge sharing, creativity and speed of delivery in its pursuit of excellence, through effective training and career development programmes; underscoring the value we place in our employees as enablers in achieving our Vision and fulfilling our Mission.

Kami berpegang teguh dengan perkara-perkara berikut demi merealisasikan misi kami:

- Menyokong pertumbuhan ekonomi Malaysia dan membantu negara mencapai status negara maju, dengan membangun dan memberikan sumber kritikal untuk ekonomi berasaskan Pengetahuan (K-Ekonomi) dan Teknologi Maklumat (IT) masa kini dan yang akan datang.
- Membina dan mengekalkan kedudukan terulung di dalam memberikan perkhidmatan cemerlang dalam setiap perniagaan teras kami melalui usaha kreatif dan semangat dedikasi para kakitangan kami.
- Meningkatkan kualiti hidup masyarakat di mana kami beroperasi melalui pelbagai projek dan aktiviti yang menjurus kepada perkembangan sosial, budaya dan penjagaan alam sekitar.
- Membina nilai pemegang saham melalui perkembangan strategi perniagaan yang berdaya maju bersama rakan niaga dan para pelabur serta mengamalkan prinsip pentadbiran korporat yang mementingkan integriti dan kejujuran.
- Memupuk budaya korporat yang memberi penekanan kepada pembelajaran, perkongsian pengetahuan, kreativiti dan juga kepantasan dalam mengejar kecemerlangan, melalui program latihan dan pembangunan kerjaya yang berkesan; sejajar dengan nilai kebolehan kakitangan kami demi mencapai visi dan misi kami.





# executing

ON OUR ROAD MAP





TO ENABLE  
LOCAL AND  
INTERNATIONAL  
COMMUNITIES TO  
BENEFIT FROM  
OUR PROGRESS

## CORPORATE SOCIAL RESPONSIBILITY



PINTAR : Young Leaders Campaign

**MRCB is committed to engage and value our relationships with the communities we serve, as well as with our customers, investors, employees and suppliers**

Malaysian Resources Corporation Berhad's (MRCB) commitment in continuing to support the Government's initiative in social and national development placed greater emphasis on all material issues including social and environmental impact arising from our operations and engagement with our stakeholders.

Striving towards building a better tomorrow, MRCB is committed to engage and maintain good relationships with the communities we serve, as well as with our customers, investors, employees and suppliers. With our commitment to all our stakeholders clearly established, MRCB continues to ensure that our commitment is in line with the commitment outlined in the "Silver Book – Achieving Value through Social Responsibility", which has been adopted since 2007.

Our CSR activities continue to receive recognition this year. In the international arena, MRCB was accorded with two Distinguished Honorees for two programmes organised by the US-based International Business Stevie Awards.

The MRCB Art Awards was accorded recognition in the Best Corporate Social Responsibility Programme of the Year in Asia (Subcontinent, Australia and New Zealand) while the River and Beach Rehabilitation Project at Tekek Bay, Tioman Island was also awarded the Best Environmental Responsibility Programme of the Year.

In the Malaysian CSR scene, MRCB was one of the finalists at the ACCA Malaysia Sustainability Reporting Awards 2010 (ACCA MaSRA), while we have also been shortlisted in the StarBiz and Institute of Corporate Responsibility (ICR) Awards 2010. Results for this Awards will only be announced in 2011. At the National Annual Corporate Report Awards (NACRA), MRCB obtained the Silver Award for Best Corporate Social Responsibility Report 2010.

MRCB was also announced as one of the most innovative companies in the Asean region when it was selected as the 1st runner up at the Asean Business Awards 2010, in Hanoi, Vietnam. In 2010, MRCB was also selected into The Edge's inaugural Billion Ringgit Club. This accomplishment indeed shows MRCB as a Group that has attained international, regional and national recognitions.



### **Commitment Towards Better Disclosure and Transparent Reporting**

We continue to maintain our excellent disclosure in reporting, in accordance to the Global Reporting Initiative (GRI-G3) framework for Sustainability Reporting.

In this reporting, we continue to improve by providing additional information where possible especially in areas previously under-reported including disclosure of significant emissions levels, environmental impacts of transporting products, the governance system of MRCB environmental programmes, lists of other sustainability management systems as well as social and environmental accounting data. Some set targets in certain areas will also be included. Details will be reported in the stand-alone Sustainability Report 2010.

### **Environmental Initiatives**

As a leader in the field of environmental engineering in Malaysia, MRCB has been involved in several beach, river and coastline restoration projects. In 2010, MRCB commenced work for Phase 2 of the Sungai Perai river rehabilitation project, while work on the RM258 million Phase 1 of the Kuala Sungai Pahang river mouth improvement project is progressing well with expected completion by 2011. Once completed, these projects would alleviate flooding in the surrounding areas. Our initiative to practise sustainable development has been incorporated into our business divisions.

The initiative now covers our construction management projects which are included as Key Performance Indicators. MRCB is committed to play our role in contributing towards Malaysia's Green Objectives. We are proud to help lead Malaysia's own Green Building Index for existing and future development projects through several green building initiatives and best practices in our developments.

Green certifications such as the Leadership in Energy and Environment Design (LEED) issued by the US Green Building Council, Building and Construction Authority (BCA) Green Mark of Singapore and the Green Building Index (GBI) of Malaysia are the standards that we are adopting in all our new projects in Kuala Lumpur Sentral development. The three new projects are 348 Sentral, Lot G – Nu Sentral, PHB Office Tower and Lot E – KL Sentral Park.

The Group has also implemented an Environmental Management Plan (EMP) to monitor the environmental impact of our operations. We

have built an Environmental Management System (EMS) to manage all aspects of environmental performance including emissions, marine and water quality, materials use and the reduction of energy use and waste. This report places significant emphasis on the impact of our projects and the results are disclosed in the Environment section of the stand-alone Sustainability Report 2010.

MRCB's rehabilitation projects require its sub-contractors to comply with Malaysian Environmental Legislation and Guidelines as produced by Department of Environment and other relevant authorities.



Environmental works in Kuala Sungai Pahang

### **Climate Change**

MRCB has instituted our support for 'Earth Hour' by incorporating this event as part of our annual CSR activity. Earth Hour allows MRCB to raise the awareness on climate change by getting selected operations within the Group to switch off non-essential lights and other electrical appliances for one hour.

In 2010, we continue to conduct a Greenhouse Gas (GHG) study. The purpose of this study is to help develop a GHG reduction strategy based on our current carbon emissions.

### **CORPORATE CITIZENSHIP**

#### **Marketplace**

Due to the nature of our operations, we recognise our responsibility in delivering high quality products.

## CORPORATE SOCIAL RESPONSIBILITY

All contractors and suppliers must adhere to MRCB's safety standards and specifications. Our myCRM software is developed in-house by the Group to monitor every stage of our product life cycle. A Communications Policy Manual, a Property Manual, regular customer satisfaction surveys and formal inspection processes are also implemented at the pre-handing of all stages of each project. The aim is to have adequate policies, procedures and systems implemented to ensure safe & high quality products and services; which are designed and delivered to the highest levels of customer satisfaction.

As part of our effort in supporting local social and economic development, we have a policy to allocate all subcontract work to local suppliers in all significant locations and to source all materials locally before sourcing them elsewhere.

MRCB continues to uphold our customers' right to privacy. The MRCB myCRM customer relationship management module only allows certain higher level customer relationship managers access to data and information including customer contact lists. This secured layered access to data on clients has been instrumental in preventing any breach of customer privacy. No cases of breach in customer privacy or loss of customer data have been identified.

Adopted school : SJK (C) Yoke Hwa in Kuala Pahang, Pahang



### COMMUNITY

#### Our Children Our Tomorrow

MRCB's continued commitment to create shared value not only for our shareholders but also the community at large, has seen the Group adopting four new schools under its PINTAR programme.

The three new schools in Pahang are SK Indera Shahbandar, SK Serandu and SJK (C) Yoke Hwa and one school in Penang namely SJK (T) Ladang Mayfield.

This is in addition to the existing four schools adopted under the MRCB PINTAR programme since 2009 namely SK La Salle 1 and SK La Salle 2 in Brickfields, Kuala Lumpur, one school – SK Tebrau Bakar Batu in Johor Bahru and one school – SK Bagan Jermal in Penang.

#### Little India

MRCB contributed to its neighbouring community – the development of the RM35 million Little India project to showcase the uniqueness of the mostly ethnic Indian enclave. Phase 1 was completed and officially launched on 27 October 2010 by YAB Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister of Malaysia and His Excellency Dr. Manmohan Singh, Prime Minister of India.

Upon completion in 2012, the Little India project will not only showcases the cultural and social diversity of Malaysia but will also provide economic opportunities for the local community.

MRCB also continued to participate in activities organised by the Brickfields Community and people with disabilities (OKU) at the Karnival Brickfields 2010. The event was organised by the Rukun Tetangga Brickfields and the programmes and activities included several exhibition booths from the Polis DiRaja Malaysia, Jabatan Bomba, Jabatan Penerangan Malaysian, Persatuan Orang Buta and Persatuan Orang Pekak. The aim of this activity is to work with our community in increasing awareness of social issues and helping the needy.

#### Workplace Initiatives

Due recognition must be given to our employees who have worked hard to deliver our commitments and ensure other financial indicators are healthy. We continued to invest in training programmes to prepare our employees for greater challenges in the workplace.



SK Indera Shahbandar in Kuala Pahang, Pahang



Little India Project

The Board encourages communications at all levels to help our employees think and act as one cohesive team working together in the best interest of the Company.

#### **Labour Practices and Decent Work**

Diversity and inclusion at MRCB focuses on gender, race and religion with 100% of its workforce being Malaysians. We practice equal opportunity in hiring and internal control and in remuneration between men and women at MRCB. We are a bias-free organisation and motivate our staff to perform at their best.

MRCB is committed to compensate all employees at a level that is at least equivalent to the industry average for both construction and property management sectors. MRCB continues to grow and place emphasis on attracting and retaining Malaysian talents in the Company.

#### **Human Rights**

Human rights training is provided for Group operational managers who are responsible for operations that require the implementation of MRCB policies on collective agreements, discrimination, diversity and other risks associated with breaches of human rights laws and policies. This Policy is also incorporated in our Investment and Procurement practices, with human rights screening as standard clauses in supplier and contractor contracts. MRCB's social responsible practice includes the security personnel.

There have been no incidents of discrimination and violations involving the rights of indigenous people at any time in the Company's history. We also have no risk of incidence involving child labour, forced or compulsory labour.

## CORPORATE SOCIAL RESPONSIBILITY



Young Leaders Campaign at SJK (T) Ladang Mayfield in Penang

### Occupational Safety and Health (OSH)

MRCB implements a group-level Safety and Health Manual, which covers all employees of the Group, including subcontractors at construction sites. The decentralised approach means that all occupational safety data such as accidents are compiled for each site independently.

### Awareness training for serious diseases

MRCB is responsible for all employees and their immediate families and provide insurance which covers critical illnesses, including strokes, kidney failure, cancer, paralysis, blindness and others.

### Conclusion

We are in full support of the Government's effort to promote ethical standards within companies. We strive to improve our sustainability initiatives to compliment these efforts.

The challenges of addressing increasing demand in emerging markets and the forces of convergence across global environmental concerns such as climate change; are all significant issues for our

business activities. We are committed to engage with our direct and indirect stakeholders proactively through our Corporate Communications team which is the champion in upholding CSR issues with support from senior management and respective division heads.

As part of our future agenda, we will focus more attention on positioning MRCB strategically as the leading urban property and infrastructure player in the country that is committed to sustainable development and also continues to be a responsible corporate citizen to the nation and its people.

*\* A complete report on CSR can be found in our stand-alone Sustainability Report 2010.*





The adopted school in Johor

MRCB implements a group level Safety and Health Manual, which covers all employees of the Group, including sub-contractors at the construction sites.

---

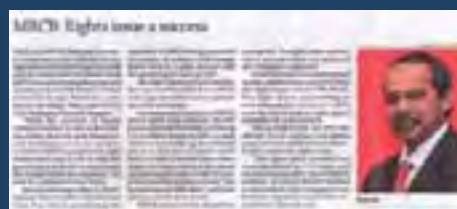
Maintenance is top priority in Kuala Lumpur Sentral CBD



# MEDIA MILESTONES

**"In line with MRCB Land's commitment to sustainable development, we are glad that KL Sentral Park has met the Green Mark's Platinum Standards," said MRCB chief executive officer Datuk Mohamed Razeek Md Hussain Maricar**

New Straits Times 29 January 2010







## MRCB pays RM105m for control of GSB Sentral

This will enable the group to consolidate its interests in strategic properties and expand existing income

### GSB Sentral's prospects are positive

KUALA LUMPUR 24 Mei: MRCB telah membeli 100 peratus saham GSB Sentral, sebuah syarikat yang mengendalikan projek pembangunan di Sentral, Kuala Lumpur. MRCB telah membayar RM105 juta untuk membeli saham ini. MRCB berharap projek pembangunan di Sentral akan memberikan keuntungan yang tinggi. MRCB juga berharap projek pembangunan di Sentral akan memberikan keuntungan yang tinggi.

## MRCB to buy more land in Klang Valley



## MRCB Sentral terbit bon RM400j

Pembayaran bagi kos keseluruhan pembangunan projek KL Sentral Park

KUALA LUMPUR 24 Mei: MRCB telah mengumumkan bahawa ia akan menerbitkan bon dengan nilai RM400 juta untuk membiayai projek pembangunan di Sentral, Kuala Lumpur. MRCB berharap projek pembangunan di Sentral akan memberikan keuntungan yang tinggi. MRCB juga berharap projek pembangunan di Sentral akan memberikan keuntungan yang tinggi.



**"We are always on the lookout for new opportunities, locally or abroad, but we will only go into our areas of core competency"**

**Datuk Mohamed Razeek Md Hussain Maricar**

The Star - Starbiz 3 June 2010

## MEDIA MILESTONES



The company is aggressively pursuing to expand its core activities primarily in acquiring prime landbank

Datuk Mohamed Razeek  
Md Hussain Maricar

Financial Daily 25 August 2010





## Pembinaan EDL bernilai RM977j siap 60 peratus

Lebih tiga sepanjang 8.1 kilometer dibuka pada Februari 2012

**P**embinaan Eastern Dispersal Link (EDL) highway project by Malaysian Resources Corp Bhd (MRCB) will be opened to motorists by February 2012.

Works on the 8.1 km-long highway undertaken by the company's subsidiary MRCB Lincaan Selatan Sdn Bhd (MLSSB) which started in 2008 is 60% completed.

"We are on track to completing the project on time despite some delays due to inclement weather," MRCB chief executive officer Mohamed Razeek Hussain said in a statement yesterday.

He said construction activities were moving

## MRCB: Highway ready by 2012

**JOHOR BARU:** The RM977mil Eastern Dispersal Link (EDL) highway project by Malaysian Resources Corp Bhd (MRCB) will be opened to motorists by February 2012.

Works on the 8.1 km-long highway undertaken by the company's subsidiary MRCB Lincaan Selatan Sdn Bhd (MLSSB) which started in 2008 is 60% completed.

"We are on track to completing the project on time despite some delays due to inclement weather," MRCB chief executive officer Mohamed Razeek Hussain said in a statement yesterday.

He said construction activities were moving

at an accelerated pace involving 500 workers and 30 sub-contractors who worked round-the-clock to complete the highway on time.

Mohamed Razeek said once opened to motorists, the highway would dramatically cut travelling time from Johor Baru to the Pandan interchange and help to disperse traffic from the Customs, Immigration and Quarantine (CIQ) Complex in Bukit Chagar to all other major roads in Johor Baru.

The EDL links the CIQ to the North-South Expressway via the Pandan interchange; the dual three-lane highway is toll free, except for traffic going to Singapore.

## MRCB teruskan program pendidikan 7 sekolah angkat

**TASEK BERGAMBOR:** Malaysian Resources Corporation Bhd (MRCB) akan meneruskan program pembangunan pendidikan di tujuh sekolah angkatnya sebagai melaksanakan tanggungjawab sosialnya kepada pelajar sekolah tulin di Pulau Pinang, Pahang, Johor dan Wilayah Persekutuan.

Program itu penting selepas mendapat pelajar dari sekolah tersebut terutamanya kerana kekurangan berkemampuan dan membolehkan bantuan perokolatan kerana itu akan lebih yang mereka mahu.

Ketua Pegawai Eksekutifnya, Mohamed Razeek Hussain, berkata tahun ini MRCB

CR menyumbangkan pelbagai peralatan perokolatan kepada 283 pelajar di tiga sekolah angkatnya di Pulau Pinang dan membekalkan perbelanjaan RM123,000 yang memberi manfaat kepada 783 pelajar di tujuh sekolah angkat.

Terbawa, MRCB memulih Sekolah Rendah Jenis Kebangsaan Tamil (SRJKT) Ladang Mayfield sebagai sekolah angkatnya.

Selain berkata, program dilaksanakan MRCB diharapkan mengurangkan beban ibu bapa membekalkan perokolatan di samping pelajar meneruskan perokolatan dengan peralatan serta bu-

ru dan mencukupi.

Begitupun, katanya, ibu bapa serta warga pendidik diharap dapat menyokong Program MRCB terutama di bawah program Pintar bagi membantu meningkatkan prestasi akademik pelajar.

"SRJKT Ladang Mayfield sekolah Tamil pertama menjadi anak angkat MRCB dan diharap pelajar yang terdiri daripada anak pekerja estel mendapat manfaat daripada program yang dilaksanakan," katanya.

pada Mafes Anugerah Cemerlang Teknik Mafes dan Projek Persekitaran Mafes MRCB 2010 di SRJKT Ladang Mayfield, dekat sini.

## Kuala Lumpur Sentral – a CBD in the making

The urban centres being developed around Malaysia's largest transport hub is emerging as a new central business district in KL.

**K**uala Lumpur Sentral (KL Sentral) is emerging as a new central business district in KL. The urban centres being developed around Malaysia's largest transport hub is emerging as a new central business district in KL.



The urban centres being developed around Malaysia's largest transport hub is emerging as a new central business district in KL. The urban centres being developed around Malaysia's largest transport hub is emerging as a new central business district in KL.

## MRCB sees 6-7pc yearly return from Nu Sentral



"Terdapat juga peluang pekerjaan apabila EDL dibuka kepada pengguna kerana terdapat permintaan bagi operasi kemahiran dan krew penyelenggaraan"

Datuk Mohamed Razeek Md Hussain Maricar

Berita Harian 18 November 2010

## CORPORATE EVENTS 2010

### JANUARY



07

#### MRCB LAND DELIVERS MIDA'S HEADQUARTERS

7 January 2010, marks yet another milestone for MRCB Land with the official handover ceremony of the newly completed Malaysian Industrial Development Authority's (MIDA) corporate headquarters at Tower B, Lot J, Kuala Lumpur Sentral.

#### MRCB KICKS OFF PACKAGE 2 OF THE TRAFFIC DISPERSAL SYSTEM PROJECT

Malaysian Resources Corporation Berhad (MRCB) kicked off the construction of Package 2 - building of a ramp from Kuala Lumpur Sentral to Lebuhraya Mahameru and Jalan Damansara on 14 January 2010, with the launching of the groundbreaking ceremony by Dewan Bandaraya Kuala Lumpur (DBKL) at Kuala Lumpur Sentral development.



14

### MARCH

05



#### MRCB NAMED FINALIST AT STARBIZ ICRM 2009

MRCB was once again named one of the three finalists in the Starbiz ICR Malaysia Award 2009 on 5 March 2010, under the Marketplace category, competing with the likes of well known companies namely Nestle, Telekom Malaysia (TM), Petronas Gas, Malaysian Airport Holdings, Alcom Berhad and British American Tobacco Bhd.



08

#### MRCB IS RUNNER UP AT PM CSR AWARDS 2009

MRCB Art Awards 2008 was honoured for Honorable Mention at the Prime Minister's CSR Awards 2009 in the Culture and Heritage category for our Corporate Social Responsibility (CSR) project on 8 March 2010 at Hilton Kuala Lumpur.

This in itself was an achievement as MRCB competed with more than 200 participants for the honour, out of which 70 companies who were shortlisted thereafter. Out of 70 shortlisted number, MRCB was selected as one of the final 21 winners by the judges.



## MARCH

### KUALA LUMPUR SENTRAL GOES DARK FOR EARTH HOUR 2010

At precisely 8.30pm local time on 27 March 2010, MRCB and two of its key developments – Kuala Lumpur Sentral and Plaza Alam Sentral, in Shah Alam, joined cities across Malaysia and millions around the world in turning their lights off for one hour in support of Earth Hour 2010.

Earth Hour is a global event organized by WWF (World Wide Fund for Nature, also known as World Wildlife Fund) aimed at raising awareness towards the need to take action on climate change.



27

## MAY



27

### SOOKA SENTRAL WINS ACCOLADES AT FIABCI PRIX D'EXCELLENCE

Sooka Sentral Lifestyle Centre was named the runner up in the Purpose-Built Category at the international FIABCI Prix d'Excellence Awards 2010, held in Bali, Indonesia on 27 May 2010 by the International Real Estate Federation (FIABCI), in its annual property awards aimed at recognition the world's best property development. This accolade received by Sooka Sentral is a run up to FIABCI Malaysia Awards held in November last year, where Sooka Sentral won the FIABCI Malaysia Property Award for Best Development in the same Purpose-Built Category.

## APRIL

### CHINESE DELEGATE VISITS KUALA LUMPUR SENTRAL DEVELOPMENT

An 11-member delegation from the People's Republic of China, led by Mr. Kevin Gong of the Investment Affairs Office from the Comprehensive Business Promotion Department, Chongqing Foreign Trade and Economic Relations Commission, China visited Kuala Lumpur Sentral development on 8 April 2010.



08

### GO GREEN WITH STESEN SENTRAL KUALA LUMPUR

Semasa Sentral Sdn Bhd (Semasa), the station manager for Stesen Sentral Kuala Lumpur (SSKL), presented potted plants to rail operators' representatives at the 9th Anniversary's Hi Tea celebration at the main entrance to Stesen Sentral Kuala Lumpur on 20 April 2010. The event was held to commemorate nine successful years of managing Stesen Sentral Kuala Lumpur as well as celebrating the successful partnership with all the tenants, business partners and also local authorities.



20

## CORPORATE EVENTS 2010

### JUNE

#### MRCB HOLDS 39<sup>TH</sup> AGM

MRCB held its 39<sup>th</sup> Annual General Meeting (AGM) on 3 June 2010 at the Sime Darby Convention Centre, Kuala Lumpur with more than 1,000 shareholders attended the meeting.

03



#### MRCB IS TURNKEY CONTRACTOR FOR LITTLE INDIA PROJECT

MRCB has been appointed as the turnkey contractor for the development of Little India, Brickfields on 9 June 2010 during the official groundbreaking ceremony officiated by Federal Territories and Urban Well-Being Minister, YB Dato' Raja Nong Chik Dato' Raja Zainal Abidin at the site of the temporary hawker centre located at the Jalan Chan Ah Tong field.

09



23

#### STESEN SENTRAL CONDUCTS 9<sup>TH</sup> CRISIS AND DISASTER DRILL

A crisis and disaster drill was conducted at SSKL on 23 June 2010, affecting all 4 levels of the building starting at 12.00 am. Entering its ninth year, the simulation called "Ex Sentral" was based on a "real life bomb" threat scenario. "The bomb" was located at the Transit Concourse, Level 1 of the station. The whole exercise involved the fire department, police force and hospital personnel.



26

#### FINAL PHASE OF SENAWANG SENTRAL BUSINESS PARK OPEN FOR SALE

MRCB Land launched the last phase of its Senawang Sentral Business Park, comprising Phase 2B, at the Senawang Sentral on 26 June 2010. Senawang Sentral Business Park, a commercial development spread over 23 acres. It comprises four phases, of which Phase 2B is the final phase.



## JUNE

### YB TAN SRI NOR LAUNCHES PERAI BREAKWATER AND FISHERMEN JETTY PROJECT

YB Tan Sri Nor Mohamed Yakcop, the Minister in the Prime Minister Office, officially launched the breakwater and fishermen jetty projects at Bagan Ajam, Butterworth, Seberang Perai, Penang. The ceremony was held at Dewan Panorama, Bagan Ajam at Pantai Bersih, Butterworth, Penang on 26 June 2010.

MRCB has successfully completed several coastal rehabilitation works in Pahang and has also been appointed the turnkey contractor for this new project.



26

### MRCB SIGNS AGREEMENT ON 348 SENTRAL

MRCB has entered into a conditional agreement on 30 June 2010 to buy all the shares held by Gapurna Sdn Bhd in GSB Sentral Sdn Bhd, representing a 60% equity interest, with 17.91 million redeemable preference shares of 1 sen each for a purchase consideration of RM105 million. GSB Sentral Sdn Bhd is the owner of 348 Sentral Office Tower.



30

## JULY



01

### MRCB REWARDS EMPLOYEES' CHILDREN FOR ACADEMIC EXCELLENCE

MRCB rewarded its employees' children for attaining academic excellence under the corporate Social Responsibility's educational programme called "MRCB High Achievers Awards" 2010 on 1 July 2010, at a ceremony held at Level 22, Utopia Room, 1 Sentral Building. The High Achievers were rewarded with a Sijil Simpanan Premium Bank Simpanan Nasional (BSN) worth RM300 to RM500 depending on their academic achievements.



05

### MRCB IN THE EDGE'S EXCLUSIVE BILLION RINGGIT CLUB

MRCB has been selected as one of the 163 companies into the inaugural Edge Malaysia Billion Ringgit Club, reserved exclusively for listed companies with at least RM1 billion in market capitalisation as at 31 March of each year, or at least RM1 billion in turnover for the immediate preceding financial year. The Club was inaugurated at a gala dinner on 5 July 2010 by the YAB Prime Minister, Dato' Sri Mohd Najib Tun Abdul Razak.

## CORPORATE EVENTS 2010

28



JULY

### MRCB CONSIDERS SETTING UP REIT

MRCB announced that it will consider injecting some of its properties into a Real Estate Investment Trust (REIT) as part of the Company's growth strategy at an agreement signing on 28 July 2010.

MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of MRCB, has appointed Affin Investments to act as principal adviser and lead arranger for the programme, which will be guaranteed by Dana-Jamin Nasional Bhd.

AUGUST

### NU SENTRAL SECURES TOP INTERNATIONAL ANCHOR TENANTS

Nu Sentral Sdn Bhd, the management company of Nu Sentral Retail Mall and also a joint venture company between MRCB and Pelaburan Hartanah Berhad (PHB) with equity stakes 51:49 respectively; announced that it has signed on several well known and international brands including Parkson Corporation and the Golden Screen Cinema to be its anchor tenants. The first retailers' launch was held at Hilton Kuala Lumpur on 6 August 2010.

06



06

### MRCB HANDOVER PACKAGE 1 FLYOVER PROJECT TO DBKL – 7 MONTHS AHEAD OF SCHEDULE

MRCB officially handed over package 1 of the proposed RM110 million Traffic Dispersal System for Brickfields, comprising a flyover from Jalan Travers to Jalan Bangsar on 6 August 2010, at a ceremony held in Kuala Lumpur Sentral development. The project was completed seven months ahead of schedule from the initial completion date of 30 March 2011.



## SEPTEMBER

### TRANSPORT MINISTER VISITS KUALA LUMPUR SENTRAL DEVELOPMENT

23 September 2010, YB Dato' Seri Kong Cho Ha, the Minister of Transport conducted a site visit to Kuala Lumpur Sentral development. The visit included a site visit to Nu Sentral; the retail component at Lot G, an integrated landmark development expected to be completed by 2012.

23



27



### MRCB RECEIVES DOUBLE HONOURS AT 7TH ANNUAL "STEVIE" INTERNATIONAL BUSINESS AWARD

MRCB was awarded two Distinguished Honoree medals at the 2010 International Business Awards in two categories on 27 September 2010, at the award ceremony held in the Ritz-Carlton Hotel in Istanbul, Turkey.

## OCTOBER



27

### MRCB RECEIVES ASEAN HONOUR AS A TOP INNOVATOR

MRCB won accolades as one of the top innovators and most admired enterprises for larger company at the Asean Business Awards (ABA) 2010, held in Hanoi, Vietnam on 27 October 2010. ASEAN Business Award (ABA) was first launched by ASEAN BAC in Singapore in 2007. The award competition is in honour of the achievement of ASEAN business communities and their contribution to the growth and prosperity of the region.

## NOVEMBER

### MRCB CONTINUES TO PROVIDE EDUCATIONAL SUPPORT TO ITS PENANG SCHOOLS

MRCB continues to boost education support for its three adopted schools in Penang with the donation of 300 sets of school supplies under its PINTAR programme. On 13 November 2010 YB Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department was at hand to give away the contribution.

13



# NOTICE OF 40TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fortieth Annual General Meeting of Malaysian Resources Corporation Berhad (“MRCB” or “the Company”) will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 4 April 2011 at 11.00 a.m. for the following purposes:

## AGENDA

### ORDINARY BUSINESS

- |  |  |
|--|--|
| 1. To receive and adopt the Statutory Financial Statements of the Company for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.   | <b>Resolution 1</b>                        |
| 2. To approve a final dividend of 1.5 sen per ordinary share less 25% income tax for the financial year ended 31 December 2010.  | <b>Resolution 2</b>                        |
| 3. To re-elect the following Directors who will retire pursuant to Articles 101 and 102 of the Company’s Articles of Association, and being eligible have offered themselves for re-election:<br>(i) Tan Sri Azlan Zainol<br>(ii) Dato’ Abdul Rahman Ahmad | <b>Resolution 3</b><br><b>Resolution 4</b> |
| 4. To approve the Directors’ Fees of RM438,493 for the financial year ended 31 December 2010. (2009: RM386,713)  | <b>Resolution 5</b>                        |
| 5. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 6</b>                        |
| 6. To transact any other ordinary business for which due notice has been received.   |  |

### NOTICE OF DIVIDEND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT**, subject to the approval of the shareholders at the Fortieth Annual General Meeting, a final dividend of 1.5% or 1.5 sen per ordinary share less income tax of 25% for the financial year ended 31 December 2010 will be paid on 4 May 2011 to Depositors whose names appear in the Record of Depositors on 8 April 2011.

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

- Shares transferred into the Depositor’s Securities Account before 4.00 p.m. on 8 April 2011 in respect of transfers;
- Shares deposited into the Depositor’s Securities Account before 12.30 p.m on 6 April 2011 in respect of shares exempted from mandatory deposit; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

### By Order of the Board

**MOHD NOOR RAHIM YAHAYA**

(MAICSA 0866820)

Company Secretary

Kuala Lumpur

12 March 2011



*Notes :*

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
3. *The instrument appointing the proxy must be deposited at the 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, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**Directors who are standing for re-election and re-appointment at the Fortieth Annual General Meeting of the Company pursuant to Articles 101 and 102 of the Company's Articles of Association are:**

- (i) Tan Sri Azlan Zainol
- (ii) Dato' Abdul Rahman Ahmad

Dr Roslan A Ghaffar who retires under Articles 101 and 102 of the Company's Articles of Association has opted not to offer himself for re-election at the forthcoming Annual General Meeting.

The profiles of Directors including those seeking re-election at the Fortieth Annual General Meeting are set out on pages 28 to 35. Their shareholdings in the Company are set out on page 134.

# NOTIS MESYUARAT AGUNG TAHUNAN KE-40

**DENGAN INI DIMAKLUMKAN BAHAWA** Mesyuarat Agung Tahunan Malaysian Resources Corporation Berhad ("MRCB" atau "Syarikat") yang Keempat Puluh akan diadakan di Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia pada hari Isnin, 4 April 2011 pada pukul 11.00 pagi untuk melaksanakan urusan-urusan berikut:

## AGENDA

### URUSAN BIASA

- |   |  |
|---|--|
| 1. Untuk menerima dan meluluskan Penyata Kewangan Syarikat bagi tahun kewangan berakhir 31 Disember 2010 bersama Laporan Lembaga Pengarah dan Juruaudit.  | <b>Resolusi 1</b>                      |
| 2. Untuk meluluskan bayaran dividen akhir sebanyak 1.5 sen sesaham biasa yang ditolak cukai pendapatan sebanyak 25% bagi tahun kewangan berakhir 31 Disember 2010.  | <b>Resolusi 2</b>                      |
| 3. Untuk melantik semula Pengarah-pengarah berikut yang akan bersara menurut Artikel 101 dan 102 Tataurusan Syarikat dan oleh kerana layak, telah menawarkan diri mereka untuk perantaraan semula:<br>(i) Tan Sri Azlan Zainol<br>(ii) Dato' Abdul Rahman Ahmad | <b>Resolusi 3</b><br><b>Resolusi 4</b> |
| 4. Untuk meluluskan yuran Pengarah-Pengarah sebanyak RM438,493 bagi tahun kewangan berakhir 31 Disember 2010. (2009: RM386,713)   | <b>Resolusi 5</b>                      |
| 5. Untuk melantik semula Tetuan PricewaterhouseCoopers sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah untuk menetapkan ganjaran mereka.   | <b>Resolusi 6</b>                      |
| 6. Untuk melaksanakan sebarang urusan biasa lain di mana notis yang sewajarnya telah diterima.  |  |

### NOTIS PEMBAYARAN DIVIDEN

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** tertakluk kepada kelulusan daripada pemegang-pemegang saham di Mesyuarat Agung Tahunan yang Keempat Puluh, dividen akhir sebanyak 1.5 % atau 1.5 sen sesaham biasa yang ditolak cukai sebanyak 25% bagi tahun kewangan berakhir 31 Disember 2010, akan dibayar pada 4 Mei 2011 kepada Pendeposit yang tersenarai dalam Rekod Pendeposit pada 8 April 2011.

Seorang Pendeposit akan layak untuk menerima dividen hanya bagi:

- Saham-saham yang dipindahkan ke Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 8 April 2011, bagi pindahan biasa;
- Saham-saham yang didepositkan ke Akaun Sekuriti Pendeposit sebelum 12.30 petang pada 6 April 2011, bagi saham-saham yang dikecualikan dari deposit mandatori; dan
- Saham-saham yang dibeli di Bursa Malaysia Securities Berhad atas dasar kelayakan mengikut peraturan-peraturan Bursa Malaysia Securities Berhad.

### Dengan Perintah Lembaga Pengarah

#### MOHD NOOR RAHIM YAHAYA

(MAICSA 0866820)

Setiausaha Syarikat

Kuala Lumpur

12 Mac 2011



*Nota-nota:*

1. Ahli Syarikat yang berhak menghadiri dan mengundi di mesyuarat ini, berhak melantik seorang atau lebih proksi (atau melantik seorang wakil, bagi syarikat yang diperbadankan) untuk menghadiri dan mengundi bagi pihaknya. Seorang proksi tidak semestinya seorang ahli Syarikat ini.
2. Borang Proksi mestilah ditandatangani oleh orang yang melantiknya atau wakilnya yang diberi kuasa secara bertulis. Bagi syarikat yang diperbadankan, ia hendaklah dilaksanakan dengan menggunakan Cop Mohor atau ditandatangani oleh wakilnya yang diberi kuasa secara bertulis atau oleh pegawainya, bagi pihak syarikat tersebut.
3. Surat perlantikan seorang proksi hendaklah dikemukakan ke Pendaftar Saham, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia tidak kurang dari 48 jam sebelum waktu yang telah ditetapkan bagi mesyuarat tersebut atau sebarang penangguhannya.

## PENYATA BERSAMA NOTIS MESYUARAT AGUNG TAHUNAN

**Para pengarah yang menawarkan diri untuk dipilih semula di Mesyuarat Agung Tahunan Syarikat yang Keempat Puluh menurut Artikel 101 dan 102 adalah:**

- (i) Tan Sri Azlan Zainol
- (ii) Dato' Abdul Rahman Ahmad

Dr Roslan A Ghaffar yang akan bersara menurut Artikel 101 dan 102 Tataurusn Syarikat, telah tidak menawarkan diri untuk perlantikan semula pada Mesyuarat Agung Tahunan yang akan datang.

Profil para Pengarah termasuk yang menawarkan diri untuk dipilih semula di Mesyuarat Agung Tahunan Syarikat yang Keempat Puluh terdapat di muka surat 28 hingga 35. Butiran mengenai pegangan saham para Pengarah di dalam Syarikat terdapat di muka surat 135.





A close-up photograph of a child's hand holding a black pen, writing on a piece of paper. The child is wearing a blue shirt with red trim. The background is blurred, showing a classroom setting with a wooden desk and a chair. A semi-transparent grey box is overlaid on the top left of the image.

REALISING  
OUR FUTURE

WHILST

treasuring

OUR HERITAGE

## DIRECTORS PROFILE

### PROFIL PENGARAH



**TAN SRI AZLAN ZAINOL**

**Non-Independent Non-Executive Chairman**

**Pengerusi Bukan Bebas Bukan Eksekutif**

Tan Sri Azlan Zainol, 61, a Malaysian, was appointed to the Board of MRCB on 12 January 2005. He is a Fellow of the Institute of Chartered Accountants (England & Wales), Certified Public Accountants Malaysia and a member of the Malaysian Institute of Accountants.

Tan Sri Azlan is currently the Chief Executive Officer of Employees Provident Fund (EPF), since April 2001. Prior to joining EPF, he was the Managing Director of AmBank Berhad from 1994 to 2001, AmFinance Berhad from 1982 to 1994 and director for several subsidiaries of AmBank Group from 1996 to 2001. Prior to that, he was a partner with Messrs BDO Binder.

He is the Chairman of RHB Bank Berhad, member of the Board of RHB Capital Berhad, RHB Investment Bank Berhad, Jardine Cycle & Carriage Limited, MCL Land Limited, Vice Chairman of International Social Security Association (ISSA) and member of ASEAN Social Security Association.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Tan Sri Azlan Zainol, 61, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 12 Januari 2005. Beliau merupakan seorang Fellow di Institute of Chartered Accountants (England & Wales), Akauntan Awam Bertauliah Malaysia dan ahli Institut Akauntan Malaysia.

Tan Sri Azlan kini merupakan Ketua Pegawai Eksekutif Kumpulan Wang Simpanan Pekerja (KWSP) sejak bulan April 2001. Sebelum menyertai KWSP, beliau memegang jawatan sebagai Pengarah Urusan AmBank Berhad dari tahun 1994 hingga 2001, AmFinance Berhad dari tahun 1982 hingga 1994 dan pengarah beberapa syarikat subsidiari Kumpulan AmBank dari tahun 1996 hingga 2001. Sebelum itu, beliau juga merupakan rakan kongsi Tetuan BDO Binder.

Beliau adalah Pengerusi RHB Bank Berhad, ahli Lembaga Pengarah RHB Capital Berhad, RHB Investment Bank Berhad, Jardine Cycle & Carriage Limited, MCL Land Limited, Naib Pengerusi International Social Security Association (ISSA) dan ahli ASEAN Social Security Association.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.



**DATUK MOHAMED RAZEEL MD HUSSAIN MARICAR**

**Chief Executive Officer**

**Ketua Pegawai Eksekutif**



Datuk Mohamed Razeek Md Hussain Maricar, 53, a Malaysian, was appointed to the Board of MRCB on 1 December 2009. He holds a Bachelor of Science (Civil Engineering) from University of The South Bank, United Kingdom and is a member of the Institute of Engineers Malaysia.

Datuk Mohamed Razeek began his career in an engineering consulting firm in London in the late 1970s and later in 1980s upon returning to Kuala Lumpur, he joined a local engineering consulting firm and was involved with the construction of the UBN Towers, a development by Peremba- Kuok Brothers.

In 1985, he joined Sime UEP Berhad, before moving on to Land & General Group of Companies in 1991. His achievements at Land & General saw his appointment as an Executive Director of Land & General Berhad in 1999. He joined Eastern & Oriental Property Development Berhad as a Project Director in September 2003 and joined Damac Properties Co, Dubai as the Senior Vice President from August 2008 to June 2009.

Datuk Mohamed Razeek joined MRCB as the Chief Operating Officer in June 2009 and was promoted to the post of Chief Executive Officer on 1 December 2009.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Datuk Mohamed Razeek Md Hussain Maricar, 53, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 1 Disember 2009. Beliau berkelulusan Ijazah Sarjana Muda Sains (Kejuruteraan Awam) dari University of The South Bank, United Kingdom dan ahli Institut Jurutera Malaysia.

Datuk Mohamed Razeek memulakan kerjaya beliau di sebuah firma perunding kejuruteraan di London pada penghujung 1970-an dan apabila kembali ke Kuala Lumpur pada tahun 1980-an, beliau menyertai firma perunding kejuruteraan tempatan dan pernah terlibat dalam projek pembinaan Menara UBN, sebuah pembangunan yang dilaksanakan oleh Peremba-Kuok Brothers.

Pada tahun 1985, beliau menyertai Sime UEP Berhad sebelum berpindah ke Kumpulan Land & General pada tahun 1991. Pencapaian cemerlang beliau di Land & General membolehkan beliau dilantik sebagai Pengarah Eksekutif Land & General Berhad pada tahun 1999. Kemudian, beliau menyertai Eastern & Oriental Property Development Berhad sebagai Pengarah Projek pada bulan September 2003 dan seterusnya Damac Properties Co, Dubai sebagai Naib Presiden Kanan dari bulan Ogos 2008 hingga Jun 2009.

Datuk Mohamed Razeek menyertai MRCB pada Jun 2009 sebagai Ketua Pegawai Operasi dan telah dinaikkan pangkat sebagai Ketua Pegawai Eksekutif pada 1 Disember 2009.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.

## DIRECTORS PROFILE

### PROFIL PENGARAH

#### DATUK AHMAD ZAKI ZAHID

Executive Director

Pengarah Eksekutif



Datuk Ahmad Zaki Zahid, 40, a Malaysian, was appointed to the Board of MRCB on 12 January 2005 and as Executive Director on 4 May 2009. He is also a member of the Executive Committee. He holds a Bachelor of Laws from the University of Bristol, England.

Datuk Ahmad Zaki was a Senior Executive Officer at the Issues and Investment Division of the Securities Commission of Malaysia from November 1994 to July 1998. Thereupon, from August 1998 to February 2000, he worked as a Senior Consultant at Booz Allen & Hamilton (Kuala Lumpur/Singapore).

He assumed the role of Special Assistant to Dato' Seri Hishammuddin Tun Hussein, Minister of Youth and Sports, from March 2000 to June 2001. In July 2001, he joined the Deputy Prime Minister's Office as Special Assistant to Tun Abdullah Haji Ahmad Badawi and was promoted to Special Officer to Tun Abdullah Haji Ahmad Badawi and Head of Policy Unit, Prime Minister's Office from November 2003 to April 2009.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Datuk Ahmad Zaki Zahid, 40, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 12 Januari 2005 dan Pengarah Eksekutif pada 4 Mei 2009. Beliau juga merupakan ahli Jawatankuasa Eksekutif. Beliau memegang Ijazah Undang-Undang dari University of Bristol, England.

Datuk Ahmad Zaki pernah berkhidmat sebagai Pegawai Eksekutif Kanan di Bahagian Terbitan dan Pelaburan Suruhanjaya Sekuriti Malaysia dari bulan November 1994 hingga Julai 1998. Dari Ogos 1998 hingga Februari 2000, beliau berkhidmat sebagai Perunding Kanan di Booz Allen & Hamilton (Kuala Lumpur/Singapura).

Beliau menyandang jawatan Pembantu Khas kepada Dato' Seri Hishammuddin Tun Hussein, Menteri Belia dan Sukan dari bulan Mac 2000 hingga Jun 2001. Pada bulan Julai 2001, beliau bertukar ke Pejabat Timbalan Perdana Menteri sebagai Pembantu Khas kepada Tun Abdullah Haji Ahmad Badawi dan kemudiannya dinaikkan ke jawatan sebagai Pegawai Khas kepada Tun Abdullah Haji Ahmad Badawi dan Ketua Unit Dasar, Pejabat Perdana Menteri dari bulan November 2003 hingga April 2009.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.



### **SHAHRIL RIDZA RIDZUAN**

**Non-Independent Non-Executive Director**

**Pengarah Bukan Bebas Bukan Eksekutif**



Shahril Ridza Ridzuan, 41, a Malaysian, was appointed to the Board of MRCB on 9 August 2001. He is the Chairman of Executive Committee and also a member of the ESOS Committee.

He holds a Bachelor of Civil Law (1st Class) from Oxford University, England, a Master of Arts (1st Class) from Cambridge University, England and has been called to the Malaysian Bar and the Bar of England and Wales.

Shahril was a Legal Assistant at Zain & Co from 1994 to 1996. From 1997 to 1998, he was the Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad from 1998 to 1999. From 1999 to August 2001, he was an Executive Director of SSR Associates Sdn Bhd.

He was the Group Managing Director of the Company from 1 September 2003 to 1 December 2009 and is currently the Deputy Chief Executive Officer (Investment) of the Employees Provident Fund.

Shahril also sits on the Boards of Media Prima Berhad, The New Straits Times Press (M) Berhad and Pengurusan Danaharta Nasional Berhad.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Shahril Ridza Ridzuan, 41, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 9 Ogos 2001. Beliau adalah Pengerusi Jawatankuasa Eksekutif dan juga ahli Jawatankuasa ESOS.

Beliau berkelulusan Ijazah Sarjana Muda Undang- Undang Sivill (Kelas Pertama) dari Oxford University, England, Ijazah Sarjana Sastera (Kelas Pertama) dari Cambridge University, England dan diterima masuk ke Badan Peguam Malaysia dan Bar of England and Wales.

Shahril merupakan seorang Pembantu Guaman di Zain & Co dari tahun 1994 hingga 1996. Beliau menjadi Pembantu Khas kepada Pengerusi Eksekutif Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd dari tahun 1997 hingga 1998. Selepas itu, beliau menyertai Pengurusan Danaharta Nasional Berhad dari tahun 1998 hingga 1999. Beliau menjadi Pengarah Eksekutif SSR Associates Sdn Bhd dari tahun 1999 hingga bulan Ogos 2001.

Beliau menjadi Pengarah Urusan Kumpulan Syarikat dari 1 September 2003 hingga 1 Disember 2009 dan kini beliau merupakan Timbalan Ketua Pegawai Eksekutif (Pelaburan), Kumpulan Wang Simpanan Pekerja. Shahril turut menganggotai Lembaga Pengarah Media Prima Berhad, The New Straits Times Press (M) Berhad dan Pengurusan Danaharta Nasional Berhad.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.

## DIRECTORS PROFILE

### PROFIL PENGARAH

#### DATO' ABDUL RAHMAN AHMAD

Independent Director

Pengarah Bebas



Dato' Abdul Rahman Ahmad, 42, a Malaysian, was appointed to the Board of MRCB on 9 August 2001. He is the Chairman of Remuneration Committee and member of Audit Committee and Nomination Committee.

He holds a Master of Arts from Cambridge University, England and is a member of the Institute of Chartered Accountants, England & Wales.

Dato' Abdul Rahman was an Assistant Manager at Arthur Andersen, London from 1992 to 1996, after which he held the position of Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc (M) Sdn Bhd until 1999. He subsequently joined Pengurusan Danaharta Nasional Berhad as Unit Head from 1999 to 2000 and went on to become an Executive Director of SSR Associates Sdn Bhd until August 2001.

Dato' Abdul Rahman was the Group Managing Director/Chief Executive Officer of MRCB and Media Prima Berhad from August 2001 until September 2003 and from September 2003 to August 2009 respectively. He is currently the Chief Executive Officer/Director of Ekuiti Nasional Berhad and also sits on the Board of Tanjung Offshore Berhad.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Dato' Abdul Rahman Ahmad, 42, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 9 Ogos 2001. Beliau adalah Pengerusi Jawatankuasa Imbuan dan ahli Jawatankuasa Audit dan Jawatankuasa Pencalonan.

Beliau berkelulusan Ijazah Sarjana Sastera dari Cambridge University, England dan ahli Institute of Chartered Accountants, England & Wales.

Dato' Abdul Rahman merupakan Penolong Pengurus di Arthur Andersen, London dari tahun 1992 hingga 1996 sebelum menyandang jawatan sebagai Pembantu Khas kepada Pengerusi Eksekutif Trenergy (M) Berhad/ Turnaround Managers Inc (M) Sdn Bhd sehingga tahun 1999. Selepas itu, beliau menyertai Pengurusan Danaharta Nasional Berhad sebagai Ketua Unit dari tahun 1999 hingga 2000 dan kemudian menyandang jawatan sebagai Pengarah Eksekutif SSR Associates Sdn Bhd sehingga Ogos 2001.

Dato' Abdul Rahman merupakan Pengarah Urusan Kumpulan/Ketua Pegawai Eksekutif MRCB dari Ogos 2001 hingga September 2003 dan Media Prima Berhad dari September 2003 hingga Ogos 2009. Beliau kini menyandang jawatan sebagai Ketua Pegawai Eksekutif/Pengarah Ekuiti Nasional Berhad dan turut menganggotai Lembaga Pengarah Tanjung Offshore Berhad.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.



**DATO' AHMAD IBNIHAJAR**  
**Independent Director**  
**Pengarah Bebas**



Dato' Ahmad Ibnihajar, 61, a Malaysian, was appointed to the Board of MRCB on 27 September 2000. He is the Chairman of Audit Committee and ESOS Committee and member of Remuneration Committee and Nomination Committee.

He holds a Bachelor of Economics (Business Administration) from University of Malaya in 1975 and is a member of The Chartered Institute of Logistic & Transport, Malaysia.

Dato' Ahmad was a Forex Dealer and Portfolio Manager of Malayan Banking Berhad, London from 1976 to 1979. From 1980 to 1984, he was a Manager of Malayan Banking Berhad, Genting Highlands Branch and Balik Pulau Branch. He was a Director of United Traders Securities Sdn Bhd from 1984 to 1991 and was an Executive Director of WM Svane-Nor JV Sdn Bhd from 1991 to 1993 and Managing Director of Taiping Securities Sdn Bhd from 1995 to 1998.

Dato' Ahmad is currently the Managing Director of Penang Port Sdn Bhd and Chairman of D'nonce Technology Berhad.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Dato' Ahmad Ibnihajar, 61, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 27 September 2000. Beliau adalah Pengerusi Jawatankuasa Audit dan Jawatankuasa ESOS dan ahli Jawatankuasa Imbuhan dan Jawatankuasa Pencalonan.

Beliau berkelulusan Ijazah Sarjana Muda Ekonomi (Pentadbiran Perniagaan) dari Universiti Malaya pada tahun 1975 dan ahli The Chartered Institute of Logistic & Transport, Malaysia.

Dato' Ahmad pernah berkhidmat sebagai Wakil Penjual Forex dan Pengurus Portfolio Malayan Banking Berhad, London dari tahun 1976 hingga 1979. Mulai 1980 hingga 1984, beliau bertugas sebagai Pengurus Malayan Banking Berhad, cawangan Genting Highlands dan Balik Pulau. Beliau juga pernah menyandang jawatan sebagai Pengarah di United Traders Securities Sdn Bhd dari 1984 hingga 1991 dan Pengarah Eksekutif WM Svane-Nor JV Sdn Bhd dari 1991 hingga 1993 dan Pengarah Urusan Taiping Securities Sdn Bhd dari 1995 hingga 1998.

Dato' Ahmad pada masa ini merupakan Pengarah Urusan Penang Port Sdn Bhd dan Pengerusi D'nonce Technology Berhad.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.

## DIRECTORS PROFILE

### PROFIL PENGARAH

**DR ROSLAN A GHAFFAR**  
**Independent Director**  
**Pengarah Bebas**



Dr Roslan A Ghaffar, 59, a Malaysian, was appointed to the Board of MRCB on 3 November 2003. He is the Chairman of Nomination Committee and member of Audit Committee, Remuneration Committee and ESOS Committee.

He holds a Bachelor of Science from the Louisiana State University, USA and obtained his PhD from University of Kentucky, USA.

Dr Roslan was attached to University Putra Malaysia as a Lecturer in 1984 and Associate Professor in 1991. In 1992-1993, Dr Roslan was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the University Putra Malaysia, he had served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

Dr Roslan has also served the Employees Provident Fund from 1994 to 2007 where his last position was Deputy Chief Executive Officer.

He is currently the Chairman of Kuala Lumpur Sentral Sdn Bhd and also sits on the Boards of ING Fund Berhad, SYF Resources Berhad, Grand Inizio Sdn Bhd, DMDI Finance House Berhad, Cagamas Berhad, Baraka Telekom Sdn Bhd and P.T Alliance Cosmetic.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Dr Roslan A Ghaffar, 59, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 3 November 2003. Beliau adalah Pengerusi Jawatankuasa Pencalonan dan ahli Jawatankuasa Audit, Jawatankuasa Imbuan dan Jawatankuasa ESOS.

Beliau berkelulusan Ijazah Sarjana Muda Sains dari Louisiana State University, Amerika Syarikat dan memperolehi PhD daripada University of Kentucky, Amerika Syarikat.

Dr Roslan pernah berkhidmat dengan Universiti Putra Malaysia sebagai Pensyarah pada tahun 1984 dan Profesor Madya pada tahun 1991. Pada tahun 1992-1993, Dr Roslan berkhidmat dengan University of Kentucky, Lexington sebagai Profesor Pelawat. Semasa berkhidmat dengan Universiti Putra Malaysia, beliau pernah beberapa kali berkhidmat sebagai perundingcara kepada pelbagai pertubuhan antarabangsa dan kebangsaan yang antara lain termasuk Bank Dunia, Bank Pembangunan Asia, Winrock International dan Unit Perancang Ekonomi di Jabatan Perdana Menteri.

Dr Roslan juga pernah berkhidmat di Kumpulan Wang Simpanan Pekerja dari 1994 hingga 2007 di mana jawatan terakhir beliau adalah Timbalan Ketua Eksekutif.

Pada masa ini, beliau menyandang jawatan Pengerusi Kuala Lumpur Sentral Sdn Bhd dan turut menganggotai Lembaga Pengarah ING Fund Berhad, SYF Resources Berhad, Grand Inizio Sdn Bhd, DMDI Finance House Berhad, Cagamas Berhad, Baraka Telekom Sdn Bhd dan P.T Alliance Cosmetic.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.



**CHE KING TOW**  
**Independent Director**  
**Pengarah Bebas**



Che King Tow, 57, a Malaysian, was appointed to the Board of MRCB on 24 June 2009 and is also a member of the Executive Committee.

He is a Registered Real Estate Agent (Board of Valuers and Real Estate Agents) and is a member of Real Estate Housing Developers' Association of Malaysia, Institute of Estate Agents, Malaysia and FIABCI Malaysia.

King Tow was the Managing Director and major shareholder of Bukit Rimau Development Sdn Bhd, the Developer for the premier mixed housing project in Bukit Rimau, Shah Alam until he disposed off his interest in Bukit Rimau Development Sdn Bhd to Malton Berhad in 2002. He remained a director of Bukit Rimau Development Sdn Bhd until 2004.

He is currently the Managing Director of Tecna Resources Sdn Bhd and Jaya33 Sdn Bhd and the Principal of Tecna Properties Sdn Bhd.

Other than as disclosed, he does not have any family relationship with any Director and/or major shareholder of MRCB. He has no personal interest in any business arrangement involving MRCB and has not been convicted for any offence within the past 10 years.

Che King Tow, 57, warganegara Malaysia, telah dilantik sebagai ahli Lembaga Pengarah MRCB pada 24 Jun 2009 dan juga merupakan ahli Jawatankuasa Eksekutif.

Beliau adalah Ejen Hartanah Berdaftar (Lembaga Jurunilai dan Ejen Hartanah) dan merupakan ahli Persatuan Pemaju Perumahan Hartanah Malaysia, Institut Ejen Hartanah, Malaysia dan FIABCI Malaysia.

King Tow adalah Pengarah Urusan dan pemegang saham utama Bukit Rimau Development Sdn Bhd, pemaju terkemuka projek perumahan campuran di Bukit Rimau, Shah Alam sehingga beliau melupuskan kepentingan beliau dalam Bukit Rimau Development Sdn Bhd kepada Malton Berhad pada tahun 2002. Beliau kekal sebagai pengarah Bukit Rimau Development Sdn Bhd sehingga 2004.

Pada masa ini, beliau merupakan Pengarah Urusan Tecna Resources Sdn Bhd dan Jaya33 Sdn Bhd dan Prinsipal Tecna Properties Sdn Bhd.

Selain daripada yang dimaklumkan, beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama MRCB. Beliau tidak mempunyai kepentingan peribadi dalam sebarang urusan perniagaan yang melibatkan MRCB dan tidak pernah disabitkan dengan sebarang kesalahan dalam tempoh 10 tahun lepas.

## AWARDS & RECOGNITIONS

### ANUGERAH & PENGIKTIRAFAN

As one of the leading property and engineering & construction players in the country, MRCB advocates the highest level of excellence in developing all of its projects, which in turn will benefit its clients, purchasers and business partners.

MRCB's depth of technical and technological expertise, which underpins the Group's array of credentials is further strengthened by the attainment of quality certifications; recognised by highly renowned local and international quality certification authorities.

Sebagai salah satu daripada peneraju hartanah dan kejuruteraan & pembinaan utama negara, MRCB menekankan kepentingan piawaian tertinggi untuk semua projek yang dilaksanakannya, yang mana akan memanfaatkan para pelanggan, para pembeli dan rakan-rakan niaganya.

Kepakaran MRCB dalam bidang teknikal dan teknologi jelas menunjukkan keupayaan Kumpulan; diperteguhkan lagi dengan pencapaian sijil pengiktirafan piawaian kualiti yang diiktiraf oleh badan-badan piawaian kualiti negara dan juga di peringkat antarabangsa.

#### MRCB GROUP

#### KUMPULAN MRCB

**NACRA Award 2010**  
Best Corporate Social  
Responsibility Reporting  
Award – Silver Award

**ACCA MaSRA 2010**  
Shortlist

**Asean Business Awards  
(Innovation) 2010**  
1st Runner Up

**Stevie International Business  
Awards 2010**  
Distinguished Honoree for  
Best Corporate Social  
Responsibility Programme  
of the Year in Asia  
(subcontinent, Australia and  
New Zealand) for the MRCB  
Arts Awards 2008/2009

**PM CSR Award 2009**  
Honourable Mention  
– Culture & Heritage

**ACCA MaSRA 2009**  
Winner – Environmental  
Performance Report

**ACCA MaSRA 2009**  
Special Mention -  
Assurance Approach

**NACRA Award 2009**  
Best Corporate Social  
Responsibility Reporting Award  
– Silver Award

**ACCA MaSRA 2009**  
Shortlist

**Member**  
The Edge Billion Ringgit Club  
2010

**StarBIZ ICR Malaysia Corporate  
Responsibility Awards 2009**  
Finalist – Marketplace Category

**NACRA Award 2008**  
Best Corporate Social  
Responsibility Reporting Award  
– Platinum Award

**StarBIZ – ICR Malaysia  
Corporate Responsibility  
Awards 2008**  
Finalist – Community Category





## PROPERTY HARTANAH

### KUALA LUMPUR SENTRAL SDN BHD

#### FIABCI International Prix d'Excellence Awards for Purpose-Built Development Category 2010

1st Runner-up – Sooka Sentral  
Lifestyle Centre

#### FIABCI Malaysia Chapter Property Awards for Purpose-Built Development Category 2009

Winner – Sooka Sentral  
Lifestyle Centre

#### 2009 FIABCI Malaysia Property CEO of the Year Award

Shahril Ridza Ridzuan,  
Formerly Group Managing  
Director of MRCB 2009

#### FIABCI International Prix d'Excellence Awards 2009 for Office Development Category

1st Runner-up – 1 Sentral

#### FIABCI Malaysia Chapter Property Awards for Office Development 2008

Winner – 1 Sentral

#### Islamic Finance News Award Musyarakah Deal of the Year 2007

Kuala Lumpur Sentral  
development

#### Malaysia's First MSC Cybercentre in 2006

Kuala Lumpur Sentral  
development

#### FIABCI International Prix d'Excellence Awards for Specialised and Public Sector Category 2003

Finalist – Stesen Sentral  
Kuala Lumpur

#### Best Steel Roof Design and Honorary Mention for Excellence in Architecture (PAM) for 2002 & 2003

Stesen Sentral Kuala Lumpur

#### FIABCI Malaysia Chapter Property Award for Specialised and Public Sector Category 2002

Stesen Sentral Kuala Lumpur

#### PAM 2002 Awards for Excellence in Architecture

Stesen Sentral Kuala Lumpur

#### MRCB SENTRAL PROPERTIES SDN BHD

MS ISO 9001:2000



# AWARDS & RECOGNITIONS

## ANUGERAH & PENGIKTIRAFAN

### INFRASTRUCTURE, CONCESSION & ENVIRONMENT INFRASTRUKTUR, KONSESI & ALAM SEKITAR

#### MRCB LINGKARAN SELATAN SDN BHD

The Asset Asian Awards 2008,  
Triple A under the Best Project  
Finance for RM1.26 billion  
Sukuk & Syndicated loan

#### MRCB PRASARANA SDN BHD License

- CIDB G7
- Quality Management System  
SIRIM ISO 9001 : 2008

#### MRCB ENVIRONMENT SDN BHD

- Stevie International Business  
Awards 2010  
Distinguished Honoree  
for Best Environmental  
Responsibility Programme  
of the Year for the River and  
Beach Rehabilitation Project  
at Teluk Bay, Tioman Island  
2008/2009

#### License

- CIDB G7
- Quality Management  
System SIRIM ISO 9001 :  
2008

### BUILDING SERVICES PERKHIDMATAN PENGURUSAN BANGUNAN

- Certification to ISO 9001:2000  
under the provision of  
corporate service covering  
corporate affair and business  
development, finance, legal  
affairs and human resource,  
administration and quality on  
16 November 2007

#### SEMASA SENTRAL SDN BHD

- "Best Facilities Management  
Company in Asia Pacific":  
Asia Pacific Excellent  
Standard Award (APBEST)  
– organised by APBEST  
Academy, Hong Kong in  
December 2008

- "Best Operation Driver  
of The Year": Mohamed  
Roslan Mohamed Shariff,  
Chief Operating Officer,  
SSSB - Asia Pacific Excellent  
Standard Award (APBEST)  
– organised by APBEST  
Academy, Hong Kong in  
December 2008

- Human Resource  
Development Award 2008;  
Medium and Small Service  
Industry by the Human  
Resource Development in  
October 2008

- Re-certification to MS ISO  
9001:2000 QMS in March 2006

- Transportation Project Award  
by Eastern Asia Society of  
Transportation Studies

- Public Toilet Cleanliness  
Competition organised by  
Dewan Bandaraya Kuala  
Lumpur (DBKL) – 1st prize for  
Year 2004 and 2005

- Shortlist for QMEA 2004  
Award for Category 1 (Local  
Company With Annual Sales  
Not Exceeding RM10 million)  
organised by Ministry of  
International Trade & Industry  
(MITI)

- Special Award for Quality  
Management Excellence 2005  
organised by MITI

#### SEMASA SERVICES SDN BHD

- Certification to MS ISO  
9001:2000 QMS in March 2006

- 1st Runner up in the ASEAN  
Energy Management Best  
Practice Competition for  
Building Category on 23  
August 2007

#### SEMASA SECURITY SDN BHD

- SIRIM ISO 9001 : 2000  
Provision of Static Security  
Services for Sooka Sentral and  
KWSP Building Damansara  
Fairway 1





## ENGINEERING & CONSTRUCTION KEJURUTERAAN & PEMBINAAN

### TRANSMISSION TECHNOLOGY SDN BHD

#### Accreditation

- MS ISO 9001:2000

#### Licenses

- PKK Class 1 - Electrical
- PKK Class1 - Bumiputera Status
- CIDB G7
- Petronas, TNB, SESB
- Ministry of Finance, Malaysia

### MRCB TECHNOLOGIES SDN BHD

#### Accreditation

- MS ISO 9001:2000
- MSC Status Incubator

#### Licenses

- MOF (Bumiputera Status)
- CIDB G7
- PKK Class A
- Tabung Haji
- Telekom, Celcom, Maxis, TT dotcom
- Ministry of Defence, Malaysia
- TNB, SESB, KTMB, SPNB
- MCMC - ASP (C)
- Boustead Naval Shipyard

### MILMIX SDN BHD

#### Accreditation

- MS ISO 9001:2000 License
- CIDB G7

### MRCB ENGINEERING SDN BHD

#### Accreditation

- MS ISO 9001:2000

#### Licenses

- PKK Class A
- CIDB G7
- JPP Class D
- Bank Negara Malaysia



## CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

I am pleased to report that Malaysian Resources Corporation Berhad (MRCB) has responded positively to the financial priorities set at the start of the year, resulting in a much stronger balance sheet and a solid overall performance in what have been improving market conditions.

The Group continued with our successful development strategy through the continuous execution of our growth strategy within the Kuala Lumpur Sentral development by vigorously pushing for new launches of several multi-million ringgit projects with our partners. At the same time, the Group has also adopted a cost conscious profile and efficient management of project implementation ideally suited to maximising returns from our projects that represent the Group's core business activities comprising property and engineering & construction divisions.

Consequently, the outcome was clearly reflected in the results for the year. For the first time, the

Group's revenue for the 12 months ended 31 December 2010 crossed the RM1 billion mark to close at RM1.1 billion, up 16% as compared to RM921.6 million recorded in the preceding financial year ended 31 December 2009.

Correspondingly, the Group produced a commendable performance by achieving a profit before taxation of RM97.6 million for the current financial year as compared to RM46.5 million recorded in the preceding financial year. This achievement represents an increase of 110%.

Much of the Group's success can be attributed to the inculcation of a positive management



culture where innovation and creativity in the workplace are encouraged and rewarded. This allowed the Group to eventually yield benefit through economies of scale arising from aggregate procurements and efficient management of project implementation. These proactive actions have delivered remarkable savings as well as selection as one of the top innovators and most admired enterprises at the ASEAN Business Awards (ABA), in Hanoi, Vietnam.

A further ingredient in the Group's continued success is our close collaboration with our many partners - Gapurna, Quill, CMY Capital, Aseana Properties, Pelaburan Hartanah Berhad and many others.

The Government's economic measure in 2009 to boost confidence in the marketplace by implementing two stimulus packages of RM7 billion and RM60 billion are showing good progress in contributing to the softening of the adverse impacts to our economy.

Furthermore, the unveiling of the Economic Transformation Programme (ETP) on 21 September 2010 also brought cheer to the construction industry. The initiative to turn Malaysia into a high income economy by the year 2020, is anchored on 12 National Key Economic Areas (NKEAs), which are drivers of economic activities that have the potential to materially contribute to Malaysia's growth. It also includes the development of the Greater Kuala Lumpur estimated to be worth RM172 billion. This would involve the development of the Mass Rapid Transit (MRT), Rubber Research Institute land in Sg. Buloh, and a myriad of other major property development projects that would support the construction industry over the next decade.

Already managing several project under the Government's Stimulus Package, MRCB is actively pursuing to secure new works and be part of the team to implement the Government's initiatives.

The successful current financial year performance was achieved on the back of strong deliverables due to the employees' commitment and efforts. We remain committed to communicate our performance accurately with all our business partners and stakeholders.

## OPERATIONAL REVIEW AND CORPORATE HIGHLIGHTS

Over the years, the Group has built up a well diversified portfolio with four core divisions – Property, Engineering & Construction, Infrastructure, Concession & Environment and Building Services. All divisions are independently managed and have well entrenched business and operational growth and expansion strategies. The robust nature of our business operations in all our divisions is based on 'innovative and value-added operations', ensuring that each division is optimising their respective business activities to the fullest to obtain the maximum value. Based on this principle, it gives me pleasure to provide an overview of the Group's business divisions.

### Property Division

2010 once again proves to be a successful year for the property division with Sooka Sentral, a lifestyle centre within Kuala Lumpur Sentral, achieved the runner up in the Purpose-Built Category at the international FIABCI Prix d'Excellence Awards 2010, held in Bali, Indonesia by the International Real Estate Federation (FIABCI) in its annual property awards, aimed at recognising the world's best property development.

On this note, I am extremely happy that our property division has consistently developed several prestigious buildings recognised especially by FIABCI international and its Malaysian Chapter as we have won several awards for Stesen Sentral Kuala Lumpur, 1 Sentral Office Tower and Sooka Sentral Lifestyle Centre.

At the operational front, the second phase of the Kuala Lumpur Sentral development involves the development of approximately five million sq. ft. of retail, office and hotel as evident by the CIMB Headquarters at Lot A, KL Sentral Park at Lot E, Shell Tower and serviced apartments at Lot 348 Sentral and Nu Sentral Retail Mall, Office Towers and Aloft boutique hotel at Lot G are well underway.

These developments, with a total Gross Development Value (GDV) of over RM4.2 billion, are expected to be fully completed by 2012, which will then transform the landscape of Kuala Lumpur Sentral entirely from just a business address to the next generation Central Business District (CBD).

## CHAIRMAN'S STATEMENT



Kuala Lumpur Sentral

2010 also saw our Phase 1 township development in Bandar Seri Iskandar (BSI), Perak, was well received with a take up rate of more than 95%. This successful market acceptance includes our first high-end Puncak Iskandar residential development spreading over 218 acres.

Our new property development project in BSI is progressing well to the second phase where medium to high-end products are being offered. BSI is a long term township development with over 3,200 acres yet to be developed.

### Engineering & Construction Division

Our Engineering & Construction division is currently managing close to RM2 billion construction works at Kuala Lumpur Sentral alone. These projects, the bulk of which are expected to complete by 2012, will strengthen the division's standing in the construction industry as a comprehensive green construction company having the experience in high-rise residential, office and retail complex buildings with green certifications by local as well as international standards.

Our strategy to conduct bulk purchasing process has allowed us to minimise the fluctuation in construction costs, especially steel and diesel throughout 2010. We will continue working towards further improvement in our cost control efforts.

### Infrastructure, Concession and Environmental Division

Positive progress is already showing with the Group's two highway concessions.

The Duta Ulu-Kelang Expressway (DUKE), which has been in operation for a year, has shown a steady traffic growth. Since its opening in May 2009, the numbers of daily commuters has increased from 50,000 to over 96,000. We are expecting average daily traffic volume to rise further to between 100,000 to 130,000.

Works on the Eastern Dispersal Link (EDL) in Johor is progressing smoothly, with expected completion on schedule in 2012. The 8.1 km (5.0 miles) expressway will connect the end of North-South Expressway Southern Route at Pandan to the new Bangunan Sultan Iskandar in the city centre.

The EDL expressway will act as a bypass to Bangunan Sultan Iskandar without using Tebrau Highway to the city centre. Upon completion, EDL will provide the Group with a new source of recurring income.

Already a leader in the environmental business especially in the areas of beach, river and coastline rehabilitation; initial ongoing works at Sungai Perai in Penang, Sungai Kuantan and Kuala Sungai Pahang – both in Pahang are near completion.

### Building Services Division

Our Building Services Division provides a fully integrated solution for quality management of property assets as well as management and maintenance of transport hubs.

The division also provides security, parking, maintenance and building management solutions to building owners. We continue to manage Malaysia's largest transport hub – Stesen Sentral Kuala Lumpur, as well as several commercial buildings within Kuala Lumpur Sentral development as well as the Group's property and infrastructure assets.

We also manage approximately 6,000 car parks in other areas in Kuala Lumpur, out of which 3,000 car parks are within Kuala Lumpur Sentral alone.

### Corporate Social Responsibilities – Beyond national recognition

In 2010, MRCB was once again accorded recognition both nationally and internationally. MRCB continued to be recognised at the ACCA MaSRA Awards and the National Annual Corporate Report Awards (NACRA).

Internationally, MRCB was accorded Distinguished Honoree in the Corporate Social Responsibility Programme of the Year in Asia (Subcontinent, Australia and New Zealand) while the River and Beach Rehabilitation Project at Tekek Bay, Tioman Island was also nominated as a Distinguished Honoree in the Environmental Responsibility Programme of the Year at the Stevie Awards' International Business Awards.

The Group continued to uphold our Corporate Social Responsibility (CSR) commitment in 2010 in keeping with the spirit of the GLC Transformation programme and is actively pursuing our four key CSR programmes – Education, Environment, Employee Welfare and Promoting the Arts.

Our educational activities include the adoption and sponsoring of schools within the areas of our business operations. In 2010, we have adopted 4 additional schools to our existing four schools in the PINTAR programme. The new schools are SJK (T) Ladang Mayfield (Penang) and three schools from Pahang are SK Indera Shahbandar, SK Serandu and SJK (C) Yoke Hwa.



Lot G : Nu Sentral



An adopted school in Pahang



## CHAIRMAN'S STATEMENT

Our existing four schools include two schools in Brickfields, Kuala Lumpur (SK La Salle 1 and SK La Salle 2), one school in Johor Bahru (SK Tebrau Bakar Batu) and one in Penang (SK Bagan Jermal). In total, we are adopting 8 primary schools in four states of Malaysia.

We have taken the step to produce a comprehensive CSR report since 2008. This is in recognition of the importance of reporting our CSR activities to all our stakeholders. The full report is available on our website at [www.mrcb.com.my](http://www.mrcb.com.my) and also in our stand-alone Sustainability Report 2010.

### Stakeholders & Community Dialogues

MRCB continues to hold dialogues with the community, business operators, the local authorities, analysts as well as the media in areas where the Group operates.

Dialogues were held with the community in Brickfields together with local authorities on the Brickfields & Kuala Lumpur Sentral Stimulus Package Traffic System Project. We have also conducted dialogues with the community and media for our EDL Project in Johor.

### Green Building Initiatives

Our green strategy is progressing well at 348 Sentral, Lot G integrated development and Lot E – KL Sentral Park. We are adopting the US-based LEED (Leadership in Energy and Environment Design) certification managed by the US Green Building Council; Singapore's BCA Green Mark and Malaysia's Green Building Index (GBI).

We will conscientiously continue to adopt green certifications for all our future development in Kuala Lumpur Sentral as well as for our other projects.

MRCB continues to participate in the Earth Hour movement by turning off all non-essential lights in our key development annually.

We felt that as a corporate citizen, we should be concerned with the dramatic climate change by making a positive contribution towards green awareness programmes.

### A brighter outlook

The fundamentals of our economy and our industry remain robust as we anticipate the Economic Transformation Programme and the initiative for Greater Kuala Lumpur will see some major roll-outs in 2011.

PINTAR students at SK Indera Shahbandar, Kuala Pahang, Pahang





Stesen Sentral Kuala Lumpur

As our business evolves, the review on our business strategy has revealed that key strategic pillars that we have put in place over the years are just as relevant today and will continue to be the core foundation of our future.

As for Kuala Lumpur Sentral, we are positioning the development as the next generation CBD in the country that will command good take up for both commercial and residential spaces. This stimulus factor will remain strong in the years to come, as it provides substantial boost for investors' investment values in this iconic location.

Going into the 2011 financial year, I believe the Group is in a unique position to further develop our status as one of the country's leading commercial property and construction companies. Our financial position remains robust, with good liquidity and strong cash flow.

With a tight cost and cash control and backed by a strong and dynamic leadership, I believe that we are well positioned to overcome new challenges and able to capitalise on the growth opportunities within our markets.

At this end, I wish to express my many thanks and congratulations to all my co-directors and the employees of MRCB for their commitment and efforts in making this year a successful one for the Group.

Encik Mohamad Lotfy Mohamad Noh, who has stepped down as director effective on 22 October 2010 and also to Dr Roslan A Ghaffar, who retires effectively on 4 April 2011 as he would not seek re-election at the forthcoming Annual General Meeting; the Board and I wish to thank both of you for the years of invaluable services and contributions to transform the Group to its current position.

**TAN SRI AZLAN ZAINOL**  
Chairman

## PENYATA Pengerusi

### Para Pemegang Saham Yang Dihargai Sekalian,

**Saya dengan sukacitanya melaporkan bahawa Malaysian Resources Corporation Berhad (MRCB) telah bertindak secara positif terhadap pelbagai keutamaan kewangan yang telah ditetapkan pada awal tahun, seterusnya membolehkan pencapaian kunci kira-kira yang lebih teguh dan prestasi keseluruhan yang mantap dengan persekitaran pasaran yang bertambah baik.**

Dengan kejayaan strategi pembangunan, Kumpulan meneruskan pelaksanaan strategi pertumbuhan pesat di pembangunan Kuala Lumpur Sentral dengan pelancaran baru beberapa projek bernilai jutaan ringgit bersama rakan perniagaan kita. Pada masa yang sama, Kumpulan turut mengamalkan langkah penjimatan kos dan pengurusan pelaksanaan projek secara cekap supaya mampu memaksimumkan pulangan daripada projek-projek yang dijalankan, terutamanya perniagaan teras kita yang meliputi aktiviti bahagian hartanah dan kejuruteraan & pembinaan.

Hasilnya, kesan yang dicapai boleh dilihat dengan jelas melalui keputusan yang diperolehi pada tahun ini. Buat pertama kali, hasil Kumpulan bagi tempoh 12 bulan berakhir 31 Disember 2010 melepasi angka RM1 bilion kepada RM1.1 bilion. Ini merupakan peningkatan sebanyak 16% berbanding RM921.6 juta yang dicatatkan pada tahun kewangan berakhir 31 Disember 2009.

Sehubungan itu, Kumpulan juga berjaya menghasilkan prestasi memberangsangkan dengan mencatatkan keuntungan sebelum cukai sebanyak RM97.6 juta bagi tahun kewangan semasa berbanding RM46.5 juta yang dicapai pada tahun kewangan sebelumnya. Pencapaian ini menunjukkan peningkatan sebanyak 110%.

Sebahagian besar kejayaan Kumpulan ini telah disumbang melalui penerapan budaya pengurusan positif di mana inovasi dan kreativiti di tempat kerja diberi galakan dan ganjaran. Langkah ini membolehkan Kumpulan menghasilkan manfaat ekonomi mengikut skala hasil daripada pelaksanaan langkah pemerolehan secara agregat dan pengurusan

pelaksanaan projek secara efektif. Tindakan proaktif ini telah membolehkan Kumpulan menikmati penjimatan setiap tahun dan terpilih sebagai salah sebuah syarikat berinovasi terunggul dan dikagumi di Asean Business Awards (ABA) di Hanoi, Vietnam.

Rumusan seterusnya yang telah membawa kejayaan berterusan Kumpulan adalah kerjasama erat dengan beberapa rakan perniagaan kita – Gapurna, Quill, CMY Capital, Aseana Properties, Pelaburan Hartanah Berhad dan beberapa pihak lain.

Langkah Kerajaan untuk melonjakkan tahap keyakinan di pasaran dengan melaksanakan dua pakej rangsangan bernilai RM7 bilion dan RM60 bilion pada tahun 2009 menunjukkan kemajuan memuaskan dalam meredakan impak negatif terhadap ekonomi kita.

Selain itu, pengumuman Program Transformasi Ekonomi (ETP) pada 21 September 2010 turut membawa berita baik kepada industri pembinaan. Inisiatif yang bertujuan menjadikan Malaysia sebagai sebuah ekonomi berpendapatan tinggi menjelang tahun 2020 diterajui oleh 12 Bidang Ekonomi Utama Nasional (NKEA) yang menjadi pendorong kepada pelbagai aktiviti ekonomi yang berpotensi menyumbang dengan ketara kepada pertumbuhan Malaysia. Ia termasuk pembangunan Greater Kuala Lumpur yang dianggar bernilai RM172 bilion. Ini akan melibatkan pembangunan Mass Rapid Transit (MRT), tanah Institut Penyelidikan Getah di Sungai Buloh dan pelbagai projek pembangunan hartanah utama yang bakal menyokong industri pembinaan pada dekad akan datang.



MRCB sedang melaksanakan beberapa projek di bawah Pakej Rangsangan Kerajaan dan sedang berusaha secara aktif mendapatkan projek-projek baru dan pada masa yang sama, menjadi sebahagian daripada peneraju yang melaksanakan pelbagai inisiatif kerajaan.

Kejayaan prestasi kewangan tahun semasa yang dicapai juga adalah hasil kesungguhan dan komitmen warga kerja Kumpulan. Kita kekal komited untuk menyampaikan maklumat prestasi kita secara tepat kepada semua rakan perniagaan dan pemegang kepentingan kita.

### **TINJAUAN OPERASI DAN MAKLUMAT UTAMA KORPORAT**

Sejak beberapa tahun lalu, Kumpulan telah berjaya membina portfolio perniagaan berpelbagai yang merangkumi empat bahagian teras – Hartanah, Kejuruteraan & Pembinaan, Infrastruktur, Konsesi & Alam Sekitar dan Perkhidmatan Pengurusan Bangunan. Semua bahagian ini diurus secara berasingan dan mempunyai strategi perniagaan dan pertumbuhan operasi di samping strategi perluasan yang mantap. Kepesatan operasi perniagaan kita dalam semua bahagian dilaksanakan berasaskan kepada 'operasi berteraskan inovasi dan tambah nilai', untuk memastikan supaya setiap bahagian mampu mengoptimumkan aktiviti perniagaan masing-masing sepenuhnya bagi mencapai nilai maksimum. Berasaskan kepada prinsip tersebut, saya dengan sukacitanya membentangkan satu tinjauan menyeluruh prestasi bahagian-bahagian perniagaan Kumpulan kita.

#### **Bahagian Hartanah**

Tahun 2010 sekali lagi terbukti merupakan satu tahun kejayaan kepada Bahagian Hartanah di mana Sooka Sentral, sebuah pembangunan gaya hidup di Kuala Lumpur Sentral telah dipilih sebagai naib juara dalam Kategori Binaan Khas, di majlis penyampaian anugerah FIABCI Prix d'Excellence Awards 2010. Majlis ini diadakan di Bali, Indonesia anjuran International Real Estate Federation (FIABCI) untuk Anugerah Hartanah Tahunannya, yang bertujuan mengiktiraf pembangunan hartanah terbaik di dunia.

Sehubungan itu, saya berasa amat gembira untuk memaklumkan bahawa Bahagian Hartanah kita secara konsisten berjaya membangunkan beberapa bangunan berprestij yang diiktiraf terutamanya oleh FIABCI International mahupun

cawangannya di Malaysia. Pembangunan kita yang pernah memenangi anugerah termasuklah Stesen Sentral Kuala Lumpur, Bangunan Pejabat 1 Sentral dan Bangunan Gaya Hidup Sooka Sentral.

Dalam bidang operasi, fasa kedua pembangunan Kuala Lumpur Sentral yang merangkumi pembangunan kira-kira lima juta kaki persegi gedung runcit, pejabat dan hotel yang bakal menjadi mercutanda seperti Ibu Pejabat CIMB di Lot A, KL Sentral Park di Lot E, Menara Shell dan pangsapuri berservis di Lot 348 Sentral dan Gedung Membeli-belah Nu Sentral, pejabat dan hotel butik Aloft di Lot G, sedang dalam pembinaan.

Semua pembangunan ini dengan Nilai Pembangunan Kasar (GDV) berjumlah lebih RM4.2 bilion dijangka akan siap sepenuhnya pada tahun 2012. Ia akan mengubah lanskap Kuala Lumpur Sentral sepenuhnya daripada sebuah pusat perniagaan biasa menjadi Kawasan Pusat Perniagaan (CBD) untuk generasi akan datang.

Pada tahun 2010 juga, pembangunan perbandaran Fasa 1 di Bandar Seri Iskandar (BSI), Perak mendapat sambutan baik dengan kadar belian lebih 95%. Kejayaan penerimaan pasaran yang diperolehi ini meliputi pembangunan kediaman mewah pertama, dikenali sebagai Puncak Iskandar yang meliputi kawasan seluas lebih 218 ekar.

Projek pembangunan hartanah terbaru kita di BSI, kini telah memasuki fasa kedua yang menawarkan produk dari kos sederhana hingga mewah. BSI adalah sebuah pembangunan perbandaran jangka panjang yang merangkumi kawasan seluas lebih 3,200 ekar yang masih belum dibangunkan.

KL Sentral Park



## PENYATA Pengerusi

Lot G: Parcel C & D



Pakej 2 – Kuala Lumpur Sentral ke Lebuhraya Mahameru sedang dalam pembinaan

### Bahagian Kejuruteraan & Pembinaan

Di Kuala Lumpur Sentral sahaja, Bahagian Kejuruteraan & Pembinaan kita kini sedang menjalankan beberapa kerja pembinaan bernilai hampir RM2 bilion. Sebahagian besar projek ini yang dijangka akan disiapkan menjelang tahun 2012 akan mengukuhkan lagi kedudukan bahagian ini dalam industri pembinaan bagi membolehkan ia menempa nama sebagai syarikat pembinaan yang berpengalaman dalam bidang hartanah kediaman, pejabat dan gedung membeli-belah dengan mendapat pengiktirafan hijau menurut piawaian tempatan mahupun antarabangsa.

Strategi kita mengendalikan proses pembelian secara pukal telah membolehkan kita meminimumkan kesan kenaikan kos pembinaan, terutamanya kos keluli dan diesel sepanjang tahun 2010. Kita akan meneruskan usaha ke arah mempertingkatkan lagi langkah kawalan kos ini.

### Bahagian Infrastruktur, Konsesi dan Kejuruteraan Alam Sekitar

Kedua-dua konsesi lebuhraya Kumpulan sudah pun menunjukkan kemajuan yang positif.

Lebuhraya Duta Ulu-Kelang (DUKE) yang telah beroperasi selama setahun telah menunjukkan peningkatan trafik yang teguh. Sejak pembukaannya pada bulan Mei 2009, bilangan kenderaan berulang-alik setiap hari telah bertambah daripada 50,000 kepada lebih 96,000 kenderaan. Kita menjangka volum trafik harian purata akan meningkat lagi kepada antara 100,000 hingga 130,000 kenderaan.

Pembinaan Lebuhraya Penyuraian Timur (EDL) di Johor mencapai kemajuan yang lancar pada tahun ini di mana ia dijangka akan disiapkan mengikut jadual pada tahun 2012. Lebuhraya sejauh 8.1km (5.0 batu) ini akan menghubungkan penghujung Laluan Lebuhraya Utara-Selatan di Pandan ke Bangunan Sultan Iskandar yang baru, terletak di tengah-tengah bandaraya Johor Bahru. Lebuhraya EDL bukan sahaja bertindak sebagai laluan lencongan ke Bangunan Sultan Iskandar tanpa menggunakan Lebuhraya Tebrau ke pusat bandaraya. Malah apabila siap projek EDL ini nanti, ia akan menyediakan Kumpulan satu sumber pendapatan ulangan yang baru.

Kumpulan sudah sedia menjadi peneraju dalam perniagaan alam sekitar khususnya bidang kerja yang merangkumi pemulihan pantai, sungai dan pesisir pantai; pakej permulaan kerja-kerja pemulihan di Sungai Perai, Pulau Pinang, Sungai Kuantan dan Kuala Sungai Pahang - kedua-duanya di Pahang kini sudah hampir siap.

### **Bahagian Perkhidmatan Pengurusan Bangunan**

Bahagian Perkhidmatan Pengurusan Bangunan menyediakan penyelesaian bersepadu dalam pengurusan berkualiti bagi aset hartanah dan penyenggaraan hab pengangkutan.

Bahagian ini juga menyediakan perkhidmatan keselamatan, tempat letak kereta, penyenggaraan dan penyelesaian pengurusan bangunan kepada para pemilik bangunan. Kita masih menguruskan hab pengangkutan terbesar di Malaysia – Stesen Sentral Kuala Lumpur serta beberapa bangunan komersial di pembangunan Kuala Lumpur Sentral termasuk aset hartanah dan infrastruktur Kumpulan.

Kita menguruskan kira-kira 6,000 tempat letak kereta di kawasan lain di Kuala Lumpur, di mana 3,000 tempat letak kereta ini terletak di Kuala Lumpur Sentral.

### **Tanggungjawab Sosial Korporat (CSR) – menjangkau pengiktirafan negara**

Pada tahun 2010, MRCB terus menerima pelbagai pengiktirafan, baik di peringkat kebangsaan mahupun di peringkat antarabangsa. MRCB mendapat pengiktirafan berterusan dalam Anugerah ACCA MaSRA dan Anugerah Laporan Korporat Tahunan Nasional (NACRA).

Di peringkat antarabangsa, MRCB diberikan anugerah 'Distinguished Honoree' dalam Program Tanggungjawab Sosial Korporat Tahunan di Asia (Benua Kecil, Australia dan New Zealand), sementara Projek Pemulihan Sungai dan Pantai di Teluk Tekek, Pulau Tioman turut dianugerahkan 'Distinguished Honoree' dalam Program Tanggungjawab Alam Sekitar Tahunan dalam 'Stevie International Business Awards'.

Kumpulan masih berpegang teguh terhadap komitmen Tanggungjawab Sosial Korporat (CSR) kita pada tahun 2010, sejajar dengan matlamat program Transformasi GLC, di samping penglibatan secara aktif di dalam empat program CSR utama kita – Pendidikan, Alam

Sekitar, Kebajikan Kakitangan dan Penggalakan Seni Visual.

Aktiviti pendidikan kita merangkumi pengambilan beberapa buah sekolah angkat di sekitar kawasan di mana kita beroperasi. Pada tahun 2010, kita mengambil 4 sekolah angkat tambahan kepada empat buah sekolah sedia ada dalam program PINTAR. Sekolah-sekolah baru tersebut terdiri daripada SJK (T) Ladang Mayfield (Pulau Pinang) dan tiga buah sekolah dari Pahang iaitu SK Indera Shahbandar, SK Serandu dan SJK (C) Yoke Hwa.

Empat buah sekolah yang sedia ada meliputi dua buah sekolah di Brickfields, Kuala Lumpur (SK La Salle 1 dan SK La Salle 2), sebuah sekolah di Johor Bahru (SK Tebrau Bakar Batu) dan sebuah sekolah di Pulau Pinang (SK Bagan Jermal). Keseluruhannya, kita mengambil lapan buah sekolah rendah sebagai sekolah angkat di empat buah negeri di Malaysia.

Kami telah mengambil langkah untuk mengeluarkan sebuah laporan CSR yang lengkap sejak tahun 2008 lagi. Langkah ini selaras dengan pengiktirafan yang diberikan terhadap kepentingan melaporkan aktiviti CSR kita kepada semua pemegang kepentingan kita. Laporan lengkap itu boleh didapati di laman web di [www.mrcb.com.my](http://www.mrcb.com.my) dan juga di dalam laporan mampan 2010.

### **Dialog dengan Pemegang Kepentingan & Komuniti**

MRCB mengadakan beberapa dialog secara berterusan dengan komuniti, para pengendali perniagaan, pihak berkuasa tempatan, para penganalisis serta media di kawasan di mana Kumpulan beroperasi.

Beberapa dialog dianjurkan untuk komuniti di Brickfields bersama dengan pihak berkuasa tempatan berhubung Projek Sistem Trafik Pakej Rangsangan Brickfields & Kuala Lumpur Sentral. Kita juga mengadakan dialog dengan komuniti dan wakil-wakil media untuk projek EDL di Johor.

### **Inisiatif Bangunan Hijau**

Strategi hijau kita setakat ini menampilkan kemajuan memuaskan yang dilaksanakan di 348 Sentral, pembangunan bersepadu Lot G dan pembangunan Lot E - KL Sentral Park. Kami menerima pakai pensijilan LEED (Leadership in



## PENYATA PENGERUSI

Energy and Environment Design) dari Amerika Syarikat yang diuruskan oleh US Green Building Council; BCA Green Mark dari Singapura dan Indeks Bangunan Hijau Malaysia (GBI).

Kami akan terus menerima pakai pelaksanaan strategi hijau bagi semua projek pembangunan baru di Kuala Lumpur Sentral dan projek-projek kita yang lain.

MRCB akan terus menyertai kempen 'Earth Hour' dengan menutup semua lampu yang tidak diperlukan di beberapa pembangunan utama kita setiap tahun.

Kita merasakan bahawa sebagai sebuah warga korporat, kita perlu memberi perhatian kepada perubahan cuaca mendadak yang berlaku dengan memberi sumbangan secara positif terhadap program kesedaran hijau.

### **Masa Depan Yang Lebih Cerah**

Asas ekonomi dan industri kita kekal mantap kerana Program Transformasi Ekonomi dan inisiatif Greater Kuala Lumpur dijangka akan menyaksikan beberapa pelancaran projek utama pada tahun 2011.

Selaras dengan perkembangan perniagaan kita, semakin terhadap strategi perniagaan mendedahkan bahawa tonggak strategik utama yang kita susun sejak beberapa tahun kebelakangan masih lagi sesuai dan akan kekal menjadi asas keteguhan masa depan kita.

Kita menampilkan Kuala Lumpur Sentral sebagai pembangunan Kawasan Pusat Perniagaan (CBD) generasi akan datang negara yang bakal menikmati permintaan memuaskan untuk ruang komersial dan kediaman akan datang. Faktor rangsangan ini akan kekal teguh sepanjang tempoh beberapa tahun akan datang, kerana ia mampu menyediakan dorongan yang ketara kepada nilai pelaburan di lokasi bertaraf ikon ini.

Sambil melangkah memasuki tahun kewangan 2011, saya percaya bahawa kini Kumpulan berada dalam kedudukan yang unik untuk mengembangkan lagi status kita sebagai salah sebuah kumpulan hartanah komersial dan pembinaan terkemuka di negara ini. Kedudukan kewangan kita kekal mantap di mana kecairan berada di paras memuaskan dan aliran tunai kekal teguh.

Dengan kawalan kos dan tunai yang ketat serta kepimpinan yang teguh dan dinamik, saya percaya bahawa kita berada dalam kedudukan yang mantap untuk mengatasi pelbagai cabaran serta mampu memanfaatkan pelbagai peluang pertumbuhan di pasaran.

Q Sentral, menara pejabat terkini di Kuala Lumpur Sentral





Para pelajar dari SK Indera Shahbandar di Kuala Pahang, Pahang

Sebagai penutup kepada laporan ini, saya ingin menyampaikan ucapan setinggi-tinggi terima kasih dan tahniah kepada rakan-rakan pengarah dan kakitangan MRCB atas komitmen dan kegigihan mereka menjadikan tahun ini satu tahun yang cemerlang kepada Kumpulan.

Kepada Encik Mohamad Lotfy Mohd Noh yang telah meletakkan jawatan sebagai pengarah pada 22 Oktober 2010 dan Dr Roslan A Ghaffar yang akan bersara pada 4 April 2011 dan telah tidak menawarkan diri untuk dilantik semula sebagai Lembaga Pengarah pada Mesyuarat Agung Tahunan akan datang; saya dan Lembaga

Pengarah ingin mengucapkan terima kasih atas perkhidmatan dan sumbangan tidak ternilai yang telah anda berdua curahkan sepanjang tempoh beberapa tahun lepas yang telah membantu mentransformasi Kumpulan ke kedudukan masakini.

**TAN SRI AZLAN ZAINOL**  
Pengerusi

## GROUP FINANCIAL HIGHLIGHTS

|  | 2006<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenue                                      | 527,929        | 903,702        | 788,552        | 921,616        | 1,067,579      |
| Profit/(Loss) Before Tax                     | 30,266         | 69,831         | (42,155)       | 46,492         | 97,575         |
| Earnings/(Loss)*                             | 33,784         | 40,745         | (56,638)       | 34,624         | 67,268         |
| Earnings/(Loss) Per Share (sen)**            | 4              | 5              | (6)            | 4              | 5              |
| Shareholders' Funds                          | 440,107        | 705,531        | 635,167        | 671,919        | 1,286,225      |
| Total Assets                                 | 1,992,934      | 2,106,264      | 2,916,011      | 3,118,752      | 4,388,340      |
| Bank Borrowings                              | 1,073,332      | 730,675        | 1,607,723      | 1,633,419      | 1,996,888      |
| Gross Profit Margin (%)                      | 20             | 27             | 13             | 15             | 18             |
| Return on Average<br>Shareholders' Funds (%) | 7              | 12             | (6)            | 7              | 10             |

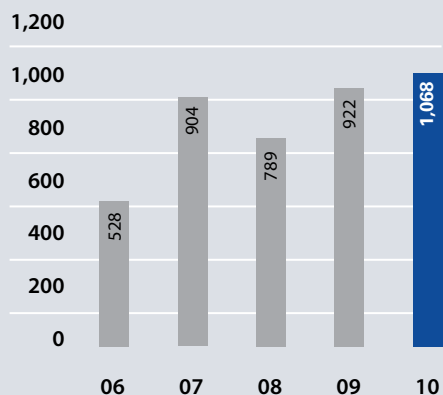
\* Earnings/(Loss): Profit/(Loss) after tax and minority interests.

\*\* Based on weighted average number of shares issued during the year.

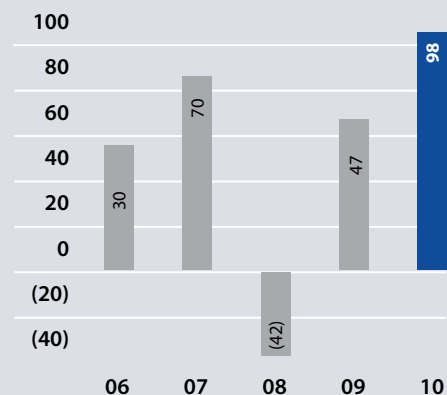


# CHARTS

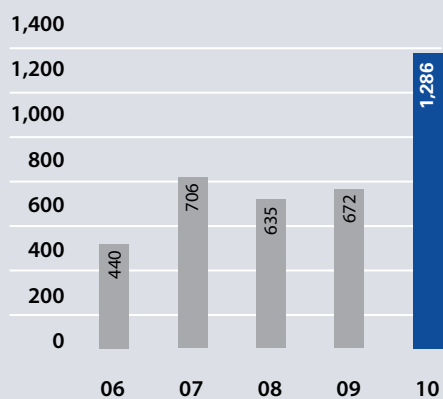
GROUP REVENUE (RM Million)



GROUP PROFIT/(LOSS) BEFORE TAX (RM Million)



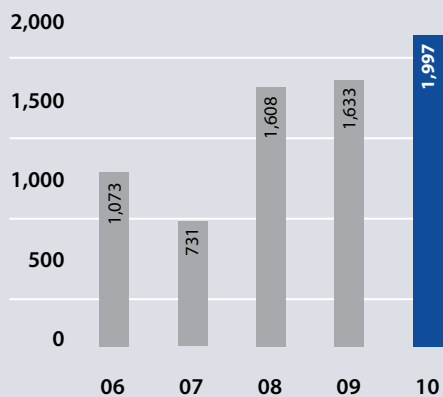
GROUP SHAREHOLDERS' FUNDS (RM Million)



GROUP TOTAL ASSETS (RM Million)

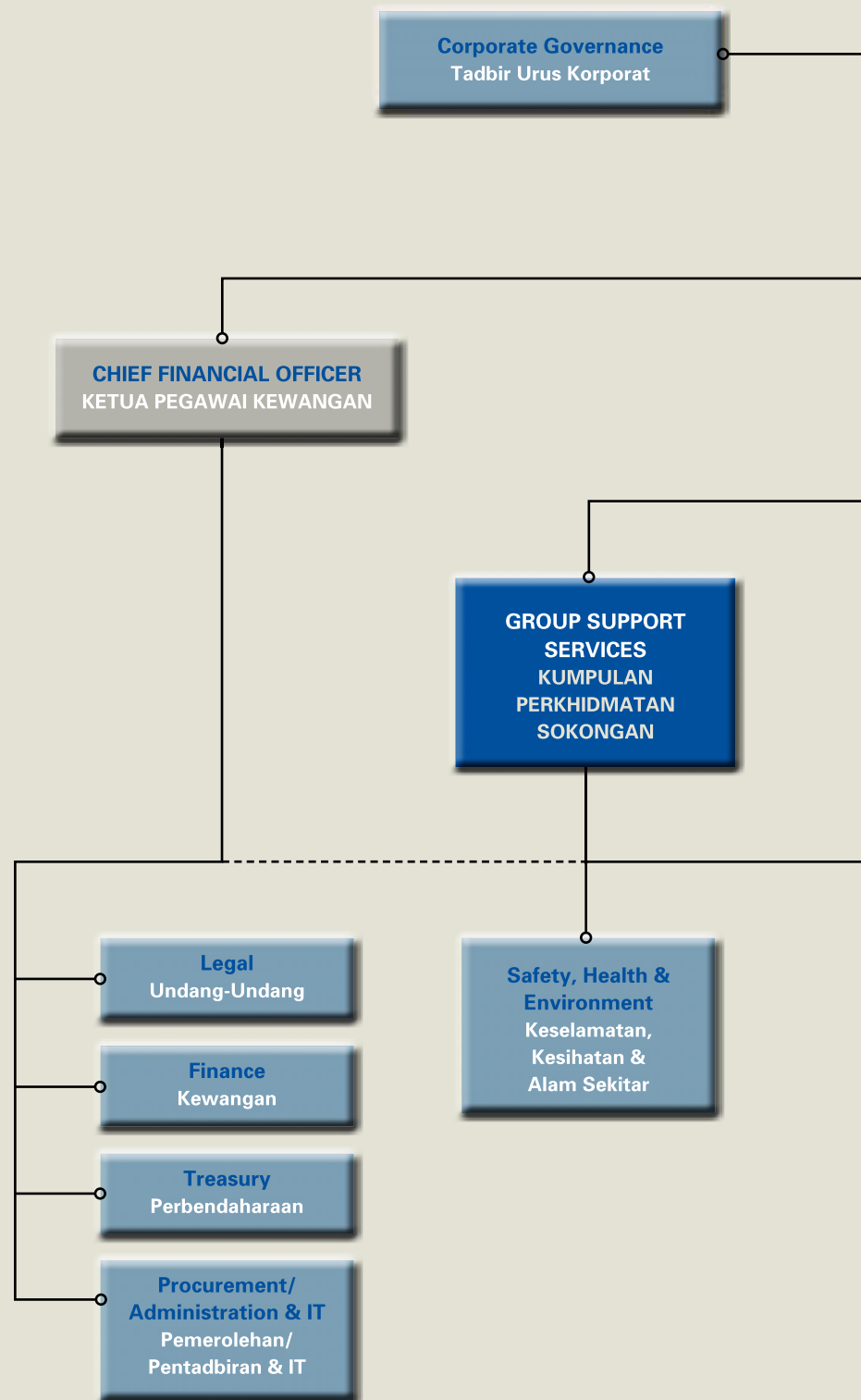


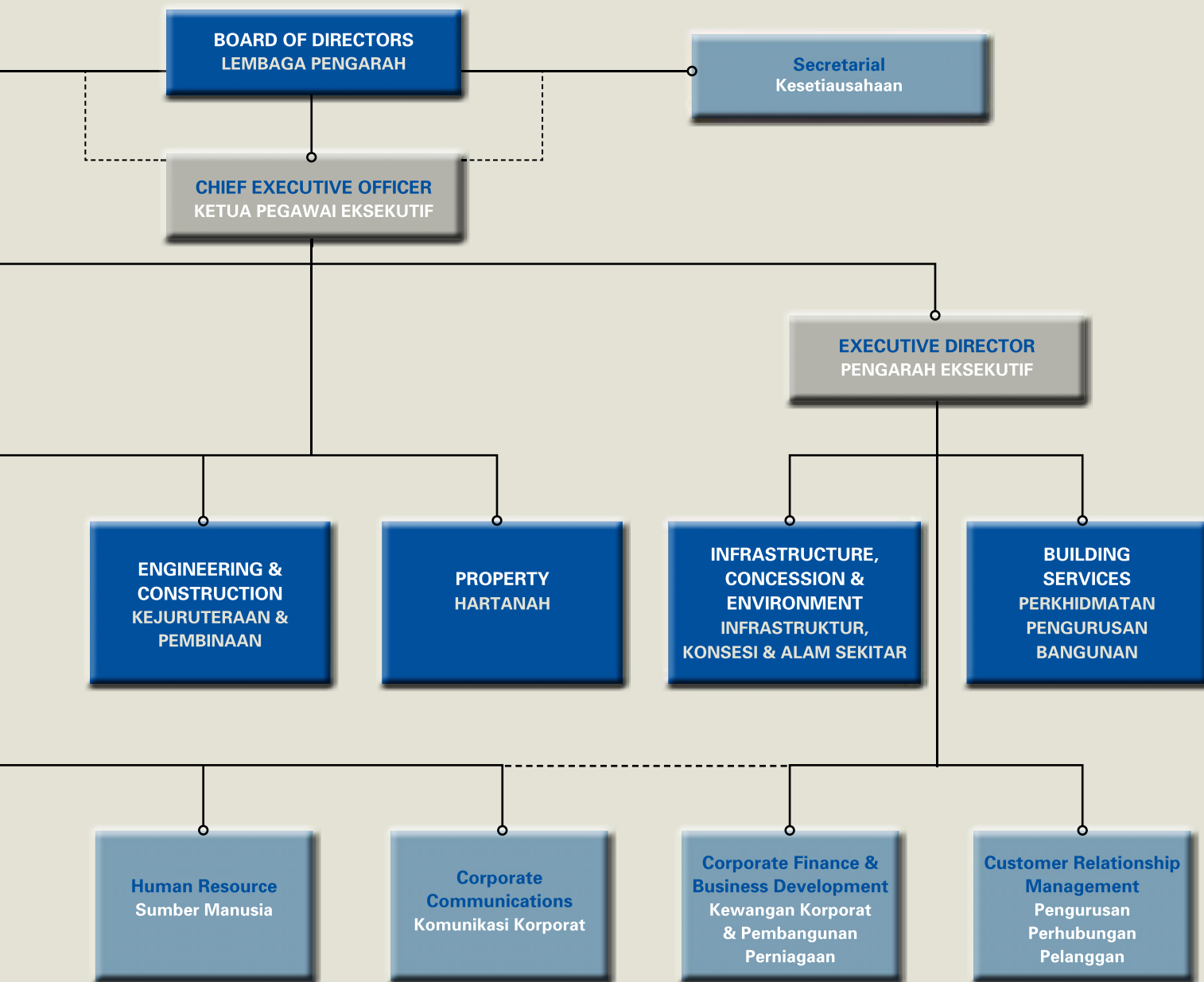
GROUP BANK BORROWINGS (RM Million)



# ORGANISATION CHART

## CARTA ORGANISASI







# CORPORATE STRUCTURE

## STRUKTUR KORPORAT

### PROPERTY Hartanah

Kuala Lumpur Sentral Sdn Bhd (64.38%) —————→ Unity Portfolio (100%)  
 Onesentral Park Sdn Bhd (100%)  
 Prema Bonanza Sdn Bhd (51%)  
 MRCB Utama Sdn Bhd (100%)  
 Malaysian Resources Development Sdn Bhd (100%) —————→ Seri Iskandar Development Corporation Sdn Bhd (70%)  
 MRCB Sentral Properties Sdn Bhd (100%)  
 Sooka Sentral Sdn Bhd (100%)  
 Excellent Bonanza Sdn Bhd (60%)  
 Cosy Bonanza Sdn Bhd (65.70%)  
 Nu Sentral Sdn Bhd (51%)  
 GSB Sentral Sdn Bhd (100%) —————→ GSB Sentral Office Sdn Bhd (100%)  
 —————→ GSB Sentral Service Residence Sdn Bhd (100%)  
 Bitar Enterprise Sdn Bhd (100%) —————→ MRCB Land (Australia) Pty Ltd (70%)



### ENGINEERING & CONSTRUCTION Kejuruteraan & Pembinaan

MRCB Engineering Sdn Bhd (100%)  
 Milmix Sdn Bhd (100%)  
 Transmission Technology Sdn Bhd (100%)  
 Region Resources Sdn Bhd (100%)

**INFRASTRUCTURE, CONCESSION & ENVIRONMENT**  
 Infrastruktur, Konsesi & Alam Sekitar

MRCB Prasarana Sdn Bhd (100%) —————→ MRCB Lingkaran Selatan Sdn Bhd (100%)  
 └────────→ MRCB Southern Link Berhad (100%)  
 MRCB Environmental Services Sdn Bhd (100%) —→ MRCB Environment Sdn Bhd (55%)



**BUILDING SERVICES**  
 Perkhidmatan Pengurusan Bangunan

Semasa Sentral Sdn Bhd (100%)  
 Semasa Services Sdn Bhd (100%)  
 Semasa Parking Sdn Bhd (100%)  
 MRCB Technologies Sdn Bhd (100%)  
 Semasa Sentral (Penang) Sdn Bhd (100%)





PROMOTING NEW  
CAPABILITIES







BY

# embracing

NEW TECHNOLOGICAL ADVANCEMENTS

# OPERATIONS REVIEW

## DEAR VALUED SHAREHOLDERS,

2010 has been an eventful year for the Group and possibly the beginning of a new era of promising growth for the Group. With record revenue growth breaching the RM1 billion mark for the first time and profit before taxation of RM97.6 million for the financial year ended 31 December 2010, the year 2011 is expected to be another good year for the Group.

For 2010, I'm proud to share with you that the Group has managed to overcome the many challenges and market concerns on its ability to manage its massive on-going construction and property development within Kuala Lumpur Sentral, the Permai Psychiatric Hospital and Eastern Dispersal Link construction works. All the divisions within the Group have delivered commendable financial performance for the year ended 2010. Significant investments to consolidate our shareholding in on-going property development within Kuala Lumpur Sentral such as the Shell Tower at 348 Sentral

and Nu Sentral Retail Mall at Lot G, both slated to be completed by 2012, will be part of the Group's assets, providing a steady recurring profit and cashflow base.

The Group's business outlook as we move on in this new financial year remains positive. The on-going immense property development and construction activities within Kuala Lumpur Sentral will be further expanded with the upcoming premier office and condominium developments at Lot B and Lot D respectively.

With proven property track record and construction expertise coupled with the successful branding activities of Kuala Lumpur Sentral; the Group is actively pursuing new ventures to increase its property assets and construction order book, which in turn will provide sustainable growth in the coming years.

**DATUK MOHAMED RAZEEM**  
**MD HUSSAIN MARICAR**  
 Chief Executive Officer

“  
 The team  
 has achieved  
 several  
 significant  
 milestones  
 ”

Datuk Mohamed  
 Razeem Md  
 Hussain Maricar

### PROPERTY

62-77



### ENGINEERING & CONSTRUCTION

78-81







The yet to be launched luxury project by MRCB in Kuala Lumpur



The panoramic view of a bridge in Tioman Island

## INFRASTRUCTURE, CONCESSION & ENVIRONMENT

82-85

## BUILDING SERVICES

86-91







from left to right

**Nooraini Mohamad Rashidi**

Vice President,  
Property

**Amir Azman Yusuf**

General Manager  
Seri Iskandar Development  
Corporation Sdn Bhd

**Wong Dor Loke**

Senior Vice President,  
Property



**Zulkefli Ibrahim**

General Manager  
Head of Retail Asset  
Development



The year 2010 was seen as the beginning of a new era for MRCB Land, the Group's Property Division with its flagship development – Kuala Lumpur Sentral, gaining recognition as the new Central Business District (CBD) of the country.

from left to right

**Charles Wong Chan Keong**

Project Director  
MRCB Utama Sdn Bhd

**Raja Nazirin Shah**

**Raja Mohamad**  
General Manager  
Sales & Marketing



# OPERATIONS REVIEW

## PROPERTY



A cross section of Kuala Lumpur Sentral

### Kuala Lumpur Sentral is home to one of the most concentrated numbers of FIABCI awards received in the country

From a mere railway marshalling yard, it has evolved into the new focal point of business, cultural and social activities in Kuala Lumpur, offering global connectivity, excellent investment opportunities, unparalleled business convenience and an unrivalled international lifestyle in a world-class City-within-a-City development.

As the country's premier corporate destination, its achievement is further accentuated as it is home to one of the most concentrated numbers of FIABCI awards received in the country, making it a truly award winning architecture and property landmark. A total of five developments, namely, Stesen Sentral; Hilton Kuala Lumpur; 1 Sentral; Sooka Sentral and Quill 7 – have attained both FIABCI Malaysia and FIABCI International accolades in their respective categories.

Sooka Sentral, the winner of FIABCI Malaysia Property Award 2009, was announced the Runner-Up for the Purpose-Built Category at the FIABCI International Prix d'Excellence Awards 2010, making it a back-to-back international recognition for two developments by MRCB Land after 1 Sentral office tower. 1 Sentral bestowed as FIABCI Malaysia Best Office Development in 2008 was named the Runner-Up at the FIABCI International Prix d'Excellence Awards for Office Development in 2009.

It is also Malaysia's first Multimedia Super Corridor (MSC) Cybercentre with a key technology hub, located at Plaza Sentral, to provide an alternative location for companies that wish to enjoy the benefits of MSC Status while remaining close to their clients in the heart of Kuala Lumpur.



MRCB's commitment to sustainable development saw all major new projects undertaken within Kuala Lumpur Sentral since 2009 to be in compliant with Malaysia's new Green Building Index (GBI) standard. This commitment to sustainability has become a key performance indicator for the Group's investment projects. MRCB Land is also pursuing green certification such as the Leadership in Energy and Environmental Design (LEED) and Building and Construction Authority (BCA) for several new projects in Kuala Lumpur Sentral.

2010 was yet another sterling performance for MRCB Land's business activities centred within Kuala Lumpur Sentral development and Brickfields, as well as launches of commercial and residential products in both its other developments in Bandar Seri Iskandar Township in Perak and the 23-acre Senawang Sentral Business Park in Senawang, Negeri Sembilan.

## KUALA LUMPUR SENTRAL DEVELOPMENT

### On-going Developments at Kuala Lumpur Sentral

#### LOT A: CIMB HEADQUARTERS

MRCB Land is currently working on the construction of Lot A, the new corporate headquarters of CIMB Investment Bank. Work began in 2009 and is progressing according to schedule.

A prime lot within the Kuala Lumpur Sentral development, Lot A faces the exclusive Federal Hill, Bangsar and Damansara neighbourhoods. It was acquired by CIMB-Mapletree Real Estate Fund 1, a private real estate fund managed by CIMB-Mapletree Management Sdn Bhd in 2007.

The Lot A new corporate headquarters for CIMB Investment Bank comes with a Gross Floor Area (GFA) of 1.2 million sq. ft. and Gross Development Value (GDV) of RM404 million. Upon completion in 2012, this new development will bring a major financial institution to Kuala Lumpur Sentral, and will act as the anchor for the development of a new financial hub for Kuala Lumpur.

#### LOT B

This Grade A office suites comprises a 45-storey stratified office suites, with an estimated GDV of RM1.2 billion, is a joint partnership development between MRCB, Kuwait Finance House and Quill Group of Companies.

Continuing our endeavour in providing value added commercial property with MSC compliance, green building standards, greater space, thoughtful design and meticulous interior to suit our investors; a soft launch for this new property was announced in the last quarter of 2010.

Upon completion of this project, scheduled for 2014, it would further enhance the status of Kuala Lumpur Sentral as the next generation Central Business District (CBD) in Kuala Lumpur.

#### LOT E: KL SENTRAL PARK

KL Sentral Park is a unique, state-of-the-art, distinctive green campus office, offering seamless connectivity, a creative working environment and contemporary business lifestyle. KL Sentral Park is Kuala Lumpur Sentral's first Green Office Campus.

With a GFA of about 982,000 sq. ft., KL Sentral Park includes contemporary office buildings, high-end retail, business centres, hospitality zones and green spaces. With its estimated GDV of over RM650 million, this campus office shall provide ample car parks equipped with digital guidance system.



Lot B: Q Sentral



KL Sentral Park

# OPERATIONS REVIEW

## PROPERTY

In line with MRCB's commitment towards sustainable development as well as an Energy Efficient Building & Design features, KL Sentral Park is one of MRCB's signature projects with contemporary and best-in-class office solutions, designed in compliance with Singapore's BCA Green Mark.

The Agreement to Lease out approximately 210,000 sq. ft. of office space between MRCB and SME Corp was signed in August 2009. Another Agreement to Lease was also secured with SBM Corp in September 2010.

Construction has commenced and is expected to be fully completed in 2011.

### LOT G: HOTEL AND OFFICE

MRCB and its partner, Aseana Properties Limited, UK, are developing a new business class hotel and two adjoining office towers as part of the Lot G development. The hotel will complement Hilton Kuala Lumpur and Le Meridien Kuala Lumpur by offering a different level of service to cater to the discerning business and leisure travellers.

Both office towers were pre-sold on en-bloc basis to foreign investors comprising institutional and trust funds from South Korea. The management of office towers will be handled by MRCB Land upon completion in 2012. With a combined GFA of 1.2 million sq. ft. and GDV of RM859 million, this venture supports the Group's strategy to

grow recurring income from development and management services.

### LOT G: OFFICE AND RETAIL (NU SENTRAL)

A Retailers' Launch was held in August 2010 to officially launch one of the first truly green lifestyle retail centres in Malaysia. Nu Sentral, a seven storey building with a GFA of 1.3 million sq. ft. and GDV of over RM1 billion, has secured two anchor tenants, namely Parkson and Golden Screen Cinema (GSC).

Parkson has agreed to take up an area of 168,000 sq. ft. and will present a brand new concept to the market. More tenants are expected to sign up soon and by mid-2011, it is expected about 70% space will be taken up, though opening is planned for 3rd quarter of 2012.

Nu Sentral Retail Mall promises to combine lifestyle shopping with convenience that appeals to the discerning modern and urban consumers. It combines connectivity, convenience and convergence to cater to the ever-changing needs of retailers and consumers.

Positioned as the first integrated 'green' lifestyle retail mall in Malaysia, Nu Sentral is designed in compliance with Singapore's BCA Green Mark and Malaysia's Green Building Index (GBI) certifications. It will be adopting sustainable green building practices.

The retail mall will be owned by Nu Sentral Sdn Bhd, a 51:49 joint venture between MRCB and Pelaburan Hartanah Berhad (PHB) and operated by MRCB Land. The office tower is owned by PHB.

This iconic PHB office tower with GFA of over 540,000 sq. ft., will be an outstanding landmark along Jalan Tun Sambanthan, one of Kuala Lumpur major public arterial transportation routes. Pre-certified as a LEED Silver office building, awarded by the United States Green Building Council, it will reinforce MRCB Land's leadership in constructing sustainable development geared towards attracting international investors and businesses.

Construction of all the components of Lot G started concurrently in early 2009 and is scheduled for completion in 2012, some 2,500 car parks will be added to the car park pool in Kuala Lumpur Sentral.

Lot G : Nu Sentral



Plaza Alam Sentral



348 Sentral

#### LOT 348: 348 SENTRAL

348 Sentral was initially a project jointly undertaken by MRCB and Gapurna Sdn Bhd. However, in 2010, MRCB owned 100% of the equity. With a GDV of over RM900 million, 348 Sentral consists of a commercial office tower and a 146 units service residences block above a five-storey retail podium.

Shell People Services has signed an agreement in 2009 to be the anchor tenant of the office. This commitment by Shell People Services is consistent with its plan to consolidate its businesses and corporate functions in the Klang Valley to operate from a single office by 2012. Shell People Services is the regional company providing various services within the Shell Group, including real estate, finance and management, consultancies and recruitment, learning and human resources as well as information technology support.

With sustainability being the main criteria for the development, several green features have been integrated early in the design process. These features will enable the project to achieve a Building Energy Index (BEI) of less than 150 kWh/m<sup>2</sup>/yr, as well as targeting a Leadership in Energy and Environmental Design (LEED) Gold status.

The serviced residence will be managed by Ascott International, a global serviced residence operator with presence in more than 20 countries. Visitors to Kuala Lumpur Sentral will be spoilt for choice with this world-class addition to the Hilton Kuala Lumpur and Le Meridien Kuala Lumpur currently in operation, and a likely Aloft in 2012, followed by St. Regis.

Construction commenced in April 2009 and is set for completion by 2012.



# OPERATIONS REVIEW

## PROPERTY

Sooka Sentral contributes to the green surroundings and helps reduce the carbon footprint of our tenants and residents



### LOT C: THE ST. REGIS HOTEL & RESIDENCES KUALA LUMPUR

CMY Capital Sdn Bhd, MRCB and Jitra Perkasa Sdn Bhd formed a joint-venture to acquire and develop Lot C, another prime precinct in Kuala Lumpur Sentral. With a GFA of over 1.0 million sq. ft., the development will comprise the boutique St. Regis hotel with 208 rooms and 148 units of luxury residences.

This new tower will be a landmark development for Kuala Lumpur. Designed to meet the highest international standards, construction of the tower has already commenced this year.

### Future Developments at Kuala Lumpur Sentral

#### LOT D: SENTRAL RESIDENCES

MRCB, with its joint venture partners CapitaLand Group and the Quill Group of Companies, acquired Lot D for the purpose of the development of a new luxury condominium, with a GFA of 1.4 million sq. ft. and GDV of RM1.2 billion to complement the existing Suasana Sentral and Suasana Sentral Loft.

Overlooking the Lake Gardens, National Museum and the city centre, this development with over 700 units, will have spectacular views and luxury amenities that will set it apart from the Suasana Sentral condominiums. The development will be completed by 2014.

#### LOT F: OFFICE

Lot F, covering about 5.7 acres, is the last land parcel within Kuala Lumpur Sentral. Tentative plan is to develop several adjoining office towers with GFA of 3.0 million sq. ft. in Lot F.

### Completed Developments at Kuala Lumpur Sentral

#### LOT J: SOOKA SENTRAL

Sooka Sentral, a one-of-its-kind contemporary lifestyle centre, was declared the runner-up winner for FIABCI International Prix D'Excellence in 2010, a follow up to its achievement as Malaysia's Best Purpose-Built development at FIABCI Malaysia Property Award in 2009.

With GDV of RM80 million, Sooka Sentral offers new-age, discerning urbanites unique health, beauty and dining experiences, and is strategically located next to Stesen Sentral Kuala Lumpur. Encompasses over 140,000 sq. ft. over six floors, Sooka Sentral offers 'Lifestyle' options ranging from local and international cuisine to gym and spa services.

Among the tenants at Sooka Sentral is the 25,000 sq. ft. Clark Hatch designer gym, one of the largest in the city with indoor rock-climbing facilities. It also houses spas and beauty salons, convenience stores and services, a food court with a variety of local flavours and over eight specialty dining outlets with a variety of cuisine and beverage options.

Sooka Sentral also indirectly serves the 'Green Agenda' of the Group by discouraging the residents and working population in the vicinity from travelling out of Kuala Lumpur Sentral for their lifestyle needs.

With these features, Sooka Sentral contributes to the green surroundings and helps reduce the carbon footprint of our tenants and residents by reducing their vehicular movement and carbon





# OPERATIONS REVIEW

## PROPERTY

emissions. Additionally, green landscaping within the vicinity enhances the environment and making it conducive for community gathering.

### LOT I: INTERNATIONAL HOTELS

The presence of the five-star Hilton Kuala Lumpur and Le Meridien Kuala Lumpur hotels, within its integrated development, reinforces Kuala Lumpur Sentral as the preferred address among the international business and leisure communities. With a GFA of 1 million sq. ft. and GDV of RM1 billion, both hotels have become the choice venues for all business functions and social events.

In the last few years, Hilton Kuala Lumpur has garnered numerous awards such as the International Five Star Diamond Award, the Asia Travel & Tourism Award, and the Hospitality Asia Platinum Award. It was also named Best Business Hotel in Asia at the 16th Annual Travel Awards by Travel Trade Gazette Asia Media Group, and the Best Hotel Development at the prestigious FIABCI Malaysia Property Award 2007.

MRCB and its investment partners have now added two more hotels to complement the Hilton and Le Meridien. The St.Regis brand will be positioned at the high-end luxury market, and the other hotel – Aloft, at the business-end of the market. This will allow Kuala Lumpur Sentral to offer accommodation options at all demanded price points.



Hilton Kuala Lumpur & Le Meridien Kuala Lumpur



LOT J in Kuala Lumpur Sentral

### LOT J Parcels A and D: UEM AND QUILL TOWERS

Lot J Parcels A & D were successfully sold to United Engineers (Malaysia) Berhad (UEM) in 2005, while 2007 saw the signing of Sale and Purchase Agreements with major landowner – Quill Realty Sdn Bhd.

Quill 7 has won the FIABCI Malaysia Property Award 2010 for Best Office Development category, setting yet another milestone for the Kuala Lumpur Sentral development. As the winner for Malaysia, Quill 7 will represent Malaysia in the FIABCI International's property award, Prix d'Excellence Awards to be held in 2011.

Completed in 2009, the two developments at UEM and Quill 7 have attracted support from global brands like British Petroleum, Nokia Siemens Network, Axiata Group Berhad and Celcom Axiata to have offices in Quill 7, while UEM Group of Companies have shifted its headquarters to Mercu UEM.

### LOT J Parcels B and C: MIDA AND SSM TOWERS

Both Malaysia Industrial Development Authority (MIDA) and Suruhanjaya Syarikat Malaysia (SSM) office towers were completed ahead of schedule in 2009. The development of the two towers also form the quartet of new developments that prominently anchor the frontage of Kuala Lumpur Sentral on Jalan Travers.

UEM Tower





The four office towers at Lot J have a combined total GDV of over RM610 million.

MIDA is one of Kuala Lumpur Sentral's earliest tenants, having taken up an entire block of Plaza Sentral Phase 1 in 2001. The signing of the agreement for the new office tower reflects MIDA's continued preference for this location, and the fact that they have grown together with Kuala Lumpur Sentral. This expresses the synergy between MIDA and Kuala Lumpur Sentral as it evolves into an exclusive urban centre – a synergy that enables both parties to facilitate and attract investments and businesses into Malaysia.

In 2006, Kuala Lumpur Sentral Sdn Bhd signed the Sales and Purchase Agreement with SSM. This was followed with the successful signing of Sales and Purchase Agreements with MIDA in 2007. MIDA's new 30-storey headquarters has a built-up area of approximately 283,000 sq. ft.

#### **LOT K AND LOT L: SUASANA SENTRAL CONDOMINIUMS**

Suasana Sentral Condominiums (400 units), with a GFA of 920,000 sq. ft. and GDV of RM249 million, offers a compelling combination of a strategic address, luxury accommodation and modern facilities. 2005 witnessed the launch of Suasana Sentral Loft (600 units), which was the second phase of condominium development. With a GFA of 920,000 sq. ft. and GDV of RM340 million, the Loft was 95% sold within six months and were fully taken up shortly after. Suasana Sentral Loft was fully completed and handed over to purchasers in April 2008 as scheduled.

#### **LOT M: PLAZA SENTRAL**

Fully taken up and tenanted mainly by blue-chip multinationals and other leading corporations, Plaza Sentral sets the standard for high-end office spaces in Kuala Lumpur.

Plaza Sentral, with a GFA of 1.64 million sq. ft. and GDV of RM580 million, is the first building in Kuala Lumpur Sentral to have MSC Cybercentre status. This, combined with its strategic address, makes it a genuinely borderless business hub and the winning choice for ICT companies that want to reap the benefits of MSC status while staying close to their customers.



Suasana Sentral & Suasana Sentral Loft Condominiums

Plaza Sentral represents a sound investment for investors offering high capital appreciation, an attractive investment yield and freehold land tenure as well as providing state-of-the-art building facilities. Notable tenants of Plaza Sentral include British Telecom, Maxis, MIDA, Samsung, UMW, Malakoff and Allianz.

Under the Building and Common Property (Maintenance and Management) Act 2007, the Plaza Sentral Joint Management Body (JMB) was established on 15 August 2008 and has been registered with the Commissioner of Buildings. As such, Kuala Lumpur Sentral Sdn Bhd (KLSSB) had successfully handed over the building administration to the purchasers after fulfilling its duties and obligations. However the JMB has reappointed MRCB Land to continue managing Plaza Sentral.

#### **LOT N: 1 SENTRAL**

1 Sentral is Kuala Lumpur Sentral's first Grade A office tower. With a GFA of 454,000 sq. ft. and GDV of RM161 million, it was completed in 2007.

Sold to Lembaga Tabung Haji and managed by MRCB Land, this 33-storey purpose-built office tower is one of the most modern office buildings in Kuala Lumpur, offering the latest in security and lift systems. 1 Sentral was named the winner of the prestigious FIABCI Malaysia Best Office Development for the Year 2008 and was a runner-up in the FIABCI International Awards for Office Development in 2009.

# OPERATIONS REVIEW

## PROPERTY



Puncak Iskandar in BSI

**Puncak Iskandar is the latest of ering in Bandar Seri Iskandar, a self-sustained township that is ideally positioned by MRCB**

Notable tenants include General Electric International, PricewaterhouseCoopers, Cisco and Wilhelmsen Maritime Services. 1 Sentral is also the new headquarters for MRCB Group and is a striking new addition to the Kuala Lumpur skyline. Rental rate for 1 Sentral has fetched RM7.00 psf.

### On-going Residential and Commercial Developments in Malaysia

#### BANDAR SERI ISKANDAR

MRCB entered into a (70:30) joint venture with the Perak State Development Corporation (PKNP) in 1997, to establish Seri Iskandar Development Corporation Sdn Bhd (SIDEK).

Today a leading developer in the area, SIDEK launched its first landmark project Bandar Seri Iskandar (BSI) in the heart of the Kinta-Pangkor Corridor. Planned over 5,000 acres, BSI constitutes commercial, residential, industrial and recreational components with full public amenities.

The progress of the RM151 million Phase I development has been encouraging this year. In 2010, SIDEK has successfully completed, sold

and handed over 174 units – all single storey houses (115 Bakawali and 59 Melur). With this, SIDEK has handed over 96% (1,794 units) of residential development. The balance 4% i.e. 73 units Cendana, are scheduled for delivery by end 2011.

Puncak Iskandar, the Phase 2 development worth RM342 million is in progress and will see completion by 2015. Covering an approximate area of 250 acres, Puncak Iskandar comprises 282 units of terrace houses, 298 units of Semi-D and 112 units of bungalows while the commercial development comprises 466 units of single and double-storey shop offices, 55 units of kiosks, 18 commercial plots and 1 petrol station.

- The first launch of Phase 2A comprising 80 units terrace houses, 96 units of semi-detached houses, 50 units of bungalows, 14 units of shops and 4 units of kiosks received overwhelming response, with more than 90% of the units offered are either sold or booked.
- Earthworks have been underway since September 2009 with construction works for Phase 2A Puncak Iskandar in progress as per below:
  - 80 units terrace (Aster) and 48 units semi-detached (Camara); both scheduled for delivery by end 2011.
  - 14 units shops and 4 units kiosk are also in the planning and are expected to complete by 2012.
  - Construction of 48 units of semi-detached Type A (Alpinia) and 50 units of bungalow houses (Rafflesia/Areca) has commenced in January 2011.
- For Phase 2B Puncak Iskandar, we received overwhelming responses and bookings for our 60 units single storey terrace which are due for launch in mid-2011. Earthworks for Phase 2B also commenced in January 2011.

Conceptualised as a guarded community high-end development, BSI Phase 2 will continue to contribute immensely to the economic transformation of the area.

This year we received serious interests from local and regional investors in BSI's Industrial Park. The sale of 25.12-acre site at the Pharmaceutical

Park has also concluded in 2010. In addition, we have sold approximately 30 acres of industrial plots of land to local investors for various kinds of industrial activities.

In line with BSI being an integrated township and providing facilities to its residents, the Ministry of Education has completed the construction of a primary school that is already in operations since June 2010. SIDEC has approached the Ministry of Education to secure the Ministry's support in having a secondary school at the township.

As a balanced and integrated development with a perfect mix of residential, commercial and industrial elements, BSI is ideally positioned as a self-sustained township by MRCB. It is poised to spearhead the socio-economic development of central Perak State by promoting community living and creating value for its stakeholders.

#### **TAMAN KAJANG UTAMA**

MRCB Utama Sdn Bhd (MRCB Utama), a wholly-owned subsidiary of the Group, is completing the development of Taman Kajang Utama, a matured township of 300 acres consisting of freehold commercial, residential and industrial components, offering connectivity and accessibility to a population of over 20,000. In close proximity to various public amenities, this mixed development offers a perfect environment for family living and will transform the lifestyles of communities in the surrounding areas.

This development is strategically located, with easy access to certain key highways and routes which are accessible to the North-South Highway, Cheras Highway and SILK Highway. It is also easily accessible to public mode of transportation and in close proximity to Kajang, Sungai Besi, Cheras, Bangi, Kuala Lumpur, Putrajaya and Cyberjaya.

Its latest offering of 255 units of medium-cost apartments, known as Laman Suria, was fully sold. Completed and obtained full Certificate of Fitness in September 2009, the units have already been handed over in early 2010.

#### **SENAWANG SENTRAL BUSINESS PARK**

Senawang Sentral Business Park in Negeri Sembilan is a unique commercial development offering growth potential and value appreciation with good connectivity and accessibility. Ideally located for business convenience, this development complements MRCB's other property efforts of encouraging Small & Medium Enterprises (SMEs) to invest in this type of commercial development for future investment returns. Senawang Sentral Business Park is developed by MRCB Land.

This development comprises 144 units of 1 1/2-storey terrace factories, 12 semi-detached factory spaces and 21 units of two storey shop offices. Phase 1A, 1B & 1C, comprising 67 units of 1 1/2-storey terrace factories and 11 units of 2 storey shop offices, are 100% sold. The development was completed and handed over to buyers with Certificates of Fitness in 2009.

Phase 2A, consisting of 30 units of terrace factories was launched in September 2009. The response from buyers was overwhelming and the project was 100% sold within the first 3 months of launching. The construction work is completed and in the process of procuring Certificate of Fitness (CF).

Senawang Sentral Business Park





# OPERATIONS REVIEW

## PROPERTY



### SELBOURNE SQUARE, SHAH ALAM

MRCB Sentral Properties Sdn Bhd (MSPSB), a wholly-owned subsidiary of the Group has developed two distinctive property landmarks in Selbourne Square Shah Alam comprising the 21-storey Menara MRCB office block and Plaza Alam Sentral, the biggest shopping mall in Shah Alam.

In 2009, MSPSB had initiated to develop a Retail Complex with Office Tower known as Selbourne 2 with a GDV of approximately RM180 million. Building approval has been obtained and construction is scheduled to commence in mid-2011 with targeted completion by end 2013.

### LITTLE INDIA PROJECT

MRCB Land was also awarded a project by the Ministry of Federal Territories and Urban Wellbeing to develop a cultural enclave in Brickfields known as the Little India project. To be developed over 2 phases, the components include one of the tallest fountains in the country, a multi-storey Indian Bazaar, cultural arches, souvenir centres, a food court and a multi-storey car park.

The first phase of the project began in June 2010, with the construction of the 20,000 sq. ft. Temporary Hawker centre located at the field at Jalan Chan Ah Tong. The temporary hawker centre was completed by end of July 2010, and now houses 50 food stalls and 16 flower stalls and 2 fruit stalls. The cultural elements to be

completed in the first phase included the water fountain, food and fruit stalls and a cultural arch.

Phase 1 was completed on time for the official launch of the Little India project on 27 October 2010 by YAB Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister of Malaysia and His Excellency Dr. Manmohan Singh, Prime Minister of India.

Phase 2 of the project involves the construction of the multi-storey Indian Bazaar, car park, and food court and construction has begun since August 2010. The project has been included in the tourism site as one of Malaysia's heritage walks. Upon completion in 2012, the Little India project will not only showcases the cultural and social diversity of Malaysia, but also provides economic opportunities for the local community.

### PENANG SENTRAL

MRCB's foray into Penang shows the Group's vast experience in providing well planned, exclusive developments set in choice locations for greater connectivity and driven by a transport hub. MRCB's property portfolio offers integrated developments with an international lifestyle, and a prestigious address.

Penang Sentral Sdn Bhd, a 49:51 joint-venture between MRCB and PHB was set up to jointly develop Penang Sentral, an urban development with integrated mixed commercial development anchored by the largest integrated transportation hub in the northern region of Malaysia, forming



Batu Ferringhi in Penang

part of the Northern Corridor Economic Region (NCER) that was launched by the Government. Penang Sentral is poised to be the catalyst of growth to rejuvenate the economy in the northern region.

Penang Sentral will comprise a transport terminal for ferries, buses, trains and a projected monorail station, integrated with commercial and residential components spread over approximately 24 acres of land in Butterworth, Penang. With the completion of the double tracking electric train project, train services between Penang Sentral and Kuala Lumpur Sentral in the future would take only three hours.

Upon completion, it will have a potential GDV of about RM2.7 billion. To kick off the project, a temporary bus terminal and hawkers' centre were constructed and completed to clear the site required for construction of Phase 1 which comprises a Transport Hub with Retail Complex with a GFA of 520,000 sq. ft. and 750,000 sq. ft. respectively. Land acquisition and procurement of authority approvals are in progress. Works are targeted to commence in 2011, with completion scheduled for 2013.

Penang Sentral will also create fee-based work for the Group in the form of turnkey development management for MRCB Sentral Properties Sdn Bhd (MSPSB) and construction management for MRCB Engineering Sdn Bhd. Upon completion, Semasa Sentral Sdn Bhd would provide property management services to the transport hub. These fee revenues will complement our equity returns as shareholders in the project.

Penang Sentral masterplan was submitted to Majlis Perbandaran Seberang Prai in December 2010.

#### **BATU FERRINGHI**

In line with the Group's strategy to grow its landbank, MRCB has acquired a strategic beach front property in Batu Ferringhi, which would be developed into another international luxury residence featuring much sought after beach frontage. Upon approval by the relevant authority, this product is expected to launch in the market by 2011.

#### **Developments in Australia**

##### **BURWOOD, MELBOURNE, AUSTRALIA**

MRCB has ventured into the Australian property market through its newly created subsidiary, MRCB Land (Australia) Pty. Ltd. with 70% equity. MRCB is developing a project which will comprise residential and students' apartments in Burwood.

Only 12 kilometres from the Central Business District (CBD) of Melbourne, Burwood is home to prestigious and internationally recognised Presbyterian Ladies College and Deakin University, and is well-serviced by major arterial roads that provide easy access to the city and wider Melbourne. The appeal of that area is such that it is now a residential hot spot.

With a GDV of AUD60 million and covering 1.24 acres, the two projects namely Burwood Rise will offer 82 units of residential apartments while Burwood View will comprise 83 units of students' apartments.

The development is expected to launch by first quarter of 2011.



Burwood residential & students' apartments in Australia

#### **Property Investment**

##### **KOMPLEKS SENTRAL**

Formerly known as Resource Complex, Kompleks Sentral is another of the Group's investment assets. It is a 562,493 sq. ft. flatted factory for lease in Segambut, at the fringe of Kuala Lumpur. 89.4% of the total area is owned by Malaysian Resources Development Sdn Bhd, a wholly-owned subsidiary of MRCB. Kompleks Sentral underwent a refurbishment and rebranding exercise in 2006 and 2007. The occupancy rate has since experienced tremendous growth, reaching an impressive 90% occupancy.

##### **MENARA MRCB**

Menara MRCB office tower with a lettable area of over 216,000 sq. ft. continues to enjoy full occupancy, reinforcing its position as the leading office building in Shah Alam. MSPSB had previously achieved its objective of disposing of the building when the sale to Bank Kerjasama Rakyat Malaysia Berhad was completed in December 2006. The building which was sold

# OPERATIONS REVIEW

## PROPERTY



Plaza Alam Sentral

### Plaza Alam Sentral remains Shah Alam's favourite shopping destination

under a sale and leaseback with rental guarantee has consistently commands full occupancy due to its prime position in the heart of Shah Alam. Menara MRCB's current rental rate is RM3.40 psf.

#### PLAZA ALAM SENTRAL

With 97% occupancy on a lettable area of more than 430,000 sq. ft. and ever growing visitors, Plaza Alam Sentral is dedicated to providing a compelling retail experience for consumers in Shah Alam and the south of the Klang Valley, including Petaling Jaya, Subang, Puchong and Klang.

Despite intense competition from nearby shopping malls, Plaza Alam Sentral remains Shah Alam's favourite shopping destination. Its appeal lies in its mix of tenants and its wide variety of specialised products ranging from telecommunications and computers to textiles, books and televised entertainment – not to mention its array of food and beverages outlets.

Vigorous marketing and promotion combined with frequent events and exhibitions have made Plaza Alam Sentral a centre for family and a popular weekend destination – pushing up visitor numbers on yearly basis.

The management team is now focusing on further improving the retail mix by attracting more locally and internationally renowned brands and targeting shoppers with higher purchasing power. The team also aims to boost the mall's income stream by balancing store sizes and sales revenue.

#### SOOKA SENTRAL

Sooka Sentral, owned by MRCB; is a lifestyle centre offering a gym, spas and food & beverages outlets. It has attracted new tenants such as Clark Hatch and Irish-themed Malone Restaurant. These new varieties serve well for the Kuala Lumpur Sentral community.









## ENGINEERING & CONSTRUCTION



from left to right

**Lau Teong Huat**

Project Director

MRCB Engineering Sdn Bhd

**Zuraimi Mustapha**

Vice President,

Engineering & Construction

**Ho Kat Ming**

Project Director

MRCB Engineering Sdn Bhd

**Ezani Mohamad**

Project Director

MRCB Engineering Sdn Bhd



from left to right

**Lok Ngai Hey**

Project Director

MRCB Engineering Sdn Bhd

**Mohd Shukor Abdul Razak**

Project Director

Transmission Technology Sdn Bhd

Year 2010 has been a successful year for the Engineering & Construction division with order books surpassing RM1.0 billion.



# OPERATIONS REVIEW

## ENGINEERING & CONSTRUCTION



### PROJECTS IN KUALA LUMPUR SENTRAL AND ITS VICINITY

In Kuala Lumpur Sentral and its vicinity alone, the Engineering & Construction Division has contracts worth RM1.936 billion, representing construction works encompassing Grade A green office buildings, retail mall, residential buildings, infrastructure improvement and beautification of Brickfields area.

In terms of achievement, the Engineering & Construction Division is on track in completing its first grade A office building that comes with the BCA Green Mark (Singapore) Platinum rating for its Lot E – KL Sentral Park project. The project comprises 5 blocks of low rise buildings with a GFA of approximately 1.0 million sq. ft.. In addition to this, the Engineering & Construction Division is also progressing well in the construction of the LEED Gold office building at 348 Sentral which

will be the new Headquarters of Shell Malaysia. The 348 Sentral project also has a 27-storey service apartment which would be managed by The Ascott.

Engineering & Construction Division is also involved in the construction of the 41-storey CIMB Headquarters building on Lot A within the Kuala Lumpur Sentral development. This project is scheduled for completion in 2012.

The division is also responsible for the construction of two other office buildings standing 27 and 37 storey high that are attached to a 29-storey hotel tower. This project has a combined GFA of 1.2 million sq.ft located at Lot G, Parcel C&D.

As for the shopping mall, the division is currently constructing the proposed Green Mark compliance and Green Building Index certified shopping mall on Lot G in Kuala Lumpur Sentral Development

known as Nu Sentral. The combined GFA of the shopping mall and the Pelaburan Hartanah Berhad's office tower are in excess of 1.7million sq.ft. This project is scheduled for completion in 2012.

The division is also actively involved in infrastructure improvement in the vicinity of Kuala Lumpur Sentral. The Brickfields and KL Sentral's Traffic Dispersal Scheme Project, which form part of the Government's Economic Stimulus Package is aimed at alleviating traffic congestion in Brickfields and Kuala Lumpur Sentral development areas. The stimulus package comprised five packages worth RM113.25 million.

Another highlight for the division is the Little India Project which commenced in June 2010. The project has transformed the existing urban township of Brickfields into a vibrant commercial centre with Indian themes. The high profile project, bordering the Kuala Lumpur Sentral development comprises the construction of colourful decorative arches, footpath, decorative lamp posts, flower and souvenir shops and one of the tallest fountains in the country. Phase 1 of the Little India Project was completed on time despite a tight timeline. It was jointly officiated by YAB Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister of Malaysia and His Excellency, Dr Manmohan Singh, Prime Minister of India on 27 October 2010.

#### Southern Region

In Johor, the division has three on-going contracts worth in excess of RM1.3 billion. The RM638 million highway project, known as the Eastern Dispersal Link Expressway (EDL) provides a direct linkage between the new Customs, Immigration and Quarantine (CIQ) complexes at Tanjung Puteri and the North-South Expressway (NSE) via the new Pandan Interchange. The project has reached almost 70% completion and is scheduled for full completion in 2012.

Meanwhile, the construction of the RM574 million Permai Psychiatric Hospital in Tampoi is progressing well with physical completion of up to 80% in December 2010.

The division is also taking part in the Iskandar Malaysia development project with the construction of the Marlborough College East that is situated in Bandar Baru Nusajaya.

#### Energy Sector

The division through its wholly-owned subsidiary, Transmission Technology Sdn Bhd (TTSB), has been actively involved in the Engineering, Procurement and Construction (EPC) of High Voltage Transmission Project comprising substations, overhead transmission lines and underground cabling works.

In 2010, besides completing the few overhead Transmission lines and sub-station projects in Johor particularly in Gelang Patah and Batu Pahat, TTSB has been progressing well in the completion of its RM400 million on-going contracts i.e. 275kV Hybrid Lines/Cable plus GIS Substation at Salak South and 275kV Bakun Switching Yard in Sarawak.

Whilst the company is still in the race for power substation and transmission tenders worth more than RM100 million, initiated in 2010, it is also gearing up to participate in the same field under the Power Evacuation Scheme in the states of Sabah and Sarawak.

#### East Malaysia

Other than the Bakun Switch Yard project in Sarawak, the division has also managed to secure Government's contract in Sabah via Jabatan Kerja Raya. The division is currently involved in the upgrading works of the Sabah Medical Centre for a contract value of RM76 million.

Bakun Project







**INFRASTRUCTURE,  
CONCESSION  
& ENVIRONMENT**





from left to right

**Hishamuddin Ahmad**  
Senior Manager  
Procurement & Contract Management

**Mohd Najif Janif**  
Senior Manager, Project

**Amirul Ariff Noran**  
Project Director  
MRCB Environment Sdn Bhd

**Datuk Ahmad Zaki Zahid**  
Executive Director, MRCB



from left to right

**Shaharuddin Mohamed**  
Project Director  
MRCB Prasarana Sdn Bhd

**Mohd Azman Mohd Yunus**  
Senior Manager, Project

The core business of the division focuses on two areas: **infrastructure development** with emphasis on concession projects and **environmental rehabilitation activities**.

# OPERATIONS REVIEW

## INFRASTRUCTURE, CONCESSION & ENVIRONMENT



Eastern Dispersal Link



Works at Kuala Sungai Pahang

The main project currently undertaken by the infrastructure unit is the Eastern Dispersal Link (EDL) expressway in Johor Bahru. 100% owned by MRCB, the EDL is an 8.1 km expressway designed to disperse traffic from the main arterial roads in Johor Bahru. It will include a 4.4 km elevated structure that will link the Sultan Iskandar Building, known as the new Customs, Immigration & Quarantine (CIQ) complex at Bukit Cagar, Johor and the North-South Expressway at the Pandan Interchange. The concession period of the project is 34 years, inclusive of a four year construction period which commenced in mid-2008 with expected completion by 2012.

The division also provides environmental conservation and restoration services through its Environment unit, which undertakes coastal and river rehabilitation and protection works via MRCB's 55%-owned subsidiary, MRCB Environment Sdn Bhd (MRCB Environment).

MRCB Environment's outstanding credentials include the successful completion of the Teluk Tekek, Tioman Island's beach, river and infrastructure rehabilitation project and Phase 1 rehabilitation work for Sungai Perai and its surrounding areas in the state of Penang

worth about RM132 million and RM18.3 million respectively. Both works were successfully completed by 2009 as per contract schedule.

2010 saw MRCB Environment commencing work for Phase 2 of the Sungai Perai project, which is scheduled for completion by end 2010.

Works on the RM258 million Phase 1 of the Kuala Sungai Pahang river mouth improvement project to design and build one of the largest river mouth breakwaters in Malaysia, was awarded in October 2008 and is progressing well with expected completion by 2011. To complement the above projects and provide assistance in design work to potential clients; the division undertakes and offers numerical modeling services on hydrography to external clients including the Government of Malaysia.

This, amongst others, reduces dependency on external modelers, mostly offered by foreign consultants and provide opportunities to home grown modelers to develop their new skills and expertise.



Tioman Island





# BUILDING SERVICES

from left to right

**Datuk Ahmad Zaki Zahid**  
Executive Director, MRCB

**Mohd Najib Ibrahim**  
General Manager  
Semasa Services Sdn Bhd

**Hussin Mohd Ali**  
Vice President,  
Building Services



from left to right

**Hazman Zulkipli**  
Senior Manager, Operation  
Semasa Sentral Sdn Bhd

**Nur Zakri Zakaria**  
General Manager  
MRCB Technologies Sdn Bhd

**Mohd Rozemi Alias**  
Senior Manager  
Semasa Parking Sdn Bhd

MRCB's Building Services Division  
has consistently maintained a strong  
performance in the building services industry  
since 2005.

## OPERATIONS REVIEW

### BUILDING SERVICES



Auxillary police at Kuala Lumpur Sentral

**Our professionals and technicians are highly competent in providing quality, prompt and cost effective services to our clients**

---

Fully complementing our Property Development Operations, Building Services division offers a total integrated facilities management services vis-à-vis in the operations, maintenance and management of facilities and provision of information technology services for integrated transportation hubs, commercial, government, industrial and high-rise buildings. The services include total integration of building management, security services specialising in all aspects of building security, carpark logistics and management, as well as seamless integration of building information technology, telecommunication and infrastructure systems.

Our professionals and technicians are highly competent and experienced in telecommunications, mechanical & electrical engineering and management expertise, allowing us to introduce a new dynamism and professionalism into the building services industry by providing quality, prompt and cost effective services to our clients.

We operate systematically and continue to ensure every effort in delivering excellent quality services as clearly reflected in our commitment of attaining the latest ISO certification relevant to our services. The Division was successfully recertified with the new ISO 9001:2008 in October 2010 for corporate services comprising marketing, public relations, business development, finance, legal, human resource, administration and quality.

In November 2010, the Building Services Division through its subsidiary Semasa Sentral Sdn Bhd received recognition from SIRIM for its achievement in implementing Total Quality Management Programme according to SIRIM's Total Quality Fast Track Model. Only 2 companies in Malaysia have been awarded this recognition from SIRIM. The Total Quality Management Programme will assist the organisation in its implementation programme towards enhancing competitiveness in the local & global market place and ensuring the Company's long term survival.



Since our establishment, our customer base has registered steady growth. Buildings under our management include 1 Sentral and Sooka Sentral, Yayasan Tun Razak, Employees' Provident Fund's (EPF) offices, Companies Commission of Malaysia (SSM), Malaysian Industrial Development Authority (MIDA) and various buildings in the states of Penang and Kedah. Besides managing the Group's security and car park operations, our external clients include the Duta-Ulu Kelang Expressway (DUKE), Hospital Permai, The Icon in Jalan Tun Razak, Menara Bumiputra-Commerce at Jalan Raja Laut and Putrajaya Boulevard in Putrajaya.

### **STESEN SENTRAL KUALA LUMPUR**

The Building Service Division's success is epitomised in its management of Stesen Sentral Kuala Lumpur (Stesen Sentral), the nation's main rail transportation network hub. Here, all of Malaysia's main transportation services interlink to form a single integrated rail network system.

Stesen Sentral forms the integration point for Keretapi Tanah Melayu Berhad's (KTMB) Intercity and Komuter inter-state and inter-city rail system, Rangkaian Aliran Perkhidmatan Pengangkutan Integrasi Deras (RAPID) Light Rail Transit's (LRT), Klang Valley's urban rail network system, as well as the Express Rail Link's (ERL) high-speed train service to the Kuala Lumpur International Airport (KLIA).

Stesen Sentral has also been designated as one of the cities' bus hubs by RapidKL under its revamped bus network. It is the bus hub for the city shuttle buses as well as the many trunk routes. Buses to Kuala Lumpur International Airport - Main and Low-Cost Carrier terminals operate from Stesen Sentral, while other operators are located within the vicinity of Kuala Lumpur Sentral and along Jalan Tun Sambanthan.

Since its opening in 2003, the number of commuters using Stesen Sentral has swelled tremendously from an average of 50,000 to over 140,000 daily today, making it an increasingly vibrant destination for Malaysians and foreign visitors.

Moreover, Stesen Sentral has become more than just a transportation hub, it now houses an array of eateries, retail outlets and banks, among others, and is an integral part of the Kuala Lumpur Sentral development CBD.

The Division's continuous strict discipline and dedication to operate under internationally recognised Quality Management System, with programmes and incentives that include Innovative and Creative Circle (ICC) projects, Total Quality Management (TQM), 5S activities and various other programmes, have successfully helped the Division won numerous awards over the years and also to maintain Stesen Sentral.

### **PENANG SENTRAL TEMPORARY TERMINAL, BUTTERWORTH**

Another major project entrusted by the Government to the Building Services Division is the facilities management of the Government's Penang Sentral Temporary Terminal in Butterworth (PSTT). It was constructed in September 2007 and completed in February 2008 to replace the existing bus terminal and to make way for the development of the planned 6 million sq. ft. Penang Sentral development. Upon completion, Penang Sentral will comprise retail, commercial and residential components, including multi-level and basement car parks and an integrated transportation hub linking rail, ferry and bus services.

PSTT operates on a 24-hour basis and provides facilities for its users such as Muslim prayer room, information kiosk, public restrooms and a linkway to the ferry terminal (complete with ramp and escalator). PSTT has a total of 33 bus and taxi counters, with 28 bus platforms and 40 taxi bays to cater to the needs of passengers. To-date, daily passenger capacity for the PSTT is about 32,000.

Stesen Sentral Kuala Lumpur



# OPERATIONS REVIEW

## BUILDING SERVICES

PSTT was officially launched by the then Second Finance Minister of Malaysia, YB Tan Sri Nor Mohamed Yakcop on 19 July 2008. Bus operations, starting with Rapid Penang, commenced operation on 25 July 2008 which also include short and long distance express bus and taxi operations from the old terminal. The entire bus operation from the old terminal ceased to operate by May 2009.

### **SPEARHEADING NEW TECHNOLOGIES AND ICT INTEGRATION**

Spearheading the Group's effort in incorporating the latest technologies and systems in its projects, Building Services Division, under its MSC-status and ISO 9001:2008 certified MRCB Technologies Sdn Bhd (MRCBTech), was formed to take the lead in IT related businesses.

MRCBTech's success in implementing and commencing operation of the Toll Collection System and the state-of-the-art Traffic Control and Surveillance System for the DUKE Expressway has led it to also implement similar systems for the EDL Highway in Johor Baru.

For the Permai Hospital, MRCBTech is currently deploying the Safety and Security Package, namely the Nurse Call, Personal Duress Alarm, Card Access System, CCTV and Security Communications systems.

In the telecommunications arena, MRCBTech continues to manage and operate Free.Komm, an unified communications service for more than 70 local and international organisations located in Kuala Lumpur Sentral. The integration involves telephony, video-web conferencing and internet, leased line and broadband facilities. MRCBTech is also operating the free Wi-Fi Hotspots covering the entire Kuala Lumpur Sentral development. 2010 also saw the commissioning of the In-Building Antenna Systems in operations for multiple cellular telecommunications operators at Quill 7 and Menara UEM.

MRCBTech's Multimedia SuperCorridor (MSC) CyberCentre in Kuala Lumpur Sentral One-Stop Centre has been providing support to MSC-status tenants residing in MSC-status designated buildings at Kuala Lumpur Sentral including Plaza Sentral, Quill 7, 1 Sentral and newer buildings in the pipeline.

In complementing the Group's effort in the Green initiative, MRCBTech is in the midst of completing an Intelligent Building solution for the new KL Sentral Park, a BCA Green Mark Platinum rating Green Building, to enhance energy savings.

In other ICT matters, MRCBTech will also be operating several Data Centres where it will manage and operate as a data management centre for other organisations.

For Strategic Systems, MRCBTech has been successful in obtaining several awards in its bid to provide products and services to the oil and gas industry. The largest, so far is to supply and install safety and emergency communications systems on an offshore platform.

DUKE highway





Auxillary police at work





GROUP  
SUPPORT  
SERVICES





from left to right

**Victor Wong Tze Meng**  
Head of Finance  
Property & Building  
Services

**Mavis Chiew**  
**Foong Mooi**  
General Manager  
Head of Finance



from left to right

**Norsham Ishak**  
General Manager  
Head of Legal

**Azwan Sulaiman**  
Head of Finance  
Engineering & Construction,  
Infrastructure, Concession  
& Environment

**Chong Chin Ann**  
Chief Financial Officer



**Suzana Nawardin**  
General Manager  
Head of Human Resource

**Ho Chee Sun**  
General Manager  
Head of Procurement/  
Administration & IT



from left to right

**Mohd Noor Rahim Yahaya**  
Company Secretary

**Mohaini Mohd Yusof**  
General Manager  
Head of Corporate Communications

# STATEMENT ON CORPORATE GOVERNANCE

## INTERNATIONAL STANDARDS OF CORPORATE GOVERNANCE

The Board of Directors of MRCB and its Management remain committed to ensuring that good corporate governance principles continue to be developed and implemented within the Group in accordance with best-in-class practices, the Malaysian Code on Corporate Governance (the Code) in addition to the Listing Requirements of Bursa Malaysia.

Having applied the international standards of corporate governance principles as mentioned above, the Board is pleased to provide the following disclosure statements for the year 2010:

### 1. MRCB'S BOARD STRUCTURE

#### a. Composition of Members

The MRCB Board comprises 8 members, an optimal size for its current business profile and is sufficient to effectively lead the company's current activities. With the resignation of Mohamad Lotfy Mohamad Noh, a Non-Independent Non-Executive Director on 22 October 2010, the Board now comprises 4 Independent and 4 Non-Independent Directors. There is a sufficient mix of skill set at the Board level with combined experience in corporate, finance and property management as well as strong networking in the public and private sectors.

Further details of each member, including qualification and experience, are outlined on pages 28 to 35 of this report.

#### b. Structure

- i. 75% of the Board members are Non-Executive.
- ii. There were 4 Independent Directors which constitute more than 1/3 of the Board composition as required by Paragraph 15.02 of the Listing Requirements of Bursa Malaysia.

#### c. Board Independence and Effectiveness

- i. The Company continues to ensure that there is clear separation between the Board and the Executives in order to achieve a balance of power and authority as prescribed by international best practices.
- ii. In this aspect, the role of the Chairman who is non-executive, and other Board members are always kept separate from the role of CEO who is principally responsible for making and implementing operational decisions.
- iii. In the absence of the Chairman, the most senior independent director, Dato' Ahmad Ibnihajar, will chair the Board meetings.
- iv. The Board's effectiveness is further enhanced with the set up of 5 committees of the Board. The Terms of Reference of each committee are set out on pages 95 to 98 of this report. In these committees, skill set and expertise of each Director are tapped. The committees were set up to support and complement the Board's decision-making process, since more detailed review and study of strategic issues can be done at the committee level. Nevertheless, the Board retains the ultimate responsibility of decision-making.

#### d. Board of Directors Meetings and Board Committee Meetings

A total of 11 Board of Directors' meetings were held between 1 January 2010 and 31 December 2010. All the directors have fulfilled the requirement to attend more than 50% of the total board meetings pursuant to Paragraph 15.05(3)(c) of the Listing Requirements of Bursa Malaysia.



**Table 1: Details of attendance of the directors at the Board meetings held from 1 January 2010 to 31 December 2010 are as follows:**

| Date of Meeting  | Name of directors               |   |                       |                          |                        |                     |                        |                           |                      |
|------------------|---------------------------------|---|-----------------------|--------------------------|------------------------|---------------------|------------------------|---------------------------|----------------------|
|                  | Tan Sri Azlan Zainol (Chairman) | Datuk Mohamed Razeek Md Hussain Maricar | Shahril Ridza Ridzuan | Dato' Abdul Rahman Ahmad | Dato' Ahmad Ibnihajjar | Dr Roslan A Ghaffar | Datuk Ahmad Zaki Zahid | Mohamad Lotfy Mohamad Noh | Che King Tow         |
| 16/01/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | A                         | A                    |
| *23/02/10        | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | A                         | A                    |
| 04/03/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | A                         | A                    |
| 23/03/10         | A                               | A                                       | X                     | A                        | A                      | A                   | A                      | A                         | X                    |
| *18/05/10        | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | X                         | A                    |
| 19/07/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | A                         | A                    |
| *24/08/10        | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | A                         | A                    |
| 27/10/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | Resigned wef 22/10/10     | A                    |
| *22/11/10        | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | –                         | A                    |
| 13/12/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | –                         | A                    |
| 29/12/10         | A                               | A                                       | A                     | A                        | A                      | A                   | A                      | –                         | A                    |
| <b>Total (%)</b> | <b>11/11 (100%)</b>             | <b>11/11 (100%)</b>                     | <b>10/11 (90.9%)</b>  | <b>11/11 (100%)</b>      | <b>11/11 (100%)</b>    | <b>11/11 (100%)</b> | <b>11/11 (100%)</b>    | <b>6/7 (85.7%)</b>        | <b>10/11 (90.9%)</b> |

\*Quarterly Board Meeting

## 2. BOARD COMMITTEES

### a. Audit Committee ("AC")

The AC Report is set out on pages 116 to 119 of this report.

### b. Executive Committee of The Board

In a continuous effort to improve itself for effective leadership and management of the Company, the Board had on 17 November 2005 established an Executive Committee (EXCO) whose main functions are:

- to guide Management in the implementation of the GLC Transformation Initiatives;
- to review and recommend the annual business plan and budget of the Company to the Board for approval;
- to consider and review significant and/or major issues relating to any business direction of the Company;
- deliberate on all major business transactions and issues relating to the Company that require the EXCO's or Board's approval in line with the approved Limits of Authority.

The EXCO meets once a month and 3 members form the quorum for a meeting.

## STATEMENT ON CORPORATE GOVERNANCE

**Table 2: Details of attendance of members at the EXCO meetings held from 1 January 2010 to 31 December 2010**

| Dates of Committee Meeting | Name of EXCO members           |                        |                                |                      |
|----------------------------|--------------------------------|------------------------|--------------------------------|----------------------|
|                            | Shahril Ridza Ridzuan          | Datuk Ahmad Zaki Zahid | Mohamad Lotfy Mohamad Noh      | Che King Tow         |
|                            | Non-Independent, Non Executive | Executive Director     | Non-Independent, Non Executive | Independent Director |
|                            | (Chairman)                     | (Member)               | (Member)                       | (Member)             |
| 10/02/2010                 | A                              | X                      | A                              | A                    |
| 04/03/2010                 | A                              | A                      | A                              | A                    |
| 16/04/2010                 | A                              | A                      | A                              | A                    |
| 04/06/2010                 | A                              | A                      | A                              | A                    |
| 19/07/2010                 | A                              | A                      | A                              | A                    |
| 16/08/2010                 | A                              | A                      | A                              | A                    |
| 04/10/2010                 | A                              | A                      | A                              | A                    |
| 22/11/2010                 | A                              | A                      | Resigned wef 22/10/10          | A                    |
| 24/12/2010                 | A                              | A                      | –                              | A                    |
| <b>Total</b>               | <b>9/9</b>                     | <b>8/9</b>             | <b>7/7</b>                     | <b>9/9</b>           |

### c. Nomination Committee

The Code endorses, as best practice, a formal procedure for appointment to the Board, with a Nomination Committee making recommendations to the Board. In line with this, the Nomination Committee (“NC”) was established on 31 October 2001.

The NC’s terms of reference include:

- identifying and recommending new nominees to the Board and committees of the Board of MRCB. All decisions and appointments are made by the respective Boards after considering the recommendations of the NC;
- assisting the Board, committees of the Board and directors in assessing overall effectiveness on an on-going basis; and
- assisting the Board in periodically reviewing its required mix of skills and experience and other qualities that non-executive directors should bring to the Board.

The NC meets at least once a year and three members form the quorum for a meeting.

**Table 3: Details of attendance of members at the Nomination Committee meetings held from 1 January 2010 to 31 December 2010**

| Dates of Committee Meeting | Name of Nomination Committee members |                          |                       |
|----------------------------|--------------------------------------|--------------------------|-----------------------|
|                            | Dr Roslan A Ghaffar                  | Dato’ Abdul Rahman Ahmad | Dato’ Ahmad Ibnihajar |
|                            | Independent Director                 | Independent Director     | Independent Director  |
|                            | (Chairman)                           | (Member)                 | (Member)              |
| 22/11/2010                 | A                                    | A                        | A                     |
| <b>Total</b>               | <b>1/1</b>                           | <b>1/1</b>               | <b>1/1</b>            |

#### d. Remuneration Committee

In line with the recommendations of the Code, a Remuneration Committee ("RC") was set up on 31 October 2001.

The terms of reference of the RC are:

- i. to determine and recommend to the Board the framework or broad policy for the remuneration packages of the Chairman of the Board, the CEO and other senior management personnel it is designated to consider;
- ii. to establish a formal and transparent procedure for developing a policy on the total individual remuneration package of Executive Director, CEO and other designated senior management personnel including, where appropriate, bonuses, incentives and share options;
- iii. to design the remuneration package for Executive Director, CEO and other designated senior management personnel with the aim of attracting and retaining high-calibre senior management personnel who will deliver success for shareholders and high standards of service for customers while having due regard to the business environment in which the Company operates. Once formulated, the remuneration package is recommended to the Board for approval;
- iv. to review and recommend to the Board, improvements (if any), on CEO and designated senior management personnel's remuneration policy and package and any other issues relating to the benefits of those designated senior management personnel on an annual basis;
- v. to review any major changes in employee benefit structures throughout the Company and where appropriate recommend to the Board for adoption; and
- vi. to review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:
  - Merit increment
  - Merit bonus
  - Incentives

The RC meets at least once a year and 3 members form the quorum for a meeting.

**Table 4: Details of attendance of members at the Remuneration Committee meetings held from 1 January 2010 to 31 December 2010**

| Dates of Committee Meeting | Name of Remuneration Committee members |                       |                      |
|----------------------------|--|-----------------------|----------------------|
|                            | Dato' Abdul Rahman Ahmad               | Dato' Ahmad Ibnihajar | Dr Roslan A Ghaffar  |
|                            | Independent Director                   | Independent Director  | Independent Director |
|                            | (Chairman)                             | (Member)              | (Member)             |
| 10/02/2010                 | A                                      | A                     | A                    |
| 23/03/2010                 | A                                      | A                     | A                    |
| 22/11/2010                 | A                                      | A                     | A                    |
| <b>Total</b>               | <b>3/3</b>                             | <b>3/3</b>            | <b>3/3</b>           |

#### e. Employee Share Option Scheme (ESOS) Committee

The ESOS Committee was set up to ensure that the implementation of the ESOS was administered fairly in accordance with the Company's by-laws for the ESOS approved by the Shareholders. During the year under review, there were three ESOS Committee meetings to consider the allocation of options to employees of the Company during the year.

The ESOS Committee meets as and when required and 3 members form the quorum for a meeting.



## STATEMENT ON CORPORATE GOVERNANCE

**Table 5: Details of attendance of members at the ESOS Committee meetings held from 1 January 2010 to 31 December 2010**

| Dates of Committee Meeting | Name of ESOS Committee members |                                |                      |
|----------------------------|--------------------------------|--------------------------------|----------------------|
|                            | Dato' Ahmad Ibnihajar          | Shahril Ridza Ridzuan          | Dr Roslan A Ghaffar  |
|                            | Independent Director           | Non-Independent, Non Executive | Independent Director |
|                            | (Chairman)                     | (Member)                       | (Member)             |
| 23/02/2010                 | A                              | A                              | A                    |
| 09/08/2010                 | A                              | A                              | A                    |
| 22/11/2010                 | A                              | A                              | A                    |
| <b>Total</b>               | <b>3/3</b>                     | <b>3/3</b>                     | <b>3/3</b>           |

### 3. BOARD REMUNERATION

#### a. Remuneration Policy for Directors and Senior Management

The remuneration of the CEO and designated senior management personnel are based on the Remuneration Committee's (RC) review and assessment of the achievements and contribution of each member measured against their respective Key Performance Indicators. Recommendations are then made by the RC for a decision by the Board on suitable remunerations for each personnel.

Directors' fees paid to Non-Executive Directors are recommended by the Board for the approval of the shareholders at the Company's Annual General Meeting.

#### b. Directors' Remuneration

Over and above the requirements of the Listing Requirements of Bursa Malaysia, the Board is pleased to provide a more detailed breakdown of directors' remuneration for year 2010 in tables 6 and 7 below. The Board firmly believes that this disclosure would provide greater transparency and enable shareholders and investors to gauge the reasonableness of rewards given to directors and see that they are in line with their individual contributions to the Company.

Total Directors' remuneration for 2010 is RM2.3million. The breakdown and form of remuneration are disclosed for public information.

**Table 6: Details of Aggregate Directors' Remuneration for 2010**

| Directors            | Tan Sri Azlan Zainol           | Dato’ Ahmad Ibnihajar                          | Dato’ Abdul Rahman Ahmad           | Dr Roslan A Ghaffar              | Che King Tow         | Shahril Ridza Ridzuan           | Mohamad Lotfy Mohamad Noh      | Datuk Mohamed Razeek Md Hussain Maricar | Datuk Ahmad Zaki Zahid |        |
|----------------------|--------------------------------|--|------------------------------------|----------------------------------|----------------------|---------------------------------|--------------------------------|---|------------------------|--------|
| Remarks              | Chairman of the Board          | Chairman of Audit Committee and ESOS Committee | Chairman of Remuneration Committee | Chairman of Nomination Committee |                      | Chairman of Executive Committee | (Resigned wef 22/10/2010)      |   |                        |        |
| Designation          | Non-Independent, Non-Executive | Independent                                    | Independent                        | Independent                      | Independent          | Non-Independent, Non-Executive  | Non-Independent, Non-Executive | Chief Executive Officer                 | Executive Director     |        |
| Period               | 1 Jan to 31 Dec 2010           | 1 Jan to 31 Dec 2010                           | 1 Jan to 31 Dec 2010               | 1 Jan to 31 Dec 2010             | 1 Jan to 31 Dec 2010 | 1 Jan to 31 Dec 2010            | 1 Jan to 22 Oct 2010           | 1 Jan to 31 Dec 2010                    | 1 Jan to 31 Dec 2010   |        |
|                      | RM’000                         | RM’000   | RM’000                             | RM’000                           | RM’000               | RM’000                          | RM’000                         | RM’000                                  | RM’000                 | RM’000 |
| Fee                  | 90                             | 60   | 60                                 | 60                               | 60                   | 60                              | 48                             |   |                        | 438    |
| Salary               |                                |  |                                    |                                  |                      |                                 |                                | 672                                     | 362                    | 1,034  |
| EPF                  |                                |  |                                    |                                  |                      |                                 |                                | 147                                     | 84                     | 231    |
| Allowance            | 60                             |  |                                    |                                  |                      | 120                             |                                |   |                        | 180    |
| Leave passage        |                                |  |                                    |                                  |                      | 39                              |                                | 27                                      | 30                     | 96     |
| Car allowance        |                                |  |                                    |                                  |                      |                                 |                                | 60                                      | 60                     | 120    |
| Share option *       |                                |  |                                    |                                  |                      |                                 |                                | 142                                     | 96                     | 238    |
| Benefits in Kind     |                                |  |                                    |                                  |                      |                                 |                                | 9                                       | 9                      | 18     |
| Fees from Subsidiary |                                |  |                                    | 15                               |                      |                                 |                                |   |                        | 15     |
| Total                | 150                            | 60   | 60                                 | 75                               | 60                   | 219                             | 48                             | 1,057                                   | 641                    | 2,370  |

\*representing fair value of the Share Options granted

**Table 7: Analysis of Directors' Remuneration by Bandwidth**

| Directors' Remuneration   | Executive Directors | Non-Executive Directors | Total    |
|---------------------------|---------------------|-------------------------|----------|
| RM0 – RM50,000            |                     | 1                       | 1        |
| RM50,001 – RM100,000      |                     | 4                       | 4        |
| RM100,001 – RM250,000     |                     | 2                       | 2        |
| RM550,001 – RM700,000     | 1                   |                         | 1        |
| RM1,000,001 – RM1,250,000 | 1                   |                         | 1        |
| <b>Total</b>              | <b>2</b>            | <b>7</b>                | <b>9</b> |

## STATEMENT ON CORPORATE GOVERNANCE

### 4. BOARD CONDUCT

The Board at all times acts independently while retaining the ultimate responsibility for the direction and management of the Company in meeting its objectives. It regularly assesses the direction, performance and achievement of Management.

#### a. Code of Conduct for Board Members

In addition to the duties and responsibilities set out under the ambit of applicable laws and practices, the Board has also imposed on its members to declare in writing that they have observed the Company's Code of Ethics in discharging their duties and responsibilities.

#### b. Continuous Improvement

The Board members are mindful of the need to continuously upgrade and improve themselves for the benefit of the Company. During the year, members of the Board had attended various courses specially tailored for updating knowledge of the changing laws, regulations, techniques and practices in leadership and management at the Board level.

#### c. Relationship of the Board with Management

The relationship between the Board and Management remain strong and cohesive during the year under review. The Board supports the Management by providing the leadership, and setting business targets through Key Performance Indicators and Balanced Scorecards for senior management personnel. At the same time, the Board also provides the necessary check and balance function, challenging and debating decisions made by the Management before they are endorsed and approved. To do this, there is an established and structured reporting system in place where the Board is regularly briefed and updated on the performance of the Company through which the Board tracks closely the achievement of targets set. Rewards to the Management and employees, such as bonuses and ESOS allocation, are based on financial performance and business achievements.

The non-executive Board members do not allocate themselves any bonuses or ESOS allocations.

#### d. Full Access to Information

In the course of discharging their duties, the Directors always have:

- i. full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed at least 7 days before the Board or its Committee meetings. This process ensures that Directors have enough time to read the matters to be discussed, and thus be properly briefed and prepared for decision-making at the meetings;
- ii. unrestricted access to the advice and services of the Company Secretary and other members of senior management; and
- iii. unrestricted advice and services of external and independent professionals, made available to Board members individually and collectively. These advice and services are made available independent of Management's intervention.

In order to enhance the accountability of the Board and Senior Management, the Company has in place a Limits of Authority approved by the Board which sets out the limits to which each level of Management is authorized to approve and transactions that need to be approved by the EXCO or the Board.

#### e. Check and Balance

Board members take their role seriously and professionally as a check and balance on the Management. Proposals and recommendations made by the Management are actively and constructively questioned, challenged and debated at Board meetings and at Board Committee meetings such as EXCO and Audit Committee to ensure that such proposals and recommendations are in the best interests of the Company. In doing so, the Board and Board Committees gather inputs from Internal Audit as well as Risk Management, both functions of which are independent of Management and report directly to the Audit Committee and the Board. To ensure that these key functions are sufficiently resourced, the Board via the Audit Committee in 2010 had allocated a total of RM1.2 million in OPEX to support the operations of its Corporate Governance department's activities, which includes Internal Audit and Risk Management.



The above is truly a 'substance over form' matter, where the actual interactions between a dynamic and responsible Board and a hands-on and accountable Management go beyond what is detailed in this Statement and has resulted in an environment where the Company is run in an ethical, transparent and professional manner in the best interest of the shareholders.

**f. Keeping Tabs with the Company's Activities on the Ground**

The Board has adopted a hands-on approach in discharging its role. During the year, the Directors made visits to the Company's project sites in Johor. During these visits, the Directors gained a better understanding of the Company's projects and the challenges faced, thus enhancing the Board's effectiveness during its deliberations and decision-making.

**g. Accountability for Financial Information**

The Board undertakes to ensure that:

- i. the Company's annual financial statements, quarterly announcement of results to shareholders, reports to regulators and other price-sensitive public reports are presented with a balanced and understandable assessment of the Company's position and prospects;
- ii. the Company's financial statements have been prepared based on accounting policies that have been consistently and properly applied, supported by reasonable and prudent judgements and estimates and in adherence to all applicable accounting standards; and
- iii. accounting records are accurate, within margins of reasonableness and which discloses the financial position of the Company in a true and fair manner.

The statements by directors pursuant to Section 169(15) of the Companies Act, 1965 in relation to the preparation of the financial statements are set out on page 148 of this report under "Statement by Directors".

**h. Relationship with External Auditors**

The Company maintains transparent and professional relationship with its auditors through the Audit Committee (AC). The Company engages its external auditors only for audit and tax-related matters.

The role of the AC in relation to the auditors is described on pages 116 to 119 of this report.

**5. PROTECTION OF SHAREHOLDERS' VALUE**

**a. Internal Control**

The Board has undertaken to ensure that an effective system of internal control exists and regularly reviews the adequacy and integrity of the Company's system of internal controls.

The Board believes that a sound system of internal controls, financial or otherwise, should provide a reasonable assurance on:

- the effectiveness and efficiency of the Company's operations;
- the reliability of the Company's financial information; and
- compliance with laws and regulations of Malaysia and of the countries the Company ventures into overseas.

The Statement on Internal Control is set out on page 124 of this report provides an overview on the state of internal controls within the group.

**b. Risk Management**

The Board, being cognisant of the need for risks to be properly identified and managed in order to continue protecting the Company's assets and investments, had established a Risk Management Framework (RMF) on 17 February 2003. The RMF

## STATEMENT ON CORPORATE GOVERNANCE

was further reviewed and revised on 24 February 2005. The Risk Management process has been implemented since 2003 throughout the Company and integrated into the Company's operations as part of its policy and procedures.

The Risk Management policy and its implementation is further detailed in this report on pages 126 to 127.

### **c. Prevention of Fraud**

The Board has also put in place the Prevention of Fraud Manual which serves to guide the Management and employees on maintaining the highest standards of conduct and integrity in all dealings, as well as detailing out the Management's responsibility to set up the proper control process to prevent and detect fraud. It defines what constitutes fraud and fraudulent activities and puts together a framework for eradicating fraud.

The Prevention of Fraud Manual also has a specific section on the Code on Whistle-Blowing which outlines the avenues and procedures for whistle-blowers to communicate their concerns to the Board (either through the Chairman of the Audit Committee or the Head of Corporate Governance) without Management's intervention and interference. The Whistle-Blowing Code also describes the subsequent procedures to be taken for investigating and dealing with fraud cases.

### **d. Quality Assurance**

Corporate Governance continuously conducts independent reviews on the quality of the Company's products and services as well as of the Company's standard operating procedures and provides feedback and recommendations to assist Management on improvement opportunities that arise from the reviews. This process helps ensure that delivery of products and services to the Company's customers are of high quality standards. It also helps to ensure that the Company's operating procedures are updated and have taken into account changes in the Company's structure as well as industry changes and developments.

### **e. Assurance on Performance of Associated Companies**

Representatives from the Company are appointed to the board of directors of associated companies and attend board meetings to oversee the performance of associated companies. For active associated companies, key financial information and significant issues pertaining to these companies are sought and reviewed by the MRCB Board on a regular basis.

## **6. SHAREHOLDERS, INVESTORS AND STAKEHOLDERS**

### **a. Looking after Minority Interests**

The independent directors do not represent any of the substantial shareholders and will therefore represent and act in the interests of the minority shareholders, investors and stakeholders. The Board also maintains communication with the Minority Shareholder Watchdog Group on the interests of the minority shareholders.

### **b. Dividend Policy**

The Company had established a Dividend Policy in 2007, whereby shareholders can expect a Dividend Payout amounting to 20% of Consolidated Profit after Taxation and Minority Interest. As the Company has again recorded profit in 2010, dividend of 1.5% or 1.5 cent per ordinary share less income tax of 25% is expected to be paid out for the financial year ended 31 December 2010 subject to approval by the shareholders at the forthcoming 40th Annual General Meeting.

### **c. Communication and Transparency**

In order to ensure that the stakeholders and investing public has up-to-date information on the Company's performance, operations and other significant developments, various corporate announcements required under the Listing Requirements of Bursa Malaysia (including timely release of quarterly financial results) are made during the period under review. In addition, detailed information on the Company's significant corporate events and developments were made through the media via press releases and/or press conferences.

Shareholders, investors and stakeholders can conveniently access up-to-date information on the Company's projects, quarterly financial position, investor relations and general corporate information at its regularly-updated corporate public website [www.mrcb.com.my](http://www.mrcb.com.my).

There is also a "Contact Us" icon on the Company's website which leads to a webpage where shareholders and investors can conveniently forward their questions and comments to the Company.

#### **d. Annual General Meeting (AGM)**

The AGM is another forum through which the Board communicates with shareholders on the Company's progress and performance and where the Board clarifies issues pertaining to the Company's business activities, performance and other related matters.

Where there is special business or special resolution proposed, the explanation of the effects of such special business or special resolution is provided in the notice of the AGM. Where appropriate, the Chairman of the Board undertakes to provide the questioner with a written answer to any significant question that cannot be readily answered during the AGM.

At the AGM held on 3 June 2010, Datuk Mohamed Razeek Md Hussain Maricar and Che King Tow who were appointed in 2009 had retired pursuant to Article 106 of the Articles of Association of the Company and being eligible for re-election had been duly re-elected.

Dato' Ahmad Ibniহার and Mohamad Lotfy Mohamad Noh who retired pursuant to Articles 101 and 102 of the Articles of Association of the Company which required one third of the Directors to be subject to re-election by rotation at each AGM had been duly re-elected.

Thus, the re-election of Directors by the shareholders will give the shareholders the opportunity to assess the performance of each Director and to decide the continuation of appointment.

### **7. ON-GOING GLC TRANSFORMATION INITIATIVES**

The Company is also continuing its efforts to further improve its organization and processes towards becoming a stronger, efficient and more competitive business entity as well as a responsible corporate citizen as guided by the Putrajaya Committee's on GLC Transformation Initiatives. The Company believes that this is an ongoing process and will monitor and fine-tune the initiatives as necessary.

### **8. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company strongly believes that it can only achieve economic success if it also fulfils its social responsibilities especially in the country and industry it is in and in the community that it operates in. This idea is not new as MRCB has always operated in an environment based on our value and our relationships with all our stakeholders especially the community we serve as well as with our customers, investors, employees, and suppliers.

This respect for all our stakeholders has presented us the key elements in formulating our CSR activities. In 2010, the Company continued to be committed to its social obligation by actively pursuing numerous CSR projects under 5 key CSR programmes aimed at Education, Environment, Employee Welfare, the Community and Philanthropy, amounting to RM2.67 million.

MRCB also took a more active role in conducting stakeholders' communications, especially community affected by its projects. It also continues to support the Graduate Employment Enhancement (GREEN) programme initiated by Khazanah Nasional Berhad to provide graduate on-the-job training in a live business environment besides its Promoting Intelligence, Nurturing Talent and Advocating Responsibility (PINTAR) programme with the adoption of an additional 4 schools (3 in Pahang and 1 in Penang) on top of its present 7 schools in the Company areas of operation.



## STATEMENT ON CORPORATE GOVERNANCE

### CSR Awards and Recognition

The Company continues to gain recognition in 2010 after it first won recognition for its CSR initiative with the Platinum Award in 2008, the top prize for best Corporate Social Responsibility Reporting by Malaysia's National Annual Corporate Report Awards (NACRA).

This year, the Company also won international recognition by being accorded two Distinguished Honorees for two different programmes organized by the US-based International Business Stevie Awards. The MRCB Art Awards 2008/2009 was accorded recognition in the Best Corporate Social Responsibility Programme of the Year in Asia (Subcontinent, Australia and New Zealand) while the River and Beach Rehabilitation Project at Tekek Bay, Tioman Island 2008/2009 was also nominated for the Best Environmental Responsibility Programme of the year.

Moreover, the Company continue to receive recognition at the ACCA Malaysia Sustainability Reporting Awards 2010 (ACCA MaSRA) as a finalist. MRCB once again has been shortlisted at the National Annual Corporate Reporting Awards (NACRA) and the StarBiz-ICR Malaysia Corporate Responsibility Awards in 2010. The results will only be known in 2011.

Details of the Company's CSR programmes are available in a separate report on CSR, an integral part of this report.

### 9. CONCLUDING REMARKS

The above statements are clear reflections of the conscious efforts of the MRCB Board and Management to strengthen its governance process and maintain its position as one of the leaders in corporate governance. The Company has not only complied with the Code and the Listing Requirements of Bursa Malaysia but has also adopted most of the international best practices of corporate governance. The Board believes this to be an ongoing process and will continue to strive for fuller adoption of the international best practices of corporate governance in the near future.

**This Statement on Corporate Governance is approved by the Board of Directors via its resolution on 9 February 2011.**

**Tan Sri Azlan Zainol**  
**Chairman**  
**Malaysian Resources Corporation Berhad**

# PENYATA TADBIR URUS KORPORAT

## PIAWAIAN ANTARABANGSA BAGI TADBIR URUS KORPORAT

Lembaga Pengarah dan Pengurusan MRCB sentiasa komited untuk memastikan prinsip-prinsip tadbir urus korporat yang baik terus dibangunkan dan dilaksanakan di seluruh Kumpulan menurut amalan yang terbaik dalam kelasnya, Kod Tadbir Urus Korporat Malaysia (Kod), selain daripada Syarat-Syarat Penyenaraian Bursa Malaysia.

Setelah menggunakan piawaian prinsip tadbir urus korporat antarabangsa seperti dinyatakan di atas, Lembaga dengan sukacitanya membentangkan penyata pendedahan berikut bagi tahun 2010:

### 1. STRUKTUR LEMBAGA PENGARAH MRCB

#### a. Komposisi Ahli

Lembaga MRCB terdiri daripada 8 orang ahli, iaitu saiz optimum bagi profil perniagaannya pada masa ini, dan memadai untuk menyediakan penerajuan yang berkesan dalam aktiviti-aktiviti semasa syarikat. Dengan perletakan jawatan Mohamad Lotfy Mohamad Noh yang merupakan Pengarah Bukan Eksekutif Bukan Bebas pada 22 Oktober 2010, Lembaga Pengarah kini terdiri daripada 4 orang Pengarah Bebas dan 4 orang Pengarah Bukan Bebas. Lembaga mempunyai campuran kemahiran yang mencukupi, dengan gabungan pengalaman dalam bidang korporat, kewangan dan pengurusan hartanah serta jalinan rangkaian yang kukuh dalam sektor awam dan swasta.

Maklumat lanjut setiap ahli, termasuk kelayakan dan pengalaman mereka, dinyatakan di muka surat 28 hingga 35 dalam laporan tahunan ini.

#### b. Struktur

- i. 75% daripada ahli Lembaga merupakan Pengarah Bukan Eksekutif.
- ii. Lembaga Pengarah dianggotai oleh 4 Pengarah Bebas yang mewakili lebih 1/3 daripada komposisi Lembaga seperti yang diperlukan oleh Perenggan 15.02 dalam Syarat-Syarat Penyenaraian Bursa Malaysia.

#### c. Kebebasan dan Keberkesanan Lembaga Pengarah

- i. Syarikat terus memastikan supaya wujud pengasingan yang jelas antara Lembaga Pengarah dan Eksekutif untuk memastikan keseimbangan kuasa dan autoriti seperti yang digariskan oleh amalan terbaik antarabangsa.
- ii. Dalam aspek ini, peranan Pengerusi yang bukan eksekutif dan ahli-ahli Lembaga Pengarah yang lain sentiasa diasingkan daripada peranan KPE yang bertanggungjawab terutamanya untuk membuat dan melaksanakan keputusan-keputusan berhubung operasi.
- iii. Jika Pengerusi tidak hadir, pengarah bebas paling kanan iaitu Dato' Ahmad Ibnihajar, akan mempengerusikan mesyuarat Lembaga Pengarah.
- iv. Keberkesanan Lembaga Pengarah dipertingkatkan lagi dengan pembentukan 5 jawatankuasa Lembaga Pengarah. Bidang Kuasa setiap jawatankuasa dinyatakan di mukasurat 106 hingga 109 dalam laporan tahunan ini. Dalam jawatankuasa-jawatankuasa tersebut, kemahiran dan kepakaran setiap Pengarah dimanfaatkan. Jawatankuasa dibentuk untuk menyokong dan melengkapkan proses membuat keputusan Lembaga Pengarah kerana kajian dan penyelidikan yang lebih terperinci berhubung isu-isu strategik boleh dilakukan di peringkat jawatankuasa. Walau bagaimanapun, Lembaga Pengarah mengekalkan tanggungjawab muktamad dalam membuat keputusan.

## PENYATA TADBIR URUS KORPORAT

### d. Mesyuarat Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah

11 mesyuarat Lembaga Pengarah telah diadakan antara 1 Januari 2010 hingga 31 Disember 2010. Semua pengarah telah memenuhi keperluan menghadiri lebih 50% daripada jumlah mesyuarat lembaga pengarah menurut Perenggan 15.05 (3)(c) Syarat-Syarat Penyenaraian Bursa Malaysia.

Jadual 1: Butiran kehadiran mesyuarat Lembaga Pengarah yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010 adalah seperti berikut:

| Tarikh Mesyuarat | Nama Pengarah                    |   |                       |                          |                       |                     |                        |   |                      |
|------------------|----------------------------------|---|-----------------------|--------------------------|-----------------------|---------------------|------------------------|---|----------------------|
|                  | Tan Sri Azlan Zainol (Pengerusi) | Datuk Mohamed Razeek Md Hussain Maricar | Shahril Ridza Ridzuan | Dato' Abdul Rahman Ahmad | Dato' Ahmad Ibnihajar | Dr Roslan A Ghaffar | Datuk Ahmad Zaki Zahid | Mohamad Lotfy Mohamad Noh                   | Che King Tow         |
| 16/01/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | A   | A                    |
| *23/02/10        | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | A   | A                    |
| 04/03/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | A   | A                    |
| 23/03/10         | A                                | A                                       | X                     | A                        | A                     | A                   | A                      | A   | X                    |
| *18/05/10        | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | X   | A                    |
| 19/07/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | A   | A                    |
| *24/08/10        | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | A   | A                    |
| 27/10/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | Meletak jawatan berkuatkuasa mulai 22/10/10 | A                    |
| *22/11/10        | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | –   | A                    |
| 13/12/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | –   | A                    |
| 29/12/10         | A                                | A                                       | A                     | A                        | A                     | A                   | A                      | –   | A                    |
| <b>Jumah (%)</b> | <b>11/11 (100%)</b>              | <b>11/11 (100%)</b>                     | <b>10/11 (90.9%)</b>  | <b>11/11 (100%)</b>      | <b>11/11 (100%)</b>   | <b>11/11 (100%)</b> | <b>11/11 (100%)</b>    | <b>6/7 (85.7%)</b>                          | <b>10/11 (90.9%)</b> |

\*Mesyuarat Lembaga Pengarah Suku Tahun

## 2. JAWATANKUASA-JAWATANKUASA LEMBAGA PENGARAH

### a. Jawatankuasa Audit ("JA")

Laporan JA dibentangkan di muka surat 120 hingga 123 dalam laporan tahunan ini.

### b. Jawatankuasa Eksekutif Lembaga Pengarah

Dalam usaha berterusan untuk mempertingkatkan dirinya untuk mencapai keberkesanan dalam kepimpinan dan pengurusan Syarikat, pada 17 November 2005, Lembaga Pengarah telah mewujudkan Jawatankuasa Eksekutif (EXCO) dengan fungsi utama untuk:

- memberi panduan kepada Pengurusan dalam pelaksanaan Inisiatif Transformasi GLC;
- mengkaji dan menyarankan rancangan perniagaan dan belanjawan tahunan Syarikat kepada Lembaga Pengarah untuk kelulusan;



- iii. mempertimbang dan mengkaji sebarang isu penting dan/atau utama berkaitan hala tuju perniagaan Syarikat; dan
- iv. membincangkan semua urusan perniagaan utama dan isu-isu berkaitan Syarikat yang memerlukan kelulusan EXCO atau Lembaga Pengarah sejajar dengan Had-had Autoriti yang telah diluluskan.

EXCO bermesyuarat sekurang-kurangnya sekali sebulan dan tiga orang ahli membentuk kuorum sesebuah mesyuarat.

**Jadual 2: Butiran kehadiran ahli di mesyuarat EXCO yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010**

| Tarikh Mesyuarat<br>Jawatankuasa | Nama ahli EXCO                  |                           |   |                   |
|----------------------------------|---------------------------------|---------------------------|---|-------------------|
|                                  | Shahril Ridza Ridzuan           | Datuk Ahmad<br>Zaki Zahid | Mohamad Lotfy<br>Mohamad Noh                      | Che King Tow      |
|                                  | Bukan Eksekutif,<br>Bukan Bebas | Pengarah<br>Eksekutif     | Bukan Eksekutif,<br>Bukan Bebas                   | Pengarah<br>Bebas |
|                                  | (Pengerusi)                     | (Ahli)                    | (Ahli)  | (Ahli)            |
| 10/02/2010                       | A                               | X                         | A   | A                 |
| 04/03/2010                       | A                               | A                         | A   | A                 |
| 16/04/2010                       | A                               | A                         | A   | A                 |
| 04/06/2010                       | A                               | A                         | A   | A                 |
| 19/07/2010                       | A                               | A                         | A   | A                 |
| 16/08/2010                       | A                               | A                         | A   | A                 |
| 04/10/2010                       | A                               | A                         | A   | A                 |
| 22/11/2010                       | A                               | A                         | Meletak jawatan<br>berkuatkuasa mulai<br>22/10/10 | A                 |
| 24/12/2010                       | A                               | A                         | –   | A                 |
| <b>Jumlah</b>                    | <b>9/9</b>                      | <b>8/9</b>                | <b>7/7</b>  | <b>9/9</b>        |

#### c. Jawatankuasa Pencalonan

Kod menggariskan, sebagai amalan terbaik, satu prosedur formal untuk perantukan ke Lembaga Pengarah, dengan Jawatankuasa Pencalonan mengemukakan cadangan pencalonan kepada Lembaga Pengarah. Selaras dengan ini, Jawatankuasa Pencalonan ("JP") telah dibentuk pada 31 Oktober 2001.

Bidang kuasa JP meliputi:

- i. mengenalpasti dan mengesyorkan calon-calon baru untuk menganggotai Lembaga Pengarah dan jawatankuasa-jawatankuasa Lembaga Pengarah MRCB. Semua keputusan dan perantukan dibuat oleh Lembaga Pengarah masing-masing selepas mempertimbangkan syor JP;
- ii. membantu Lembaga Pengarah, jawatankuasa Lembaga dan para pengarah menilai keberkesanan keseluruhan secara berterusan; dan
- iii. membantu Lembaga Pengarah dalam kajian berkala terhadap keperluan campuran kemahiran dan pengalaman serta ciri-ciri lain yang perlu dibawa oleh para pengarah bukan eksekutif ke dalam Lembaga Pengarah.

JP bermesyuarat sekurang-kurangnya sekali setahun dan tiga orang ahli membentuk kuorum sesebuah mesyuarat.

## PENYATA TADBIR URUS KORPORAT

**Jadual 3: Butiran kehadiran ahli di mesyuarat Jawatankuasa Pencalonan yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010**

| Tarikh Mesyuarat Jawatankuasa | Nama ahli Jawatankuasa Pencalonan |                          |                       |
|-------------------------------|-----------------------------------|--------------------------|-----------------------|
|                               | Dr Roslan A Ghaffar               | Dato' Abdul Rahman Ahmad | Dato' Ahmad Ibnihajar |
|                               | Pengarah Bebas                    | Pengarah Bebas           | Pengarah Bebas        |
|                               | (Pengerusi)                       | (Ahli)                   | (Ahli)                |
| 22/11/2010                    | A                                 | A                        | A                     |
| <b>Jumlah</b>                 | <b>1/1</b>                        | <b>1/1</b>               | <b>1/1</b>            |

### d. Jawatankuasa Imbuhan

Selaras dengan saranan Kod, Jawatankuasa Imbuhan ("JI") telah dibentuk pada 31 Oktober 2001.

Bidang kuasa JI adalah:

- untuk menentu dan mengesyorkan rangka kerja atau dasar umum kepada Lembaga Pengarah bagi pakej-pakej imbuhan Pengerusi Lembaga Pengarah, KPE dan para pegawai pengurusan kanan lain yang ditetapkan untuk pertimbangan Jawatankuasa;
- untuk menetapkan satu prosedur rasmi dan telus bagi mewujudkan dasar mengenai jumlah pakej imbuhan setiap individu bagi Pengarah Eksekutif, KPE dan para pegawai pengurusan kanan lain yang telah ditentukan termasuk, bonus, insentif dan opsyen saham, mengikut kesesuaian;
- untuk merangka pakej imbuhan bagi Pengarah Eksekutif, KPE dan para pegawai pengurusan kanan lain yang ditentukan dengan matlamat untuk menarik dan mengekalkan pegawai pengurusan kanan berwibawa yang akan memberikan kejayaan kepada pemegang saham dan tahap perkhidmatan berkualiti tinggi kepada pelanggan, di samping mempertimbangkan dengan sewajarnya persekitaran perniagaan di mana Syarikat beroperasi. Setelah dirangka, pakej imbuhan tersebut disyorkan kepada Lembaga Pengarah untuk kelulusan;
- untuk mengkaji semula dan mengesyorkan kepada Lembaga Pengarah pada setiap tahun, peningkatan (jika ada) dasar dan pakej imbuhan KPE dan pegawai pengurusan kanan tertentu, dan sebarang isu lain berkaitan manfaat pegawai tersebut setiap tahun;
- untuk mengkaji semula sebarang perubahan besar dalam struktur manfaat pekerja di seluruh Syarikat, dan sekiranya perlu, mencadangkan kepada Lembaga Pengarah untuk diterimapakai; dan
- untuk mengkaji dan mengesyorkan kepada Lembaga Pengarah agar menerimapakai rangka kerja bagi skim insentif tahunan Syarikat. Rangka kerja bagi skim insentif tahunan tersebut meliputi:
  - Kenaikan gaji mengikut merit
  - Bonus mengikut merit
  - Insentif

JI bermesyuarat sekurang-kurangnya sekali setahun dan 3 orang ahli membentuk kuorum sesebuah mesyuarat.

**Jadual 4: Butiran kehadiran ahli di mesyuarat Jawatankuasa Imbuhan yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010**

| Tarikh Mesyuarat Jawatankuasa | Nama ahli Jawatankuasa Imbuhan |                       |                     |
|-------------------------------|--------------------------------|-----------------------|---------------------|
|                               | Dato' Abdul Rahman Ahmad       | Dato' Ahmad Ibnihajar | Dr Roslan A Ghaffar |
|                               | Pengarah Bebas                 | Pengarah Bebas        | Pengarah Bebas      |
|                               | (Pengerusi)                    | (Ahli)                | (Ahli)              |
| 10/02/2010                    | A                              | A                     | A                   |
| 23/03/2010                    | A                              | A                     | A                   |
| 22/11/2010                    | A                              | A                     | A                   |
| <b>Jumlah</b>                 | <b>3/3</b>                     | <b>3/3</b>            | <b>3/3</b>          |

**e. Jawatankuasa Skim Opsyen Saham Kakitangan (ESOS)**

Jawatankuasa ESOS ditubuhkan bagi memastikan supaya pelaksanaan ESOS ditadbir dengan saksama mengikut undang-undang kecil ESOS yang diluluskan oleh Pemegang Saham. Tiga mesyuarat Jawatankuasa ESOS telah diadakan pada tahun yang ditinjau untuk mempertimbangkan peruntukan Opsyen kepada kakitangan Syarikat pada tahun berkenaan.

ESOS bermesyuarat apabila perlu dan 3 orang ahli membentuk kuorum sesebuah mesyuarat.

**Jadual 5: Butiran kehadiran ahli di mesyuarat Jawatankuasa ESOS yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010**

| Tarikh Mesyuarat<br>Jawatankuasa | Nama ahli Jawatankuasa ESOS |                              |                     |
|----------------------------------|-----------------------------|------------------------------|---------------------|
|                                  | Dato' Ahmad Ibnihajar       | Shahril Ridza Ridzuan        | Dr Roslan A Ghaffar |
|                                  | Pengarah Bebas              | Bukan Eksekutif, Bukan Bebas | Pengarah Bebas      |
|                                  | (Pengerusi)                 | (Ahli)                       | (Ahli)              |
| 23/02/2010                       | A                           | A                            | A                   |
| 09/08/2010                       | A                           | A                            | A                   |
| 22/11/2010                       | A                           | A                            | A                   |
| <b>Jumlah</b>                    | <b>3/3</b>                  | <b>3/3</b>                   | <b>3/3</b>          |

**3. IMBUHAN LEMBAGA PENGARAH**

**a. Dasar Imbuhan Pengarah dan Pegawai Pengurusan Kanan**

Imbuhan KPE dan pegawai pengurusan kanan yang ditetapkan adalah berdasarkan kajian dan penilaian Jawatankuasa Imbuhan (JI) terhadap pencapaian dan sumbangan setiap ahli yang ditaksir berbanding Petunjuk Prestasi Penting masing-masing. JI kemudian akan mengemukakan syor-syor untuk diputuskan oleh Lembaga Pengarah berhubung kesesuaian imbuhan bagi setiap ahli.

Yuran Pengarah yang dibayar kepada Pengarah Bukan Eksekutif disyorkan oleh Lembaga Pengarah untuk diluluskan oleh para pemegang saham di Mesyuarat Agung Tahunan Syarikat.

**b. Imbuhan Pengarah**

Lembaga Pengarah dengan sukacita membentangkan pecahan imbuhan pengarah yang lebih terperinci bagi tahun 2010 dalam jadual 6 dan 7 di bawah yang mematuhi dan melebihi Syarat-Syarat Penyenaraian Bursa Malaysia. Lembaga Pengarah percaya sepenuhnya bahawa pendedahan ini akan memberi ketelusan yang lebih mendalam dan membolehkan para pemegang saham dan pelabur menilai kewajaran ganjaran yang diberikan kepada para pengarah dan mengetahui bahawa imbuhan tersebut adalah sejajar dengan sumbangan mereka secara individu kepada Syarikat.

Jumlah imbuhan Pengarah bagi 2010 adalah sebanyak RM2.3 juta. Pecahan dan bentuk imbuhan tersebut didedahkan untuk makluman orang ramai.



## PENYATA TADBIR URUS KORPORAT

**Jadual 6: Butiran Agregat Imbuhan Pengarah bagi 2010**

| Pengarah                           | Tan Sri Azlan Zainol         | Dato' Ahmad Ibnihajar                              | Dato' Abdul Rahman Ahmad       | Dr Roslan A Ghaffar               | Che King Tow             | Shahril Ridza Ridzuan            | Mohamad Lotfy Mohamad Noh                       | Datuk Mohamed Razeek Md Hussain Maricar | Datuk Ahmad Zaki Zahid   |               |
|------------------------------------|------------------------------|--|--------------------------------|-----------------------------------|--------------------------|----------------------------------|---|---|--------------------------|---------------|
| <b>Ulasan</b>                      | Pengerusi Lembaga Pengarah   | Pengerusi Jawatankuasa Audit dan Jawatankuasa ESOS | Pengerusi Jawatankuasa Imbuhan | Pengerusi Jawatankuasa Pencalonan |                          | Pengerusi Jawatankuasa Eksekutif | (Meletak jawatan berkuatkuasa mulai 22/10/2010) |   |                          |               |
| <b>Jawatan</b>                     | Bukan Eksekutif, Bukan Bebas | Bebas  | Bebas                          | Bebas                             | Bebas                    | Bukan Eksekutif, Bukan Bebas     | Bukan Eksekutif, Bukan Bebas                    | Ketua Pegawai Eksekutif                 | Pengarah Eksekutif       |               |
| <b>Tempoh</b>                      | 1 Jan hingga 31 Dis 2010     | 1 Jan hingga 31 Dis 2010                           | 1 Jan hingga 31 Dis 2010       | 1 Jan hingga 31 Dis 2010          | 1 Jan hingga 31 Dis 2010 | 1 Jan hingga 31 Dis 2010         | 1 Jan hingga 22 Okt 2010                        | 1 Jan hingga 31 Dis 2010                | 1 Jan hingga 31 Dis 2010 |               |
|                                    | <b>RM'000</b>                | <b>RM'000</b>                                      | <b>RM'000</b>                  | <b>RM'000</b>                     | <b>RM'000</b>            | <b>RM'000</b>                    | <b>RM'000</b>                                   | <b>RM'000</b>                           | <b>RM'000</b>            | <b>RM'000</b> |
| Yuran                              | 90                           | 60   | 60                             | 60                                | 60                       | 60                               | 48  |   |                          | 438           |
| Gaji                               |                              |  |                                |                                   |                          |                                  |   | 672                                     | 362                      | 1,034         |
| KWSP                               |                              |  |                                |                                   |                          |                                  |   | 147                                     | 84                       | 231           |
| Elaun                              | 60                           |  |                                |                                   |                          | 120                              |   |   |                          | 180           |
| Manfaat percutian                  |                              |  |                                |                                   |                          | 39                               |   | 27                                      | 30                       | 96            |
| Elaun kereta                       |                              |  |                                |                                   |                          |                                  |   | 60                                      | 60                       | 120           |
| Opsyen saham*                      |                              |  |                                |                                   |                          |                                  |   | 142                                     | 96                       | 238           |
| Manfaat seumpamanya                |                              |  |                                |                                   |                          |                                  |   | 9                                       | 9                        | 18            |
| Yuran daripada syarikat subsidiari |                              |  |                                | 15                                |                          |                                  |   |   |                          | 15            |
| <b>Jumlah</b>                      | <b>150</b>                   | <b>60</b>  | <b>60</b>                      | <b>75</b>                         | <b>60</b>                | <b>219</b>                       | <b>48</b>                                       | <b>1,057</b>                            | <b>641</b>               | <b>2,370</b>  |

\*mewakili nilai saksama Opsyen Saham yang diberi

**Jadual 7: Analisis Imbuhan Pengarah mengikut Kumpulan Tahap Imbuhan**

| Imbuhan Pengarah          | Pengarah Eksekutif | Pengarah Bukan Eksekutif | Jumlah   |
|---------------------------|--------------------|--------------------------|----------|
| RM0 – RM50,000            |                    | 1                        | 1        |
| RM50,001 – RM100,000      |                    | 4                        | 4        |
| RM100,001 – RM250,000     |                    | 2                        | 2        |
| RM550,001 – RM700,000     | 1                  |                          | 1        |
| RM1,000,001 – RM1,250,000 | 1                  |                          | 1        |
| <b>Jumlah</b>             | <b>2</b>           | <b>7</b>                 | <b>9</b> |

#### 4. TATACARA LEMBAGA PENGARAH

Lembaga Pengarah sentiasa bertindak secara bebas, sementara mengekalkan tanggungjawab muktamad ke atas hala tuju dan pengurusan Syarikat dalam memenuhi objektifnya. Ia menilai hala tuju, prestasi dan pencapaian Pengurusan dari semasa ke semasa.

##### a) Kod Tatacara Ahli Lembaga Pengarah

Selain daripada tugas dan tanggungjawab yang ditetapkan menurut batasan undang-undang dan amalan yang diterima pakai, Lembaga Pengarah turut menggariskan agar ahli-ahlinya mengisytihar secara bertulis bahawa mereka telah mematuhi Tatacara Etika Syarikat dalam menjalankan tugas dan tanggungjawab mereka.

##### b) Peningkatan Berterusan

Ahli Lembaga Pengarah maklum terhadap keperluan untuk sentiasa memperbaiki dan mempertingkatkan diri mereka untuk manfaat Syarikat. Pada tahun ini, ahli Lembaga Pengarah telah menghadiri pelbagai kursus yang disesuaikan khusus untuk mengemaskini pengetahuan berhubung perubahan undang-undang, peraturan, teknik dan amalan pimpinan serta pengurusan di peringkat Lembaga Pengarah.

##### c) Hubungan Lembaga Pengarah dengan Pihak Pengurusan

Pada tahun yang ditinjau, hubungan antara Lembaga Pengarah dan pihak Pengurusan kekal kukuh dan padu. Lembaga Pengarah menyokong Pengurusan dengan menyediakan kepimpinan dan menetapkan sasaran perniagaan melalui Petunjuk Prestasi Penting dan Kad Skor Seimbang bagi pihak pengurusan kanan. Pada masa yang sama, Lembaga Pengarah turut menyediakan fungsi kawalan dan pengawasan, membangkit dan membahaskan keputusan yang dibuat oleh Pengurusan sebelum disah dan diluluskan. Untuk itu, satu sistem melapor yang mantap dan tersusun telah disediakan, di mana Lembaga Pengarah akan diberi taklimat dan dimaklumkan dari semasa ke semasa berhubung prestasi Syarikat. Ini membolehkan Lembaga Pengarah memantau secara dekat pencapaian sasaran yang telah ditetapkan. Ganjaran kepada Pengurusan dan kakitangan, seperti bonus dan peruntukan ESOS, adalah berdasarkan prestasi kewangan dan pencapaian perniagaan.

Ahli Lembaga Pengarah bukan eksekutif tidak memperuntukkan kepada diri mereka sendiri sebarang bonus atau peruntukan ESOS.

##### d) Akses Penuh kepada Maklumat

Dalam proses melaksanakan tugas mereka, para Pengarah sentiasa mempunyai:

- i. akses penuh dan tidak terhalang kepada maklumat yang tepat dan terkini. Agenda dan satu set kertas Lembaga yang lengkap lazimnya diedarkan sekurang-kurangnya 7 hari sebelum mesyuarat Lembaga Pengarah atau Jawatankuasa-jawatankuasanya. Proses ini memastikan supaya para Pengarah mempunyai masa yang mencukupi untuk memahami perkara-perkara yang akan dibincangkan, justeru, menjadikan mereka termaklum dan bersedia untuk proses membuat keputusan semasa mesyuarat;
- ii. akses yang tidak terhalang kepada nasihat dan khidmat Setiausaha Syarikat serta ahli-ahli pengurusan kanan yang lain; dan
- iii. tiada halangan terhadap nasihat dan khidmat profesional luar dan bebas yang disediakan kepada ahli Lembaga Pengarah secara individu dan berkumpulan. Nasihat dan khidmat ini disediakan tanpa campurtangan Pengurusan.

Untuk mempertingkatkan kebertanggungjawaban Lembaga Pengarah dan Pengurusan Kanan, Syarikat telah menetapkan Had-had Autoriti diluluskan oleh Lembaga Pengarah, yang menggariskan had-had di mana setiap peringkat Pengurusan dibenarkan untuk membuat kelulusan, dan urusan yang perlu diluluskan oleh EXCO atau Lembaga Pengarah.

##### e) Kawalan dan Pengawasan

Ahli Lembaga Pengarah melaksanakan peranan mereka secara serius dan profesional sebagai pihak yang mengawal dan mengawasi Pengurusan. Cadangan dan syor-syor yang dikemukakan oleh Pengurusan akan diteliti, dibincang dan dibahaskan secara aktif dan membina semasa mesyuarat Lembaga Pengarah dan mesyuarat Jawatankuasa Lembaga Pengarah seperti EXCO dan Jawatankuasa Audit bagi memastikan supaya cadangan dan syor-syor tersebut adalah untuk kepentingan Syarikat. Dengan

## PENYATA TADBIR URUS KORPORAT

ini, Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah akan dapat mengumpul input daripada Audit Dalaman serta Pengurusan Risiko. Kedua-dua fungsi tersebut bebas daripada Pengurusan dan melapor secara langsung kepada Jawatankuasa Audit dan Lembaga Pengarah. Bagi memastikan supaya fungsi-fungsi penting ini mempunyai sumber yang mencukupi, pada tahun 2010, Lembaga Pengarah telah memperuntukkan sebanyak RM1.2 juta dalam OPEX melalui Jawatankuasa Audit untuk menyokong perjalanan aktiviti jabatan Tadbir Urus Korporatnya yang meliputi Audit Dalaman dan Pengurusan Risiko.

Cara pelaksanaan tersebut di atas adalah satu-satu cara yang kukuh dan berkesan, di mana interaksi sebenar antara sebuah Lembaga Pengarah yang dinamik dan bertanggungjawab dengan pihak Pengurusan yang bertindak secara langsung dan bertanggungjawab melebihi apa yang dizahirkan di dalam Penyata ini. Ini telah mewujudkan persekitaran pengendalian Syarikat secara beretika, telus dan profesional untuk kepentingan pemegang saham.

### **f) Mengikuti Perkembangan Aktiviti Syarikat Secara Langsung**

Lembaga Pengarah menerimapakai pendekatan secara langsung dalam melaksanakan peranannya. Pada tahun ini, Pengarah telah berkunjung ke tapak-tapak projek Syarikat di Johor. Semasa lawatan tersebut, para Pengarah telah mendapat pemahaman yang lebih mendalam mengenai projek Syarikat dan cabaran yang dihadapi, justeru, mempertingkatkan lagi keberkesanan Lembaga Pengarah semasa mengadakan perbincangan dan proses membuat keputusannya.

### **g) Kebertanggungjawaban terhadap Maklumat Kewangan**

Lembaga Pengarah berusaha untuk memastikan supaya:

- i. penyata kewangan tahunan, pengumuman keputusan suku tahunan kepada pemegang saham, laporan kepada penguatkuasa peraturan dan laporan-laporan umum sensitif harga Syarikat yang lain dibentangkan dengan penilaian yang seimbang dan boleh difahami berkaitan kedudukan dan prospek Syarikat;
- ii. penyata kewangan Syarikat telah disediakan berasaskan dasar-dasar perakaunan yang telah digunakan secara konsisten dan sewajarnya, disokong oleh pertimbangan dan anggaran yang munasabah dan berhemat, dan mematuhi semua pawai perakaunan yang digunakan; dan
- iii. rekod-rekod perakaunan adalah tepat dan berpatutan, serta mendedahkan kedudukan kewangan Syarikat secara benar dan saksama.

Penyata oleh para pengarah menurut Seksyen 169(15) Akta Syarikat, 1965 berkaitan penyediaan penyata kewangan dibentangkan di muka surat 148 dalam Laporan Tahunan ini di bawah tajuk "Penyata oleh Para Pengarah".

### **h) Hubungan dengan Juruaudit Luar**

Syarikat memelihara hubungan yang telus dan profesional dengan juruauditnya menerusi Jawatankuasa Audit (JA). Syarikat mendapatkan khidmat juruaudit luarnya hanya untuk audit dan hal-hal berkaitan cukai.

Peranan JA berkaitan juruaudit dinyatakan di muka surat 120 hingga 123 dalam Laporan Tahunan ini.

## **5. PERLINDUNGAN NILAI PEMEGANG SAHAM**

### **a. Kawalan dalaman**

Lembaga Pengarah telah melaksanakan langkah-langkah bagi memastikan kewujudan sistem kawalan dalaman yang berkesan, dan mengkaji kecukupan dan kewibawaan sistem kawalan dalaman Syarikat dari semasa ke semasa.

Lembaga Pengarah yakin bahawa sistem kawalan dalaman yang mantap, sama ada berhubung aspek kewangan atau bukan kewangan, akan memberi jaminan yang munasabah terhadap:

- keberkesanan dan kecekapan operasi Syarikat;
- kebolehpercayaan maklumat kewangan Syarikat; dan
- pematuhan kepada undang-undang dan peraturan Malaysia serta negara-negara lain di mana Syarikat mempunyai penerokaan perniagaan di luar negara.

Penyata Kawalan Dalaman yang dibentangkan di muka surat 125 dalam Laporan Tahunan ini menyediakan suatu tinjauan menyeluruh berhubung keadaan kawalan dalaman di dalam kumpulan.



#### **b. Pengurusan Risiko**

Menyedari keperluan untuk mengenalpasti dan menguruskan risiko dengan sewajarnya agar dapat terus melindungi aset dan pelaburan Syarikat, Lembaga Pengarah telah mewujudkan Rangka Kerja Pengurusan Risiko (RKPR) pada 17 Februari 2003. RKPR telah dikaji dan disemak semula pada 24 Februari 2005. Proses Pengurusan Risiko telah dilaksanakan sejak tahun 2003 di seluruh Syarikat dan telah diintegrasikan ke dalam operasi Syarikat sebagai sebahagian daripada dasar dan prosedurnya.

Dasar dan pelaksanaan Pengurusan Risiko diterangkan dengan lebih terperinci di muka surat 128 hingga 129 dalam Laporan Tahunan ini.

#### **c. Pencegahan Penipuan**

Lembaga Pengarah juga telah menyediakan Manual Pencegahan Penipuan yang berperanan sebagai panduan kepada Pengurusan dan kakitangan dalam mengekalkan piawaian tatacara dan kewibawaan tertinggi dalam semua urusan. Manual tersebut turut memperincikan tanggungjawab Pengurusan untuk mewujudkan proses kawalan yang sewajarnya bagi mencegah dan mengesan penipuan. Ia juga mentakrif perkara-perkara yang terangkum dalam penipuan dan aktiviti penipuan, serta menggariskan satu rangka kerja untuk membasmi penipuan.

Manual Pencegahan Penipuan tersebut juga mengandungi satu bahagian khusus mengenai Tatacara Pemberitahuan Maklumat yang menggariskan saluran dan prosedur untuk membolehkan pemberitahu maklumat menyampaikan kemusykilan mereka kepada Lembaga Pengarah (sama ada melalui Pengerusi Jawatankuasa Audit atau Ketua Tadbir Urus Korporat) tanpa penglibatan dan campur tangan pihak Pengurusan. Tatacara tersebut turut menggariskan prosedur seterusnya yang perlu dijalankan untuk menyiasat dan menangani kes-kes penipuan.

#### **d. Jaminan Kualiti**

Tadbir Urus Korporat menjalankan kajian bebas secara berterusan terhadap kualiti produk dan perkhidmatan Syarikat serta prosedur operasi piawai Syarikat dan memberi maklum balas dan saranan bagi membantu Pengurusan mengenal pasti peluang-peluang peningkatan yang timbul daripada kajian tersebut. Proses ini membantu memastikan supaya penyerahan produk dan perkhidmatan kepada pelanggan Syarikat dilakukan dengan piawaian kualiti tertinggi. Ia turut membantu memastikan supaya prosedur operasi Syarikat dikemaskini dan mengambil kira perubahan dalam struktur Syarikat serta perubahan dan perkembangan industri.

#### **e. Jaminan Prestasi Syarikat Bersekutu**

Bagi mengawasi prestasi syarikat bersekutu, wakil-wakil daripada Syarikat dilantik ke dalam lembaga pengarah syarikat-syarikat bersekutu dan menghadiri mesyuarat lembaga pengarah berkenaan. Bagi syarikat-syarikat bersekutu yang aktif, maklumat kewangan utama dan isu-isu penting berkaitan syarikat-syarikat tersebut dikumpulkan dan dikaji oleh Lembaga Pengarah MRCB dari semasa ke semasa.

### **6. PEMEGANG SAHAM, PELABUR DAN PEMEGANG KEPENTINGAN**

#### **a. Menjaga Kepentingan Minoriti**

Para pengarah bebas tidak mewakili mana-mana pemegang saham utama, justeru, mereka akan mewakili dan bertindak untuk kepentingan pemegang saham, pelabur dan pemegang kepentingan minoriti. Lembaga Pengarah turut mengekalkan komunikasi dengan Kumpulan Pemerhati Pemegang Saham Minoriti untuk menjaga kepentingan para pemegang saham minoriti.

#### **b. Dasar Dividen**

Syarikat telah mewujudkan Dasar Dividen pada tahun 2007 di mana para pemegang saham boleh mendapat Pembayaran Dividen berjumlah sehingga 20% daripada Keuntungan Disatukan selepas Cukai dan Kepentingan Minoriti. Oleh kerana Syarikat sekali lagi telah mencatat keuntungan pada tahun 2010, dividen sebanyak 1.5% atau 1.5 sen bagi setiap saham biasa selepas potongan cukai sebanyak 25%, dijangka akan dibayar untuk tahun kewangan berakhir 31 Disember 2010, tertakluk kepada kelulusan oleh para pemegang saham pada Mesyuarat Agung Tahunan ke-40 akan datang.

## PENYATA TADBIR URUS KORPORAT

### c. Komunikasi dan Ketelusan

Bagi memastikan supaya pemegang kepentingan dan masyarakat pelabur mendapat maklumat terkini berhubung prestasi, operasi dan perkembangan penting Syarikat, pelbagai pengumuman korporat yang diperlukan di bawah Syarat-Syarat Penyenaraian Bursa Malaysia (termasuk siaran keputusan kewangan suku tahunan yang menepati masa) telah dilakukan sepanjang tempoh yang ditinjau. Selain itu, maklumat terperinci mengenai acara dan perkembangan korporat Syarikat yang penting turut diumumkan melalui media menerusi siaran akhbar dan/atau sidang akhbar.

Pemegang saham, pelabur dan pemegang kepentingan boleh mengakses maklumat terkini mengenai projek-projek, kedudukan kewangan suku tahunan, hubungan pelabur dan maklumat korporat am mengenai Syarikat di laman web awam korporatnya yang dikemaskini dari semasa ke semasa di [www.mrcb.com.my](http://www.mrcb.com.my).

Terdapat juga ikon “Hubungi Kami” di laman web Syarikat yang memberi capaian ke laman web di mana para pemegang saham dan pelabur boleh mengemukakan soalan dan ulasan mereka dengan mudah kepada Syarikat.

### d. Mesyuarat Agung Tahunan (MAT)

MAT adalah satu lagi forum di mana Lembaga Pengarah berkomunikasi dengan para pemegang saham berhubung kemajuan dan prestasi Syarikat, dan di mana Lembaga Pengarah menjelaskan isu-isu berkaitan aktiviti perniagaan, prestasi dan perkara-perkara lain berkenaan Syarikat.

Sekiranya terdapat urusan khas atau resolusi khas yang dicadangkan, penjelasan mengenai kesan urusan khas dan resolusi khas tersebut akan diberikan di dalam notis MAT. Jika perlu, Pengerusi Lembaga Pengarah akan memberi jawapan bertulis kepada mereka yang mengemukakan pertanyaan bagi soalan-soalan yang tidak dapat dijawab secara spontan semasa MAT.

Semasa MAT pada 3 Jun 2010, Datuk Mohamed Razeek Md Hussain Maricar dan Che King Tow yang dilantik pada tahun 2009 telah meletak jawatan menurut Artikel 106 Tataurus Pertubuhan Syarikat dan oleh kerana layak untuk pemilihan semula, telah dipilih semula dengan sewajarnya.

Dato’ Ahmad Ibniহার dan Mohamad Lotfy Mohamad Noh yang bersara menurut Artikel 101 dan 102 Tataurus Pertubuhan Syarikat yang menghendaki agar satu pertiga daripada para Pengarah tertakluk kepada pemilihan semula secara giliran pada setiap MAT, telah dipilih semula dengan sewajarnya.

Justeru, pemilihan semula Pengarah oleh para pemegang saham memberi peluang kepada pemegang saham untuk menilai prestasi setiap Pengarah dan menentukan penyambungan pelantikan.

## 7. INISIATIF TRANSFORMASI GLC BERTERUSAN

Syarikat turut meneruskan usahanya untuk mempertingkatkan lagi organisasi dan prosesnya ke arah menjadi sebuah entiti perniagaan yang lebih teguh, cekap dan berdaya saing serta sebuah warga korporat yang bertanggungjawab, seperti yang digariskan oleh Inisiatif Transformasi GLC Jawatankuasa Putrajaya. Syarikat percaya bahawa ia merupakan satu proses berterusan, dan akan memantau dan menambahbaik inisiatif tersebut mengikut kesesuaian.

## 8. TANGGUNGJAWAB SOSIAL KORPORAT (CSR)

Syarikat sesungguhnya percaya bahawa kejayaan ekonomi akan hanya tercapai jika ia turut melunaskan tanggungjawab sosialnya, khususnya di negara dan dalam industri di mana ia terlibat, dan dalam komuniti di mana ia beroperasi. Idea tersebut bukan sesuatu yang baru kerana MRCB sentiasa beroperasi dalam persekitaran berasaskan kepada nilai dan hubungan kami dengan semua pemegang kepentingan kami, khususnya dengan komuniti di mana kami menyumbangkan khidmat serta para pelanggan, pelabur, kakitangan dan pembekal kami.

Sikap menghormati semua pemegang kepentingan ini telah memberi kami unsur-unsur utama dalam merumus aktiviti CSR kami. Pada tahun 2010, Syarikat telah meneruskan komitmennya terhadap tanggungjawab sosialnya dengan berusaha secara aktif dalam pelbagai projek CSR di bawah 5 program CSR penting yang bermatlamatkan Pelajaran, Alam Sekitar, Kebajikan Kakitangan, Komuniti dan Dermawan, berjumlah RM2.67 juta.

MRCB turut memainkan peranan yang lebih aktif dalam melaksanakan komunikasi pemegang kepentingan, khususnya dengan komuniti yang terlibat dengan projek-projeknya. Ia juga terus menyokong program Peningkatan Kakitangan Graduan (GREEN) yang dicetuskan oleh Khazanah Nasional Berhad untuk menyediakan latihan sambil kerja dalam persekitaran perniagaan sebenar kepada para graduan. Di samping itu, MRCB turut melaksanakan program "Promoting Intelligence, Nurturing Talent and Advocating Responsibility" (PINTAR) dengan mengambil 4 buah lagi sekolah (3 di Pahang dan 1 di Pulau Pinang) sebagai sekolah angkat selain daripada 7 buah sekolah sedia ada di kawasan-kawasan di mana Syarikat beroperasi.

### **Anugerah dan Pengiktirafan CSR**

Syarikat terus meraih pengiktirafan pada 2010 selepas kali pertama Syarikat mendapat pengiktirafan atas inisiatif CSR yang dilaksanakannya pada tahun 2008 dengan Anugerah Platinum oleh 'National Annual Corporate Report Awards' (NACRA) Malaysia yang merupakan anugerah tertinggi bagi Laporan Tanggungjawab Sosial Korporat.

Pada tahun ini, Syarikat turut menerima pengiktirafan antarabangsa apabila dianugerahkan dengan dua 'Distinguish Honorees' bagi dua program yang berlainan anjuran International Business Stevie Awards di Amerika Syarikat. MRCB Art Awards 2008/2009 telah menerima pengiktirafan sebagai 'Best Corporate Social Responsibility Program of the Year in Asia (Subcontinent, Australia and New Zealand)', manakala Projek Pemulihan Sungai dan Pantai di Teluk Tekek, Pulau Tioman 2008/2009 juga telah dicalonkan untuk menerima anugerah 'Best Environment Responsibility Program of the Year'.

Di samping itu, Syarikat menerima pengiktirafan dalam 'ACCA Malaysia Sustainability Reporting Awards 2009' (ACCA MaSRA) sebagai salah satu pemenang peringkat akhir. MRCB juga telah sekali lagi disenarai pendek penerima Anugerah Laporan Korporat Tahunan Nasional (NACRA) dan Anugerah Tanggungjawab Korporat Malaysia StarBiz-ICR 2010. Keputusan kesemua anugerah tersebut akan diketahui pada tahun 2011.

Butiran terperinci mengenai program-program CSR Syarikat dibentangkan dalam laporan berasingan berkaitan CSR yang merupakan sebahagian penting dalam Laporan Tahunan ini.

## **9. ULASAN PENUTUP**

Penyata di atas memaparkan dengan jelas usaha bersungguh-sungguh Lembaga Pengarah dan Pengurusan MRCB untuk mengukuhkan proses tadbir urusnya dan mengekalkan kedudukannya sebagai salah sebuah syarikat peneraju dalam amalan tadbir urus korporat. Syarikat bukan hanya mematuhi Kod dan Syarat-Syarat Penyenaraian Bursa Malaysia, malah telah menerimapakai sebahagian besar daripada amalan terbaik tadbir urus korporat antarabangsa. Lembaga Pengarah percaya bahawa ini merupakan satu proses berterusan dan akan terus berusaha untuk menerimapakai amalan terbaik tadbir urus korporat antarabangsa secara lebih menyeluruh dalam tempoh terdekat.

**Penyata Tadbir Urus Korporat ini telah diluluskan oleh Lembaga Pengarah melalui resolusinya bertarikh 9 Februari 2011.**

**Tan Sri Azlan Zainol**  
**Pengerusi**  
**Malaysian Resources Corporation Berhad**



# REPORT OF THE AUDIT COMMITTEE

## 1. PRINCIPLES OF THE CODE

The Board has ensured that the best practices and principles prescribed in the Code in relation to the Audit Committee ("AC") have been applied. The Code prescribes that:

- the AC members shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than 3 members. All AC members must be non-executive directors. The majority of AC members, including the Chairman, must be independent directors. An alternate director cannot be appointed as an AC member;
- at least one AC member must be a member of the Malaysian Institute of Accountants (MIA) or a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 and must have at least 3 years' relevant working experience;
- in the event of any vacancy in the AC resulting in the non-compliance of the above requirements, the Company must fill the vacancy within 3 months; and
- the AC shall meet at least 4 times in a year to discuss any matters raised by the auditors in discharging their functions. The quorum for a meeting of the AC shall be 3 of which the majority must be independent directors.

## 2. AC'S FUNCTIONS

### Terms of Reference

The Board has approved an updated Terms of Reference for the AC on 24 February 2005, as outlined below:

1. the AC shall be granted the authority to investigate any activity of the Company, its subsidiaries and employees. All employees shall be directed to cooperate as requested by AC members;
2. the AC shall be empowered to retain persons having special competence as necessary to assist the AC in fulfilling its responsibilities;
3. the AC shall provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly relating to business ethics, policies, financial management and control;
4. the AC, through regularly scheduled meetings, shall maintain a direct line of communication between the Board, External Auditor, Internal Auditor and Management;
5. the AC shall provide greater emphasis on the Audit function by increasing the objectivity and independence of the External and Internal Auditors, and providing a forum for discussion that is independent of the Management; and
6. the AC shall verify all ESOS allocations to ensure that they are done in compliance with the criteria disclosed by the Company to its employees.

### Authority

The AC shall have the following authority as empowered by the Board of Directors:

1. to investigate any matter within its terms of reference;
2. the resources which are required to perform its duties;
3. full, free and unrestricted access to any information, records, properties and personnel of the Company;
4. direct communication channels with the External Auditors and Internal Auditors;
5. be able to obtain independent professional or other advice; and
6. be able to have meetings with the External Auditors and Internal Auditors together with other independent members of the Board (i.e. excluding the non-independent and executive members) at least twice a year or whenever deemed necessary. The AC should also be able to meet exclusively among itself whenever deemed necessary.

## Duties and Responsibilities

The duties and responsibilities of the AC are as follows:

1. to consider the appointment of the External Auditor, the audit fee and any issue of resignation or dismissal;
2. to discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. to review the assistance given by the employees of the Company to the External Auditor;
4. to discuss with the External Auditor, his audit report and his evaluation of the system of internal controls;
5. to review the quarterly and year-end financial statements of the Company prior to the approval by the Board of Directors, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements
6. to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of Management, where necessary);
7. to review the External Auditor's management letter and Management's response;
8. to do the following in relation to the Internal Audit function:
  - review, on an ongoing basis, the adequacy of the scope and resources of the Internal Audit function and that it has the necessary authority to carry out its work;
  - review the Internal Audit programme, processes, the results of the Internal Audit programme and investigations undertaken. Where necessary, the AC will ensure that appropriate action is taken on the reports and recommendations of the Internal Audit function, and that all the above are not subject to Management's approval or clearance;
  - review any appraisal or assessment of the performance of members of the Internal Audit function;
  - determine and recommend to the Board the remit of the Internal Audit function, including the remuneration of the Head of Corporate Governance;
  - monitor closely significant disagreement(s) between Internal Audit and Management, whether resolved or not.
9. to ensure that all serious allegations involving issues such as fraud, misconduct and criminal breach of trust are brought to the AC's attention. An investigation must obtain the clearance of the AC Chairman before it can proceed and the AC is empowered to review the major findings of such internal investigations as well as Management's response;
10. to consider any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or conduct that raises questions on Management's integrity;
11. to obtain satisfactory response from the Management on the Internal Audit reports and reports issued by External Auditor;
12. to submit a summary report to the Board after each AC meeting to advise on issues discussed as well as an annual report to the Board highlighting material concerns discovered by Internal Audit during the year;
13. to oversee the Risk Management function of the Company and report to the Board significant changes in the business and the external environment which affect key risks;
14. where review of audit reports of subsidiaries and any related corporation also falls under the jurisdiction of the AC, all the abovementioned functions shall also be performed by the AC in co-ordination with the Board of Directors of the subsidiaries and related corporation;
15. to review arrangements established by the Management for compliance with any regulatory or other external reporting requirements, by-laws and regulation related to the company's operations;
16. to verify all ESOS allocations to ensure that they are done in compliance with the criteria disclosed by the Company to its employees; and
17. to consider other topics as defined by the Board.

## 3. INTERNAL AUDIT

The Company strongly supports Internal Audit as an independent assurance and consulting function to examine and evaluate its activities and provide advice and value-added service to the Management.

## REPORT OF THE AUDIT COMMITTEE

The objectives, mission, scope, organisation, authority and responsibilities of Internal Audit (which is part of MRCB's Corporate Governance function) is clearly spelt out in the Internal Audit Charter established on 17 January 2005. The Internal Audit function had operated and performed in accordance with the principles of the Charter. The AC also evaluates the performance of the Internal Audit function especially via its reports including determining the remuneration of the Head of Corporate Governance.

The Audit Committee in 2010 had allocated a total of RM1.2 million in OPEX to support the operations of its Corporate Governance department's activities which include Internal Audit and Risk Management.

### 4. ACTIVITIES

#### AC Meetings

A total of 6 AC meetings were held during the financial year ended 31 December 2010.

**Table 1: Details of attendance of members at the Audit Committee meetings held from 1 January 2010 to 31 December 2010**

| Dates of Committee Meeting | Name of Audit Committee members |                          |                      |
|----------------------------|---------------------------------|--------------------------|----------------------|
|                            | Dato' Ahmad Ibnihajar           | Dato' Abdul Rahman Ahmad | Dr Roslan A Ghaffar  |
|                            | Independent Director            | Independent Director     | Independent Director |
|                            | (Chairman)                      | (Member)                 | (Member)             |
| 22/02/2010                 | A                               | A                        | A                    |
| 17/05/2010                 | A                               | A                        | A                    |
| 23/08/2010                 | A                               | A                        | A                    |
| 22/11/2010                 | A                               | A                        | A                    |
| 13/12/2010                 | A                               | A                        | A                    |
| 29/12/2010                 | A                               | A                        | A                    |
| <b>Total</b>               | <b>6/6</b>                      | <b>6/6</b>               | <b>6/6</b>           |

A whole range of issues affecting the operations of the Company and its subsidiaries were thoroughly reviewed and deliberated at these meetings. AC members take their role seriously and professionally to assist the Board in providing a check and balance on Management. Audit reports and other matters brought to the AC are constructively and impartially questioned, challenged and debated to ensure that such proposals and recommendations are in the best interests of the Company. In doing so, the AC gathers inputs from Internal Audit and Risk Management functions that are independent of Management and report directly to the Audit Committee and the Board. Inputs are also gathered from the External Auditor as necessary.

Major issues and concerns were further elevated to the Board's attention for its review, deliberation and decision.

The above is truly a 'substance over form' matter, where actual interaction between a professional and impartial AC and a hands-on and accountable Management go beyond what is detailed in this Statement and has resulted in an environment where the Company is run in an ethical, transparent and professional manner in the best interests of the shareholders.

#### Composition of AC Members and Attendance at AC Meetings

The composition of AC members and attendance at AC meetings are set out as per table 1 on page 118 of this report. The AC currently has 3 independent members where, one of them, Dato' Abdul Rahman Ahmad is a member of the Malaysian Institute of Accountants (MIA).



The Head of Corporate Governance reports directly to the AC and attends all AC meetings. The CEO and Chief Financial Officer only attend AC meetings by invitation to clarify and respond to queries related to the issues discussed. Similarly, the relevant Heads of Companies/Departments and their Management team are also invited to attend when audit reports on their Companies/Departments are tabled for discussion.

The AC also met with the External Auditor twice during the year independent of Management, wherein the AC members can obtain further information and discuss issues that AC members or the External Auditor believe should be brought to the attention of the Directors or shareholders.

The External Auditor was given the right to appear and be heard at any AC meeting that they deem necessary.

## **Reviews**

During the year, the AC conducted the following reviews:

- **Financial statements**
  - i) the Company's quarterly financial result announcements;
  - ii) the Company's year-end financial statements;
  - iii) related party transactions that arose within the Company.
- **Internal Audit**
  - i) annual audit plan proposed by the Head of Corporate Governance;
  - ii) audit reports presented by the Head of Corporate Governance on the Company and its subsidiaries, and findings and recommendations with respect to system and control weaknesses arising from the audits;
  - iii) follow-up audits to determine the status of implementation of the recommendations made by Internal Audit.
- **External Audit**
  - i) the External Auditor's reports in relation to audit and accounting issues arising from its audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
  - ii) annual audit strategy and plan of the External Auditor.
- **Risk Management**
  - i) Quarterly Business Risk Management Reports of the Risk Management Working Committee;
  - ii) internal audit's review of the effectiveness of the Company's risk management process.

(Please refer to page 126 for disclosure on the Company's Risk Management)

- **Statement of Compliance of Employee's Share Option Scheme (ESOS) Allocation**

The AC has reviewed the allocation of ESOS during the year under review and is satisfied that they are done in compliance with the criteria disclosed by the Company to its employees.

**This Report of the Audit Committee is approved by the Board of Directors via its resolution on 9 February 2011.**

**Tan Sri Azlan Zainol**  
**Chairman**  
**Malaysian Resources Corporation Berhad**

# LAPORAN JAWATANKUASA AUDIT

## 1. PRINSIP-PRINSIP KOD

Lembaga Pengarah telah memastikan supaya prinsip-prinsip amalan terbaik yang terkandung dalam Kod berkaitan Jawatankuasa Audit ("JA") telah digunakan. Kod ini menggariskan bahawa:

- ahli-ahli JA hendaklah dilantik oleh Lembaga Pengarah dari kalangan Pengarah, dan hendaklah terdiri tidak kurang daripada 3 orang ahli. Semua ahli JA mestilah merupakan pengarah bukan eksekutif. Majoriti ahli JA termasuk Pengerusi, mestilah merupakan Pengarah Bebas. Pengarah gantian tidak boleh dilantik sebagai ahli JA;
- sekurang-kurangnya seorang ahli JA mestilah merupakan ahli Institut Akauntan Malaysia (MIA), atau ahli salah satu pertubuhan akauntan yang dinyatakan di dalam Bahagian II Jadual Pertama Akta Akauntan 1967, dan mempunyai sekurang-kurangnya 3 tahun pengalaman bekerja dalam bidang berkaitan;
- jika berlaku sebarang kekosongan dalam JA sehingga menyebabkan ketidakpatuhan terhadap keperluan di atas, Syarikat hendaklah mengisi kekosongan itu dalam tempoh 3 bulan;
- JA hendaklah bermesyuarat sekurang-kurangnya 4 kali setahun bagi membincangkan sebarang perkara yang dibangkitkan oleh juruaudit dalam melaksanakan fungsi mereka. Kuorum bagi sesebuah mesyuarat JA hendaklah terdiri daripada 3 orang, yang mana majoriti daripada mereka mestilah pengarah bebas.

## 2. FUNGSI JA

### Terma Rujukan

Lembaga Pengarah telah meluluskan Bidang Kuasa JA yang dikemaskini pada 24 Februari 2005 sebagaimana digariskan di bawah:

1. JA diberikan autoriti untuk menyiasat sebarang aktiviti Syarikat, syarikat-syarikat subsidiari dan kakitangannya. Semua kakitangan diarahkan untuk bekerjasama seperti yang diminta oleh ahli-ahli JA;
2. JA diberikan autoriti untuk mengekalkan individu yang mempunyai kecekapan khusus bagi membantu JA dalam melaksanakan tanggungjawabnya;
3. JA akan membantu Lembaga Pengarah dalam memenuhi tanggungjawab fidusiarinya, khususnya berkaitan etika perniagaan, dasar, pengurusan dan kawalan kewangan;
4. Melalui mesyuarat berjadual yang diadakan dari semasa ke semasa, JA mengekalkan suatu saluran komunikasi langsung antara Lembaga Pengarah, Juruaudit Luar, Juruaudit Dalaman dan Pengurusan;
5. JA akan memberikan lebih penekanan terhadap fungsi Audit dengan meningkatkan objektiviti dan kebebasan Juruaudit Luar dan Juruaudit Dalaman dan dengan menyediakan forum untuk perbincangan yang bebas daripada Pengurusan; dan
6. JA hendaklah mengesahkan semua peruntukan ESOS untuk memastikan supaya ia dijalankan dengan mematuhi kriteria yang didedahkan oleh Syarikat kepada kakitangannya.

### Autoriti

JA hendaklah mempunyai autoriti berikut seperti yang diberikan oleh Lembaga Pengarah:

1. mempunyai kuasa untuk menyiasat sebarang perkara dalam terma rujukannya;
2. mempunyai sumber-sumber yang diperlukan bagi melaksanakan tugas-tugasnya;
3. mempunyai akses sepenuhnya, bebas dan tanpa halangan kepada sebarang maklumat, rekod, hartanah dan kakitangan Syarikat;
4. mempunyai saluran komunikasi langsung dengan Juruaudit Luar dan Juruaudit Dalaman;
5. boleh mendapatkan nasihat profesional bebas atau nasihat lain; dan
6. boleh mengadakan mesyuarat dengan Juruaudit Luar dan Juruaudit Dalaman bersama ahli bebas Lembaga Pengarah yang lain (iaitu tanpa kehadiran ahli-ahli bukan bebas dan eksekutif) sekurang-kurangnya dua kali setahun atau apabila dianggap perlu. JA juga hendaklah bermesyuarat secara eksklusif di kalangan ahlinya apabila perlu.

## Tugas dan Tanggungjawab

Tugas dan tanggungjawab JA adalah seperti berikut:

1. untuk mempertimbangkan perlantikan Juruaudit Luar, yuran audit dan sebarang isu mengenai perletakan atau pemecatan jawatan;
2. untuk berbincang dengan Juruaudit Luar, sebelum audit dimulakan, berhubung bentuk dan skop audit yang akan dijalankan dan memastikan wujudnya penyelarasan apabila lebih daripada satu firma audit terlibat;
3. untuk mengkaji kerjasama yang diberikan oleh kakitangan Syarikat kepada Juruaudit Luar;
4. untuk berbincang dengan Juruaudit Luar berkenaan laporan audit dan penilaiannya mengenai sistem kawalan dalaman;
5. untuk mengkaji penyata kewangan suku tahunan dan akhir tahun Syarikat sebelum diluluskan oleh Lembaga Pengarah, dengan memberikan perhatian khusus kepada:
  - sebarang perubahan dasar dan amalan perakaunan;
  - pelarasan penting yang timbul daripada audit tersebut;
  - andaian perniagaan berterusan; dan
  - pematuan kepada piawaian perakaunan dan keperluan perundangan yang lain
6. untuk membincangkan masalah dan persoalan yang timbul daripada audit interim dan audit akhir, dan sebarang perkara yang mungkin ingin dibincangkan oleh juruaudit (tanpa kehadiran pengurusan, jika perlu);
7. untuk mengkaji surat pengurusan Juruaudit Luar dan tindak balas pengurusan;
8. untuk melaksanakan perkara-perkara berikut berhubung fungsi Audit Dalaman:
  - mengkaji, dari semasa ke semasa, kecukupan skop dan sumber fungsi Audit Dalaman, dan bahawa ia mempunyai autoriti yang diperlukan untuk menjalankan tugasnya;
  - mengkaji semula program dan proses Audit Dalaman, dan keputusan program Audit Dalaman tersebut serta penyiasatan yang dijalankan. Apabila perlu, JA akan memastikan supaya tindakan sewajarnya diambil berdasarkan laporan dan cadangan fungsi Audit Dalaman, dan bahawa semua perkara di atas tidak tertakluk kepada kelulusan atau kebenaran Pengurusan;
  - mengkaji sebarang penaksiran atau penilaian prestasi ahli fungsi Audit Dalaman;
  - menentukan dan mengesyorkan kepada Lembaga Pengarah, bidang kuasa fungsi Audit Dalaman, termasuk imbuhan Ketua Tadbir Urus Korporat; dan
  - memantau secara dekat, percanggahan (percanggahan-percanggahan) pendapat yang ketara antara Audit Dalaman dan Pengurusan, sama ada telah diselesaikan atau tidak.
9. untuk memastikan supaya semua tuduhan serius yang melibatkan isu-isu seperti penipuan, salah laku dan pecah amanah dibawa ke perhatian JA. Penyiasatan mestilah mendapat kebenaran Pengerusi JA sebelum ia dijalankan, dan JA diberi kuasa untuk mengkaji penemuan utama dalam penyiasatan dalaman sedemikian serta tindak balas Pengurusan mengenainya;
10. untuk mempertimbangkan sebarang urusan pihak berkaitan dan situasi konflik kepentingan yang mungkin timbul di dalam Syarikat termasuk sebarang urusan, prosedur atau tatacara yang boleh menimbulkan persoalan berhubung kewibawaan Pengurusan;
11. untuk mendapatkan tindak balas yang memuaskan daripada Pengurusan mengenai laporan Audit Dalaman dan laporan yang dikeluarkan oleh Juruaudit Luar;
12. untuk menghantar ringkasan laporan kepada Lembaga Pengarah selepas setiap mesyuarat JA, untuk memberi nasihat tentang isu-isu yang telah dibincangkan, serta satu laporan tahunan kepada Lembaga Pengarah yang mengetengahkan kemusykilan penting yang ditemui oleh Audit Dalaman pada tahun ini;
13. untuk mengawasi fungsi Pengurusan Risiko Syarikat, dan melapor kepada Lembaga Pengarah berhubung perubahan penting dalam perniagaan dan persekitaran luaran yang mempengaruhi risiko-risiko utama;
14. jika kajian laporan audit syarikat-syarikat subsidiari dan mana-mana syarikat berkaitan turut terkandung di bawah bidang kuasa JA, semua fungsi di atas akan turut dilaksanakan oleh JA dengan kerjasama Lembaga Pengarah syarikat subsidiari dan syarikat berkaitan;
15. untuk mengkaji aturan yang diwujudkan oleh Pengurusan bagi mematuhi sebarang peraturan atau keperluan laporan luaran lain, undang-undang kecil dan peraturan berkaitan operasi Syarikat;
16. untuk mengesahkan semua peruntukan ESOS bagi memastikan supaya ia dilakukan dengan mematuhi kriteria yang didedahkan oleh Syarikat kepada kakitangannya; dan
17. untuk mempertimbangkan topik-topik lain seperti ditakrif oleh Lembaga Pengarah.



## LAPORAN JAWATANKUASA AUDIT

### 3. AUDIT DALAMAN

Syarikat menyokong sepenuhnya Audit Dalaman sebagai sebuah fungsi jaminan dan perundingan bebas untuk memeriksa dan menilai aktiviti-aktiviti Syarikat serta menyediakan nasihat dan perkhidmatan tambah nilai kepada Pengurusan.

Objektif, misi, skop, organisasi, autoriti dan tanggungjawab Audit Dalaman (yang merupakan sebahagian daripada fungsi Tadbir Urus Korporat MRCB) dinyatakan dengan jelas dalam Piagam Audit Dalaman yang diwujudkan pada 17 Januari 2005. Fungsi Audit Dalaman telah beroperasi dan dilaksanakan selaras dengan prinsip-prinsip Piagam tersebut. JA turut menilai prestasi fungsi Audit Dalaman, khususnya menerusi laporannya, termasuk menentukan imbuhan Ketua Tadbir Urus Korporat.

Pada tahun 2010, Jawatankuasa Audit telah memperuntukkan sebanyak RM1.2 juta dalam OPEX untuk membantu operasi aktiviti Jabatan Tadbir Urus Korporatnya, yang meliputi Audit Dalaman dan Pengurusan Risiko.

### 4. AKTIVITI

#### Mesyuarat JA

Sebanyak 6 mesyuarat JA telah diadakan pada tahun kewangan berakhir 31 Disember 2010.

Jadual 1: Butiran kehadiran ahli-ahli di mesyuarat Jawatankuasa Audit yang diadakan dari 1 Januari 2010 hingga 31 Disember 2010

| Tarikh Mesyuarat Jawatankuasa | Nama ahli Jawatankuasa Audit |                          |                     |
|-------------------------------|------------------------------|--------------------------|---------------------|
|                               | Dato' Ahmad Ibnihajar        | Dato' Abdul Rahman Ahmad | Dr Roslan A Ghaffar |
|                               | Pengarah Bebas               | Pengarah Bebas           | Pengarah Bebas      |
|                               | (Pengerusi)                  | (Ahli)                   | (Ahli)              |
| 22/02/2010                    | A                            | A                        | A                   |
| 17/05/2010                    | A                            | A                        | A                   |
| 23/08/2010                    | A                            | A                        | A                   |
| 22/11/2010                    | A                            | A                        | A                   |
| 13/12/2010                    | A                            | A                        | A                   |
| 29/12/2010                    | A                            | A                        | A                   |
| Jumlah                        | 6/6                          | 6/6                      | 6/6                 |

Pelbagai isu yang menjejaskan operasi Syarikat dan syarikat-syarikat subsidiarinya telah dikaji dan dibincangkan dengan teliti dalam mesyuarat-mesyuarat tersebut. Ahli-ahli JA melaksanakan peranan mereka secara serius dan profesional untuk membantu Lembaga Pengarah mengimbangi peranan Pengurusan. Laporan audit dan hal-hal lain yang dikemukakan kepada JA akan diteliti, dibincang dan dibahaskan secara berkecuali dan saksama bagi memastikan supaya cadangan dan saranan tersebut adalah untuk kepentingan Syarikat. Untuk itu, JA mengumpul maklumat daripada fungsi Audit Dalaman dan Pengurusan Risiko yang merupakan fungsi-fungsi bebas daripada Pengurusan dan melapor secara langsung kepada Jawatankuasa Audit dan Lembaga. Maklumat turut dikumpul daripada Juruaudit Luar jika perlu.

Isu dan pertimbangan utama seterusnya akan dibawa kepada perhatian Lembaga Pengarah untuk dikaji, dibincang dan diputuskan olehnya.

Cara pelaksanaan tersebut di atas adalah satu-satu cara yang wajar dan berkesan. Ia melibatkan interaksi langsung antara JA yang profesional dan saksama dengan pihak Pengurusan yang bertindak secara langsung dan yang bertanggungjawab melebihi apa yang dizahirkan di dalam Penyata ini. Ini telah menghasilkan persekitaran di mana Syarikat dikendalikan secara beretika, telus dan profesional untuk kepentingan pemegang saham.

## Komposisi Ahli JA dan Kehadiran di Mesyuarat JA

Komposisi ahli JA dan kehadiran di mesyuarat JA adalah seperti yang dinyatakan dalam Jadual 1 di muka surat 122 dalam Laporan Tahunan ini. JA pada masa ini terdiri daripada 3 orang ahli yang mana seorang daripada mereka, iaitu Datuk Abdul Rahman Ahmad merupakan ahli Institut Akauntan Malaysia (MIA).

Ketua Tadbir Urus Korporat melapor secara langsung kepada JA, dan menghadiri semua mesyuarat JA. Ketua Pegawai Eksekutif dan Ketua Pegawai Kewangan hanya menghadiri mesyuarat JA apabila dijemput, untuk menjelas dan memberi maklum balas terhadap pertanyaan berkaitan isu-isu yang dibincangkan. Begitu juga dengan Ketua-ketua Syarikat/Jabatan yang berkenaan dan pasukan Pengurusan mereka akan turut dijemput untuk hadir apabila laporan audit berhubung Syarikat/Jabatan mereka dibentangkan untuk perbincangan.

JA juga telah bermesyuarat dengan Juruaudit Luar dua kali pada tahun ini, tanpa kehadiran Pengurusan. Di mesyuarat tersebut, ahli JA boleh mendapatkan maklumat lanjut dan membincang isu-isu yang ahli JA atau Juruaudit Luar percaya perlu dibawa kepada perhatian para Pengarah atau pemegang saham.

Juruaudit Luar berhak untuk tampil dan diberi perhatian di mana-mana mesyuarat JA jika ia menganggapnya perlu.

## Kajian

Pada tahun ini, JA telah menjalankan kajian-kajian berikut:

- **Penyata kewangan**
  - i) pengumuman keputusan kewangan suku tahunan Syarikat;
  - ii) penyata kewangan akhir tahun Syarikat; dan
  - iii) urusan niaga pihak berkaitan yang dijalankan di dalam Syarikat.
- **Audit dalaman**
  - i) rancangan audit tahunan yang dicadangkan oleh Ketua Tadbir Urus Korporat;
  - ii) laporan audit yang dibentangkan oleh Ketua Tadbir Urus Korporat mengenai Syarikat dan syarikat-syarikat subsidiarinya, serta penemuan dan saranan berhubung kelemahan sistem dan kawalan yang timbul daripada audit; dan
  - iii) audit susulan untuk menentukan status pelaksanaan saranan yang dikemukakan oleh Audit Dalaman.
- **Audit luar**
  - i) laporan Juruaudit Luar berkaitan isu-isu audit dan perakaunan yang timbul daripada auditnya dan kemaskini perkembangan baru mengenai piawaian perakaunan yang dikeluarkan oleh Lembaga Piawaian Perakaunan Malaysia; dan
  - ii) strategi dan rancangan audit tahunan Juruaudit Luar.
- **Pengurusan risiko**
  - i) Laporan Pengurusan Risiko Perniagaan Suku Tahunan oleh Jawatankuasa Kerja Pengurusan Risiko; dan
  - ii) kajian audit dalaman terhadap keberkesanan proses pengurusan risiko Syarikat.

(Sila rujuk muka surat 128 untuk pendedahan Pengurusan Risiko Syarikat)

- **Penyata pematuhan pembahagian Skim Opsyen Saham Kakitangan (ESOS)**

JA telah mengkaji pembahagian ESOS pada tahun yang ditinjau dan berpuas hati bahawa ia telah dilaksanakan dengan mematuhi kriteria yang didedahkan oleh syarikat kepada kakitangannya.

Laporan Jawatankuasa Audit ini diluluskan oleh Lembaga Pengarah menerusi resolusinya bertarikh 9 Februari 2011.

**Tan Sri Azlan Zainol**  
**Pengerusi**  
**Malaysian Resources Corporation Berhad**

# STATEMENT ON INTERNAL CONTROL

The Code requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets. The Listing Requirements of Bursa Malaysia require Directors of listed companies to include a statement in the Annual Report on the Company's state of internal controls.

Set out below is the Board's Statement on Internal Control.

The Board strongly believes in the importance of having sound internal control over the Company's operations, and has taken steps to ensure that it is in place. Key elements of the Company's internal control system are described below:

- i) Clearly defined lines of authority and a divisionalised organisation structure to monitor for the purpose of the conduct and operations of individual business units and support service departments;
- ii) Clear division and delegation of responsibilities from the Board to Board Committees and to operating units, including authorisation levels on aspects of the business set out in the Company's Limits of Authority;
- iii) Establishment of a Management Committee to ensure transparency and integrity of the award process;
- iv) A detailed budgeting process where operating units prepare budgets for the coming year that are approved both at operating unit level and by the Board;
- v) Monthly reporting of actual results and review against the budget with major variances being followed up and management action taken where necessary;
- vi) Monthly status report on division and department activities submitted to Corporate Governance Department to be reviewed and discussed;
- vii) Monitoring of performance, including discussion of any significant issues, at monthly divisional meetings as well as at senior management meetings chaired by the CEO;
- viii) Regular and comprehensive information provided by the Management to the Board and its committees, covering financial performance and key performance indicators including utilisation and cashflow performance;
- ix) Regular Internal Audit visits and reviews which provide independent assurance on the effectiveness of the Company's system of internal controls as well as advising the Management for further improvements.
- x) Clearly documented internal policies and procedures set out in a series of standard operating procedure manuals which is periodically reviewed for improvements and to reflect changes in business structures and processes as well as changes in external environments.

The Board believes that the development of the system of internal controls is an on-going process and has taken steps throughout the year under review to improve its internal control system and will continue to do so.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others or the occurrence of unforeseeable circumstances. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

**This Statement on Internal Control is approved by the Board of Directors via its resolution on 9 February 2011.**

**Tan Sri Azlan Zainol**  
**Chairman**  
**Malaysian Resources Corporation Berhad**



# PENYATA KAWALAN DALAMAN

Kod memerlukan syarikat tersenarai mengekalkan sistem kawalan dalaman yang berwibawa untuk melindungi pelaburan pemegang saham dan aset Syarikat. Syarat-Syarat Penyenaraian Bursa Malaysia menghendaki para Pengarah Syarikat tersenarai untuk menyertakan satu penyata ke dalam Laporan Tahunan berhubung keadaan kawalan dalaman Syarikat.

Berikut adalah Penyata Kawalan Dalaman Lembaga Pengarah.

Lembaga Pengarah sesungguhnya percaya pentingnya kawalan dalaman yang berwibawa ke atas operasi Syarikat dan telah mengambil langkah-langkah untuk memastikan supaya ia tersedia. Elemen utama sistem kawalan dalaman Syarikat adalah seperti dinyatakan di bawah:

- i) Garis autoriti dan pembahagian sktruktur organisasi yang ditakrif dengan jelas untuk memantau tatacara dan operasi unit-unit perniagaan secara individu serta menyokong jabatan-jabatan perkhidmatan;
- ii) Pembahagian dan delegasi tanggungjawab yang jelas daripada Lembaga Pengarah kepada Jawatankuasa Lembaga Pengarah dan kepada unit-unit operasi, termasuk peringkat kelulusan bagi semua aspek perniagaan yang digariskan dalam Had Autoriti Syarikat;
- iii) Pembentukan Jawatankuasa Pengurusan bagi memastikan ketelusan dan kewibawaan proses pemberian tender;
- iv) Proses belanjawan terperinci, di mana unit operasi menyediakan belanjawan bagi tahun akan datang yang diluluskan di peringkat unit operasi dan oleh Lembaga Pengarah;
- v) Laporan bulanan keputusan sebenar dan kajian berbanding belanjawan, dengan tindakan susulan diambil ke atas perbezaan utama dan tindakan pengurusan dilaksanakan sekiranya perlu;
- vi) Laporan status bulanan mengenai aktiviti-aktiviti bahagian dan jabatan diserahkan kepada Jabatan Tadbir Urus Korporat untuk dikaji dan dibincangkan;
- vii) Pemantauan prestasi, termasuk perbincangan tentang sebarang isu-isu penting pada mesyuarat bulanan bahagian serta pada mesyuarat pengurusan kanan yang dipengerusikan oleh Ketua Pegawai Eksekutif;
- viii) Penyediaan maklumat secara kerap dan menyeluruh oleh Pengurusan kepada Lembaga Pengarah dan jawatankuasa-jawatankuasanya yang meliputi prestasi kewangan dan petunjuk prestasi utama termasuk penggunaan dan prestasi aliran tunai;
- ix) Kunjungan dan kajian secara kerap oleh Audit Dalaman menyediakan jaminan bebas terhadap keberkesanan sistem kawalan dalaman Syarikat serta menasihati pihak Pengurusan mengenai perkara-perkara untuk peningkatan seterusnya; dan
- x) Dokumentasi dasar dan prosedur dalaman yang jelas dibentangkan dalam satu siri manual prosedur piawaian operasi. Manual tersebut dikaji secara berkala untuk dipertingkatkan dan disesuaikan dengan perubahan dalam struktur dan proses perniagaan serta perubahan persekitaran luar.

Lembaga Pengarah percaya bahawa pembangunan sistem kawalan dalaman merupakan suatu proses berterusan dan telah mengambil langkah untuk menambah baik sistem kawalan dalaman sepanjang tahun yang ditinjau, dan akan terus melakukan yang sedemikian.

Pengaturan bagi pemantauan, kajian dan laporan yang ada menyediakan jaminan munasabah bahawa struktur kawalan dan operasinya adalah bersesuaian dengan operasi Kumpulan dan bahawa risiko berada di paras yang boleh diterima di seluruh perniagaan Kumpulan. Walau bagaimanapun, pengaturan sedemikian tidak menghapuskan kemungkinan kesilapan manusia, pengabaian prosedur kawalan secara sengaja oleh kakitangan dan pihak-pihak lain atau berlakunya peristiwa yang tidak boleh diramal. Lembaga Pengarah berpendapat bahawa sistem kawalan dalaman yang ada pada tahun ditinjau berada dalam keadaan baik dan memuaskan untuk melindungi pelaburan pemegang saham, kepentingan pemegang kepentingan dan aset Kumpulan.

**Penyata Kawalan Dalaman ini telah diluluskan oleh Lembaga Pengarah melalui resolusinya pada 9 Februari 2011.**

**Tan Sri Azlan Zainol**  
**Pengerusi**  
**Malaysian Resources Corporation Berhad**

# RISK MANAGEMENT REPORT

One of the strategic moves made by the Board in its efforts to protect shareholders value is the establishment of an integrated and structured Risk Management process within the Company. Since February 2003, the Board together with the Management have developed and implemented a structured Risk Management practice throughout the Company.

To provide a foundation for Risk Management in the Company, the Management had designed a Risk Management framework and manual which was approved by the Board on 17 February 2003. The framework has been implemented throughout the Company since then and was further improved with a review and revision of the framework on 24 February 2005.

A Risk Management unit within the Corporate Governance Department facilitates and is responsible for developing, coordinating and facilitating all Risk Management processes within the Company.

## Statement of MRCB's Risk Management Policy

"The Company acknowledges the need to identify, evaluate and manage all risks that it is exposed to in achieving its business objectives.

A proactive Risk Management approach in accordance with best practices guidelines including those outlined by Bursa Malaysia shall be implemented to ensure that the Company capitalises on all opportunities and has strategies in place to manage adverse effects.

A Risk Management Working Committee (RMWC) comprising the Company's Senior Management has been established to centralise risk monitoring and management at a senior level. Through this structured process, Management undertakes to provide reasonable assurance to the Board of Directors on the state of risks and controls."

## Outline of the Integrated Risk Management Process in MRCB

Risks are identified and managed at all levels of Management:



### Primary level

The primary level of Risk Management is at business units and the Company's support services, where risks are identified and managed during their day-to-day operations.

### Secondary level

- On a quarterly basis, major risks identified by each business unit as well as the Company's strategic risks are profiled and reviewed by the RMWC, a Senior Management level committee chaired by the Chief Executive Officer. Risk treatment and mitigation strategies are discussed and put in place to address those risks.
- The progress of management and mitigation of risks at operating levels form part of the business progress review by the Chief Executive Officer with the business unit teams.

### Board level

The RMWC presents its report and recommendations to the Audit Committee (which oversees the Company's Risk Management function on behalf of the Board) for its deliberation and consideration. The Audit Committee will in turn bring any strategic risk issues to the Board's attention.

This structure will place Senior Management and Board in a strategic position to keep tabs of major threats the Company's core businesses are/may be facing and thus mitigate their potential adverse consequences to the Company.

### Risk Management in Business Development / Investment Divestment

In addition to the above, a comprehensive and independent risk evaluation structure forms an integral part of the Company's new business development. Consequentially, all new business and divestments proposals will also contain a Risk Evaluation section when tabled to the approving authority for consideration; this section contains an independent risk evaluation done by the Risk Management Unit which is part of the Corporate Governance Department and thus independent of Management.

### **Risk Profiling Methodology**

Risk factors identified are profiled into 4 categories (Risk Rating)

Q1: High Impact, High Probability of Occurrence  
Q3: Low Impact, High Probability of Occurrence

Q2: High Impact, Low Probability of Occurrence  
Q4: Low Impact, Low Probability of Occurrence

A systematic risk profiling criteria has been designed and implemented consistently Company-wide, thus ensuring a consistent standard in Risks evaluation parameters.

### **Risk Management Working Committee**

The RMWC comprise:

- i) Chief Executive Officer (Chairman)
- ii) Chief Financial Officer
- iii) Head of Human Resource
- iv) Head of Corporate Governance (Permanent Invitee) and
- v) Head of Division (Permanent Invitee)

The establishment of the RMWC centralises the Company's risk review, monitoring and management.

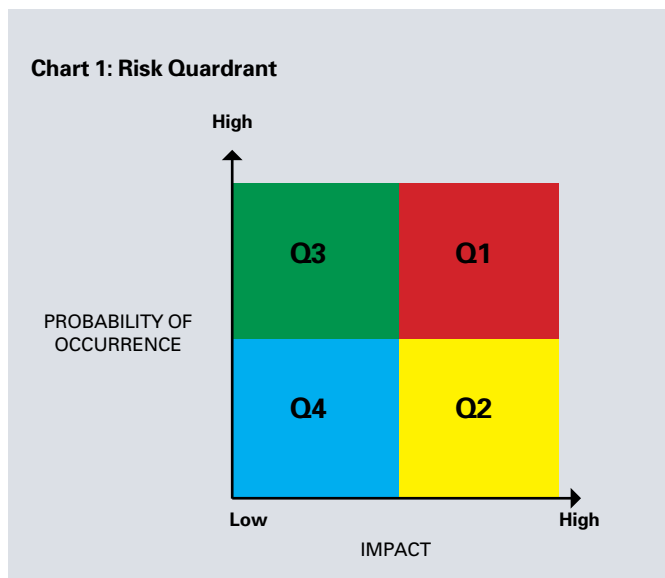
The RMWC meets at least once every quarter to review all major risks of the Company, to consider risk-mitigating strategies proposed by Management and to monitor the progress of implementation of such strategies.

During the year under review, 4 RMWC meetings were convened.

The above statements are clear reflections of the conscious efforts of the MRCB Board and Management to have good Risk Management practice throughout the Company. The Board believes this to be an ongoing process and strives for full adoption of best practices of Risk Management in the near future.

**This Risk Management Report is approved by the Board of Directors via its resolution on 9 February 2011.**

**Tan Sri Azlan Zainol**  
**Chairman**  
**Malaysian Resources Corporation Berhad**





# LAPORAN PENGURUSAN RISIKO

Salah satu daripada langkah strategik yang dilakukan oleh Lembaga Pengarah dalam usahanya melindungi nilai pemegang saham adalah dengan mewujudkan proses Pengurusan Risiko yang berwibawa dan tersusun di dalam Syarikat. Sejak Februari 2003, Lembaga Pengarah berserta Pengurusan telah merangka dan melaksanakan amalan Pengurusan Risiko yang tersusun di seluruh Syarikat.

Bagi menyediakan asas kepada Pengurusan Risiko dalam Syarikat, Pengurusan mewujudkan rangka kerja dan manual Pengurusan Risiko yang telah diluluskan oleh Lembaga Pengarah pada 17 Februari 2003. Rangka kerja tersebut telah dilaksanakan di seluruh Syarikat sejak dari tarikh tersebut, dan dipertingkatkan lagi menerusi kajian dan semakan semula rangka kerja pada 24 Februari 2005.

Sebuah unit Pengurusan Risiko di dalam Jabatan Tadbir Urus Korporat membantu dan bertanggungjawab merangka, menyelaraskan dan membantu semua proses Pengurusan Risiko di dalam Syarikat.

## Penyata Dasar Pengurusan Risiko MRCB

"Syarikat mengakui keperluan mengenal pasti, menilai dan menguruskan semua risiko yang terdedah kepadanya dalam usaha mencapai objektif perniagaannya.

Satu pendekatan Pengurusan Risiko yang proaktif selaras dengan garis panduan amalan terbaik, termasuk yang digariskan oleh Bursa Malaysia, akan dilaksanakan bagi memastikan supaya Syarikat memanfaatkan semua peluang dan mempunyai strategi yang tersedia untuk mengurus kesan negatif risiko.

Sebuah Jawatankuasa Kerja Pengurusan Risiko (JKPR) yang terdiri daripada Pengurusan Kanan Syarikat telah dibentuk untuk memusatkan pemantauan dan pengurusan risiko di peringkat kakitangan kanan. Melalui proses tersusun ini, Pengurusan bertanggungjawab untuk menyediakan jaminan munasabah kepada Lembaga Pengarah berhubung keadaan risiko dan kawalan."

## Rangka Proses Pengurusan Risiko Bersepadu MRCB

Risiko dikenal pasti dan diurus di semua peringkat Pengurusan:



### Peringkat utama

Peringkat utama Pengurusan Risiko adalah di unit-unit perniagaan dan perkhidmatan sokongan Syarikat di mana risiko dikenal pasti dan diuruskan dalam operasi harian mereka.

### Peringkat kedua

- i. Pada setiap suku tahun, risiko-risiko utama yang dikenal pasti oleh setiap unit perniagaan serta risiko strategik Syarikat akan diprofil dan dikaji oleh Jawatankuasa Kerja Pengurusan Risiko (JKPR), sebuah jawatankuasa di peringkat Pengurusan Kanan yang dipengerusi oleh Ketua Pegawai Eksekutif. Pengendalian dan strategi pengurangan risiko dibincang dan disediakan untuk menangani risiko-risiko tersebut.
- ii. Perkembangan pengurusan dan pengurangan risiko di peringkat operasi membentuk sebahagian daripada kajian perkembangan perniagaan oleh Ketua Pegawai Eksekutif dengan pasukan-pasukan unit perniagaan.

### Peringkat Lembaga Pengarah

JKPR membentangkan laporan dan syor-syornya kepada Jawatankuasa Audit (yang mengawalselia fungsi Pengurusan Risiko Syarikat bagi pihak Lembaga Pengarah) untuk dibincang dan dipertimbangkannya. Kemudian, Jawatankuasa Audit akan membawa sebarang isu risiko strategik kepada perhatian Lembaga Pengarah.

Struktur ini akan meletakkan Pengurusan Kanan dan Lembaga Pengarah di kedudukan strategik untuk memantau ancaman utama yang sedang/mungkin dihadapi oleh perniagaan teras Syarikat dan dengan itu, mengurangkan potensi akibat buruk kepada Syarikat.

### Pengurusan Risiko dalam Pembangunan Perniagaan / Penarikan Keluar Pelaburan

Selain daripada yang dinyatakan di atas, satu struktur penilaian yang menyeluruh dan bebas turut membentuk bahagian penting dalam pembangunan perniagaan baru Syarikat. Justeru, semua cadangan perniagaan baru dan penarikan keluar pelaburan akan turut mengandungi seksyen Penilaian Risiko apabila dibentangkan kepada pihak yang bertanggungjawab meluluskannya untuk dipertimbangkan; seksyen ini mengandungi penilaian risiko bebas yang dijalankan oleh Unit Pengurusan Risiko yang merupakan sebahagian daripada Jabatan Tadbir Urus Korporat dan oleh itu, bebas daripada Pengurusan.

### **Kaedah Memprofil Risiko**

Faktor-faktor risiko yang dikenal pasti akan diprofil ke dalam 4 kategori (Penarafan Risiko)

Q1: Kesan Tinggi, Kebarangkalian Kejadian yang Tinggi

Q2: Kesan Tinggi, Kebarangkalian Kejadian yang Rendah

Q3: Kesan Rendah, Kebarangkalian Kejadian yang Tinggi

Q4: Kesan Rendah, Kebarangkalian Kejadian yang Rendah

Satu kriteria memprofil risiko secara sistematik telah dirangka dan dilaksanakan secara konsisten di seluruh Syarikat bagi memastikan piawaian yang konsisten dalam parameter penilaian Risiko.

### **Jawatankuasa Kerja Pengurusan Risiko**

JKPR terdiri daripada:

- i) Ketua Pegawai Eksekutif (Pengerusi);
- ii) Ketua Pegawai Kewangan;
- iii) Ketua Sumber Manusia;
- iv) Ketua Tadbir Urus Korporat (Jemputan Tetap) dan
- v) Ketua Bahagian (Jemputan Tetap)

Pembentukan JKPR adalah untuk memusatkan kajian, pemantauan dan pengurusan risiko Syarikat.

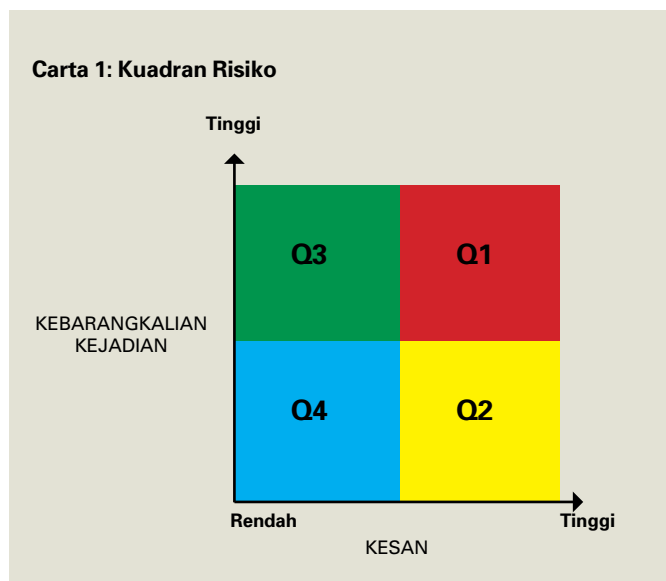
JKPR bermesyuarat sekurang-kurang sekali setiap suku tahun untuk mengkaji semua risiko utama Syarikat, mempertimbangkan strategi pengurangan risiko yang dicadangkan oleh Pengurusan dan memantau perkembangan pelaksanaan strategi tersebut.

Pada tahun yang ditinjau, 4 mesyuarat JKPR telah diadakan.

Penyata di atas adalah gambaran jelas tentang usaha bersungguh-sungguh Lembaga Pengarah dan Pengurusan MRCB untuk mengamalkan Pengurusan Risiko yang baik di seluruh Syarikat. Lembaga Pengarah percaya bahawa amalan tersebut adalah satu proses berterusan, dan berusaha untuk menerima pakai sepenuhnya amalan terbaik Pengurusan Risiko dalam jangka masa terdekat.

**Laporan Pengurusan Risiko ini diluluskan oleh Lembaga Pengarah melalui resolusinya pada 9 Februari 2011.**

**Tan Sri Azlan Zainol**  
**Pengerusi**  
**Malaysian Resources Corporation Berhad**



## ADDITIONAL COMPLIANCE INFORMATION

### (i) Utilisation of Proceeds Raised from Corporate Proposals

The Company has allotted 455,389,159 new ordinary shares of RM1.00 each on the basis of 1 rights share for every 2 existing ordinary shares of RM1.00 held on 2 February 2010 at an issue price of RM1.12 for each rights share ("Right Issue").

The status of utilisation of proceeds of the Right Issue is as follows:

|  | Proposed utilisation of proceeds RM'000 | Amount utilised as at 31.12.2010 RM'000 |
|--|---|---|
| <b>Equity investment in Nu Sentral Sdn Bhd</b>                                   | 85,000                                  | 74,210                                  |
| <b>Capital Expenditure in relation to future business expansion:</b>             |   |   |
| Investment in prime land for property development                                | 315,000                                 | 115,691                                 |
| Investment in environmental engineering and infrastructure                       | 15,000                                  | –                                       |
| Investment in building services  | 50,000                                  | –                                       |
| Working capital requirements, general corporate purposes and capital expenditure | 37,940                                  | 37,940                                  |
| <b>Estimated expenses in relation to the Rights Issue</b>                        | 7,100                                   | 6,763                                   |
| <b>Total</b>   | <b>510,040</b>                          | <b>234,604</b>                          |

### (ii) Share Buy-Backs

The Company did not seek any authorisation from the shareholders on any proposal for share buy-back during the financial year 2010.

### (iii) Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2010 other than the granting of options under ESOS as disclosed in Note 31 to the financial statements (page 221 to 223 of the Financial Report).

### (iv) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year 2010.

### (v) Sanctions and/or Penalties Imposed

There were no material sanctions and/or penalties imposed by the relevant regulatory bodies on MRCB or its subsidiary, directors or management during the financial year 2010.

### (vi) Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Group and Company for the financial year 2010 were RM279,000 and RM74,000 respectively.

### (vii) Variation in Results

There were no variations in the financial results of 10% or more from any profit estimate / forecast / projection / unaudited results announced.

### (viii) Profit Guarantee

There were no profit guarantee given by the Company during the financial year 2010.

### (ix) Material Contracts

There has been no material contracts involving directors and major shareholders' interests entered into during the financial year 2010.

### (x) List of Properties and Revaluation Policy

The list of properties is set out on page 140 to 141 of this Annual Report. There was no revaluation of properties of the Company during the financial year 2010.

### (xi) Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions during the financial year 2010 except for those disclosed in the audited financial statement which are exempted under the Listing Requirements.



## MAKLUMAT PEMATUHAN TAMBAHAN

### (i) Penggunaan Kutipan daripada Cadangan Korporat

Syarikat telah memperuntukkan 455,389,159 saham biasa yang baru berharga RM1.00 sesaham berasaskan kepada 1 saham hak untuk setiap 2 saham biasa yang sedia ada berharga RM1.00 sesaham yang dipegang pada 2 Februari 2010 pada harga terbitan RM1.12 setiap saham hak ("Terbitan Hak").

Status penggunaan kutipan Terbitan Hak ini adalah seperti berikut:

|   | Cadangan<br>penggunaan<br>kutipan | Jumlah<br>yang telah<br>digunakan<br>sehingga<br>31.12.2010 |
|---|-----------------------------------|---|
|   | RM'000                            | RM'000  |
| <b>Pelaburan ekuiti dalam Nu Sentral Sdn Bhd</b>                        | 85,000                            | 74,210  |
| <b>Perbelanjaan modal berhubung pengembangan perniagaan masa depan:</b> |                                   |   |
| Pelaburan dalam tanah utama untuk pembangunan hartanah                  | 315,000                           | 115,691   |
| Pelaburan dalam kejuruteraan alam sekitar dan infrastruktur             | 15,000                            | –   |
| Pelaburan dalam perkhidmatan pengurusan bangunan                        | 50,000                            | –   |
| Keperluan modal kerja, kegunaan am korporat dan perbelanjaan modal      | 37,940                            | 37,940  |
| <b>Perbelanjaan anggaran bagi Terbitan Hak</b>                          | 7,100                             | 6,763   |
| <b>Jumlah</b>   | <b>510,040</b>                    | <b>234,604</b>  |

### (ii) Pembelian Balik Saham

Syarikat tidak mendapatkan sebarang kuasa daripada pemegang saham berhubung cadangan pembelian balik saham di sepanjang tahun kewangan 2010.

### (iii) Opsyen, Waran atau Sekuriti Boleh Ditukar

Syarikat tidak menerbitkan sebarang opsyen, waran atau sekuriti boleh ditukar di sepanjang tahun kewangan 2010 selain daripada pembelian opsyen di bawah ESOS seperti yang dinyatakan dalam Nota 31 Penyata Kewangan (muka surat 221 hingga 223 dalam Laporan Kewangan).

### (iv) American Depositary Receipt ("ADR") atau Global Depositary Receipt ("GDR")

Syarikat tidak menaja sebarang program ADR atau GDR di sepanjang tahun kewangan 2010.

### (v) Pengenaan Sekatan dan/atau Penalti

Tiada sekatan dan/atau denda penting yang dikenakan oleh badan-badan pengawalseliaan yang berkaitan ke atas MRCB atau syarikat subsidiari, pengarah atau pengurusannya di sepanjang tahun kewangan 2010.

### (vi) Yuran Bukan Audit

Jumlah yuran bukan audit yang dibayar kepada juruaudit luar bagi tahun kewangan 2010 adalah sebanyak RM279,000 oleh Kumpulan dan sebanyak RM74,000 oleh Syarikat.

### (vii) Perbezaan Keputusan

Tiada perbezaan dalam keputusan yang berbeza sebanyak 10% atau lebih daripada sebarang anggaran keuntungan/ramalan/unjuran keputusan tidak diaudit yang telah diumumkan.

### (viii) Jaminan Keuntungan

Tiada jaminan keuntungan diberi oleh Syarikat di sepanjang tahun kewangan 2010.

### (ix) Kontrak Penting

Tiada kontrak penting melibatkan kepentingan pengarah atau pemegang saham utama yang telah dimeterai pada tahun kewangan 2010.

### (x) Senarai Hartanah dan Dasar Penilaian Semula

Senarai hartanah dinyatakan di muka surat 140 hingga 141 dalam Laporan Tahunan ini. Tiada penilaian semula hartanah dibuat di sepanjang tahun kewangan 2010.

### (xi) Urusniaga Pihak Berkaitan yang Berulangan Berbentuk Hasil atau Perdagangan

Tiada urusniaga pihak berkaitan yang berulangan di sepanjang tahun 2010 melainkan yang didedahkan di dalam penyata kewangan beraudit yang dikecualikan di bawah Syarat-syarat Penyenaraian.

# MATERIAL CONTRACTS

MRCB (JANUARY 2010 – DECEMBER 2010)

**1. Share Sale Agreement between Gapurna Sdn Bhd and Malaysian Resources Corporation Berhad**

Share Sale Agreement dated 30<sup>th</sup> June 2010 entered into between Gapurna Sdn Bhd and Malaysian Resources Corporation Berhad for the sale of 22,821,001 Ordinary Shares of RM1.00 only each together with 17,910,000 Redeemable Preference Shares of RM0.01 only each held by Gapurna Sdn Bhd in GSB Sentral Sdn Bhd for a total consideration price of RM105,000,000.00 only. The transaction has since completed on 29<sup>th</sup> October 2010.

**2. Sale and Purchase Agreement between Excellent Bonanza Sdn Bhd and Iringan Flora Sdn Bhd**

Sale and Purchase Agreement dated 6<sup>th</sup> July 2010 entered into between Excellent Bonanza Sdn Bhd and Iringan Flora Sdn Bhd for the sale and purchase of Hotel Tower consisting of 29 levels together with the Hotel Car Park Bays consisting of 85 car park bays erected on part of Lot No. 364 held under Geran No. 46230, Seksyen 72, Bandar Kuala Lumpur, District of Wilayah Persekutuan, Kuala Lumpur for a total consideration price of RM216,780,873.00 only. The condition precedent has been fulfilled on 30<sup>th</sup> December 2010. The transaction is pending completion.

**3. Sale and Purchase Agreement between I.H.A. Sendirian Berhad and Malaysian Resources Corporation Berhad**

Sale and Purchase Agreement dated 25<sup>th</sup> August 2010 entered into between I.H.A. Sendirian Berhad and Malaysian Resources Corporation Berhad for the sale and purchase of Lot No. 82, Pajakan Negeri No. 27016, Seksyen 63, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur having an area measuring approximately 4072.016 square metres together with the buildings erected on the said land at a total purchase price of RM33,311,419.40 only. The transaction has since completed on 7<sup>th</sup> January 2011.

**4. KFH Musyarakah Buy-Out Between Malaysian Resources Corporation Berhad, Quill Sentral Sdn Bhd and Kuwait Finance House (Malaysia) Berhad and Cosy Bonanza Sdn Bhd**

Malaysian Resources Corporation Berhad had on 28<sup>th</sup> December 2010 entered into a KFH Musyarakah Buy-Out Agreement ("Agreement") with Kuwait Finance House (Malaysia) Berhad ("KFH") and Quill Sentral Sdn Bhd ("Quill") for the acquisition of the entire 25% equity interest held by KFH in Cosy Bonanza Sdn Bhd ("CBSB") comprising of 18,000 Ordinary Shares of RM1.00 each, 2,482,000 Redeemable Preference Shares of RM1.00 each and 3,775,000 Redeemable Preference Shares A of RM0.01 each for a total consideration price of RM7,775,000.00 only. The acquisition has since completed on 30<sup>th</sup> December 2010.

**5. Letter of Award from Cosy Bonanza Sdn Bhd to Transmission Technology Sdn Bhd**

Letter of Award dated 27<sup>th</sup> December 2010 from Cosy Bonanza Sdn Bhd to Transmission Technology Sdn Bhd for the design, construction and completion works to develop a 45-storey commercial building with 2-storey basement car parks comprising of offices, retail units and car parks known as Q-Sentral for a contract sum of RM595,607,000.00 only. The construction is estimated to be completed by 27<sup>th</sup> December 2014.

**6. Share Sale Agreement between Plushland Sdn Bhd and Malaysian Resources Corporation Berhad**

Share Sale Agreement dated 16<sup>th</sup> August 2010 entered into between Plushland Sdn Bhd as the vendor and Malaysian Resources Corporation Berhad as the purchaser for the sale and purchase of 245,000 Ordinary Shares of RM1.00 each representing 49% shareholding held by Plushland Sdn Bhd in Onesentral Park Sdn Bhd for a total consideration price of RM146,000.00 only. The transaction has since completed on 23<sup>rd</sup> August 2010.

**7. Memorandum of Understanding between IJM Land Berhad and Malaysian Resources Corporation Berhad**

Memorandum of Understanding dated 23<sup>rd</sup> November 2010 entered into between IJM Land Berhad and Malaysian Resources Corporation Berhad for the proposed merger to create one entity to be the leading listed property development company in Malaysia. The proposed merger has since been aborted on 30<sup>th</sup> December 2010.

# KONTRAK-KONTRAK PENTING

MRCB (JANUAR1 2010 – DISEMBER 2010)

**1. Perjanjian Penjualan Saham di antara Gapurna Sdn Bhd dan Malaysian Resources Corporation Berhad**

Perjanjian Penjualan Saham bertarikh 30hb Jun 2010 di antara Gapurna Sdn Bhd ("Penjual") dan Malaysian Resources Corporation Berhad ("Pembeli") bagi pembelian 22,821,001 Saham Biasa RM1.00 sahaja sesaham bersama-sama dengan 17,910,000 Saham Keutamaan Boleh Tebus (Redeemable Preference Share) RM0.01 sahaja sesaham yang dipegang oleh Penjual dalam GSB Sentral Sdn Bhd. dengan harga belian RM105,000,000.00 sahaja. Transaksi jual beli tersebut telah disempurnakan pada 29hb Oktober 2010.

**2. Perjanjian Jualbeli di antara Excellent Bonanza Sdn Bhd dan Iringan Flora Sdn Bhd**

Perjanjian Jualbeli bertarikh 6hb Julai 2010 di antara Excellent Bonanza Sdn Bhd dan Iringan Flora Sdn Bhd untuk penjualan Menara Hotel ("Hotel Tower") mengandungi 29 tingkat bersama-sama dengan Tempat Letak Kereta Hotel ("Hotel Car Park Bays") mengandungi 85 tempat letak kereta yang didirikan atas sebahagian Lot No. 364, Geran No. 46230, Seksyen 72, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan Kuala Lumpur untuk harga jualan RM216,780,873.00 sahaja. Syarat-syarat terdahulu telah dipenuhi pada 30hb Disember 2010. Transaksi jualbeli tersebut masih dalam peringkat penyempurnaan.

**3. Perjanjian Jualbeli di antara I.H.A. Sdn Berhad dan Malaysian Resources Corporation Berhad**

Perjanjian Jualbeli bertarikh 25hb Ogos 2010 di antara I.H.A. Sendirian Berhad ("Penjual") dan Malaysian Resources Corporation Berhad ("Pembeli") untuk pembelian Lot No. 82, Pajakan Negeri No. 27016, Seksyen 63, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur dengan keluasan 4072.016 meter persegi bersama-sama dengan bangunan yang didirikan di atasnya untuk harga pembelian RM33,311,419.40 sahaja. Transaksi jualbeli tersebut telah disempurnakan pada 7hb Januari 2011.

**4. Perjanjian KFH Musyarakah Buy-Out di antara Malaysian Resources Corporation Berhad, Quill Sentral Sdn Bhd dan Kuwait Finance House (Malaysia) Berhad dan Cosy Bonanza Sdn Bhd**

Malaysian Resources Corporation Berhad ("MRCB") telah pada 28hb Disember 2010 memasuki Perjanjian KFH Musyarakah Buy-Out dengan Kuwait Finance House (Malaysia) Berhad ("KFH") dan Quill Sentral Sdn Bhd ("Quill") untuk pengambilan keseluruhan 25% pegangan ekuiti KFH dalam Cosy Bonanza Sdn Bhd ("CBSB") yang terdiri daripada 18,000 Saham Biasa RM1.00 sahaja sesaham, 2,482,000 Saham Keutamaan Boleh Tebus RM1.00 sahaja sesaham dan 3,775,000 Saham Keutamaan Boleh Tebus RM0.01 sahaja sesaham dengan harga pembelian RM7,775,000.00 sahaja. Transaksi pengambilan tersebut telah disempurnakan pada 30hb Disember 2010.

**5. Surat Tawaran daripada Cosy Bonanza Sdn Bhd kepada Transmission Technology Sdn Bhd**

Surat Tawaran bertarikh 27hb. Disember 2010 daripada Cosy Bonanza Sdn Bhd kepada Transmission Technology Sdn Bhd untuk merekabentuk, pembinaan dan penyiapan kerja-kerja pembangunan 45 tingkat bangunan komersial mengandungi pejabat, unit perniagaan dengan 2 tingkat tempat letak kereta dikenali sebagai Q-Sentral dengan nilai kontrak RM595,607,000.00 sahaja. Pembinaan dijangka siap pada 27hb Disember 2014.

**6. Perjanjian Penjualan Saham di antara Plushland Sdn Bhd dan Malaysian Resources Corporation Berhad**

Perjanjian Penjualan Saham bertarikh 16hb Ogos 2010 di antara Plushland Sdn Bhd ("Penjual") dan Malaysian Resources Corporation Berhad ("Pembeli") untuk pembelian 245,000 Saham Biasa Ringgit Malaysia Satu (RM1.00) sahaja sesaham mewakili 49% pegangan ekuiti yang dipegang oleh Penjual dalam Onesentral Park Sdn Bhd dengan harga pembelian RM146,000.00 sahaja. Transaksi jualbeli telah disempurnakan pada 23hb Ogos 2010.

**7. Memorandum Persefahaman di antara IJM Land Berhad dan Malaysian Resources Corporation Berhad**

Memorandum Persefahaman bertarikh 23hb November 2010 berkenaan dengan cadangan penggabungan di antara IJM Land Berhad dan Malaysian Resources Corporation Berhad bagi mewujudkan satu entiti untuk menjadi sebuah syarikat hartanah ulung yang tersenarai di Malaysia. Cadangan pergabungan tersebut telah dibatalkan pada 30hb Disember 2010.



# ANALYSIS OF SHAREHOLDINGS

AS AT16 FEBRUARY 2011

|                          |                                 |
|--------------------------|---------------------------------|
| Authorised Share Capital | : 2,000,000,000                 |
| Paid-up Share Capital    | : 1,383,609,669                 |
| Type of Shares           | : Ordinary Share of RM1.00 each |
| No. of Shareholders      | : 37,692                        |
| Voting Rights            | : One vote for every share      |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings                    | No. of shareholders | %             | No. of shares        | %             |
|--|---------------------|---------------|----------------------|---------------|
| Less than 100                            | 4,192               | 11.12         | 170,324              | 0.01          |
| 100 to 1,000                             | 10,390              | 27.57         | 6,435,175            | 0.46          |
| 1,001 to 10,000                          | 18,293              | 48.53         | 71,484,949           | 5.17          |
| 10,001 to 100,000                        | 4,234               | 11.23         | 122,156,909          | 8.83          |
| 100,001 to less than 5% of issued shares | 582                 | 1.55          | 608,750,212          | 44.00         |
| 5% and above of issued shares            | 1                   | 0.00          | 574,612,100          | 41.53         |
| <b>TOTAL</b>                             | <b>37,692</b>       | <b>100.00</b> | <b>1,383,609,669</b> | <b>100.00</b> |

## SUBSTANTIAL SHAREHOLDERS (5% and above)

| Name  | No. of shares | %     |
|---|---------------|-------|
| Employees Provident Fund Board                | 574,612,100   | 41.53 |
| <i>Shares held in CDS account as follows:</i> |               |       |
| <i>Citigroup Nominees (Tempatan) Sdn Bhd</i>  |               |       |

## DIRECTORS' SHAREHOLDING

| Name                                    | Direct Interest |      | Indirect Interest |   |
|---|-----------------|------|-------------------|---|
|   | No. of shares   | %    | No. of shares     | % |
| Tan Sri Azlan Zainol                    | –               | –    | –                 | – |
| Datuk Mohamed Razeek Md Hussain Maricar | –               | –    | –                 | – |
| Datuk Ahmad Zaki Zahid                  | –               | –    | –                 | – |
| Shahril Ridza Ridzuan                   | 2,000,000       | 0.14 | –                 | – |
| Dato' Abdul Rahman Ahmad                | –               | –    | –                 | – |
| Dato' Ahmad Ibnihaajar                  | –               | –    | –                 | – |
| Dr Roslan A Ghaffar                     | –               | –    | –                 | – |
| Che King Tow                            | –               | –    | –                 | – |

# ANALISA PEGANGAN SAHAM

PADA 16 FEBRUARI 2011

|                        |   |
|------------------------|---|
| Modal Saham Dibenarkan | : 2,000,000,000                           |
| Modal Saham Berbayar   | : 1,383,609,669                           |
| Jenis Saham            | : Saham Biasa bernilai RM1.00 setiap satu |
| Bil. Pemegang Saham    | : 37,692                                  |
| Hak Mengundi           | : Satu undi untuk setiap saham            |

## PECAHAN PEGANGAN SAHAM

| Saiz Pegangan Saham                             | Bilangan Pemegang Saham | %      | Bilangan Saham | %      |
|---|-------------------------|--------|----------------|--------|
| Kurang dari 100                                 | 4,192                   | 11.12  | 170,324        | 0.01   |
| 100 hingga 1,000                                | 10,390                  | 27.57  | 6,435,175      | 0.46   |
| 1,001 hingga 10,000                             | 18,293                  | 48.53  | 71,484,949     | 5.17   |
| 10,001 hingga 100,000                           | 4,234                   | 11.23  | 122,156,909    | 8.83   |
| 100,001 hingga kurang dari 5% saham diterbitkan | 582                     | 1.55   | 608,750,212    | 44.00  |
| 5% dan lebih saham diterbitkan                  | 1                       | 0.00   | 574,612,100    | 41.53  |
| JUMLAH  | 37,692                  | 100.00 | 1,383,609,669  | 100.00 |

## PEMEGANG SAHAM UTAMA (5% dan lebih)

| Nama  | Bilangan Saham | %     |
|---|----------------|-------|
| Employees Provident Fund Board                      | 574,612,100    | 41.53 |
| <i>Saham yang dipegang dalam akaun CDS berikut:</i> |                |       |
| <i>Citigroup Nominees (Tempatan) Sdn Bhd</i>        |                |       |

## PEGANGAN SAHAM PENGARAH

| Nama                                    | Kepentingan Langsung |      | Kepentingan Tidak Langsung |   |
|---|----------------------|------|----------------------------|---|
|   | Bilangan Saham       | %    | Bilangan Saham             | % |
| Tan Sri Azlan Zainol                    | —                    | —    | —                          | — |
| Datuk Mohamed Razeek Md Hussain Maricar | —                    | —    | —                          | — |
| Datuk Ahmad Zaki Zahid                  | —                    | —    | —                          | — |
| Shahril Ridza Ridzuan                   | 2,000,000            | 0.14 | —                          | — |
| Dato' Abdul Rahman Ahmad                | —                    | —    | —                          | — |
| Dato' Ahmad Ibnihaajar                  | —                    | —    | —                          | — |
| Dr Roslan A Ghaffar                     | —                    | —    | —                          | — |
| Che King Tow                            | —                    | —    | —                          | — |

# TOP 30 LARGEST SHAREHOLDERS

AS AT 16 FEBRUARY 2011

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(without aggregating the securities from different securities account belonging to the same Depositor)

| Name  | No. of Shares | %     |
|---|---------------|-------|
| 1 Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board                                       | 574,612,100   | 41.53 |
| 2 Mayban Nominees (Tempatan) Sdn Bhd<br>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)           | 40,200,000    | 2.91  |
| 3 Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for American International Assurance Berhad                | 28,295,000    | 2.05  |
| 4 AmanahRaya Trustees Berhad<br>Public Islamic Sector Select Fund   | 17,695,000    | 1.28  |
| 5 HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank, National Association<br>(Norges BK Nlend) | 17,039,000    | 1.23  |
| 6 Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for Prudential Fund Management Berhad                      | 16,766,850    | 1.21  |
| 7 AmanahRaya Trustees Berhad<br>Public Savings Fund   | 11,957,600    | 0.86  |
| 8 AmanahRaya Trustees Berhad<br>Public Islamic Equity Fund  | 11,681,350    | 0.84  |
| 9 AmanahRaya Trustees Berhad<br>Public Islamic Select Treasures Fund  | 11,432,000    | 0.83  |
| 10 HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank,<br>National Association (Norges BK Lend) | 11,325,000    | 0.82  |
| 11 AmanahRaya Trustees Berhad<br>Public Islamic Dividend Fund   | 11,167,500    | 0.81  |
| 12 AmanahRaya Trustees Berhad<br>Public Index Fund  | 10,842,800    | 0.78  |
| 13 AmanahRaya Trustees Berhad<br>Public Sector Select Fund  | 10,150,000    | 0.73  |
| 14 AmanahRaya Trustees Berhad<br>Public Islamic Optimal Growth Fund   | 10,042,150    | 0.73  |
| 15 HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank, National Association (BVI)               | 10,000,000    | 0.72  |

| Name  | No. of Shares | %    |
|---|---------------|------|
| 16 HSBC Nominees (Asing) Sdn Bhd<br>HSBC-FS for Legg Mason Southeast Asia Special Situations Trust (201061)       | 8,637,500     | 0.62 |
| 17 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (LUX) SCA for Fidelity Funds Asean                                    | 8,039,650     | 0.58 |
| 18 AmanahRaya Trustees Berhad<br>Public Islamic Opportunities Fund  | 6,620,000     | 0.48 |
| 19 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (LUX) SCA for Fidelity Funds Malaysia                                 | 6,606,650     | 0.48 |
| 20 Minister of Finance  | 6,369,273     | 0.46 |
| 21 HSBC Nominees (Asing) Sdn Bhd<br>BNY Brussels for Powershares DWA Emerging Markets Technical Leaders Portfolio | 6,083,200     | 0.44 |
| 22 AmanahRaya Trustees Berhad<br>Public Islamic Balanced Fund   | 5,944,500     | 0.43 |
| 23 Cartaban Nominees (Asing) Sdn Bhd<br>SSBT Fund ITTE for Commonfund Emerging Markets<br>Investors Company       | 5,838,150     | 0.42 |
| 24 CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank Berhad (ETP)   | 4,974,850     | 0.36 |
| 25 AmanahRaya Trustees Berhad<br>PB Growth Fund   | 4,895,700     | 0.35 |
| 26 AmanahRaya Trustees Berhad<br>Public Far-East Property & Resorts Fund  | 4,800,000     | 0.35 |
| 27 HSBC Nominees (Asing) Sdn Bhd<br>KBL Euro PB for Clariden Leu (LUX) Emerging Markets Equity Fund               | 4,482,250     | 0.32 |
| 28 HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank,<br>National Association (USA)              | 4,102,850     | 0.30 |
| 29 AMSEC Nominees (Tempatan) Sdn Bhd<br>AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)  | 4,046,400     | 0.29 |
| 30 Chiam Siew Moi   | 3,900,000     | 0.28 |



## 30 PEMEGANG SAHAM TERBESAR

PADA 16 FEBRUARI 2011

### SENARAI TIGA PULUH (30) PEMEGANG SAHAM TERBESAR

(tanpa menggabungkan semua sekuriti di dalam akaun sekuriti yang berlainan yang dimiliki oleh Pendeposit yang sama)

| Nama |   | Bilangan Saham | %     |
|------|---|----------------|-------|
| 1    | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board                                       | 574,612,100    | 41.53 |
| 2    | Mayban Nominees (Tempatan) Sdn Bhd<br>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)           | 40,200,000     | 2.91  |
| 3    | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for American International Assurance Berhad                | 28,295,000     | 2.05  |
| 4    | AmanahRaya Trustees Berhad<br>Public Islamic Sector Select Fund   | 17,695,000     | 1.28  |
| 5    | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank, National Association<br>(Norges BK Nlend) | 17,039,000     | 1.23  |
| 6    | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for Prudential Fund Management Berhad                      | 16,766,850     | 1.21  |
| 7    | AmanahRaya Trustees Berhad<br>Public Savings Fund   | 11,957,600     | 0.86  |
| 8    | AmanahRaya Trustees Berhad<br>Public Islamic Equity Fund  | 11,681,350     | 0.84  |
| 9    | AmanahRaya Trustees Berhad<br>Public Islamic Select Treasures Fund  | 11,432,000     | 0.83  |
| 10   | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank,<br>National Association (Norges BK Lend)  | 11,325,000     | 0.82  |
| 11   | AmanahRaya Trustees Berhad<br>Public Islamic Dividend Fund  | 11,167,500     | 0.81  |
| 12   | AmanahRaya Trustees Berhad<br>Public Index Fund   | 10,842,800     | 0.78  |
| 13   | AmanahRaya Trustees Berhad<br>Public Sector Select Fund   | 10,150,000     | 0.73  |
| 14   | AmanahRaya Trustees Berhad<br>Public Islamic Optimal Growth Fund  | 10,042,150     | 0.73  |
| 15   | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank, National Association (BVI)                | 10,000,000     | 0.72  |

| Nama  | Bilangan Saham | %    |
|---|----------------|------|
| 16 HSBC Nominees (Asing) Sdn Bhd<br>HSBC-FS for Legg Mason Southeast Asia Special Situations Trust (201061)       | 8,637,500      | 0.62 |
| 17 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (LUX) SCA for Fidelity Funds Asean                                    | 8,039,650      | 0.58 |
| 18 AmanahRaya Trustees Berhad<br>Public Islamic Opportunities Fund  | 6,620,000      | 0.48 |
| 19 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (LUX) SCA for Fidelity Funds Malaysia                                 | 6,606,650      | 0.48 |
| 20 Minister of Finance  | 6,369,273      | 0.46 |
| 21 HSBC Nominees (Asing) Sdn Bhd<br>BNY Brussels for Powershares DWA Emerging Markets Technical Leaders Portfolio | 6,083,200      | 0.44 |
| 22 AmanahRaya Trustees Berhad<br>Public Islamic Balanced Fund   | 5,944,500      | 0.43 |
| 23 Cartaban Nominees (Asing) Sdn Bhd<br>SSBT Fund ITTE for Commonfund Emerging Markets<br>Investors Company       | 5,838,150      | 0.42 |
| 24 CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank Berhad (ETP)   | 4,974,850      | 0.36 |
| 25 AmanahRaya Trustees Berhad<br>PB Growth Fund   | 4,895,700      | 0.35 |
| 26 AmanahRaya Trustees Berhad<br>Public Far-East Property & Resorts Fund  | 4,800,000      | 0.35 |
| 27 HSBC Nominees (Asing) Sdn Bhd<br>KBL Euro PB for Clariden Leu (LUX) Emerging Markets Equity Fund               | 4,482,250      | 0.32 |
| 28 HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for JPMorgan Chase Bank,<br>National Association (USA)              | 4,102,850      | 0.30 |
| 29 AMSEC Nominees (Tempatan) Sdn Bhd<br>AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)  | 4,046,400      | 0.29 |
| 30 Chiam Siew Moi   | 3,900,000      | 0.28 |

# PROPERTIES OF THE GROUP

31 DECEMBER 2010

| DESCRIPTION /<br>EXISTING USE  | LOCATION  | AREA                 | NET BOOK<br>VALUE AS AT<br>31/12/2010<br>(RM'000) | DATE/YEAR<br>OF LAST<br>REVALUATION/<br>ACQUISITION | TENURE  | APPROXIMATE<br>AGE OF<br>BUILDING | ENCUM-<br>BRANCE |
|--|---|----------------------|---|---|---|-----------------------------------|------------------|
| Kompleks Sentral -<br>6 storey industrial<br>buildings/flatted<br>factories and<br>warehouse     | 33, Jalan Segambut<br>Atas, Segambut, 51200<br>Kuala Lumpur, Wilayah<br>Persekutuan   | 72,098<br>sq. metres | 34,169  | 1982  | Leasehold<br>66 years<br>expiring on<br>2.2.2044  | 25 years                          | Yes              |
| Land for proposed<br>mixed housing<br>development  | P.T. No. 35730, 33745,<br>33746, 33747, 35759,<br>33632, 33653, 33654,<br>33468 and 6748 (part),<br>Mukim Kajang,<br>District of Hulu Langat,<br>Selangor Darul Ehsan | 3.364<br>hectares    | 7,416   | 1987  | Freehold  | –                                 | Nil              |
| Land for proposed<br>condominium<br>development  | Country lease<br>No. 015146120,<br>Minicipality and<br>District of Kota Kinabalu,<br>Sabah  | 1.10<br>hectares     | –   | 1989  | Leasehold<br>999 years<br>expiring on<br>4.7.2918 | –                                 | Nil              |
| Land for proposed<br>condominium<br>development  | H.S. (D) 79956<br>P.T. No. 12, Seksyen 14,<br>Bandar Shah Alam,<br>Selangor Darul Ehsan   | 1.21<br>hectares     | 11,959  | 1992  | Leasehold<br>99 years<br>expiring on<br>15.9.2092 | –                                 | Nil              |
| Plaza Alam Sentral<br>- 7 level shopping<br>complex  | H.S. (D) 79956<br>P.T. No. 12, Seksyen 14,<br>Bandar Shah Alam,<br>Selangor Darul Ehsan   | 68,233<br>sq. metres | 82,008  | 1992  | Leasehold<br>99 years<br>expiring on<br>15.9.2092 | 11 years                          | Yes              |
| Land for proposed<br>high-end residential<br>development at<br>Batu Feringghi,<br>Penang         | Lot-lot 365, 366,<br>461 (PT 100), 465<br>and 467 (PT 102)<br>Seksyen 1,<br>Bandar Batu Feringghi,<br>Daerah Timur Laut,<br>Pulau Pinang                              | 1.352<br>hectares    | 27,440  | 2009  | Freehold  | –                                 | Nil              |
| Development<br>land for proposed<br>combines lifestyle<br>facilities with green<br>office campus | Lot 73 Sek. 70<br>Mukim Bandar<br>Kuala Lumpur,<br>District of Kuala Lumpur,<br>Jalan Damansara,<br>Kuala Lumpur,<br>Wilayah Persekutuan                              | 49,260 sq.<br>metres | 143,366   | 10.3.1999   | Freehold  | –                                 | Yes              |
| Development land<br>and infrastructure<br>surrounding Kuala<br>Lumpur central<br>station         | Lot 74 Sek. 70<br>Mukim Bandar<br>Kuala Lumpur,<br>District of Kuala Lumpur,<br>Jalan Damansara,<br>Kuala Lumpur,<br>Wilayah Persekutuan                              | 23,080 sq.<br>metres | 494,032   | 10.3.1999   | Freehold  | –                                 | Nil              |
| Industrial land  | Plot No. 143 & 145,<br>Rawang Industrial Park,<br>48000 Rawang,<br>Selangor Darul Ehsan   | 1,692 sq.<br>metres  | 6,269   | 2.12.1997   | Freehold  | –                                 | Nil              |

| DESCRIPTION /<br>EXISTING USE  | LOCATION  | AREA                     | NET BOOK<br>VALUE AS AT<br>31/12/2010<br>(RM'000) | DATE/YEAR<br>OF LAST<br>REVALUATION/<br>ACQUISITION | TENURE   | APPROXIMATE<br>AGE OF<br>BUILDING | ENCUM-<br>BRANCE |
|--|---|--------------------------|---|---|--|-----------------------------------|------------------|
| 4 storey shop office   | Sub Lot No. 4, 5 & 6<br>H.S. (D) 49729,<br>Lot PT 33487,<br>Taman Kajang Utama<br>Mukim Kajang,<br>District of Ulu Langat,<br>Selangor Darul Ehsan  | 1,485 sq.<br>metres      | 1,133   | 28.12.1999  | Freehold   | 11 years                          | Nil              |
| 2 storey shop office   | Lot 55, HS (D) No. 6101,<br>PT No. 7709 within<br>Phase 1A of<br>Dataran Iskandar,<br>Bandar Seri Iskandar,<br>Bota, District of<br>Perak Tengah,<br>Perak Darul Ridzwan.   | 156 sq.<br>metres        | 195   | 27.5.2005   | Leasehold<br>99 years<br>expiring on<br>18.3.2102                          | 8 years                           | Nil              |
| Several parcels of<br>land for proposed<br>mixed development   | PT 1-282, 1123, 1133,<br>1141, 926-1113, 1128,<br>1135, 1137-1139, 2974-<br>2977, 2981-2984, 2988-<br>2991, 2993-2997, 3003-<br>3004, 3030-3049, 3051,<br>3058-3061, 3077 & 3080,<br>7432-7547, 7549-7653,<br>7746-7777, 8308-8380,<br>KM 36, Jalan Ipoh Lumut,<br>Bandar Seri Iskandar,<br>Bota, District of<br>Perak Tengah,<br>Perak Darul Ridzwan | 684,597<br>sq.<br>metres | 30,999  | 2001, 2002,<br>2009 & 2010                          | Leasehold<br>99 years<br>expiring<br>between<br>13.3.2100 to<br>18.10.2109 | –                                 | Nil              |
| Sooka Sentral - 6<br>storey clubhouse  | Geran 46225,<br>Lot 77 Sek 70,<br>Bandar Kuala Lumpur,<br>District of Kuala<br>Lumpur, Kuala Lumpur,<br>Wilayah Persekutuan   | 5,661 sq.<br>metres      | 53,218  | 9.3.2007  | Freehold   | 3 years                           | Yes              |
| Plaza Sentral<br>corporate office<br>suite   | Suite 1B-G-1, Suite<br>1B-3-1, Suite 1B-3-2<br>Block 1B, Plaza Sentral<br>Jalan Stesen Sentral 5,<br>50470 Kuala Lumpur,<br>Wilayah Persekutuan   | 8,174 sq.<br>feet        | 2,737   | 17.01.2008  | Freehold   | 4 years                           | Nil              |
| Development<br>land for proposed<br>commercial<br>buildings and<br>service apartments  | Geran 40094, Lot 348,<br>Bandar Kuala Lumpur,<br>Daerah Kuala Lumpur,<br>Wilayah Persekutuan  | 8,475 sq.<br>metres      | 210,324   | 2007  | Freehold   | –                                 | Yes              |
| Several parcel of<br>land for proposed<br>development of two<br>blocks four storey<br>buildings with<br>basement car park<br>for the purpose of<br>residential dwellings<br>and student<br>accommodation | 391, 393-399 Burwood<br>Highway, 59 & 61<br>Middleborough<br>Road, Burwood 3125,<br>Melbourne, Australia.   | 4,925 sq.<br>metres      | 28,103  | 2009  | Freehold   | –                                 | Nil              |





# FINANCIAL REPORT 2010

|     |  |
|-----|--|
| 144 | Directors' Report                            |
| 148 | Statements by Directors                      |
| 148 | Statutory Declaration                        |
| 149 | Independent Auditors' Report                 |
| 151 | Statements of Comprehensive Income           |
| 153 | Statements of Financial Position             |
| 155 | Consolidated Statements of Changes in Equity |
| 159 | Company Statements of Changes in Equity      |
| 161 | Statements of Cash Flows                     |
| 165 | Notes to the Financial Statements            |

# DIRECTORS' REPORT

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in construction related activities, environmental engineering, property development and investment and provision of management services to its subsidiaries.

The Group is principally engaged in property development and investment, building services, environmental engineering, infrastructure and engineering and construction related activities.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

## FINANCIAL RESULTS

|  | <b>Group</b><br>RM'000 | <b>Company</b><br>RM'000 |
|--|------------------------|--------------------------|
| Profit for the financial year attributable to: |                        |                          |
| Equity holders of the Company                  | <b>67,268</b>          | <b>39,432</b>            |
| Minority interests                             | <b>6,526</b>           | <b>–</b>                 |
|  | <b>73,794</b>          | <b>39,432</b>            |

## DIVIDENDS

The Company paid a first and final dividend in respect of the financial year ended 31 December 2009 of 1.0% or 1.0 sen per ordinary share less income tax of 25%, amounting RM10,280,096 on 7 July 2010.

The Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2010 of 1.5% or 1.5 sen per ordinary share less income tax of 25%, amounting to approximately RM15,553,000 which is subject to the approval of the members at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## 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:

Tan Sri Azlan Mohd Zainol (Chairman)  
Datuk Mohamed Razeek Md Hussain Maricar (Chief Executive Officer)  
Datuk Ahmad Zaki Zahid (Executive Director)  
Shahril Ridza Ridzuan  
Dato' Ahmad Hj. Ibnihaajar  
Dato' Abdul Rahman Ahmad  
Dr. Roslan A Ghaffar  
Che King Tow  
Mohamad Lotfy Mohamad Noh (resigned on 22 October 2010)

## DIRECTORS (cont'd)

In accordance with Article 101 and 102 of the Company's Articles of Association, Tan Sri Azlan Mohd Zainol and Dato' Abdul Rahman Ahmad retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dr. Roslan A Ghaffar who retires under Articles 101 and 102 of the Company's Articles of Association has opted not to offer himself for re-election at the forthcoming Annual General Meeting.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options over shares granted by the Company to Executive Directors of the Group pursuant to the Employees' Share Option Scheme (ESOS).

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

According to the Register of Directors' Shareholdings, particulars of the interests of the Directors who held office at the end of the financial year in shares and options over shares in the Company and its related corporations were as follows:

| Company               | No. of ordinary shares of RM1.00 each |           |           |            |
|-----------------------|---------------------------------------|-----------|-----------|------------|
|                       | At                                    |           |           | At         |
|                       | 1.1.2010                              | Acquired  | Sold      | 31.12.2010 |
| Shahril Ridza Ridzuan | 800,000                               | 1,600,000 | (400,000) | 2,000,000  |

|                         | Number of options over ordinary shares of RM1.00 each |           |           |             |            |
|-------------------------|---|-----------|-----------|-------------|------------|
|                         | At  |           |           |             | At         |
|                         | 1.1.2010  | Granted   | Exercised | Lapsed      | 31.12.2010 |
| Datuk Mohamed Razeek Md |   |           |           |             |            |
| Hussain Maricar         | –   | 2,000,000 | –         | –           | 2,000,000  |
| Datuk Ahmad Zaki Zahid  | –   | 1,350,000 | –         | –           | 1,350,000  |
| Shahril Ridza Ridzuan   | 1,800,000   | –         | (800,000) | (1,000,000) | –          |

The other Directors in office at the end of the financial year did not hold any interest in shares in or debentures of the Company and its related corporations.

## EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad's Employees' Share Option Scheme (2007/2012 ESOS or the Scheme) was approved by shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

The details of the 2007/2012 ESOS are contained in the Bye-Laws and the salient features thereof are set out in Note 31 to the financial statements.



## DIRECTORS' REPORT (cont'd)

### EMPLOYEES' SHARE OPTION SCHEME (cont'd)

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the persons to whom options less than 1,000,000 been granted during the financial year and details of their holdings. This information has been separately filed with the Companies Commission of Malaysia.

The names and the number of options granted and accepted during the financial year in respect of the 2007/2012 ESOS, for 1,000,000 options and in excess are as follows:

| Name                                    | Number of options over ordinary shares of RM1.00 each |
|---|---|
| Datuk Mohamed Razeek Md Hussain Maricar | 2,000,000   |
| Datuk Ahmad Zaki Zahid                  | 1,350,000   |

Details of options granted to the Directors are disclosed in the section on Directors' Benefits in this report.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

At the date of this report, there does not exist:

- (a) 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 liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the significant events during the financial year as disclosed in Note 48 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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, except for the significant event subsequent to the financial year as disclosed in Note 49 to the financial statements.

## AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 23 February 2011.



**DATUK MOHAMED RAZEEK MD  
HUSSAIN MARICAR**  
Chief Executive Officer



**DATUK AHMAD ZAKI ZAHID**  
Executive Director

## STATEMENTS BY DIRECTORS

pursuant to Section 169(15) Of The Companies Act, 1965

We, **Datuk Mohamed Razeek Md Hussain Maricar** and **Datuk Ahmad Zaki Zahid**, two of the Directors of **Malaysian Resources Corporation Berhad**, state that, in the opinion of the Directors, the financial statements set out on pages 151 to 164 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

In accordance with a resolution of the Board of Directors dated 23 February 2011.



**DATUK MOHAMED RAZEEL MD  
HUSSAIN MARICAR**  
Chief Executive Officer



**DATUK AHMAD ZAKI ZAHID**  
Executive Director

## STATUTORY DECLARATION

pursuant to Section 169(16) Of The Companies Act, 1965

I, **Chong Chin Ann**, the Officer primarily responsible for the financial management of **Malaysian Resources Corporation Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 151 to 164 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.



**CHONG CHIN ANN**

Subscribed and solemnly declared by the abovenamed **CHONG CHIN ANN** at **KUALA LUMPUR**, Malaysia on 23 February 2011.

Before me,

**MOHAN A. S. MANIAM (No. W521)**  
No. 50, Jalan Hang Lekiu  
50100 Kuala Lumpur



COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Resources Corporation Berhad (Company No. 7994 D)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysian Resources Corporation 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, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 52.

### 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 MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 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 MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of 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 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of subsidiaries of which we have not acted as auditors which are indicated in Note 46 to the financial statements.



# INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Resources Corporation Berhad (Company No. 7994 D) (cont'd)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)

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

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 53 on page 253 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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

**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants

**MOHAMMAD FAIZ BIN MOHAMMAD AZMI**

(No. 2025/03/12 (J))

Chartered Accountant

Kuala Lumpur

23 February 2011

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2010

|   |      | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   | Note | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Revenue   | 8    | 1,067,579      | 921,616        | 344,332        | 485,459        |
| Cost of sales   | 9    | (873,016)      | (780,604)      | (283,651)      | (421,929)      |
| Gross profit  |      | 194,563        | 141,012        | 60,681         | 63,530         |
| Other income:   |      |                |                |                |                |
| - gain on disposal  | 10   | –              | 4,024          | –              | 7,157          |
| - others  | 10   | 21,754         | 31,401         | 15,414         | 14,904         |
| Selling and distribution costs                                |      | (2,898)        | (2,858)        | (854)          | (1,023)        |
| Administrative expenses                                       |      | (61,120)       | (65,946)       | (21,217)       | (21,269)       |
| Other operating expenses:                                     |      |                |                |                |                |
| - (allowance for)/write back of impairment losses             |      | (5,379)        | 1,502          | (1,548)        | (4,815)        |
| - write back of /(allowance for) doubtful debts               |      |                |                |                |                |
| • subsidiaries  |      | –              | –              | 8,283          | 2,344          |
| • others  |      | (932)          | (768)          | 185            | (130)          |
| - others  |      | (36,235)       | (34,787)       | (18,045)       | (17,117)       |
| Finance income  | 10   | 30,847         | 27,980         | 29,076         | 30,397         |
| Finance costs   | 14   | (31,449)       | (38,570)       | (23,243)       | (32,358)       |
| Share of results of associates                                |      | (5,530)        | (10,194)       | –              | –              |
| Share of results of jointly controlled entities               |      | (6,046)        | (6,304)        | –              | –              |
| Profit before income tax                                      | 11   | 97,575         | 46,492         | 48,732         | 41,620         |
| Income tax expense  | 15   | (23,781)       | (9,009)        | (9,300)        | (11,925)       |
| Profit for the financial year                                 |      | 73,794         | 37,483         | 39,432         | 29,695         |
| Other comprehensive income for the financial year, net of tax |      |                |                |                |                |
| - Revaluation reserve arising from acquisition of subsidiary  |      | 28,090         | –              | –              | –              |
| - Currency translation differences                            |      | 1,467          | 15             | –              | –              |
| Total comprehensive income for the financial year, net of tax |      | 103,351        | 37,498         | 39,432         | 29,695         |

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2010 (cont'd)

|  |      | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  | Note | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit attributable to:  |      |                |                |                |                |
| Equity holders of the Company  |      | 67,268         | 34,624         | 39,432         | 29,695         |
| Minority interests   |      | 6,526          | 2,859          | —              | —              |
|  |      | 73,794         | 37,483         | 39,432         | 29,695         |
| Total comprehensive income<br>for the financial year attributable to:  |      |                |                |                |                |
| Equity holders of the Company  |      | 96,385         | 34,639         | 39,432         | 29,695         |
| Minority interests   |      | 6,966          | 2,859          | —              | —              |
|  |      | 103,351        | 37,498         | 39,432         | 29,695         |
| Earnings per share attributable<br>to the ordinary equity holders of<br>the Company during the<br>financial year (sen) |      |                |                |                |                |
| - Basic earnings per share   | 16   | 5.2            | 3.8            |                |                |
| - Diluted earnings per share   | 16   | 5.2            | 3.8            |                |                |

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2010

|   | Group |                      |                                    |                                    |                      | Company              |
|---|-------|----------------------|------------------------------------|------------------------------------|----------------------|----------------------|
|   | Note  | 31.12.2010<br>RM'000 | 31.12.2009<br>RM'000<br>(restated) | 01.01.2009<br>RM'000<br>(restated) | 31.12.2010<br>RM'000 | 31.12.2009<br>RM'000 |
| ASSETS  |       |                      |                                    |                                    |                      |                      |
| Non-current assets                                    |       |                      |                                    |                                    |                      |                      |
| Property, plant and equipment                         | 17    | 198,705              | 111,800                            | 79,318                             | 16,476               | 17,263               |
| Investment properties                                 | 18    | 359,208              | 140,503                            | 146,512                            | 42,656               | 43,546               |
| Land held for property development                    | 19(a) | 599,949              | 569,451                            | 533,965                            | –                    | –                    |
| Expressway development expenditure                    | 20    | 925,047              | 567,043                            | 113,529                            | –                    | –                    |
| Subsidiaries  | 21    | –                    | –                                  | –                                  | 775,973              | 589,221              |
| Associates  | 22    | 105,605              | 162,853                            | 162,472                            | 144,490              | 192,666              |
| Jointly controlled entities                           | 23    | 93,398               | 36,904                             | –                                  | 96,007               | 44,252               |
| Available for sale financial assets                   | 24    | 482                  | 444                                | 379                                | 482                  | 444                  |
| Intangible assets                                     | 7     | 58,554               | –                                  | –                                  | –                    | –                    |
| Deferred tax assets                                   | 25    | 29,790               | 29,790                             | 24,646                             | –                    | –                    |
|   |       | 2,370,738            | 1,618,788                          | 1,060,821                          | 1,076,084            | 887,392              |
| Current assets  |       |                      |                                    |                                    |                      |                      |
| Inventories   | 26    | 17,865               | 19,075                             | 21,461                             | 7,220                | 7,220                |
| Property development costs                            | 19(b) | 367,139              | 200,368                            | 216,517                            | –                    | –                    |
| Trade and other receivables                           | 27    | 807,614              | 418,626                            | 480,736                            | 144,638              | 144,325              |
| Amounts due from subsidiaries                         | 27    | –                    | –                                  | –                                  | 647,986              | 504,515              |
| Amounts due from jointly controlled entities          | 27    | 21,699               | 50,943                             | 50,249                             | 81,779               | 94,024               |
| Tax recoverable                                       |       | 3,673                | 2,429                              | 1,982                              | –                    | –                    |
| Financial assets at fair value through profit or loss | 29    | 4,608                | 2,291                              | 1,807                              | 4,232                | 2,270                |
| Deposits, cash and bank balances                      | 30    | 795,004              | 806,232                            | 1,082,438                          | 330,345              | 63,281               |
|   |       | 2,017,602            | 1,499,964                          | 1,855,190                          | 1,216,200            | 815,635              |
| Total assets  |       | 4,388,340            | 3,118,752                          | 2,916,011                          | 2,292,284            | 1,703,027            |



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2010 (cont'd)

|  | Group |                      |                                    |                                    |                      | Company              |
|--|-------|----------------------|------------------------------------|------------------------------------|----------------------|----------------------|
|  | Note  | 31.12.2010<br>RM'000 | 31.12.2009<br>RM'000<br>(restated) | 01.01.2009<br>RM'000<br>(restated) | 31.12.2010<br>RM'000 | 31.12.2009<br>RM'000 |
| EQUITY   |       |                      |                                    |                                    |                      |                      |
| Equity attributable to equity holders of the Company |       |                      |                                    |                                    |                      |                      |
| Share capital  | 31    | 1,382,432            | 907,625                            | 907,537                            | 1,382,432            | 907,625              |
| Accumulated losses                                   |       | (265,905)            | (323,405)                          | (358,029)                          | (265,425)            | (295,380)            |
| Other reserves                                       |       | 169,698              | 87,699                             | 85,659                             | 140,529              | 87,748               |
|  |       | 1,286,225            | 671,919                            | 635,167                            | 1,257,536            | 699,993              |
| Minority interests                                   |       | 35,252               | 18,393                             | 17,214                             | –                    | –                    |
| Total equity   |       | 1,321,477            | 690,312                            | 652,381                            | 1,257,536            | 699,993              |
| LIABILITIES  |       |                      |                                    |                                    |                      |                      |
| Non-current liabilities                              |       |                      |                                    |                                    |                      |                      |
| Loan stocks at cost                                  | 33    | 9,590                | 9,590                              | 9,590                              | –                    | –                    |
| Provision for other liabilities and charges          |       | –                    | –                                  | 9,069                              | –                    | –                    |
| Senior Sukuk   | 35(a) | 828,633              | 828,388                            | 827,007                            | –                    | –                    |
| Post-employment benefit obligations                  | 36    | 11,507               | 11,054                             | 10,345                             | 3,497                | 3,365                |
| Long term borrowings                                 | 37    | 813,624              | 746,615                            | 235,093                            | 499,000              | 499,000              |
| Long term liabilities                                | 38    | 107,715              | 102,746                            | 98,993                             | –                    | –                    |
| Deferred tax liabilities                             | 25    | 32,912               | 32,979                             | 34,402                             | –                    | –                    |
|  |       | 1,803,981            | 1,731,372                          | 1,224,499                          | 502,497              | 502,365              |
| Current liabilities                                  |       |                      |                                    |                                    |                      |                      |
| Provisions for other liabilities and charges         | 34    | 12,409               | 12,140                             | 12,513                             | –                    | –                    |
| Trade and other payables                             | 39    | 888,911              | 618,587                            | 477,322                            | 209,399              | 130,806              |
| Amounts due to subsidiaries                          | 39    | –                    | –                                  | –                                  | 261,758              | 315,463              |
| Current tax liabilities                              |       | 6,931                | 7,925                              | 3,673                              | 1,894                | 5,400                |
| Short term borrowings                                | 41    | 354,631              | 58,416                             | 545,623                            | 59,200               | 49,000               |
|  |       | 1,262,882            | 697,068                            | 1,039,131                          | 532,251              | 500,669              |
| Total liabilities                                    |       | 3,066,863            | 2,428,440                          | 2,263,630                          | 1,034,748            | 1,003,034            |
| Total equity and liabilities                         |       | 4,388,340            | 3,118,752                          | 2,916,011                          | 2,292,284            | 1,703,027            |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

|  | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY |                                      |                               |   |                                   |                              |                 |                              |                        |
|--|---|--------------------------------------|-------------------------------|---|-----------------------------------|------------------------------|-----------------|------------------------------|------------------------|
|  | Share capital<br>(Note 31)<br>RM'000          | Share premium<br>(Note 32)<br>RM'000 | Revaluation reserve<br>RM'000 | Currency translation<br>differences<br>RM'000 | Share option<br>reserve<br>RM'000 | Accumulated losses<br>RM'000 | Total<br>RM'000 | Minority interests<br>RM'000 | Total equity<br>RM'000 |
| At 1 January 2010<br>(as previously stated)  | 907,625                                       | 79,913                               | -                             | (49)  | 7,835                             | (323,405)                    | 671,919         | 18,393                       | 690,312                |
| Effect of adopting FRS 139   | -   | -                                    | -                             | -   | -                                 | 512                          | 512             | 96                           | 608                    |
| At 1 January 2010<br>(as restated)   | 907,625                                       | 79,913                               | -                             | (49)  | 7,835                             | (322,893)                    | 672,431         | 18,489                       | 690,920                |
| Comprehensive income   |   |                                      |                               |   |                                   |                              |                 |                              |                        |
| - Profit for the financial year  | -   | -                                    | -                             | -   | -                                 | 67,268                       | 67,268          | 6,526                        | 73,794                 |
| Other comprehensive income   |   |                                      |                               |   |                                   |                              |                 |                              |                        |
| - Revaluation reserve arising from acquisition of subsidiary (previously an associate) | -   | -                                    | 28,090                        | -   | -                                 | -                            | 28,090          | -                            | 28,090                 |
| - Currency translation differences   | -   | -                                    | -                             | 1,027   | -                                 | -                            | 1,027           | 440                          | 1,467                  |
| Total comprehensive income   | -   | -                                    | 28,090                        | 1,027   | -                                 | 67,268                       | 96,385          | 6,966                        | 103,351                |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010 (cont'd)

|  | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
|--|---|--------------------------------------|----------------------------------|---------------------------------------|--|--------------------------------------|---------------------------------|------------------|---------------------------------|---------------------------|
|  | Share capital<br>(Note 31)<br>RM'000          | Share premium<br>(Note 32)<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Reserve on<br>consolidation<br>RM'000 | Currency<br>translation<br>differences<br>RM'000 | Share<br>option<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 | Total<br>RM'000  | Minority<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>Transactions with owners</b>                    |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
| Issue of shares                                    | 455,389                                       | 54,647                               | -                                | -                                     | -  | -                                    | -                               | 510,036          | -                               | 510,036                   |
| - right issue                                      |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
| - exercise of options under ESOS                   | 19,418  | 2,977                                | -                                | -                                     | -  | -                                    | -                               | 22,395           | -                               | 22,395                    |
| Share issue expenses                               | -   | (6,763)                              | -                                | -                                     | -  | -                                    | -                               | (6,763)          | -                               | (6,763)                   |
| Employees' share option scheme (Note 31)           |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
| - options granted                                  | -   | -                                    | -                                | -                                     | -  | 1,920                                | -                               | 1,920            | -                               | 1,920                     |
| Acquisition of additional interest in subsidiaries |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
|  | -   | -                                    | -                                | 101                                   | -  | -                                    | -                               | 101              | 12,901                          | 13,002                    |
| Dividends (Note 52)                                |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
| - financial year ended 31 December 2009            | -   | -                                    | -                                | -                                     | -  | -                                    | (10,280)                        | (10,280)         | -                               | (10,280)                  |
| Profit distribution by a jointly controlled entity |   |                                      |                                  |                                       |  |                                      |                                 |                  |                                 |                           |
| - financial year ended 31 December 2010            | -   | -                                    | -                                | -                                     | -  | -                                    | -                               | -                | (3,104)                         | (3,104)                   |
| <b>Total transactions with owners</b>              | <b>474,807</b>                                | <b>50,861</b>                        | <b>-</b>                         | <b>101</b>                            | <b>-</b>   | <b>1,920</b>                         | <b>(10,280)</b>                 | <b>517,409</b>   | <b>9,797</b>                    | <b>527,206</b>            |
| <b>At 31 December 2010</b>                         | <b>1,382,432</b>                              | <b>130,774</b>                       | <b>28,090</b>                    | <b>101</b>                            | <b>978</b>                                       | <b>9,755</b>                         | <b>(265,905)</b>                | <b>1,286,225</b> | <b>35,252</b>                   | <b>1,321,477</b>          |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010 (cont'd)

| ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
|---|--------------------------------------|--------------------------------------|---|-----------------------------------|---------------------------------|-----------------|---------------------------------|---------------------------|
|   | Share capital<br>(Note 31)<br>RM'000 | Share premium<br>(Note 32)<br>RM'000 | Currency translation<br>differences<br>RM'000 | Share option<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 | Total<br>RM'000 | Minority<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| At 1 January 2009                             | 907,537                              | 79,894                               | (63)  | 5,828                             | (358,029)                       | 635,167         | 17,214                          | 652,381                   |
| <b>Comprehensive income</b>                   |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - Profit for the financial year               | -                                    | -                                    | -   | -                                 | 34,624                          | 34,624          | 2,859                           | 37,483                    |
| <b>Other comprehensive income</b>             |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - Currency translation differences            | -                                    | -                                    | 14  | -                                 | -                               | 14              | -                               | 14                        |
| Total comprehensive income                    | -                                    | -                                    | 14  | -                                 | 34,624                          | 34,638          | 2,859                           | 37,497                    |



# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010 (cont'd)

| ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY         |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
|---|--------------------------------------|--------------------------------------|---|-----------------------------------|---------------------------------|-----------------|---------------------------------|---------------------------|
|   | Share capital<br>(Note 31)<br>RM'000 | Share premium<br>(Note 32)<br>RM'000 | Currency translation<br>differences<br>RM'000 | Share option<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 | Total<br>RM'000 | Minority<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| Transactions with owners                              |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| Issue of shares                                       |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - exercise of options under ESOS                      | 88                                   | 19                                   | -   | -                                 | -                               | 107             | -                               | 107                       |
| Employees' share option scheme<br>(Note 31)           |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - options granted                                     | -                                    | -                                    | -   | 2,007                             | -                               | 2,007           | -                               | 2,007                     |
| Dividends (Note 52)                                   |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - financial year ended<br>31 December 2009            | -                                    | -                                    | -   | -                                 | -                               | -               | (842)                           | (842)                     |
| Profit distribution by a jointly<br>controlled entity |                                      |                                      |   |                                   |                                 |                 |                                 |                           |
| - financial year ended<br>31 December 2009            | -                                    | -                                    | -   | -                                 | -                               | -               | (838)                           | (838)                     |
| Total transactions with owners                        | 88                                   | 19                                   | -   | 2,007                             | -                               | 2,114           | (1,680)                         | 434                       |
| At 31 December 2009                                   | 907,625                              | 79,913                               | (49)  | 7,835                             | (323,405)                       | 671,919         | 18,393                          | 690,312                   |

# COMPANY STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

|   | NON-DISTRIBUTABLE                    |                                      |                                   |                                 |                 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------|-----------------|
|   | Share capital<br>(Note 31)<br>RM'000 | Share premium<br>(Note 32)<br>RM'000 | Share option<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 | Total<br>RM'000 |
| At 1 January 2010                           | 907,625                              | 79,913                               | 7,835                             | (295,380)                       | 699,993         |
| Effect of adopting FRS 139                  | –                                    | –                                    | –                                 | 803                             | 803             |
| At 1 January 2010 (as restated)             | 907,625                              | 79,913                               | 7,835                             | (294,577)                       | 700,796         |
| <b>Comprehensive income</b>                 |                                      |                                      |                                   |                                 |                 |
| - Profit for the financial year             | –                                    | –                                    | –                                 | 39,432                          | 39,432          |
| Total comprehensive income                  | –                                    | –                                    | –                                 | 39,432                          | 39,432          |
| <b>Transactions with owners</b>             |                                      |                                      |                                   |                                 |                 |
| Issue of shares                             |                                      |                                      |                                   |                                 |                 |
| - rights issue                              | 455,389                              | 54,647                               | –                                 | –                               | 510,036         |
| - exercise of options under ESOS            | 19,418                               | 2,977                                | –                                 | –                               | 22,395          |
| Share issue expenses                        | –                                    | (6,763)                              | –                                 | –                               | (6,763)         |
| Employees' share option<br>scheme (Note 31) |                                      |                                      |                                   |                                 |                 |
| - options granted                           | –                                    | –                                    | 1,920                             | –                               | 1,920           |
| Dividend                                    |                                      |                                      |                                   |                                 |                 |
| - financial year ended<br>31 December 2009  | –                                    | –                                    | –                                 | (10,280)                        | (10,280)        |
| Total transactions with owners              | 474,807                              | 50,861                               | 1,920                             | (10,280)                        | 517,308         |
| At 31 December 2010                         | 1,382,432                            | 130,774                              | 9,755                             | (265,425)                       | 1,257,536       |

# COMPANY STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010 (cont'd)

|   | NON-DISTRIBUTABLE                       |   |                                      |                                 |                 |
|---|---|---|--------------------------------------|---------------------------------|-----------------|
|   | Share<br>capital<br>(Note 31)<br>RM'000 | Share<br>premium<br>(Note 32)<br>RM'000 | Share<br>option<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 | Total<br>RM'000 |
| At 1 January 2009                           | 907,537                                 | 79,894                                  | 5,828                                | (325,075)                       | 668,184         |
| <b>Comprehensive income</b>                 |   |   |                                      |                                 |                 |
| - Profit for the financial year             | -                                       | -                                       | -                                    | 29,695                          | 29,695          |
| Total comprehensive income                  | -                                       | -                                       | -                                    | 29,695                          | 29,695          |
| <b>Transactions with owners</b>             |   |   |                                      |                                 |                 |
| Issue of shares                             |   |   |                                      |                                 |                 |
| - exercise of options under ESOS            | 88                                      | 19                                      | -                                    | -                               | 107             |
| Employees' share option<br>scheme (Note 31) |   |   |                                      |                                 |                 |
| - options granted                           | -                                       | -                                       | 2,007                                | -                               | 2,007           |
| Total transactions with owners              | 88                                      | 19                                      | 2,007                                | -                               | 2,114           |
| At 31 December 2009                         | 907,625                                 | 79,913                                  | 7,835                                | (295,380)                       | 699,993         |

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
| Note  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>OPERATING ACTIVITIES</b>                             |                |                |                |                |
| Profit attributable to equity holders of the Company    | 67,268         | 34,624         | 39,432         | 29,695         |
| Adjustments for:  |                |                |                |                |
| Tax   | 23,781         | 9,009          | 9,300          | 11,925         |
| Minority interests                                      | 6,526          | 2,859          | –              | –              |
| Share of results of:                                    |                |                |                |                |
| - associates  | 5,530          | 10,194         | –              | –              |
| - jointly controlled entities                           | 6,046          | 6,304          | –              | –              |
| Dividend income   | (167)          | (186)          | (14,255)       | (26,119)       |
| Finance costs   | 31,449         | 38,570         | 23,243         | 32,358         |
| Fair value adjustment                                   | (1,302)        | –              | 229            | –              |
| Impairment (gain)/losses on:                            |                |                |                |                |
| - subsidiaries  | –              | –              | 3,371          | 6,316          |
| - associate   | 7,120          | –              | –              | –              |
| - other investment                                      | (279)          | (1,018)        | (279)          | (1,018)        |
| - financial assets at fair value through profit or loss | (1,462)        | (484)          | (1,544)        | (484)          |
| Discount for investment                                 | (77)           | (179)          | (77)           | (179)          |
| Allowance/(write back) for doubtful debts               | 932            | 768            | (8,468)        | (2,214)        |
| Inventories recovered                                   | –              | (34)           | –              | –              |
| Property, plant and equipment:                          |                |                |                |                |
| - depreciation  | 10,133         | 11,139         | 1,113          | 1,363          |
| - impairment  | 1,715          | –              | –              | –              |
| - written off   | 12             | 196            | 0              | 29             |
| - net (gain)/loss on disposal                           | (44)           | (788)          | –              | 0              |
| Depreciation for investment property                    | 3,409          | 3,402          | 890            | 890            |
| Provision/(write back) for:                             |                |                |                |                |
| - liabilities and charges                               | 624            | (8,929)        | –              | –              |
| - post-employment benefits                              | 1,968          | 1,929          | 608            | 614            |
| Gain on disposal of subsidiary                          | –              | (4,024)        | –              | (7,157)        |
| Interest income   | (30,847)       | (27,980)       | (30,289)       | (31,610)       |
| Employees' share option scheme                          |                |                |                |                |
| - value of service provided                             | 1,920          | 2,007          | 497            | 409            |



# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010 (cont'd)

|  | Group |                |                | Company        |                |
|--|-------|----------------|----------------|----------------|----------------|
|  | Note  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| OPERATING ACTIVITIES (cont'd)  |       |                |                |                |                |
| Unrealised loss on currency translation differences                      |       | 1,467          | 15             | –              | –              |
| Unrealised gains on transactions with an associate                       |       | (1,365)        | –              | –              | –              |
|  |       | 134,357        | 77,394         | 23,771         | 14,818         |
| Changes in working capital:  |       |                |                |                |                |
| Decrease/(increase) in property development costs                        |       | 90,847         | (9,854)        | –              | –              |
| Decrease in inventories  |       | 1,210          | 2,419          | –              | 387            |
| (Increase)/decrease in receivables                                       |       | (455,881)      | 80,466         | (380)          | 39,944         |
| Increase in amounts due from subsidiaries (net)                          |       | –              | –              | (187,470)      | (30,058)       |
| Decrease/(increase) in amounts due from associates (net)                 |       | 4,963          | (4,711)        | –              | 10             |
| Decrease/(increase) in amount due from jointly controlled entities (net) |       | 27,928         | (5,772)        | 12,245         | (28,983)       |
| Decrease in amounts due to related parties (net)                         |       | (1,472)        | (745)          | (1,505)        | (704)          |
| Increase in payables   |       | 284,582        | 147,820        | 30,220         | 18,195         |
| Net cash from operations   |       | 86,534         | 287,017        | (123,119)      | 13,609         |
| Interest income received   |       | 30,847         | 27,980         | 30,289         | 31,610         |
| Dividends received from:   |       |                |                |                |                |
| - subsidiaries   |       | –              | –              | 9,000          | 876            |
| - an associate   |       | 2,100          | 19,125         | 2,100          | 19,125         |
| - financial assets at fair value through profit or loss                  |       | 161            | 86             | 161            | 81             |
| Tax refunded   |       | 482            | 242            | 475            | –              |
| Tax paid   |       | (26,920)       | (12,012)       | (10,280)       | (886)          |
| Interest expenses paid   |       | (120,563)      | (30,515)       | (25,211)       | (21,013)       |
| Credit facilities arrangement fees paid                                  |       | (85)           | (8,736)        | (85)           | (8,735)        |
| Retirement benefits paid   |       | (1,515)        | (1,220)        | (476)          | (279)          |
| Liability and charges paid   |       | (355)          | (513)          | –              | –              |
| Released/(pledged) of bank balances and fixed deposits as security value |       | 265,931        | 312,216        | (12,002)       | 10,042         |
| Net cash flow from operating activities                                  |       | 236,617        | 593,670        | (129,148)      | 44,430         |

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010 (cont'd)

|  | Group |                |                |                | Company        |
|--|-------|----------------|----------------|----------------|----------------|
|  | Note  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| INVESTING ACTIVITIES                                       |       |                |                |                |                |
| Proceeds from disposal of shares in a subsidiary           |       | –              | 0              | –              | 0              |
| Redemption of preference shares in an associate            |       | 2,100          | –              | 2,100          | –              |
| Proceeds from disposal of property, plant and equipment    |       | 152            | 1,252          | –              | 0              |
| Net cash flow from acquisition of interest in subsidiaries | 5     | (39,977)       | –              | –              | –              |
| Net cash flow from disposal of interest in a subsidiary    | 6     | –              | 0              | –              | –              |
| Purchase of property, plant and equipment                  |       | (12,296)       | (59,210)       | (326)          | (8,806)        |
| Purchase of investment properties                          |       | (105,030)      | –              | –              | –              |
| Purchase of balance of equity in a subsidiary              |       | (146)          | –              | –              | –              |
| Increase of expressway development expenditure             |       | (358,004)      | (453,514)      | –              | –              |
| Redemption of available for sale financial assets          |       | 243            | 962            | 243            | 962            |
| Subscription of shares in                                  |       |                |                |                |                |
| - subsidiaries   |       | –              | –              | (64,124)       | (27,500)       |
| - associates   |       | (21,000)       | (29,700)       | (21,000)       | (29,700)       |
| - jointly controlled entities                              |       | (58,268)       | (40,182)       | (58,268)       | (40,182)       |
| - available for sale financial assets                      |       | (2)            | (9)            | (2)            | (9)            |
| Net cash flow from investing activities                    |       | (592,228)      | (580,401)      | (141,377)      | (105,235)      |
| FINANCING ACTIVITIES                                       |       |                |                |                |                |
| Proceeds from term loans                                   |       | 203,817        | 584,380        | 15,000         | 555,000        |
| Repayment of term loans                                    |       | (105,786)      | (559,806)      | (4,800)        | (547,468)      |
| Proceeds from rights issue and share options exercised     |       | 525,667        | 107            | 525,667        | 107            |
| Dividend paid  |       | (10,280)       | (842)          | (10,280)       | –              |
| Profit distribution by a jointly controlled entity         |       | (3,104)        | (838)          | –              | –              |
| Net cash flow from financing activities                    |       | 610,314        | 23,001         | 525,587        | 7,639          |

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010 (cont'd)

|   |      | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   | Note | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| CHANGES IN CASH AND CASH EQUIVALENTS                            |      | 254,703        | 36,270         | 255,062        | (53,166)       |
| CASH AND CASH EQUIVALENTS AT<br>BEGINNING OF THE FINANCIAL YEAR |      | 232,571        | 196,301        | 59,648         | 112,814        |
| CASH AND CASH EQUIVALENTS AT<br>END OF THE FINANCIAL YEAR       | 42   | 487,274        | 232,571        | 314,710        | 59,648         |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

## 1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in construction related activities, environmental engineering, property development and investment and provision of management services to its subsidiaries.

The Group is principally engaged in property development and investment, building services, environmental engineering, infrastructure and engineering and construction related activities.

The principal activities of the subsidiaries, jointly controlled entities and associates are described in Note 46 to the financial statements.

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

The address of the registered office and principal place of business of the Company is as follows:

Level 21, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 February 2011.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards (FRS), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.1 BASIS OF PREPARATION (cont'd)

(a) **The new/revised accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group's and the Company's financial year beginning 1 January 2010 are as follows:**

- FRS 7 "Financial Instruments: Disclosures" and the related Amendments
- FRS 8 "Operating Segments"
- Revised FRS 101 (revised) "Presentation of financial statements"
- FRS 123 "Borrowings Costs"
- FRS 139 "Financial Instruments: Recognition and Measurement" and the related Amendments
- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standard" 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"
- Amendment to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of Financial Statements" – Puttable financial instruments and obligations arising on liquidation
- IC Interpretation 9 "Reassessment of Embedded Derivatives" and the related Amendments
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- Improvement to FRSs (2009)

(b) **Standards early adopted by the Group**

There are no standards early adopted by the Group and the Company.

(c) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective.**

- The revised FRS 3 "Business combinations"
- The revised FRS 124 "Related party disclosures" (effective from 1 January 2012)
- The revised FRS 127 "Consolidated and separate financial statements" (applies prospectively to transactions with non-controlling interests from 1 July 2010)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.1 BASIS OF PREPARATION (cont'd)

(c) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective.** (cont'd)

- Amendments to FRS 2 "Share-based payments: Group cash-settled share-based payment transactions" (effective from 1 January 2011)
- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011)
- Amendment to FRS 132 "Financial instruments: Presentation" on classification of right issue (effective from 1 March 2010)
- IC Interpretation 12 "Service concession arrangements" (effective from 1 July 2010)
- IC Interpretation 15 "Agreements for construction of real estates" (effective from 1 January 2012)
- Amendments to IC Interpretation 14 "FRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction" (effective from 1 July 2011)

**Improvements to FRSs:**

- FRS 3 "Business combinations" (effective from 1 January 2011)
- FRS 101 "Presentation of financial statements" (effective from 1 January 2011)
- FRS 138 "Intangible Assets" (effective from 1 July 2010)
- IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective from 1 July 2010)

### 2.2 ECONOMIC ENTITIES IN THE GROUP

(a) **Subsidiaries**

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Subsidiaries that were consolidated prior to 1 January 2002 are in accordance with Malaysia Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the exemption provided by FRS 122<sup>2004</sup> and FRS 3 to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these standards.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 ECONOMIC ENTITIES IN THE GROUP (cont'd)

#### (a) Subsidiaries (cont'd)

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.7 on intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

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

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

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### (b) Transactions with Minority Interests

For purchases of a subsidiary's equity shares from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or negative goodwill.

Disposals of equity shares to minority interests for cash consideration and at fair value result in gains and losses for the Group and are recorded in the statement of comprehensive income. The gain or loss is the difference between the Group's share of net assets immediately before and immediately after the disposal and a ratable portion of goodwill is realised.

For purchases or disposals from or to minority interests for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the subsidiary and its shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stake and any consideration received or paid is adjusted to or against the Group's reserves.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

### **2.2 ECONOMIC ENTITIES IN THE GROUP** (cont'd)

#### **(b) Transactions with Minority Interests** (cont'd)

All other changes in stakes and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

#### **(c) Associates**

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for by using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. Refer accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

#### **(d) Jointly controlled entities**

Jointly controlled entities are corporations, partnership or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

Investments in jointly controlled entities are stated at cost. Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Results and interests in jointly controlled entities are equity accounted in the venturer's financial statements of the Group.

Equity accounting involves recognising the venturer's share of the post acquisition results of jointly controlled entities in the statement of comprehensive income and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment losses).



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 ECONOMIC ENTITIES IN THE GROUP (cont'd)

#### (d) Jointly controlled entities (cont'd)

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

### 2.3 FOREIGN CURRENCIES

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

All foreign exchange gains and losses are presented in the statements of comprehensive income within other expenses.

The principal closing rates used in translation of foreign currency amounts were as follows:

| Foreign currency    | 31.12.2010<br>RM | 31.12.2009<br>RM |
|---------------------|------------------|------------------|
| 100 Thai Baht       | 10.15            | 9.81             |
| 1 Australian Dollar | 3.15             | –                |

#### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 FOREIGN CURRENCIES (cont'd)

#### (c) Group companies (cont'd)

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.4 INVESTMENTS

Investments in subsidiaries, jointly controlled entities and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2.21 to the financial statements on impairment of non-financial assets. An allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statement of comprehensive income.

### 2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land which is not depreciated. Freehold land is not depreciated as it has an infinite life. Construction in progress are also not depreciated as these assets are not available for use. Cost includes expenditure that is directly attributable to the acquisition of the items.

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 the statement of comprehensive income during the financial year in which they are incurred.

Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts to their residual values over their estimated useful lives summarised as follows:

|   |               |
|---|---------------|
| Buildings   | 50 years      |
| Plant and machinery                                 | 5 to 10 years |
| Furniture, fittings, office equipment and computers | 3 to 20 years |
| Motor vehicles                                      | 3 to 5 years  |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each statement of financial position date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are credited or charged to other expenses in the statements of comprehensive income.

### 2.6 INVESTMENT PROPERTIES

Investment properties, comprising principally buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives of 50 years.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is credited or charged to the statement of comprehensive income in the financial year of the retirement or disposal.

### 2.7 INTANGIBLE ASSETS

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries occurring on or after 1 January 1995 are included in the statement of financial position as intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates. See accounting policy Note 2.21 to the financial statements on impairment of non-financial assets.

### 2.8 LEASES

#### Finance Lease

Leases of property, plant and equipment where the Group and the Company assume substantially all the benefits and risks of ownership are classified as finance leases.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.8 LEASES (cont'd)**

#### **Finance Lease (cont'd)**

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charges is charged to the statement of comprehensive income over the lease period.

The Directors have applied the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of FRS 117 "Leases" which allows the prepaid lease payments to be stated at its previous year's valuation less amortisation. Accordingly, the valuation has not been updated.

Leasehold land are amortised over the period of the respective leases which range from 66 years to 99 years. Amortisation is computed on the straight line method to write off the cost of each asset over its estimated useful life. The principal annual depreciation rate for related building is 2% per annum.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease term.

#### **Operating Lease**

Leases of assets where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the statement of comprehensive income on the straight-line basis over the lease period.

### **2.9 PROPERTY DEVELOPMENT ACTIVITIES**

#### **(a) Land held for property development**

Land held for property development consists of land or such portion thereof on which no significant development work has been undertaken or where development activities is not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group and the Company had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 2012004 "Property Development Activities". Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer to accounting policy on impairment of non-financial assets as set out in Note 2.21 to the financial statements.

Land held for property development is transferred to property development costs (under current assets) (Note 2.9(b)) when development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Borrowing costs are capitalised in accordance with Note 2.22 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

#### (b) Property development costs

Property development costs comprise costs associated with the acquisition of land or such portion thereof and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are transferred from land held for property development (Note 2.9(a)) when physical development activities have commenced and can be completed within the Group's and the Company's normal development cycle.

Property development costs are recognised when incurred.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the 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; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Borrowing costs are capitalised in accordance with Note 2.22 to the financial statements.

Where revenue recognised in the statement of comprehensive income exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the statement of comprehensive income, the balance is shown as progress billings under trade and other payables (within current liabilities).

### 2.10 EXPRESSWAY DEVELOPMENT EXPENDITURE

Expressway development expenditure (EDE) comprises the cost of construction of the concession assets. EDE is measured at cost less amortisation and accumulated impairment.

Where the Group provides construction services in exchange for the concession assets, the revenue and profits relating to the construction services are recognised in accordance with accounting policy 2.13 using the percentage of completion method.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.11 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

### **2.12 RECEIVABLES**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

### **2.13 CONSTRUCTION CONTRACTS**

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Construction contracts are recognised when incurred. Contract revenue is recognised based on percentage of completion method. The stage of completion of a construction contract is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

### **2.14 EMPLOYEE BENEFITS**

#### **(a) Short term employee benefits**

The Group and the Company recognise a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 EMPLOYEE BENEFITS (cont'd)

#### (a) Short term employee benefits (cont'd)

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services is rendered by employees of the Group and the Company.

#### (b) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices. These benefits plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial years. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors, such as age, years of service or compensation.

##### Defined contribution plan

The Group's and the Company's contributions to defined contribution plan are charged to the statement of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Defined benefit plan

The Group and the Company provide for unfunded retirement benefits to eligible employees that have been in the service of the Group and the Company for a continuous period of at least ten (10) years.

This scheme is closed to new employees since 1 August 2002.

The Group determines the present value of the defined benefit obligation with sufficient regularity such that the liability recognised in the financial statements does not differ materially from the amount that would have been determined as at that date. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified independent actuary after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 23 October 2009.

The current service cost recognised in the statement of comprehensive income is calculated based on the present value of the benefits accruing over the financial year following the valuation date with reference to the number of eligible employees and projected final salaries.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statement of comprehensive income is based on the expected average remaining working lives of the related employees participating in the defined benefit plan.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 EMPLOYEE BENEFITS (cont'd)

#### (b) Post-employment benefits (cont'd)

Past service costs are recognised immediately in statement of comprehensive income, unless the changes to the plan are conditional on the related employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

#### (c) Share-based compensation

The Group and the Company operate an equity-settled, share-based compensation plan for the employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the statement of comprehensive income over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position, the Group and the Company revise its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 2.15 PROVISIONS

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### (a) Guaranteed rental scheme and liquidated ascertained damages

The Group provides for estimated liability on projects still under progress/guarantee period at the statement of financial position. This provision is calculated based on contract agreements/past histories.

#### (b) Other provisions

The Group also recognises the estimated concession fees that is payable to the Government of Malaysia at the statement of financial position date in relation to the concession to operate, manage and maintain the Kuala Lumpur central railway station by a subsidiary. The provision is calculated based on the effective date as stated in the Concession Agreement.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 SENIOR AND JUNIOR SUKUK

The Senior and Junior Sukuk (Sukuk) are Islamic securities issued in accordance with the Syariah principle of Istisna'. Sukuk issued by the Group are stated at net proceeds received on issue. The Sukuk issuance expenses which represent the difference between the net proceeds and the total amount of the payment of the Sukuk are allocated to the periods over the term of the Sukuk at a constant rate on the carrying amounts. Both the finance charge and issuance expenses are capitalised in the construction costs of the Eastern Dispersal Link Highway project.

### 2.18 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, short term, highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are presented within borrowings in current liabilities on the statement on financial position.

### 2.19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.20 INCOME TAX**

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits. Tax is recognised in the statements of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### **2.21 IMPAIRMENT OF NON - FINANCIAL ASSETS**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of comprehensive income. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of comprehensive income.

### **2.22 INTEREST CAPITALISATION**

Interest incurred on borrowings to finance the construction of property, plant and equipment is capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the assets for its intended use. Interests relating to property development activities, construction contracts are accounted for in a similar manner. All other borrowings costs are expensed.

### **2.23 REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Company's activities. Revenue is shown net of service tax, returns, rebates and discounts and after eliminating sales within the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 REVENUE RECOGNITION (cont'd)

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue relating to long term engineering contracts and property development activities are accounted for using the percentage of completion method.

Other revenues earned by the Group and the Company are recognised on the following bases:

|                   |   |  |
|-------------------|---|--|
| Rental income     | - | on the accrual basis   |
| Interest income   | - | on the accrual basis   |
| Dividend income   | - | when the shareholder's right to receive payment is established |
| Building services | - | on the accrual basis   |
| Management fees   | - | on the accrual basis   |

### 2.24 FINANCIAL ASSETS

#### Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition:

- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets;
- Loans and receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; and
- Available-for-sale investments: Available-for-sale investments are those non-derivative financial assets that cannot be classified as financial assets at fair value through profit or loss, loans and receivables or cash and cash equivalents.

#### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and cash and cash equivalents are subsequently carried at amortised cost using the effective interest method.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.24 FINANCIAL ASSETS (cont'd)**

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income in the period in which they arise. Dividend and interest income are included in the statements of comprehensive income when the Group’s right to receive payment is established.

Changes in the fair value of the “financial assets available-for-sale” category are recognised in other comprehensive income. When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income.

Fair values for quoted investments are based on observable market prices.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### **2.25 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, balances with licensed financial institutions, bank overdrafts and short term highly liquid investments with original maturities of three months or less.

### **2.26 SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group’s and of the Company’s risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### (a) Estimate impairment of development cost and property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including value-in-use of the cash generating unit (CGU) to which the development costs and property, plant and equipment are allocated. Estimating the value-in-use requires the Group 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.

#### (b) Revenue recognition

##### Property development and Construction Contracts

The Group and the Company recognise property development 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 property development cost incurred for work performed to date bear to the estimated total property development costs.

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

The Group and the Company recognise construction contract revenue based on percentage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and work of specialists.

#### (c) Fair value of ESOS

In determining the fair value of options as disclosed in Note 31 to the financial statements, judgement is required in respect of assumptions used in arriving at the fair value. In arriving at the assumptions used, the Group relied on past experience and work of specialists.

### 3.2 CRITICAL JUDGEMENT IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. The following accounting policies require subjective judgement, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

Classification between investment properties and property, plant and equipment.

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

## 4 FINANCIAL RISK MANAGEMENT

- (a) The Group's activities expose it to a variety of financial risks, including interest rate risk, liquidity and cash flow risks and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Group does not trade in financial instruments.

(i) Interest rate risk

Interest rate risks arise mainly from the Group's short-term deposits and borrowings. The Group's short-term deposits are placed at prevailing interest rates.

The Group manages this risk through the use of fixed and floating rate debt.

The Group's outstanding borrowings as at year end at variable rates on which hedges have not been entered into, are denominated mainly in RM. If the RM annual interest rates increase/decrease by 1% respectively (2009: 1%) with all other variables including tax rate being held constant, the result after tax will be lower/higher by 5% (2009: 10%) as a result of higher/lower interest expense on these borrowings.

(ii) Liquidity and cash flow risk

The Group manages its liquidity risk by maintaining sufficient levels of cash or cash convertible investments and available credit facilities to meet its working capital requirements.

(iii) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. The Group seeks to invest cash assets safely and profitably. Credit risks are minimised given the Group's policy of selecting only counterparties with high creditworthiness.

The Group closely monitors collections from these customers. In addition, the Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

The Group has no other significant concentrations of credit risk, notwithstanding that all of its deposits are placed with financial institutions in Malaysia. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 4 FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to/from group companies) and short term borrowings.

#### Fair value estimation

Effective 1 January 2010, the Group adopted the amendment to FRS 7 for financial instruments that are measured in the statements of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>Balance<br>RM'000 |
|---|-------------------|-------------------|-------------------|----------------------------|
| <b>Assets</b>   |                   |                   |                   |                            |
| Available for sale financial assets                   | 482               | –                 | –                 | 482                        |
| Financial assets at fair value through profit or loss | 4,608             | –                 | –                 | 4,608                      |

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The Group does not hold any financial assets or liabilities that are fair valued at Level 2 and Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## 5 ACQUISITION OF SUBSIDIARIES

- (i) On 11 October 2010, Bitar Enterprises Sdn. Bhd., a wholly owned subsidiary of the Company acquired 70% of the enlarged equity interest in MRCB Land (Australia) Pty. Ltd. (formerly known as Yes 88 Pty. Ltd.) for cash consideration of A\$6.28 million (RM18,663,807).
- (ii) On 29 October 2010, the Company acquired the remaining 60% equity interest not owned by the Company in GSB Sentral Sdn. Bhd. for cash consideration of RM105.0 million.
- (iii) On 30 December 2010, the Company acquired additional 18% equity interest in Cosy Bonanza Sdn. Bhd. (CBSB) for cash consideration of RM7.8 million. With this acquisition, CBSB became a 65.7% subsidiary of the Company.

### Fair value of net assets acquired:

|   | <b>At date of<br/>acquisition<br/>2010<br/>RM'000</b> |
|---|---|
| Property, plant and equipment                           | 111,332   |
| Investment property                                     | 92,328  |
| Land held for property development                      | 26,293  |
| Goodwill on consolidation                               | 6   |
| Property development costs                              | 200,392   |
| Trade and other receivables                             | 13,913  |
| Deposits with finance companies                         | 12,286  |
| Bank balances   | 30,380  |
| Trade and other payables                                | (24,082)  |
| Long term borrowings                                    | (271,427)   |
| Minority interests                                      | (13,148)  |
| <b>Fair value of net assets acquired</b>                | <b>178,273</b>  |
| Goodwill on acquisition                                 | 58,548  |
| Post acquisition revaluation reserve                    | (28,090)  |
| <b>Purchase consideration</b>                           | <b>208,731</b>  |
| Less:   |   |
| Cash and cash equivalents of subsidiaries acquired:     |   |
| - deposits with finance companies                       | (12,286)  |
| - cash and bank balances                                | (30,380)  |
| Purchase consideration paid in previous financial years | (73,588)  |
| Balance of purchase consideration outstanding           | (52,500)  |
| <b>Cash outflow on acquisition</b>                      | <b>39,977</b>   |



# NOTES TO THE FINANCIAL STATEMENTS

## 31 December 2010 (cont'd)

### 5 ACQUISITION OF SUBSIDIARIES (cont'd)

The effects of the above acquisitions on the financial results of the Group from the date of the respective acquisitions which occurred during the financial period to 31 December 2010 were as follows:

|                                       | RM'000 |
|---------------------------------------|--------|
| Other operating income                | 76     |
| Operating costs                       | (66)   |
| Profit on operations                  | 10     |
| Finance cost                          | (173)  |
| Loss before taxation                  | (163)  |
| Taxation                              | (52)   |
| Net loss attributable to shareholders | (215)  |

The effects of the above acquisitions on the financial position of the Group as at 31 December 2010 were as follows:

|                                    | At<br>31.12.2010<br>RM'000 |
|------------------------------------|----------------------------|
| Property, plant and equipment      | 111,330                    |
| Investment property                | 102,771                    |
| Land held for property development | 28,103                     |
| Goodwill on consolidation          | 58,554                     |
| Property development costs         | 200,392                    |
| Trade and other receivables        | 681                        |
| Deposits and bank balances         | 41,393                     |
| Trade and other payables           | (33,765)                   |
| Current tax liabilities            | (52)                       |
| Long term borrowings               | (265,195)                  |
| Long term liabilities              | (961)                      |
| Minority interests                 | 243,251                    |
| Increase in the Group's net assets | (13,588)                   |
|                                    | 229,663                    |

The fair value of the acquired goodwill of RM58.55 million is provisional.

There were no acquisitions in the year ended 31 December 2009.

## 6 DISPOSAL OF A SUBSIDIARY

There were no disposals for the financial year ended 31 December 2010.

The effects of the disposal at the date of disposal on the financial positions of the Group in the previous financial year were as follows:

|  | <b>2009<br/>RM'000</b> |
|--|------------------------|
| Net assets disposed:                               |                        |
| Trade and other receivables                        | 1,935                  |
| Cash and bank balances                             | 0                      |
| Trade and other payables                           | (8,750)                |
|  | <hr/>                  |
| Net liabilities                                    | (6,815)                |
| Assignment of amount due from subsidiary           | 2,791                  |
|  | <hr/>                  |
| Net liabilities disposed                           | (4,024)                |
| Gain on disposal                                   | 4,024                  |
|  | <hr/>                  |
| Total consideration receivable from disposal       | 0                      |
| Less: Cash and bank balances                       | 0                      |
|  | <hr/>                  |
| Net cash from disposal of interest in a subsidiary | 0                      |
|  | <hr/>                  |

On 18 September 2009, the Group completed the disposal of its entire 70% equity interest in Kejuruteraan Dan Pembinaan Seri Lumut Sdn. Bhd. for a cash consideration of RM70.

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

|                      | <b>2009<br/>RM'000</b> |
|----------------------|------------------------|
| Revenue              | –                      |
| Operating cost       | (32)                   |
|                      | <hr/>                  |
| Loss from operation  | (32)                   |
| Finance cost         | –                      |
|                      | <hr/>                  |
| Loss before taxation | (32)                   |
| Taxation             | –                      |
|                      | <hr/>                  |
| Loss after taxation  | (32)                   |
|                      | <hr/>                  |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 7 INTANGIBLE ASSETS

The carrying amount of goodwill on consolidation is as follows:

|                                   | 2010<br>RM'000 | 2009<br>RM'000 |
|-----------------------------------|----------------|----------------|
| Goodwill on consolidation         | 68,707         | 10,153         |
| Less: Accumulated impairment loss | (10,153)       | (10,153)       |
|                                   | <b>58,554</b>  | –              |

## 8 REVENUE

|                             | Group            |                | Company        |                |
|-----------------------------|------------------|----------------|----------------|----------------|
|                             | 2010<br>RM'000   | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Property development        | 169,190          | 79,880         | –              | 438            |
| Construction contracts      | 821,118          | 765,187        | 299,522        | 435,445        |
| Building services           | 45,319           | 46,950         | –              | –              |
| Rental income               | 29,379           | 27,973         | 4,560          | 4,560          |
| Rendering of other services | 1,286            | 1,440          | –              | –              |
| Dividend income (gross)     | 167              | 186            | 14,255         | 26,119         |
| Management fees             | –                | –              | 24,782         | 17,684         |
| Other income                | 1,120            | –              | 1,213          | 1,213          |
|                             | <b>1,067,579</b> | 921,616        | <b>344,332</b> | 485,459        |

## 9 COST OF SALES

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Property development     | 113,154        | 52,700         | –              | –              |
| Construction contract    | 705,655        | 675,368        | 282,477        | 420,384        |
| Investment holding       | 14,769         | 10,516         | 1,174          | 1,158          |
| Building services        | 26,317         | 29,693         | –              | –              |
| Cost of inventories sold | 2,232          | 2,620          | –              | 387            |
| Others                   | 10,889         | 9,707          | –              | –              |
|                          | <b>873,016</b> | 780,604        | <b>283,651</b> | 421,929        |

## 10 OTHER INCOME

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Gain on disposal of subsidiaries | –              | 4,024          | –              | 7,157          |
| Others comprise:                 |                |                |                |                |
| Rental income:                   |                |                |                |                |
| - land and buildings             | 15,019         | 12,677         | 15,028         | 12,753         |
| - other assets                   | 27             | 242            | –              | –              |
|                                  | 15,046         | 12,919         | 15,028         | 12,753         |
| Others                           | 6,708          | 18,482         | 386            | 2,151          |
|                                  | 21,754         | 31,401         | 15,414         | 14,904         |
| Finance income from:             |                |                |                |                |
| - subsidiaries                   | –              | –              | –              | 8,221          |
| - fixed deposits                 | 3,384          | 3,173          | 8,641          | 1,741          |
| - others                         | 27,463         | 24,807         | 20,435         | 20,435         |
|                                  | 30,847         | 27,980         | 29,076         | 30,397         |



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 11 PROFIT BEFORE INCOME TAX

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before income tax is arrived at after charging/(crediting):    |                |                |                |                |
| Auditors' remuneration  |                |                |                |                |
| - statutory audit   | 477            | 477            | 104            | 127            |
| - other services  | 279            | 429            | 74             | 128            |
| Staff costs (including remuneration of executive directors) (Note 12) | 73,892         | 67,534         | 18,157         | 18,864         |
| Property, plant and equipment:  |                |                |                |                |
| - depreciation  | 10,132         | 11,139         | 1,113          | 1,363          |
| - impairment  | 1,715          | —              | —              | —              |
| - written off   | 12             | 196            | —              | 29             |
| - net gain on disposal  | (44)           | (788)          | —              | —              |
| Depreciation of investment properties                                 | 3,409          | 3,402          | 890            | 890            |
| Impairment losses/(write back) on:                                    |                |                |                |                |
| - subsidiaries  | —              | —              | 3,371          | 6,317          |
| - associate   | 7,120          | —              | —              | —              |
| - available for sale financial assets                                 | (279)          | (1,018)        | (279)          | (1,018)        |
| - financial assets at fair value through profit or loss               | (1,461)        | (484)          | (1,544)        | (484)          |
| Inventories written down  | —              | 292            | —              | —              |
| Rental of:  |                |                |                |                |
| - premises  | 12,009         | 11,922         | 10,891         | 11,108         |
| - office equipment  | 521            | 537            | 79             | 104            |
| Bad debts recovered   | —              | (178)          | —              | —              |
| Provision/(write back) for liabilities and charges                    | 624            | (8,929)        | —              | —              |
| Net realised loss on foreign exchange                                 | 772            | 1              | 770            | —              |

Direct operating expenses from investment properties that generated rental income of the Group and of the Company during the financial year amounted to RM12,369,863 (2009: RM11,440,647) and RM1,173, 780 (2009: RM1,158,407) respectively.

## 12 STAFF COSTS

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Wages, salaries and bonus      | 55,292         | 51,721         | 12,866         | 14,322         |
| Defined contribution plan      | 6,683          | 5,462          | 1,734          | 1,639          |
| Defined benefit plan (Note 36) | 1,968          | 1,929          | 608            | 614            |
| Termination benefits           | –              | 40             | –              | 40             |
| Share options (Note 31)        | 1,920          | 2,007          | 496            | 409            |
| Other employee benefits        | 8,029          | 6,375          | 2,453          | 1,840          |
|                                | <b>73,892</b>  | <b>67,534</b>  | <b>18,157</b>  | <b>18,864</b>  |

The number of persons employed by the Group and the Company at the end of the financial year amounted to 1,136 (2009: 1,149) and 165 (2009: 160) respectively.

## 13 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year were as follows:

### Non-executive Directors

Tan Sri Azlan Mohd Zainol (Chairman)  
 Shahril Ridza Ridzuan  
 Dato' Abdul Rahman Ahmad  
 Dato' Ahmad Hj. Ibnihaajar  
 Dr. Roslan A Ghaffar  
 Che King Tow  
 Mohamad Lotfy Mohamad Noh (resigned on 22 October 2010)

### Executive Directors

Datuk Mohamed Razeek Md Hussain Maricar (Chief Executive Officer)  
 Datuk Ahmad Zaki Zahid (Executive Director)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 13 DIRECTORS' REMUNERATION (cont'd)

The aggregate amounts of remuneration received/receivable by Directors of the Company for the financial year were as follows:

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Non-executive Directors:</b> |                |                |                |                |
| - fees                          | 547            | 308            | 532            | 293            |
| - emoluments                    | 219            | 60             | 219            | 60             |
|                                 | 766            | 368            | 751            | 353            |
| <b>Executive Directors:</b>     |                |                |                |                |
| - salaries and bonus            | 1,033          | 866            | 1,033          | 866            |
| - defined contribution plan     | 231            | 202            | 231            | 202            |
| - share options                 | 238            | 68             | 238            | 68             |
| - other employee benefits       | 177            | 186            | 177            | 186            |
|                                 | 1,679          | 1,322          | 1,679          | 1,322          |
|                                 | 2,445          | 1,690          | 2,430          | 1,675          |
| <b>Benefits-in-kind</b>         |                |                |                |                |
| Executive directors             | 18             | 28             | 18             | 28             |

During the financial year, two (2) Executive Directors of the Company were granted options under the Malaysian Resources Corporation Berhad's Employees' Share Option Scheme (2007/2012 ESOS) on the same terms and conditions as those offered to other employees of the Group (Note 31) as follows:

| Grant date     | Expiry date | Exercise price<br>RM/share | Number of options over ordinary shares of RM1.00 each |           |           |             |                  |
|----------------|-------------|----------------------------|---|-----------|-----------|-------------|------------------|
|                |             |                            | At<br>1.1.2010  | Granted   | Exercised | Lapsed      | At<br>31.12.2010 |
| 2007/2012 ESOS |             |                            |   |           |           |             |                  |
| 21 Dec 2007    | 30 Oct 2012 | 3.00                       | 1,000,000   | —         | —         | (1,000,000) | —                |
| 28 Apr 2009    | 30 Oct 2012 | 1.22                       | 800,000   | —         | (800,000) | —           | —                |
| 24 Aug 2010    | 30 Oct 2012 | 2.00                       | —   | 3,325,000 | —         | —           | 3,325,000        |
|                |             |                            | 1,800,000   | 3,325,000 | (800,000) | (1,000,000) | 3,325,000        |

## 14 FINANCE COSTS

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Arrangement fees for borrowings    | 85             | 8,736          | 85             | 8,735          |
| Interest expense on:               |                |                |                |                |
| - term loans                       | 23,206         | 24,798         | 23,158         | 23,623         |
| - bank overdraft                   | —              | 7              | —              | —              |
| - hire purchase                    | 137            | 142            | —              | —              |
| - loan stock                       | 672            | 672            | —              | —              |
| - others                           | 11             | 19             | —              | —              |
| Amortisation of loan issuance cost | 2,933          | —              | —              | —              |
| Accretion of liability (Note 38)   | 4,405          | 4,196          | —              | —              |
|                                    | <b>31,449</b>  | <b>38,570</b>  | <b>23,243</b>  | <b>32,358</b>  |



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 15 INCOME TAX EXPENSE

(a) Tax charged/(credited) for the financial year

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| In Malaysia:  |                |                |                |                |
| Current tax   | 24,509         | 17,802         | 9,803          | 13,509         |
| Over provision in prior years                           | (661)          | (2,226)        | (503)          | (1,584)        |
|   | 23,848         | 15,576         | 9,300          | 11,925         |
| Deferred tax (Note 25)                                  | (67)           | (6,567)        | —              | —              |
| Tax expense   | 23,781         | 9,009          | 9,300          | 11,925         |
| Current tax   |                |                |                |                |
| Current year  | 24,509         | 17,802         | 9,803          | 13,509         |
| Over provision in prior years                           | (661)          | (2,226)        | (503)          | (1,584)        |
|   | 23,848         | 15,576         | 9,300          | 11,925         |
| Deferred tax  |                |                |                |                |
| Origination net of reversal<br>of temporary differences | (67)           | (6,394)        | —              | —              |
| Benefit from previously<br>unrecognised tax losses      | —              | (173)          | —              | —              |
|   | (67)           | (6,567)        | —              | —              |
|   | 23,781         | 9,009          | 9,300          | 11,925         |

## 15 INCOME TAX EXPENSE (cont'd)

### (b) Numerical reconciliation of income tax expense

The explanation of the relationship between income tax expense and profit before tax is as follows:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Profit before income tax   | 97,575         | 46,492         | 48,732         | 41,620         |
| Tax calculated at the<br>Malaysian tax rate<br>of 25% (2009: 25%)          | 24,394         | 11,623         | 12,183         | 10,405         |
| Tax effects of:  |                |                |                |                |
| Income not subject to tax  | (7,457)        | (3,250)        | (3,041)        | (2,908)        |
| Expenses not deductible<br>for tax purposes                                | 14,356         | 14,608         | 165            | 4,084          |
| Utilisation of previously<br>unrecognised tax losses                       | (7,553)        | (6,156)        | —              | —              |
| Movement of previously<br>unrecognised deductible<br>temporary differences | (1,630)        | (3,480)        | 26             | —              |
| Over provision of tax<br>in prior years                                    | (661)          | (2,226)        | (503)          | (1,584)        |
| (Over)/under provision of<br>deferred tax in prior years                   | 0              | (79)           | —              | —              |
| Tax credit   | (3,000)        | (5,939)        | —              | —              |
| Current year tax losses<br>not utilised                                    | 4,604          | 1,440          | —              | —              |
| Group relief   | —              | —              | (258)          | (540)          |
| Tax on share of income in<br>jointly controlled entities                   | 728            | 2,468          | 728            | 2,468          |
| Income tax expense   | 23,781         | 9,009          | 9,300          | 11,925         |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 16 EARNINGS PER SHARE

### (a) Basic earnings per share

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

|   | Group     |         |
|---|-----------|---------|
|   | 2010      | 2009    |
| Profit attributable to the equity holders of the Company (RM'000) | 67,268    | 34,624  |
| Weighted average number of ordinary shares in issue ('000)        | 1,296,145 | 907,557 |
| Basic earnings per share (sen)                                    | 5.2       | 3.8     |
| <b>(b) Diluted earnings per share</b>                             |           |         |
| Diluted earnings per share (sen)                                  | 5.2       | 3.8     |

| Group                                    | Freehold<br>land and<br>buildings<br>RM'000 | Leasehold<br>land<br>RM'000 | Plant<br>and<br>machinery<br>RM'000 | Furniture,<br>fittings,<br>office<br>equipment<br>and<br>computers<br>RM'000 | Motor<br>vehicles<br>RM'000 | Construction<br>in progress<br>RM'000 | Total<br>RM'000 |
|--|---|-----------------------------|-------------------------------------|--|-----------------------------|---------------------------------------|-----------------|
| 2010                                     |   |                             |                                     |  |                             |                                       |                 |
| <b>Cost/valuation</b>                    |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2010                              | 46,301                                      | 30,417                      | 5,722                               | 56,356   | 9,716                       | 24,756                                | 173,268         |
| Additions                                | -   | -                           | 5,443                               | 2,725  | 480                         | 3,648                                 | 12,296          |
| Acquisition of subsidiary                | 111,276                                     | -                           | -                                   | 74   | -                           | -                                     | 111,350         |
| Reclassified to<br>investment properties | -   | -                           | -                                   | -  | -                           | (24,756)                              | (24,756)        |
| Disposals                                | -   | -                           | -                                   | (157)  | (215)                       | -                                     | (372)           |
| Written off                              | -   | -                           | (114)                               | (539)  | -                           | -                                     | (653)           |
| At 31.12.2010                            | 157,577                                     | 30,417                      | 11,051                              | 58,459   | 9,981                       | 3,648                                 | 271,133         |
| <b>Accumulated depreciation</b>          |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2010                              | 542   | 5,935                       | 1,898                               | 40,134   | 5,418                       | -                                     | 53,927          |
| Charge for the financial year            | 146   | 335                         | 760                                 | 7,375  | 1,516                       | -                                     | 10,132          |
| Acquisition of subsidiary                | -   | -                           | -                                   | 18   | -                           | -                                     | 18              |
| Released on disposal                     | -   | -                           | -                                   | (146)  | (118)                       | -                                     | (264)           |
| Written off                              | -   | -                           | (114)                               | (527)  | -                           | -                                     | (641)           |
| At 31.12.2010                            | 688   | 6,270                       | 2,544                               | 46,854   | 6,816                       | -                                     | 63,172          |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group                         | Freehold<br>land and<br>buildings<br>RM'000 | Leasehold<br>land<br>RM'000 | Plant<br>and<br>machinery<br>RM'000 | Furniture,<br>fittings,<br>office<br>equipment<br>and<br>computers<br>RM'000 | Motor<br>vehicles<br>RM'000 | Construction<br>in progress<br>RM'000 | Total<br>RM'000 |
|-------------------------------|---|-----------------------------|-------------------------------------|--|-----------------------------|---------------------------------------|-----------------|
| 2010                          |   |                             |                                     |  |                             |                                       |                 |
| Accumulated impairment losses |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2010                   | -   | 6,825                       | -                                   | 716  | -                           | -                                     | 7,541           |
| Additions                     | -   | -                           | -                                   | 1,715  | -                           | -                                     | 1,715           |
| At 31.12.2010                 | -   | 6,825                       | -                                   | 2,431  | -                           | -                                     | 9,256           |
| Net book value                |   |                             |                                     |  |                             |                                       |                 |
| At 31.12.2010                 | 156,889                                     | 17,322                      | 8,507                               | 9,174  | 3,165                       | 3,648                                 | 198,705         |



| Group                         | Freehold<br>land and<br>buildings<br>RM'000 | Leasehold<br>land<br>RM'000 | Plant<br>and<br>machinery<br>RM'000 | Furniture,<br>fittings,<br>office<br>equipment<br>and<br>computers<br>RM'000 | Motor<br>vehicles<br>RM'000 | Construction<br>in progress<br>RM'000 | Total<br>RM'000 |
|-------------------------------|---|-----------------------------|-------------------------------------|--|-----------------------------|---------------------------------------|-----------------|
| 2009                          |   |                             |                                     |  |                             |                                       |                 |
| Cost/valuation                |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2009                   | 26,002                                      | 30,417                      | 7,008                               | 53,369   | 8,812                       | 6,236                                 | 131,844         |
| Additions                     | 20,299                                      | –                           | 194                                 | 4,301  | 967                         | 33,449                                | 59,210          |
| Reclassification              | –   | –                           | –                                   | –  | –                           | (14,929)                              | (14,929)        |
| Disposals                     | –   | –                           | (1,480)                             | (791)  | (63)                        | –                                     | (2,334)         |
| Written off                   | –   | –                           | –                                   | (523)  | –                           | –                                     | (523)           |
| At 31.12.2009                 | 46,301                                      | 30,417                      | 5,722                               | 56,356   | 9,716                       | 24,756                                | 173,268         |
| Accumulated depreciation      |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2009                   | 396   | 5,601                       | 2,538                               | 32,735   | 3,715                       | –                                     | 44,985          |
| Charge for the financial year | 146   | 334                         | 567                                 | 8,362  | 1,730                       | –                                     | 11,139          |
| Released on disposal          | –   | –                           | (1,207)                             | (636)  | (27)                        | –                                     | (1,870)         |
| Written off                   | –   | –                           | –                                   | (327)  | –                           | –                                     | (327)           |
| At 31.12.2009                 | 542   | 5,935                       | 1,898                               | 40,134   | 5,418                       | –                                     | 53,927          |
| Accumulated impairment losses |   |                             |                                     |  |                             |                                       |                 |
| At 1.1.2009/31.12.2009        | –   | 6,825                       | –                                   | 716  | –                           | –                                     | 7,541           |
| Net book value                |   |                             |                                     |  |                             |                                       |                 |
| At 31.12.2009                 | 45,759                                      | 17,657                      | 3,824                               | 15,506   | 4,298                       | 24,756                                | 111,800         |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detailed land and buildings of the Group are as follows:

### Group

#### 2010

##### Cost

At 1.1.2010

Acquisition of subsidiary

At 31.12.2010

##### Accumulated depreciation

At 1.1.2010

Charge for the financial year

At 31.12.2010

#### 2009

##### Cost

At 1.1.2009

Additions

At 31.12.2009

##### Accumulated depreciation

At 1.1.2009

Charge for the financial year

At 31.12.2009

##### Net book value

At 31.12.2010

At 31.12.2009

| Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|----------------------------|---------------------|-----------------|
|                            |                     |                 |
| 41,548                     | 4,753               | 46,301          |
| 111,276                    | –                   | 111,276         |
| 152,824                    | 4,753               | 157,577         |
|                            |                     |                 |
| –                          | 542                 | 542             |
| –                          | 146                 | 146             |
| –                          | 688                 | 688             |
|                            |                     |                 |
| 21,249                     | 4,753               | 26,002          |
| 20,299                     | –                   | 20,299          |
| 41,548                     | 4,753               | 46,301          |
|                            |                     |                 |
| –                          | 396                 | 396             |
| –                          | 146                 | 146             |
| –                          | 542                 | 542             |
|                            |                     |                 |
| 152,824                    | 4,065               | 156,889         |
| 41,548                     | 4,211               | 45,759          |

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detailed leasehold land of the Group are as follows:

|                                      | Leasehold land                 |                      |                 |
|--------------------------------------|--------------------------------|----------------------|-----------------|
|                                      | At 1982<br>valuation<br>RM'000 | At<br>cost<br>RM'000 | Total<br>RM'000 |
| <b>Group</b>                         |                                |                      |                 |
| <b>2010</b>                          |                                |                      |                 |
| At 1.1.2010/31.12.2010               | 10,823                         | 19,594               | 30,417          |
| <b>Accumulated amortisation</b>      |                                |                      |                 |
| At 1.1.2010                          | 4,281                          | 1,654                | 5,935           |
| Charge for the financial year        | 187                            | 148                  | 335             |
| At 31.12.2010                        | 4,468                          | 1,802                | 6,270           |
| <b>Accumulated impairment losses</b> |                                |                      |                 |
| At 1.1.2010/31.12.2010               | 515                            | 6,310                | 6,825           |
| <b>2009</b>                          |                                |                      |                 |
| At 1.1.2009/31.12.2009               | 10,823                         | 19,594               | 30,417          |
| <b>Accumulated amortisation</b>      |                                |                      |                 |
| At 1.1.2009                          | 4,095                          | 1,506                | 5,601           |
| Charge for the financial year        | 186                            | 148                  | 334             |
| At 31.12.2009                        | 4,281                          | 1,654                | 5,935           |
| <b>Accumulated impairment losses</b> |                                |                      |                 |
| At 1.1.2009/31.12.2009               | 515                            | 6,310                | 6,825           |
| <b>Net book value</b>                |                                |                      |                 |
| <b>At 31.12.2010</b>                 | <b>5,840</b>                   | <b>11,482</b>        | <b>17,322</b>   |
| At 31.12.2009                        | 6,027                          | 11,630               | 17,657          |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Company                         | Freehold land<br>RM'000 | Furniture, fittings, office equipment and computers<br>RM'000 | Motor vehicles<br>RM'000 | Construction in progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|-------------------------|---|--------------------------|------------------------------------|-----------------|
| <b>2010</b>                     |                         |   |                          |                                    |                 |
| <b>Cost</b>                     |                         |   |                          |                                    |                 |
| At 1.1.2010                     | 16,000                  | 7,199   | 220                      | –                                  | 23,419          |
| Additions                       | –                       | 326   | –                        | –                                  | 326             |
| Disposals                       | –                       | –   | (48)                     | –                                  | (48)            |
| At 31.12.2010                   | 16,000                  | 7,525   | 172                      | –                                  | 23,697          |
| <b>Accumulated depreciation</b> |                         |   |                          |                                    |                 |
| At 1.1.2010                     | –                       | 6,053   | 103                      | –                                  | 6,156           |
| Charge for the financial year   | –                       | 1,079   | 34                       | –                                  | 1,113           |
| Released on disposal            | –                       | –   | (48)                     | –                                  | (48)            |
| At 31.12.2010                   | –                       | 7,132   | 89                       | –                                  | 7,221           |
| <b>2009</b>                     |                         |   |                          |                                    |                 |
| <b>Cost</b>                     |                         |   |                          |                                    |                 |
| At 1.1.2009                     | 16,000                  | 7,202   | 220                      | 6,236                              | 29,658          |
| Additions                       | –                       | 113   | –                        | 8,693                              | 8,806           |
| Reclassification                | –                       | –   | –                        | (14,929)                           | (14,929)        |
| Disposals                       | –                       | (40)  | –                        | –                                  | (40)            |
| Written off                     | –                       | (76)  | –                        | –                                  | (76)            |
| At 31.12.2009                   | 16,000                  | 7,199   | 220                      | –                                  | 23,419          |
| <b>Accumulated depreciation</b> |                         |   |                          |                                    |                 |
| At 1.1.2009                     | –                       | 4,811   | 68                       | –                                  | 4,879           |
| Charge for the financial year   | –                       | 1,328   | 35                       | –                                  | 1,363           |
| Released on disposal            | –                       | (39)  | –                        | –                                  | (39)            |
| Written off                     | –                       | (47)  | –                        | –                                  | (47)            |
| At 31.12.2009                   | –                       | 6,053   | 103                      | –                                  | 6,156           |
| <b>Net book value</b>           |                         |   |                          |                                    |                 |
| <b>At 31.12.2010</b>            | 16,000                  | 393   | 83                       | –                                  | 16,476          |
| At 31.12.2009                   | 16,000                  | 1,146   | 117                      | –                                  | 17,263          |

## 17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Property, plant and equipment with net book value amounting to RM163,877,198 (2009: RM52,936,069) of the Group and of the Company have been charged as security for borrowings and other credit facilities (Notes 37 and 41).

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under hire purchase terms:

|                | Net book value |                |
|----------------|----------------|----------------|
|                | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Group</b>   |                |                |
| Motor vehicles | 2,385          | 3,069          |

The net book value of the revalued leasehold land, had this asset been carried at cost less accumulated amortisation and impairment losses, is as follows:

|                | 2010<br>RM'000 | 2009<br>RM'000 |
|----------------|----------------|----------------|
| <b>Group</b>   |                |                |
| Leasehold land | 3,155          | 3,255          |

The leasehold land of a subsidiary is stated at Directors' valuation based on a valuation by independent valuer in 1982 using the fair market value basis.

The leasehold land have unexpired periods of leases ranging from 34 years to 82 years.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 18 INVESTMENT PROPERTIES

### Buildings and improvements

#### Group - 2010

At 1.1.2010  
Additions  
Acquisition of subsidiary  
Reclassified from property, plant and equipment  
At 31.12.2010

**Total  
RM'000**

220,660  
105,030  
92,328  
24,756  
**442,774**

Accumulated depreciation

Accumulated impairment losses

| At<br>1.1.2010<br>RM'000 | Charge<br>for the<br>financial year<br>RM'000 | At<br>31.12.2010<br>RM'000 |
|--------------------------|---|----------------------------|
|--------------------------|---|----------------------------|

|        |       |        |
|--------|-------|--------|
| 43,143 | 3,409 | 46,552 |
|--------|-------|--------|

|        |   |        |
|--------|---|--------|
| 37,014 | – | 37,014 |
|--------|---|--------|

#### Group - 2009

At 1.1.2009  
Written off  
  
At 31.12.2009

**Total  
RM'000**

223,267  
(2,607)  
**220,660**

| At<br>1.1.2009<br>RM'000 | Charge<br>for the<br>financial year<br>RM'000 | At<br>31.12.2009<br>RM'000 |
|--------------------------|---|----------------------------|
|--------------------------|---|----------------------------|

|        |       |        |
|--------|-------|--------|
| 39,741 | 3,402 | 43,143 |
|--------|-------|--------|

|        |   |        |
|--------|---|--------|
| 37,014 | – | 37,014 |
|--------|---|--------|

Accumulated depreciation

Accumulated impairment losses

#### Net book value

31 December

| 2010<br>RM'000 | 2009<br>RM'000 |
|----------------|----------------|
|----------------|----------------|

|         |         |
|---------|---------|
| 359,208 | 140,503 |
|---------|---------|

18 INVESTMENT PROPERTIES (cont'd)

Company - 2010

At cost

| At<br>1.1.2010<br>RM'000 | Additions<br>RM'000 | At<br>31.12.2010<br>RM'000 |
|--------------------------|---------------------|----------------------------|
| 44,510                   | –                   | 44,510                     |

Accumulated depreciation

| At<br>1.1.2010<br>RM'000 | Charge<br>for the<br>financial year<br>RM'000 | At<br>31.12.2010<br>RM'000 |
|--------------------------|---|----------------------------|
| 964                      | 890   | 1,854                      |

Company - 2009

At cost

| At<br>1.1.2009<br>RM'000 | Additions<br>RM'000 | At<br>31.12.2009<br>RM'000 |
|--------------------------|---------------------|----------------------------|
| 44,510                   | –                   | 44,510                     |

Accumulated depreciation

| At<br>1.1.2009<br>RM'000 | Charge<br>for the<br>financial year<br>RM'000 | At<br>31.12.2009<br>RM'000 |
|--------------------------|---|----------------------------|
| 74                       | 890   | 964                        |

Net book value

31 December

| 2010<br>RM'000 | 2009<br>RM'000 |
|----------------|----------------|
| 42,656         | 43,546         |

The properties of the Group and of the Company with net book value of RM359,207,627 (2009: RM140,502,455) have been charged as security for term loan facilities of the Company (Notes 37 and 41).

The fair value of the properties as at the statement of financial position date was estimated at RM461,955,224 (2009: RM218,843,494) by the Directors. The valuation was based on an active market for all properties.

At 31 December 2010, there were no contractual obligations for future repairs and maintenance. (2009: RM Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 19 PROPERTY DEVELOPMENT ACTIVITIES

19(a) Land held for property development

|   | <b>Group</b>   |                |
|---|----------------|----------------|
|   | <b>2010</b>    | <b>2009</b>    |
|   | <b>RM'000</b>  | <b>RM'000</b>  |
| Freehold land, at cost                              | 210,162        | 185,157        |
| Freehold land, at valuation                         | 6,687          | 6,687          |
| Leasehold land, at cost                             | 15,973         | 16,270         |
| Leasehold land, at valuation                        | 42,356         | 42,353         |
| Development expenditure                             | 355,897        | 350,110        |
|   | <b>631,075</b> | <b>600,577</b> |
| Less: Accumulated impairment losses                 | (31,126)       | (31,126)       |
|   | <b>599,949</b> | <b>569,451</b> |
| At start of financial year                          | 569,451        | 533,965        |
| Acquisition of freehold land                        | –              | 26,774         |
| Acquisition of leasehold land                       | 8,130          | 5,243          |
| Development expenditure incurred                    | 5,356          | 5,871          |
| Transfer to property development costs (Note 19(b)) | (9,281)        | (2,402)        |
| Upon acquisition of subsidiary                      |                |                |
| - land, at cost                                     | 23,664         | –              |
| - development costs                                 | 2,629          | –              |
| At end of financial year                            | <b>599,949</b> | <b>569,451</b> |

## 19 PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

### 19(a) Land held for property development (cont'd)

Land held for property development comprises land costs, deemed land cost in respect of the KL Central development project and infrastructure costs incurred to date in respect of future development projects.

Included in the carrying value of land held for property development is an amount of RM494,031,740 (2009: RM491,943,100) relating to the KL Central development project undertaken by Kuala Lumpur Sentral Sdn. Bhd, a subsidiary of the Company. This development comprises commercial, residential, recreational properties and a transportation hub. The expected completion date of the entire development is 2015. The subsidiary's directors have reviewed and approved a four (4) year period cash flow projection in deriving the value in use calculation. The cash flow projections were based on financial budgets approved by the subsidiary's directors. Key assumptions used in the cash flows/value in use calculations are as follows:

- (i) Discount rate at 7.7%
- (ii) The projects will be launched on the assumed due dates and the project cash flows will occur as projected.
- (iii) Proceeds from sales will be received as projected.
- (iv) The subsidiary will be engaged in the sale of land and development property.

Based on the value in use calculation, the subsidiary's directors have concluded that no impairment loss is required.

The Group reviews annually whether the land held for property development has suffered any impairment in accordance with the accounting policy stated in Note 2.21 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 19 PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

### 19(b) Property development costs

|  | Group          |                |
|--|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 |
| At start of financial year   |                |                |
| - land, at cost  | 130,449        | 137,294        |
| - development costs  | 133,334        | 121,153        |
| - accumulated costs charged to statement of comprehensive income   | (63,415)       | (41,930)       |
|  | 200,368        | 216,517        |
| Costs incurred during the financial year                           |                |                |
| - transfer from land held for<br>property development (Note 19(a)) |                |                |
| - land, at cost  | 8,426          | 1,211          |
| - development costs  | 855            | 1,191          |
|  | 9,281          | 2,402          |
| - development costs  | 109,499        | 55,431         |
|  | 118,780        | 57,833         |
| Upon acquisition of subsidiary                                     |                |                |
| - land, at cost  | 106,340        | —              |
| - development costs  | 59,870         | —              |
|  | 166,210        | —              |
| Costs charged to statement of comprehensive income                 | (117,197)      | (73,685)       |
| Transfer to inventories  |                |                |
| - land, at cost  | (40)           | (21)           |
| - development costs  | (982)          | (276)          |
|  | (1,022)        | (297)          |
| Reversal upon completion of projects                               |                |                |
| - land, at cost  | (4,925)        | (8,035)        |
| - development costs  | (34,796)       | (44,165)       |
| - accumulated costs charged to statement of comprehensive income   | 39,721         | 52,200         |
| At end of financial year   | 367,139        | 200,368        |



## 19 PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

### 19(b) Property development costs (cont'd)

Analysed as follows:

- land, at cost
- development costs
- accumulated costs charged to statement of comprehensive income

| Group          |                |
|----------------|----------------|
| 2010<br>RM'000 | 2009<br>RM'000 |
| 240,250        | 130,449        |
| 267,780        | 133,334        |
| (140,891)      | (63,415)       |
| <b>367,139</b> | <b>200,368</b> |

Included in development expenditure are the following charges made during the financial year:

Interest capitalised

| Group          |                |
|----------------|----------------|
| 2010<br>RM'000 | 2009<br>RM'000 |
| 22,375         | 9,484          |

The interest capitalised by certain subsidiaries was in relation to loan specifically obtained for property development activities.

The freehold land of certain subsidiaries are pledged as security for term loan facilities (Note 37 and 41).

## 20 EXPRESSWAY DEVELOPMENT EXPENDITURE

Land, at cost  
Development cost

| Group          |                |                |
|----------------|----------------|----------------|
| 2010<br>RM'000 | 2009<br>RM'000 | 2008<br>RM'000 |
| 247,294        | 225,362        | 113,529        |
| 677,753        | 341,681        | —              |
| <b>925,047</b> | <b>567,043</b> | <b>113,529</b> |

The project has been charged as security for the Sukuk Istisna as disclosed in Note 35.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 21 SUBSIDIARIES

|   | Company        |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Unquoted shares at cost in Malaysia           | 1,016,075      | 825,952        |
| Less: Accumulated impairment losses           |                |                |
| - At start of financial year                  | (236,731)      | (230,414)      |
| - Charge to statement of comprehensive income | (3,371)        | (6,317)        |
|   | (240,102)      | (236,731)      |
|   | 775,973        | 589,221        |
| Loan stocks at cost                           | 17,333         | 17,333         |
| Less: Accumulated impairment losses           |                |                |
| - At 31 December                              | (17,333)       | (17,333)       |
|   | —              | —              |
|   | 775,973        | 589,221        |

The loan stocks issued by a subsidiary pursuant to a Joint Venture Agreement dated 18 April 1996 was due for redemption on 1 January 2002 at 100% of its nominal value for all loan stocks not previously redeemed or purchased together with all accrued interest thereon. The joint venture parties have consented to extend the redemption to 31 December 2016, or within 6 months from the completion of joint venture project, whichever shall be earlier under the Supplemental Joint Venture Agreement dated 19 February 2003.

Included in the cost of investment in unquoted shares was RM197,810,779 (2009: RM195,901,243) being the Junior Sukuk issued by a subsidiary which was fully subscribed by the Company (Note 35(b)).

The Group's effective equity interest in the subsidiaries, their respective principal activities and country of incorporation are set out in Note 46 to the financial statements.

## 22 ASSOCIATES

### In Malaysia

Unquoted investments at cost  
Share of post-acquisition accumulated  
loss  
Unrealised gains

Less: Accumulated impairment losses

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Unquoted investments at cost               | 156,016        | 204,192        | 148,899        | 197,075        |
| Share of post-acquisition accumulated loss | (22,065)       | (18,749)       | –              | –              |
| Unrealised gains                           | (16,398)       | (17,762)       | –              | –              |
|  | 117,553        | 167,681        | 148,899        | 197,075        |
| Less: Accumulated impairment losses        | (11,948)       | (4,828)        | (4,409)        | (4,409)        |
|  | 105,605        | 162,853        | 144,490        | 192,666        |

Group's share of tangible assets  
Goodwill on acquisition

|                                  | Group          |                |
|----------------------------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 |
| Group's share of tangible assets | 105,451        | 137,476        |
| Goodwill on acquisition          | 154            | 25,377         |
|                                  | 105,605        | 162,853        |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 22 ASSOCIATES (cont'd)

The Group's share of revenue, results, assets and liabilities of the associates are as follows:

|                                | <b>Group</b>           |                        |
|--------------------------------|------------------------|------------------------|
|                                | <b>2010<br/>RM'000</b> | <b>2009<br/>RM'000</b> |
| Revenue                        | <b>19,053</b>          | 10,561                 |
| Share of results of associates | <b>(5,530)</b>         | (10,194)               |
| Non-current assets             | <b>341,387</b>         | 376,538                |
| Current assets                 | <b>83,307</b>          | 95,648                 |
| Current liabilities            | <b>(34,600)</b>        | (60,560)               |
| Non-current liabilities        | <b>(268,245)</b>       | (256,388)              |
|                                | <b>121,849</b>         | 155,238                |
| Goodwill on acquisition        | <b>154</b>             | 25,377                 |
| Unrealised gains               | <b>(16,398)</b>        | (17,762)               |
| Net assets                     | <b>105,605</b>         | 162,853                |

The Group's effective equity interest in the associates, their respective principal activities and country of incorporation are set out in Note 46 to the financial statements.

## 23 JOINTLY CONTROLLED ENTITIES

|  | Group          |                | Company        |
|--|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 |
| Share of net assets of jointly controlled entities | 93,398         | 36,904         | 44,252         |

The Group's share of the assets and liabilities of jointly controlled entities are as follows:

|                         | Group          |                |
|-------------------------|----------------|----------------|
|                         | 2010<br>RM'000 | 2009<br>RM'000 |
| Non-current assets      | 5              | –              |
| Current assets          | 106,050        | 159,595        |
| Current liabilities     | (12,657)       | (52,611)       |
| Non-current liabilities | –              | (64,270)       |
|                         | 93,398         | 42,714         |
| Unrealised profits      | –              | (5,810)        |
|                         | 93,398         | 36,904         |

The Group's share of the revenue and expenses of jointly controlled entities are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Revenue   | –              | (343)          |
| Other operating income                          | 18             | 20             |
| Other operating expense                         | (6,064)        | (5,981)        |
| Share of results of jointly controlled entities | (6,046)        | (6,304)        |

The reversal of the Group's share of revenue of a jointly controlled entity in the previous financial year was due to adjustment to the estimation of recoverable variation works based on specialist's assessments.

The Group's effective equity interest in the jointly controlled entities, their respective principal activities and country of incorporation are set out in Note 46 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 24 AVAILABLE FOR SALE FINANCIAL ASSETS

At cost:

Shares in a corporation, quoted outside Malaysia  
Less: Accumulated impairment losses

Unquoted investments  
Less: Accumulated impairment losses

Total

Market value of quoted shares

| Group and Company |                |
|-------------------|----------------|
| 2010<br>RM'000    | 2009<br>RM'000 |
| 910               | 910            |
| (748)             | (783)          |
| 162               | 127            |
| 10,355            | 10,596         |
| (10,035)          | (10,279)       |
| 320               | 317            |
| 482               | 444            |
| 162               | 127            |

## 25 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

|  | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2010</b>    | <b>2009</b>    |
|  | <b>RM'000</b>  | <b>RM'000</b>  |
| Deferred tax assets  | 29,790         | 29,790         |
| Deferred tax liabilities   | (32,912)       | (32,979)       |
|  | <b>(3,122)</b> | <b>(3,189)</b> |
| The movements during the financial year relating to deferred tax are as follows: |                |                |
| At start of financial year   | (3,189)        | (9,756)        |
| Credited to statement of comprehensive income (Note 15)                          |                |                |
| - property, plant and equipment  | 45             | 202            |
| - development property   | –              | 6,072          |
| - accruals   | –              | 282            |
| - provisions   | 22             | 11             |
|  | <b>67</b>      | <b>6,567</b>   |
| At end of financial year   | <b>(3,122)</b> | <b>(3,189)</b> |
| <b>Subject to income tax</b>   |                |                |
| <b>Deferred tax assets (before offsetting)</b>                                   |                |                |
| Property, plant and equipment  | 39             | 40             |
| Development property   | 28,828         | 28,828         |
| Accruals   | 701            | 680            |
| Provisions   | 531            | 531            |
|  | <b>30,099</b>  | <b>30,079</b>  |
| Offsetting   | <b>(309)</b>   | <b>(289)</b>   |
| Deferred tax asset (after offsetting)  | <b>29,790</b>  | <b>29,790</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 25 DEFERRED TAX (cont'd)

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Deferred tax liabilities (before offsetting)</b> |                |                |
| Property, plant and equipment                       | (2,010)        | (2,057)        |
| Development property                                | (31,211)       | (31,211)       |
|   | (33,221)       | (33,268)       |
| Offsetting  | 309            | 289            |
| Deferred tax liabilities (after offsetting)         | (32,912)       | (32,979)       |

The amounts of deductible temporary differences and unused tax losses (which have no expiry date) for which no deferred tax assets are recognised in the statement of financial position are as follow:

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Deductible temporary differences | 99,674         | 106,193        | 6,216          | 6,110          |
| Tax losses                       | 230,253        | 242,050        | –              | –              |

## 26 INVENTORIES

|                               |        |        |       |       |
|-------------------------------|--------|--------|-------|-------|
| Raw materials                 | 2,925  | 3,472  | –     | –     |
| Completed properties for sale | 14,442 | 15,105 | 7,220 | 7,220 |
| Land held for sale            | 498    | 498    | –     | –     |
|                               | 17,865 | 19,075 | 7,220 | 7,220 |

The carrying value of inventories included RM6,455,551 (2009: RM7,586,797) stated at net realisable values.

Inventories where the net realisable values are expected to be below the carrying value have been written down. The amount written down during the financial year was RM Nil (2009: RM291,762).

There were no inventories of the Group and of the Company pledged as security for bank borrowings (2009: RMNil).

## 27 TRADE AND OTHER RECEIVABLES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Trade receivables  | 159,218        | 132,187        | 25,498         | 11,869         |
| Less: Provision for impairment of trade receivables            | (22,995)       | (21,948)       | (2,364)        | (2,364)        |
|  | 136,223        | 110,239        | 23,134         | 9,505          |
| Amounts due from customers on contracts (Note 28)              | 411,688        | 233,560        | 75,663         | 99,566         |
| Accrued billings in respect of property development            | 102,629        | 2,808          | –              | –              |
| Amounts due from associates                                    | 528            | 5,491          | –              | –              |
| Amounts due from related parties                               | 153            | 195            | 117            | 111            |
| Deposits   | 16,300         | 14,554         | 2,282          | 3,264          |
| Prepayments  | 1,205          | 2,365          | –              | –              |
| Other receivables  | 187,446        | 103,351        | 71,288         | 59,910         |
| Less: Provision for impairment of other receivables            | (48,558)       | (53,937)       | (27,846)       | (28,031)       |
|  | 156,393        | 66,333         | 45,724         | 35,143         |
|  | 807,614        | 418,626        | 144,638        | 144,325        |
| Amounts due from subsidiaries                                  |                |                | 942,649        | 807,461        |
| Less: Provision for impairment of amount due from subsidiaries |                |                | (294,663)      | (302,946)      |
|  |                |                | 647,986        | 504,515        |
| Amounts due from jointly controlled entities                   | 21,699         | 50,943         | 81,779         | 94,024         |

There were no loans and guarantee given to related parties, directors and key management (and their families) of the Group and of the Company.

The above trade receivables balances are denominated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 27 TRADE AND OTHER RECEIVABLES (cont'd)

As at 31 December 2010, the Group's and the Company's trade receivables of RM44,800,465 (2009: RM43,964,429) and RM13,589,581 (2009: RM2,078,553) were past due their contractual payment date but not impaired. These relate to a number of external parties where there is no expectations of default. The age analysis of these trade receivables is as follows:

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Less than three months          | 15,402         | 25,492         | 294            | 641            |
| Between three to six months     | 6,342          | 4,483          | 24             | 1,393          |
| Between six months and one year | 16,832         | 8,623          | 13,242         | –              |
| More than one year              | 6,224          | 5,366          | 29             | 44             |
|                                 | <b>44,800</b>  | <b>43,964</b>  | <b>13,589</b>  | <b>2,078</b>   |

Movements of the provision for impairment of trade receivables during the year are as follows:-

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At start of financial year              | 21,948         | 21,685         | 2,364          | 2,369          |
| Provision for impairment of receivables | 1,221          | 643            | –              | –              |
| Unused amounts reversed                 | (174)          | (380)          | –              | (5)            |
| At end of financial year                | <b>22,995</b>  | <b>21,948</b>  | <b>2,364</b>   | <b>2,364</b>   |

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the statement of comprehensive income. Amount charged to the allowance account are generally written off, when there is no expectation of further recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 December 2010 is the carrying value of each class of receivables mentioned above.



## 28 CONSTRUCTION CONTRACTS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Aggregate costs incurred todate                              | 2,854,097      | 2,022,128      | 1,527,853      | 1,309,840      |
| Attributable profits on contract works performed todate      | 218,627        | 143,286        | 50,201         | 35,949         |
| Less: Provision for foreseeable losses                       | (14,826)       | (19,824)       | (48)           | (1,266)        |
|  | 3,057,898      | 2,145,590      | 1,578,006      | 1,344,523      |
| Less: Progress billings                                      | (2,656,251)    | (1,964,587)    | (1,502,391)    | (1,265,994)    |
|  | 401,647        | 181,003        | 75,615         | 78,529         |
| Amounts due from customers on contracts (Note 27)            | 411,688        | 233,560        | 75,663         | 99,566         |
| Amounts due to customers on contracts (Note 39)              | (10,041)       | (52,557)       | (48)           | (21,037)       |
|  | 401,647        | 181,003        | 75,615         | 78,529         |
| Retention sum on contracts, included under trade receivables | 74,148         | 51,442         | –              | –              |

## 29 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| At cost                                    |                |                |                |                |
| Shares in corporations, quoted in Malaysia | 2,505          | 2,505          | 2,270          | 2,270          |
| Add: Fair value adjustment                 | 2,103          | –              | 1,962          | –              |
| Less: Accumulated impairment losses        | –              | (214)          | –              | –              |
|  | 4,608          | 2,291          | 4,232          | 2,270          |
| Market value of quoted shares              | 4,608          | 3,147          | 4,232          | 2,688          |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 30 DEPOSITS, CASH AND BANK BALANCES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Deposits with licensed banks                 | 457,601        | 617,537        | 271,816        | 50,394         |
| Deposit with licensed financial institutions | 88,174         | 109,562        | 2,474          | 2,417          |
| Cash held under Housing Development Accounts | 3,474          | 12,640         | –              | –              |
| Cash and bank balances                       | 245,755        | 66,493         | 56,055         | 10,470         |
|  | 795,004        | 806,232        | 330,345        | 63,281         |

Included in the Group's and the Company's cash and bank balances and deposits with licensed banks and licensed financial institutions are restricted monies amounting to RM307,730,091 (2009: RM573,660,939) and RM15,635,319 (2009: RM3,633,304) respectively, (Note 42) representing:

- collateral pledged with licensed banks and/or licensed financial institutions by the Group and the Company for credit facilities granted and bank guarantee facilities issued to third parties;
- proceeds from the issue of Senior and Junior Sukuk by a subsidiary net of permitted withdrawal at date of issue of Sukuk have been channelled to Designated Accounts for the Eastern Dispersal Link Highway project as provided under the terms and conditions of the Project Account Agreement (Note 35).

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

All the deposits, cash and bank balances of the Group and of the Company are denominated in Ringgit Malaysia except for the currency exposure profile of bank balance which is as follows:

|                   | Group          |                | Company        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Ringgit Malaysia  | 794,049        | 805,468        | 329,132        | 63,281         |
| Australian Dollar | 194            | –              | 1,213          | –              |
| Thai Baht         | 761            | 764            | –              | –              |
|                   | 795,004        | 806,232        | 330,345        | 63,281         |

### 30 DEPOSITS, CASH AND BANK BALANCES (cont'd)

The weighted average period effective interest rates per annum of deposits with licensed banks and financial institutions that were effective at the end of the financial year were as follows:

|   | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2010<br>% | 2009<br>% | 2010<br>% | 2009<br>% |
| Deposits with licensed banks                  | 3.09      | 2.00      | 3.08      | 1.83      |
| Deposits with licensed financial institutions | 3.19      | 2.34      | 1.97      | 1.97      |

The maturity periods of deposits with licensed banks and licensed financial institutions as at the financial year end were as follows:

|  | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2010<br>days | 2009<br>days | 2010<br>days | 2009<br>days |
| Deposits with licensed banks                 | 4 - 365      | 7 - 365      | 7 - 365      | 7 - 365      |
| Deposit with licensed financial institutions | 3 - 57       | 1            | 3            | 1            |

Bank balances and deposits are held at call except for the restricted monies.

### 31 SHARE CAPITAL

|  | Group and Company |                |
|--|-------------------|----------------|
|  | 2010<br>RM'000    | 2009<br>RM'000 |
| <b>Authorised:</b>                           |                   |                |
| 2,000,000,000 ordinary shares of RM1.00 each | 2,000,000         | 2,000,000      |
| <b>Issued and fully paid:</b>                |                   |                |
| Ordinary shares of RM1.00 each               |                   |                |
| At 1 January                                 | 907,625           | 907,537        |
| Right issue                                  | 455,389           | —              |
| Exercise of option under 2007/2012 ESOS      | 19,418            | 88             |
| At 31 December                               | 1,382,432         | 907,625        |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 31 SHARE CAPITAL (cont'd)

### Employees' Share Option Scheme

The Company proposed a new Employees' Share Option Scheme (2007/2012 ESOS or the Scheme) following the expiry of the 2002/2007 ESOS on 5 September 2007. The 2007/2012 ESOS was approved by the shareholders at an Extraordinary General Meeting held on 29 May 2007 and became effective on 31 October 2007 for a period of five (5) years.

The details of the 2007/2012 ESOS are contained in the Bye Laws and the salient features thereof are as follows:

- (a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the 2007/2012 ESOS shall not exceed 15% of the total number of issued and fully paid ordinary shares of the Company at any time during the tenure of the Scheme, which shall be in force for a period of five (5) years commencing 31 October 2007.

- (b) Eligible employees (including Executive Directors) are those who must have been confirmed in his/her position as an employee with a minimum of six (6) months continuous service on or prior to the date of offer of the 2007/2012 ESOS.
- (c) The Scheme is administered by an ESOS Committee which consists of such persons duly appointed by the Board from time to time.
- (d) An option granted under the 2007/2012 ESOS is capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on 30 October 2012.
- (e) Options granted for each year may be exercised in full or in such lesser number of shares.
- (f) The option price of each share shall be either at premium or at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the date of offer and shall not be less than the par value of the share.
- (g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.
- (h) All the new ordinary shares issued arising from the 2007/2012 ESOS shall rank pari passu in all respects with the existing ordinary shares of the Company.

### 31 SHARE CAPITAL (cont'd)

#### Employees' Share Option Scheme (cont'd)

##### Options expiring on 30 October 2012

Set out below are details of options over the ordinary shares of the Company granted under the 2007/2012 ESOS:

| Tranche | Date        | Price* | No. of ordinary shares of RM1.00 each covered under options |            |              |             | At 31.12.2010 |
|---------|-------------|--------|---|------------|--------------|-------------|---------------|
|         |             |        | At 1.1.2010   | Granted    | Exercised    | Lapsed      |               |
| 1       | 21 Dec 2007 | RM2.79 | 33,910,000  | 2,427,385  | –            | (3,451,505) | 32,885,880    |
| 2       | 28 Apr 2009 | RM1.14 | 23,007,750  | 1,425,907  | (19,415,548) | (646,018)   | 4,372,091     |
| 3       | 24 Aug 2010 | RM2.00 | –   | 26,991,000 | (2,000)      | (73,000)    | 26,916,000    |
|         |             |        | 56,917,750  | 30,844,292 | (19,417,548) | (4,170,523) | 64,173,971    |

\* The options prices for tranche 1 & 2 have been adjusted for the effect of the rights issue of seventy four (74) new options for every one thousand (1,000) existing options, granted by the Company on 11 March 2010.

All options granted during the financial year were vested. Year end outstanding options included 64,173,971 units of the options which are exercisable.

19,417,548 options were exercised during the financial year and the options outstanding at year end have remaining contractual life of 22 months.

All options granted during the option period will expire on 30 October 2012.

The fair value of the 26,991,000 options granted during the financial year determined using the Black-Scholes valuation model was RM0.07 per option. The significant inputs into the model are as follows:

Valuation assumptions:

- expected volatility
- expected dividend yield
- expected option life

Market closing share price at date of offer

Risk-free interest rate (per annum)

2010

35.53%

–

6 months

RM1.67/share

3.14%



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 32 SHARE PREMIUM

|  | Group and Company |                |
|--|-------------------|----------------|
|  | 2010<br>RM'000    | 2009<br>RM'000 |
| At 1 January                             | 79,913            | 79,894         |
| Rights issue                             | 54,647            | –              |
| Exercise of options under 2007/2012 ESOS | 2,977             | 19             |
| Less: shares issue expenses              | (6,763)           | –              |
| At 31 December                           | 130,774           | 79,913         |

## 33 LOAN STOCKS AT COST

The loan stocks issued by a subsidiary pursuant to a Joint Venture Agreement dated 18 April 1996 were due for redemption on 1 January 2002. The joint venture parties have consented to extend the redemption to 31 December 2016, or within 6 months from the completion of joint venture project, whichever shall be earlier at 100% of its nominal value for all loan stocks not previously redeemed or purchased together with all accrued interest thereon under the Supplemental Joint Venture Agreement dated 19 February 2003.

The carrying values of the loan stocks approximate their fair values.

## 34 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

|  | Group                                    |  |                  |                 |
|--|--|--|------------------|-----------------|
|  | Guaranteed<br>rental<br>scheme<br>RM'000 | Liquidated<br>ascertained<br>damages<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
| At 1 January 2010  | –  | 140  | 12,000           | 12,140          |
| Charged to statement of<br>comprehensive income              | –  | 624  | –                | 624             |
| Utilised during the financial year                           | –  | (355)  | –                | (355)           |
| At 31 December 2010  | –  | 409  | 12,000           | 12,409          |
| At 1 January 2009  | 9,582                                    | –  | 12,000           | 21,582          |
| (Write back)/charged to statement<br>of comprehensive income | (9,069)                                  | 140  | –                | (8,929)         |
| Utilised during the financial year                           | (513)                                    | –  | –                | (513)           |
| At 31 December 2009  | –  | 140  | 12,000           | 12,140          |
| At 31 December 2010  | –  | 409  | 12,000           | 12,409          |
| At 31 December 2009  | –  | 140  | 12,000           | 12,140          |

### (a) Guaranteed rental scheme

Provision for guaranteed rental scheme was made for anticipated losses on contracts undertaken by the Group.

### (b) Liquidated ascertained damages

Provision for liquidated ascertained damages (LAD) is recognised for expected LAD claims based on the contract agreement.

### (c) Others

Others relate to a provision made by a subsidiary for potential remedial works on the freehold land held by the subsidiary based on the estimate made by consultant.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 35 SENIOR AND JUNIOR SUKUK

### 35(a) Senior Sukuk

#### Group

|   | 2010<br>RM'000 | 2009<br>RM'000 |
|---|----------------|----------------|
| Senior Sukuk (nominal value)                  | 845,000        | 845,000        |
| Less: Unamortised cost of issue               | (16,367)       | (16,612)       |
|   | <b>828,633</b> | 828,388        |
| Senior Sukuk                                  | 845,000        | 845,000        |
| Less: Issuance expenses                       | (18,710)       | (18,710)       |
| Net proceeds                                  | 826,290        | 826,290        |
| Accumulated amortisation of issuance expenses | 2,343          | 2,098          |
|   | <b>828,633</b> | 828,388        |

### 35(b) Junior Sukuk

#### Group

|   | 2010<br>RM'000 | 2009<br>RM'000 |
|---|----------------|----------------|
| Junior Sukuk (nominal value)                  | 199,000        | 199,000        |
| Less: Unamortised cost of issue               | (3,189)        | (3,099)        |
|   | <b>195,811</b> | 195,901        |
| Junior Sukuk                                  | 199,000        | 199,000        |
| Less: Issuance expenses                       | (3,371)        | (3,371)        |
| Net proceeds                                  | 195,629        | 195,629        |
| Accumulated amortisation of issuance expenses | 182            | 272            |
|   | <b>195,811</b> | 195,901        |

## 35 SENIOR AND JUNIOR SUKUK (cont'd)

- (i) In 2008, a subsidiary issued RM845 million Senior Sukuk and RM199 million Junior Sukuk which proceeds were used to finance the Eastern Dispersal Link Highway (EDL) project. Tenure of the Senior Sukuk ranges from 10.0 to 17.5 years and Junior Sukuk ranges from 18.0 to 19.5 years from the date of issue and carry profit rates, which have been fixed in accordance with the Syariah principles, at profit ratios ranging from 6.33% to 8.35% per annum for Senior Sukuk and 10.05% to 10.40% per annum for Junior Sukuk respectively. Both Sukuk are payable semi annually from its respective issue dates and traded on the Scriptless Securities Trading System operated and managed by Bank Negara Malaysia.
- (ii) Proceeds from the issue of both Sukuk were channelled to Designated Accounts. Permitted withdrawals relating to the EDL project from these Designated Accounts are subject to terms and conditions of the Project Account Agreement (Note 30).
- (iii) The Senior and Junior Sukuk are repayable in series of yearly redemption commencing from year 2018.
- (iv) The Junior Sukuk was fully subscribed by the Company (Note 21).
- (v) Both Sukuk are denominated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 36 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company provide for unfunded retirement benefits to eligible employees, those permanent employees who joined before 1 August 2002, that have been in the service of the Group and of the Company for a continuous period of at least ten (10) years.

The liability in respect of the defined benefit plan is the present value of the defined benefit obligation at the statement of financial position. The defined benefit obligation, calculated using the projected unit credit method, is determined by a qualified actuary on the basis of a triennial valuation and after considering the estimated future cash outflows using the market yields at the valuation date of high quality corporate bonds. The latest actuarial valuation was carried out on 23 October 2009.

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Defined benefit plan</b>                            |                |                |                |                |
| At 1 January   | 11,054         | 10,345         | 3,365          | 3,030          |
| Charged to statement of comprehensive income (Note 12) | 1,968          | 1,929          | 608            | 614            |
| Utilised during the financial year                     | (1,515)        | (1,220)        | (476)          | (279)          |
| At 31 December   | 11,507         | 11,054         | 3,497          | 3,365          |

The amounts recognised in the Group's and the Company's statement of financial position are analysed as follows based on valuation carried out on 23 October 2009:

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| <b>Non-current</b>                    |                |                |                |                |
| Present value of unfunded obligations | 11,507         | 11,054         | 3,497          | 3,365          |

The expenses recognised in the Group's and the Company's statements of comprehensive income are analysed as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Current service cost                    | 1,126          | 1,129          | 339            | 353            |
| Interest cost                           | 788            | 731            | 252            | 238            |
| Actuarial loss recognised               | 54             | 69             | 17             | 23             |
| Total included in staff costs (Note 12) | 1,968          | 1,929          | 608            | 614            |

The above charge to the statements of comprehensive income was included in administrative expenses of the year.



### 36 POST-EMPLOYMENT BENEFIT OBLIGATIONS (cont'd)

The principal actuarial assumptions used by the valuers in the valuation carried out on 23 October 2009 in respect of the Group's and the Company's defined benefit plan are as follows:

|                                   | Group and Company |
|-----------------------------------|-------------------|
|                                   | %                 |
| Discount rate                     | 6.2               |
| Expected rate of salary increases | 4.0               |

There is no material effect to the defined benefit obligations should there a 1% movement in the above assumed discounted rate.

### 37 LONG TERM BORROWINGS – SECURED

(a)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Term loans                                       | 1,114,833      | 755,290        | 499,000        | 499,000        |
| Less: due within 12 months (Note 41)             | (294,977)      | (8,675)        | –              | –              |
| Due after 12 months                              | 819,856        | 746,615        | 499,000        | 499,000        |
| Less: Unamortised cost of issue                  | (6,232)        | –              | –              | –              |
|  | 813,624        | 746,615        | 499,000        | 499,000        |
| Term loans - due after 12 months                 | 819,856        | 746,615        | 499,000        | 499,000        |
| Less: Issuance expenses                          | (7,271)        | –              | –              | –              |
| Net proceed                                      | 812,585        | 746,615        | 499,000        | 499,000        |
| Accumulated amortisation of<br>issuance expenses | 1,039          | –              | –              | –              |
|  | 813,624        | 746,615        | 499,000        | 499,000        |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 37 LONG TERM BORROWINGS – SECURED (cont'd)

(b) The repayment period of the term loans are as follows:

Analysis of term loans:

|                                    |
|------------------------------------|
| Payable within one year            |
| Payable between one and two years  |
| Payable between two and five years |
| Payable after five years           |

| Group          |                | Company        |                |
|----------------|----------------|----------------|----------------|
| 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| 294,977        | 8,675          | –              | –              |
| 27,795         | 54,219         | –              | –              |
| 505,611        | 367,396        | 249,000        | 174,000        |
| 286,450        | 325,000        | 250,000        | 325,000        |
| 1,114,833      | 755,290        | 499,000        | 499,000        |
|                |                |                |                |
| 294,977        | 8,675          | –              | –              |
| 819,856        | 746,615        | 499,000        | 499,000        |
| 1,114,833      | 755,290        | 499,000        | 499,000        |

Representing term loans:

|                                |
|--------------------------------|
| Due within 12 months (Note 41) |
| Due after 12 months            |

The long term loans were secured by:

- first fixed charge over certain assets of the Company and its subsidiaries (Notes 17 and 18)
- first fixed charge over certain freehold property development land of certain subsidiaries (Note 19(b))
- assignment of rental income from certain properties
- assignment of the Company's investments

(c) Weighted average year end  
effective interest rates per annum

| Group     |           | Company   |           |
|-----------|-----------|-----------|-----------|
| 2010<br>% | 2009<br>% | 2010<br>% | 2009<br>% |
| 5.24      | 4.36      | 4.69      | 4.47      |

(d) All borrowings are denominated in Ringgit Malaysia.

### 38 LONG TERM LIABILITIES

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2009<br>RM'000 |
| Guaranteed return to a minority shareholder           | 101,112        | 96,916         |
| Cost of accretion of liability (Note 14)              | 4,405          | 4,196          |
|   | 105,517        | 101,112        |
| Hire purchase creditors due after 12 months (Note 40) | 1,238          | 1,634          |
| Minority shareholders' advances                       | 960            | –              |
|   | 107,715        | 102,746        |

### 39 TRADE AND OTHER PAYABLES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Trade payables   | 621,892        | 333,991        | 140,240        | 94,375         |
| Amounts due to customers on contracts (Note 28)        | 10,041         | 52,557         | 48             | 21,037         |
| Progress billings in respect of property development   | 14,184         | 31,498         | –              | –              |
| Amounts due to related parties                         | 1,600          | 3,114          | 1,600          | 3,100          |
| Hire purchase creditors due within 12 months (Note 40) | 806            | 929            | –              | –              |
| Other payables   | 163,207        | 137,164        | 55,595         | 3,152          |
| Accruals   | 49,508         | 31,552         | 11,147         | 6,320          |
| Accrued interest payable                               | 27,673         | 27,782         | 769            | 2,822          |
|  | 888,911        | 618,587        | 209,399        | 130,806        |
| Amounts due to subsidiaries                            |                |                | 261,758        | 315,463        |

The amounts due to related parties are unsecured, interest free and have no fixed terms of repayment.

Credit terms of trade payables for the Group range from 14 days to 90 days (2009: 14 days to 60 days).

Credit terms of other payables for the Group range from 14 days to 90 days (2009: 14 days to 60 days).

The above trade payables balances are denominated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 40 HIRE PURCHASE CREDITORS

Analysis of hire purchase creditors:

Payable within one year  
Payable between one and two years  
Payable between two and five years  
Payable after five years

Less: Finance charges

Present value of hire purchase creditors:

Payable within one year  
Payable between one and two years  
Payable between two and five years  
Payable after five years

Representing hire purchase creditors:

Due within 12 months (Note 39)  
Due after 12 months (Note 38)

| Group          |                |
|----------------|----------------|
| 2010<br>RM'000 | 2009<br>RM'000 |
| 926            | 1,065          |
| 751            | 1,011          |
| 657            | 845            |
| 8              | 18             |
| 2,342          | 2,939          |
| (298)          | (376)          |
| 2,044          | 2,563          |
| 806            | 929            |
| 659            | 884            |
| 566            | 736            |
| 13             | 14             |
| 2,044          | 2,563          |
| 806            | 929            |
| 1,238          | 1,634          |
| 2,044          | 2,563          |

(a) The weighted average year end effective interest rates of hire purchase creditors range from 2.90% to 5.83% (2009: 2.90% to 5.83%) per annum.

(b) The hire purchase creditors are denominated in Ringgit Malaysia.

## 41 SHORT TERM BORROWINGS

Secured:

Short term borrowings and other credit facilities  
Term loans due within 12 months (Note 37)

|            | Group          |                | Company        |                |
|------------|----------------|----------------|----------------|----------------|
|            | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
|            | 9,654          | 14,741         | 9,200          | 14,000         |
|            | 266,400        | 8,675          | –              | –              |
|            | 276,054        | 23,416         | 9,200          | 14,000         |
| Unsecured: |                |                |                |                |
|            | 50,000         | 35,000         | 50,000         | 35,000         |
|            | 28,577         | –              | –              | –              |
|            | 78,577         | 35,000         | 50,000         | 35,000         |
| Total      | 354,631        | 58,416         | 59,200         | 49,000         |

The short term borrowings of the Group and the Company are secured by:

- first fixed charge over certain assets of the Company and its subsidiaries (Notes 17 and 18)
- first fixed charge over certain freehold property development land of certain subsidiaries (Note 19(b))
- assignment of contract proceeds and memorandum of fixed deposits

### Weighted average year end effective interest rates

Short term borrowings and other credit facilities  
Term loan

|  | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 2010<br>% | 2009<br>% | 2010<br>% | 2009<br>% |
|  | 4.17      | 3.52      | 4.01      | 3.35      |
|  | 6.41      | 4.36      | –         | –         |

All short term borrowings were denominated in Ringgit Malaysia.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 42 CASH AND CASH EQUIVALENTS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Deposits, cash and bank balances (Note 30)   | 795,004        | 806,232        | 330,345        | 63,281         |
| Less: Cash and bank balances and<br>fixed deposits held as security<br>value (Note 30) | (307,730)      | (573,661)      | (15,635)       | (3,633)        |
|  | 487,274        | 232,571        | 314,710        | 59,648         |

## 43 RELATED PARTY DISCLOSURES

The related parties with whom the Group and the Company transacted with during the financial year include the following:

| Related parties                                      | Nature of relationship   |
|--|--|
| Sistem Televisyen Malaysia Berhad (STMB)             | A subsidiary of Media Prima Berhad (MPB), which is deemed to be related by virtue of Encik Shahril Ridza Ridzuan being common Director of both MPB and the Company.                    |
| The New Straits Times Press (Malaysia) Berhad (NSTP) | An associate of MPB, which is deemed to be related by virtue of Encik Shahril Ridza Ridzuan being common Director of MPB, NSTP and the Company.  |
| Kumpulan Wang Simpanan Berhad (KWSP)                 | Shareholders of the Company, which is deemed to be related by virtue of Tan Sri Azlan Mohd Zainol and Encik Shahril Ridza Ridzuan being common Directors of both KWSP and the Company. |

#### 43 RELATED PARTY DISCLOSURES (cont'd)

Significant related party transactions other than mentioned elsewhere in the financial statements are as follows:

(a) Transactions with related parties

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Rental income from STMB                    | 1,238          | 1,179          | 1,238          | 1,179          |
| Purchase of advertisement from NSTP        | 122            | 98             | 13             | 9              |
| Management fees from subsidiaries          | –              | –              | 24,782         | 17,684         |
| Provision of building maintenance services | 3,639          | 4,854          | –              | –              |
| Provision of security services             | 194            | 92             | –              | –              |

(b) Key management compensation  
(including Executive Directors)

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Salaries and other short term employee benefits | 5,840 | 5,113 | 3,695 | 3,322 |
| Post employment benefits                        | 949   | 727   | 602   | 448   |
| Share based payments                            | 318   | 169   | 250   | 105   |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 44 CONTINGENT LIABILITIES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Unsecured corporate guarantees given to financial institutions for:    |                |                |                |                |
| - credit facilities granted to subsidiaries                            | –              | –              | 45,000         | 45,000         |
| - trade and performance guarantees extended to third parties           | 334,494        | 238,770        | 283,612        | 217,261        |
| Unsecured guaranteed return given to a minority shareholder            | –              | –              | 115,000        | 115,000        |
| Litigations arising from business transactions                         | 100,136        | 80,883         | –              | –              |
| Share of liquidated ascertained damages of a jointly controlled entity | –              | 669            | –              | –              |

The unsecured guaranteed return is a contractual obligation made by the Company to a minority shareholder to guarantee the minimum return to their investment in the KL Central development project which is payable by 31 December 2012 or upon the completion of KL Central development project, whichever shall be the earlier. As at financial year end, the net present value of this guaranteed sum accounted for in the Group is RM105,517,007 (2009: RM101,111,435) (Note 38).

The litigation arising from business transactions and share of liquidated ascertained damages of a jointly controlled entity have not been provided for in the financial statements as the Board of Directors, based on legal advice, are of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position of the business of the Group and of the Company.

## 45 CAPITAL COMMITMENT

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2010<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000 | 2009<br>RM'000 |
| Authorised capital expenditure not contracted for: |                |                |                |                |
| - property, plant and equipment                    | 11,563         | 6,710          | 4,695          | 1,735          |

## 46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

The Group's effective equity interest in the subsidiaries and associates as at 31 December 2010, their respective principal activities and country of incorporation are as follows:

| Name of enterprise   | Principal activities  | Country of incorporation | Effective equity interest |           |
|--|---|--------------------------|---------------------------|-----------|
|  |   |                          | 2010<br>%                 | 2009<br>% |
| SUBSIDIARIES:  |   |                          |                           |           |
| Cosy Bonanza Sdn. Bhd.<br>(previously a jointly controlled entity) | Property development  | Malaysia                 | 65.70                     | 40.70     |
| Excellent Bonanza Sdn. Bhd.  | Property development  | Malaysia                 | 60.00                     | 60.00     |
| GSB Sentral Sdn. Bhd.<br>(previously an associate)                 | Property related development and outsourcing activities     | Malaysia                 | 100.00                    | 40.00     |
| Held through 100% ownership by GSB Sentral Sdn. Bhd.               |   |                          |                           |           |
| - GSB Sentral Office Sdn. Bhd.                                     | Pre-operating   | Malaysia                 | 100.00                    | 40.00     |
| - GSB Sentral Service Residence Sdn. Bhd.                          | Pre-operating   | Malaysia                 | 100.00                    | 40.00     |
| KONSORTIUM KOP-HG-MRCB-ISOPLAS                                     | Design and build transmission line and substation           | Unincorporated           | 100.00                    | 100.00    |
| Kuala Lumpur Sentral Sdn. Bhd.                                     | Property development  | Malaysia                 | 64.38                     | 64.38     |
| Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.      |   |                          |                           |           |
| - Unity Portfolio Sdn. Bhd.  | Property management   | Malaysia                 | 64.38                     | 64.38     |
| Landas Utama Sdn. Bhd.   | Investment holding  | Malaysia                 | 100.00                    | 100.00    |
| MRCB Utama Sdn. Bhd.   | Property development  | Malaysia                 | 100.00                    | 100.00    |
| Held through 100% ownership by MRCB Utama Sdn. Bhd.                |   |                          |                           |           |
| - Country Annexe Sdn. Bhd.   | Pre-operating   | Malaysia                 | 100.00                    | 100.00    |
| MRCB Sentral Properties Sdn. Bhd.                                  | Property development and property investment and management | Malaysia                 | 100.00                    | 100.00    |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)

| Name of enterprise   | Principal activities   | Country of incorporation | Effective equity interest |           |
|--|--|--------------------------|---------------------------|-----------|
|  |  |                          | 2010<br>%                 | 2009<br>% |
| MRCB Engineering Sdn. Bhd.   | Engineering and construction services  | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 100% ownership by MRCB Engineering Sdn. Bhd.</b>           |  |                          |                           |           |
| - MRCB (Thailand) Ltd. $\beta$   | Pre-operating  | Thailand                 | 100.00                    | 100.00    |
| MRCB Environmental Services Sdn. Bhd.                                      | Investment holding   | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 55% ownership by MRCB Environmental Services Sdn. Bhd.</b> |  |                          |                           |           |
| - MRCB Environment Sdn. Bhd.   | Infrastructure and environmental engineering   | Malaysia                 | 55.00                     | 55.00     |
| MRCB Prasarana Sdn. Bhd.   | Project management and investment holding  | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 100% ownership by MRCB Prasarana Sdn. Bhd.</b>             |  |                          |                           |           |
| - MRCB Lingkaran Selatan Sdn. Bhd.   | Design, development, construction, project management, operations and maintenance of the expressway known as Eastern Dispersal Link, Johor Bahru | Malaysia                 | 100.00                    | 100.00    |



**46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)**

| Name of enterprise  | Principal activities   | Country of incorporation | Effective equity interest |           |
|---|--|--------------------------|---------------------------|-----------|
|   |  |                          | 2010<br>%                 | 2009<br>% |
| <hr/>   |  |                          |                           |           |
| <b>Held through 100% ownership<br/>by MRCB Lingkaran Selatan Sdn. Bhd.</b>          |  |                          |                           |           |
| - MRCB Southern Link Bhd.   | Design, development, construction, project management and financing of expressway and infrastructure related project | Malaysia                 | <b>100.00</b>             | 100.00    |
| Malaysian Resources Development Sdn. Bhd.   | Property development and investment holding  | Malaysia                 | <b>100.00</b>             | 100.00    |
| <b>Held through 100% ownership<br/>by Malaysian Resources Development Sdn. Bhd.</b> |  |                          |                           |           |
| - Bitar Enterprises Sdn. Bhd.*  | Property investment  | Malaysia                 | <b>100.00</b>             | 100.00    |
| <b>Held through 70% ownership<br/>by Bitar Enterprises Sdn. Bhd.</b>                |  |                          |                           |           |
| - MRCB Land (Australia) Pty. Ltd. (formerly known as Yes 88 Pty. Ltd.) <i>β</i>     | Property development   | Australia                | <b>70.00</b>              | -         |
| <b>Held through 100% ownership<br/>by Malaysian Resources Development Sdn. Bhd.</b> |  |                          |                           |           |
| - MR Properties Sdn. Bhd.*  | Property development   | Malaysia                 | <b>100.00</b>             | 100.00    |
| - Golden East Corporation Sdn. Bhd.*  | Property development and management  | Malaysia                 | <b>100.00</b>             | 100.00    |
| - Seri Iskandar Utilities Corporation Sdn. Bhd.                                     | Pre-operating  | Malaysia                 | <b>100.00</b>             | 100.00    |
| - Sunrise Properties Sdn. Bhd.*   | Property development   | Malaysia                 | <b>100.00</b>             | 100.00    |
| - Taiyee Development Sdn. Bhd.*   | Property development   | Malaysia                 | <b>100.00</b>             | 100.00    |
| - MRCB Property Development Sdn. Bhd. *   | Investment holding   | Malaysia                 | <b>100.00</b>             | 100.00    |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)

| Name of enterprise   | Principal activities   | Country of incorporation | Effective equity interest |           |
|--|--|--------------------------|---------------------------|-----------|
|  |  |                          | 2010<br>%                 | 2009<br>% |
| <b>Held through 100% ownership<br/>by MRCB Property Development<br/>Sdn. Bhd.</b>      |  |                          |                           |           |
| - MRCB Cahaya Mutiara<br>Sdn. Bhd.*  | Property development<br>and management   | Malaysia                 | <b>100.00</b>             | 100.00    |
| <b>Held through 70% ownership<br/>by Malaysian Resources<br/>Development Sdn. Bhd.</b> |  |                          |                           |           |
| - Seri Iskandar Development<br>Corporation Sdn. Bhd.                                   | Property development   | Malaysia                 | <b>70.00</b>              | 70.00     |
| Malaysian Resources<br>Sentral Sdn. Bhd.   | Provision of facility<br>management  | Malaysia                 | <b>100.00</b>             | 100.00    |
| Milmix Sdn. Bhd.   | Civil and infrastructure<br>building contractor  | Malaysia                 | <b>100.00</b>             | 100.00    |
| Onesentral Park Sdn. Bhd.  | Property development   | Malaysia                 | <b>100.00</b>             | 51.00     |
| Prema Bonanza Sdn. Bhd.  | Property development   | Malaysia                 | <b>51.00</b>              | 51.00     |
| Semasa Sentral Sdn. Bhd.   | Operation, management<br>and maintenance of the<br>Kuala Lumpur central<br>railway station | Malaysia                 | <b>100.00</b>             | 100.00    |
| Semasa Services Sdn. Bhd.  | Building services  | Malaysia                 | <b>100.00</b>             | 100.00    |
| Semasa Parking Sdn. Bhd.   | Car park management  | Malaysia                 | <b>100.00</b>             | 100.00    |
| Semasa Sentral<br>(Penang) Sdn. Bhd.   | Operation, management<br>and maintenance of<br>Penang Sentral                              | Malaysia                 | <b>100.00</b>             | 100.00    |
| Semasa District Cooling<br>Sdn. Bhd. *   | One-stop card<br>technology service<br>provider  | Malaysia                 | <b>100.00</b>             | 100.00    |
| Sooka Sentral Sdn. Bhd.  | Operation, management<br>and maintenance of<br>retail centre                               | Malaysia                 | <b>100.00</b>             | 100.00    |

**46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)**

| Name of enterprise   | Principal activities  | Country of incorporation | Effective equity interest |           |
|--|---|--------------------------|---------------------------|-----------|
|  |   |                          | 2010<br>%                 | 2009<br>% |
| Superview Development Sdn. Bhd.                                  | Property development, management and shares trading                               | Malaysia                 | 100.00                    | 100.00    |
| SynarGym Sdn. Bhd.   | Managing and operating a fitness centre   | Malaysia                 | 100.00                    | 100.00    |
| Transmission Technology Sdn. Bhd.                                | Engineering and construction services to power transmission systems and buildings | Malaysia                 | 100.00                    | 100.00    |
| Mafira Holdings Sdn. Bhd.*                                       | Investment holding  | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.</b> |   |                          |                           |           |
| - Zen Concrete Industries Sdn. Bhd. * β                          | Manufacturing and sale of pre-stressed spun concrete poles                        | Malaysia                 | 38.60                     | 38.60     |
| MR Securities Sdn. Bhd.*   | Investment holding  | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 100% ownership by MR Securities Sdn. Bhd.</b>    |   |                          |                           |           |
| - Semasa Security Sdn. Bhd.                                      | Security guard services   | Malaysia                 | 100.00                    | 100.00    |
| MR Enterprises Sdn. Bhd.*  | Construction  | Malaysia                 | 100.00                    | 100.00    |
| MR Management Sdn. Bhd.*   | Investment holding and management services  | Malaysia                 | 100.00                    | 100.00    |
| MR-H Piling and Civil Engineering (M) Sdn. Bhd.*                 | Piling and civil engineering  | Malaysia                 | 51.00                     | 51.00     |
| MRCB Ceramics Sdn. Bhd.*   | Manufacturing, distribution and sale of ceramic tiles                             | Malaysia                 | 100.00                    | 100.00    |
| MRCB Technologies Sdn. Bhd.                                      | Information technology services and professional outsourcing                      | Malaysia                 | 100.00                    | 100.00    |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (cont'd)

| Name of enterprise   | Principal activities   | Country of incorporation | Effective equity interest |           |
|--|--|--------------------------|---------------------------|-----------|
|  |  |                          | 2010<br>%                 | 2009<br>% |
| MR Construction Sdn. Bhd.*                                       | Construction   | Malaysia                 | 51.00                     | 51.00     |
| MRCB Dotcom Sdn. Bhd.*   | Planning and management services   | Malaysia                 | 100.00                    | 100.00    |
| MRCB Intelligent System and Control Sdn. Bhd.*                   | System maintenance and application services and other technological applications | Malaysia                 | 100.00                    | 100.00    |
| MRCB Land Sdn. Bhd.*   | Project management and development services                                      | Malaysia                 | 100.00                    | 100.00    |
| MRCB Property Management Sdn. Bhd. *                             | Property investment and management   | Malaysia                 | 100.00                    | 100.00    |
| MRCB Trading Sdn. Bhd.*  | Trading in building materials  | Malaysia                 | 100.00                    | 100.00    |
| Region Resources Sdn. Bhd.                                       | Engineering and construction services  | Malaysia                 | 100.00                    | 100.00    |
| <b>Held through 100% ownership by Region Resources Sdn. Bhd.</b> |  |                          |                           |           |
| - Syarikat Gemilang Quarry Sdn. Bhd.*                            | Quarry operations  | Malaysia                 | 100.00                    | 100.00    |
| Sibexlink Sdn. Bhd.* α   | Sale of business information and website development                             | Malaysia                 | 100.00                    | 100.00    |
| Cheq Point (M) Sdn. Bhd.*  | Charge card services and investment holding                                      | Malaysia                 | 75.00                     | 75.00     |
| Harmonic Fairway Sdn. Bhd.*                                      | Investment holding   | Malaysia                 | 100.00                    | 100.00    |
| MRCB Energy International Sdn. Bhd.                              | Pre-operating  | Malaysia                 | 100.00                    | 100.00    |
| Semasa ACE Urusharta Sdn. Bhd.                                   | Pre-operating  | Malaysia                 | 100.00                    | 100.00    |
| MRCB Green Energy Sdn. Bhd.                                      | Pre-operating  | Malaysia                 | 100.00                    | 100.00    |

**46 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES** (cont'd)

| Name of enterprise   | Principal activities   | Country of incorporation | Effective equity interest |           |
|--|--|--------------------------|---------------------------|-----------|
|  |  |                          | 2010<br>%                 | 2009<br>% |
| ASSOCIATES:  |  |                          |                           |           |
| Nuzen Corporation Sdn. Bhd. <i>β</i>   | Investment holding   | Malaysia                 | 30.00                     | 30.00     |
| One IFC Sdn. Bhd. <i>β</i>   | Investment holding   | Malaysia                 | 30.00                     | 30.00     |
| Penang Sentral Sdn. Bhd. <i>β</i>  | Property development   | Malaysia                 | 49.00                     | 49.00     |
| Suasana Sentral Two Sdn. Bhd.  | Property development   | Malaysia                 | 30.00                     | 30.00     |
| Multimedia Consulting Sdn. Bhd.<br>(formerly known as MRCB<br>Multimedia Consortium<br>Sdn. Bhd.) <i>β</i> | Applications services<br>relating to information<br>and technologies | Malaysia                 | 29.00                     | 29.00     |
| Kota Francais (M) Sdn. Bhd.* <i>β</i>  | Franchising property<br>management and<br>consultancy                | Malaysia                 | 20.00                     | 20.00     |
| JOINTLY CONTROLLED ENTITIES  |  |                          |                           |           |
| Nu Sentral Sdn. Bhd.   | Property investment<br>and management                                | Malaysia                 | 51.00                     | 51.00     |
| TTSB-SPK Consortium <i>β</i>   | Design and build<br>transmission line and<br>substation              | Unincorporated           | 50.00                     | 50.00     |
| Bisraya Construction-MRCB<br>Engineering Consortium  | Engineering services<br>and construction                             | Unincorporated           | 30.00                     | 30.00     |

\* Dormant

$\alpha$  This subsidiary is under creditors voluntary liquidation

All companies are audited by PricewaterhouseCoopers, Malaysia except for those indicated in  $\beta$



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 47 SEGMENT REPORTING

Management has determined the operating segments based on the various reports prepared for the board of directors that are used to make strategic decisions.

The reportable operating segments derive their revenue primarily from the engineering and construction, property development, infrastructure and environmental, building services and investment holding divisions.

Segment results are defined as operating income before interest income.

Segment assets consist primarily of current and non-current assets.

Segment liabilities comprises of current and non-current liabilities.

The Group is domiciled in Malaysia. The results of its revenue from external customers in Malaysia is RM 1,067,578,585 (2009: RM 921,616,304), and the total of revenue from external customers from other countries is RM Nil (2009: RM Nil).

Inclusive in the Group's non-current assets is RM22,734,376 (2009: Nil) located in countries other than Malaysia.

There are no revenues derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue (2009: RM Nil).

| Year ended 31 December 2010                                    |  | Engineering and construction<br>RM'000 | Property development<br>RM'000 | Infrastructure and environmental<br>RM'000 | Building services<br>RM'000 | Investment holding & others<br>RM'000 | Group<br>RM'000 |
|--|--|--|--------------------------------|--|-----------------------------|---------------------------------------|-----------------|
| <b>Revenue</b>   |  |  |                                |  |                             |                                       |                 |
| Total revenue  |  | 1,126,623                              | 210,777                        | 103,476                                    | 76,876                      | 33,140                                | 1,550,892       |
| Inter-segment revenue  |  | (409,007)                              | (10,318)                       | –  | (31,557)                    | (32,431)                              | (483,313)       |
| External revenue   |  | 717,616                                | 200,459                        | 103,476                                    | 45,319                      | 709                                   | 1,067,579       |
| <b>Results</b>   |  |  |                                |  |                             |                                       |                 |
| Segment results  |  | 65,035                                 | 48,553                         | 3,059                                      | 1,521                       | (8,415)                               | 109,753         |
| Interest income  |  |  |                                |  |                             |                                       | 30,847          |
| Finance costs  |  |  |                                |  |                             |                                       | (31,449)        |
| Share of results of jointly controlled entities and associates |  | (1,316)                                | (8,116)                        | (2,144)                                    | –                           | –                                     | (11,576)        |
| Profit before income tax                                       |  |  |                                |  |                             |                                       | 97,575          |
| Income tax expense   |  |  |                                |  |                             |                                       | (23,781)        |
| Profit after tax   |  |  |                                |  |                             |                                       | 73,794          |
| Minority interests   |  |  |                                |  |                             |                                       | (6,526)         |
| Net profit for the financial year                              |  |  |                                |  |                             |                                       | 67,268          |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 47 SEGMENT REPORTING (cont'd)

| At 31 December 2010                        | Engineering<br>and<br>construction<br>RM'000 | Property<br>development<br>RM'000 | Infrastructure<br>and<br>environmental<br>RM'000 | Building<br>services<br>RM'000 | Investment<br>holding<br>& others<br>RM'000 | Group<br>RM'000 |
|--|--|-----------------------------------|--|--------------------------------|---|-----------------|
| <b>Other information</b>                   |  |                                   |  |                                |   |                 |
| <b>Assets</b>                              |  |                                   |  |                                |   |                 |
| Segment assets                             | 689,971                                      | 1,781,160                         | 1,175,149  | 42,393                         | 467,201                                     | 4,155,874       |
| Jointly controlled entities and associates | –  | 132,623                           | 66,380   | –                              | –   | 199,003         |
| Tax recoverable and deferred tax assets    |  |                                   |  |                                |   | 33,463          |
| Total assets                               |  |                                   |  |                                |   | 4,388,340       |
| <b>Liabilities</b>                         |  |                                   |  |                                |   |                 |
| Segment liabilities                        | 459,036                                      | 307,279                           | 11,018   | 25,762                         | 215,403                                     | 1,018,498       |
| Interest bearing instruments               |  |                                   |  |                                |   | 2,008,522       |
| Current and deferred tax liabilities       |  |                                   |  |                                |   | 39,843          |
| Total liabilities                          |  |                                   |  |                                |   | 3,066,863       |
| <b>Other disclosures</b>                   |  |                                   |  |                                |   |                 |
| Capital expenditure                        | 6,715  | 349                               | 405  | 4,501                          | 326   | 12,296          |
| Depreciation and amortisation              | 2,726  | 3,830                             | 1,239  | 1,624                          | 4,122                                       | 13,541          |

| Year ended 31 December 2009                                    |  |                                |  |                             |                                       |                 |
|--|--|--------------------------------|--|-----------------------------|---------------------------------------|-----------------|
| Revenue  | Engineering and construction<br>RM'000 | Property development<br>RM'000 | Infrastructure and environmental<br>RM'000 | Building services<br>RM'000 | Investment holding & others<br>RM'000 | Group<br>RM'000 |
| Total revenue  | 804,532                                | 115,446                        | 116,414                                    | 57,754                      | 42,526                                | 1,136,672       |
| Inter-segment revenue  | (155,759)                              | (6,866)                        | –  | (10,804)                    | (41,627)                              | (215,056)       |
| External revenue   | 648,773                                | 108,580                        | 116,414                                    | 46,950                      | 899                                   | 921,616         |
| Results  |  |                                |  |                             |                                       |                 |
| Segment results  | 45,567                                 | 23,281                         | 10,644                                     | 3,944                       | (9,856)                               | 73,580          |
| Interest income  |  |                                |  |                             |                                       | 27,980          |
| Finance costs  |  |                                |  |                             |                                       | (38,570)        |
| Share of results of jointly controlled entities and associates | (5,082)                                | (1,036)                        | (10,380)                                   | –                           | –                                     | (16,498)        |
| Profit before income tax                                       |  |                                |  |                             |                                       | 46,492          |
| Income tax expense   |  |                                |  |                             |                                       | (9,009)         |
| Profit after tax   |  |                                |  |                             |                                       | 37,483          |
| Minority interests   |  |                                |  |                             |                                       | (2,859)         |
| Net profit for the financial year                              |  |                                |  |                             |                                       | 34,624          |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 47 SEGMENT REPORTING (cont'd)

| At 31 December 2009                        | Engineering<br>and<br>construction<br>RM'000 | Property<br>development<br>RM'000 | Infrastructure<br>and<br>environmental<br>RM'000 | Building<br>services<br>RM'000 | Investment<br>holding<br>& others<br>RM'000 | Group<br>RM'000 |
|--|--|-----------------------------------|--|--------------------------------|---|-----------------|
| <b>Other information</b>                   |  |                                   |  |                                |   |                 |
| <b>Assets</b>                              |  |                                   |  |                                |   |                 |
| Segment assets                             | 410,433                                      | 1,081,609                         | 1,162,413  | 35,445                         | 196,876                                     | 2,886,776       |
| Jointly controlled entities and associates | –  | 139,113                           | 60,644   | –                              | –   | 199,757         |
| Tax recoverable and deferred tax assets    |  |                                   |  |                                |   | 32,219          |
| Total assets                               |  |                                   |  |                                |   | 3,118,752       |
| <b>Liabilities</b>                         |  |                                   |  |                                |   |                 |
| Segment liabilities                        | 249,656                                      | 315,559                           | 21,211   | 20,282                         | 135,257                                     | 741,965         |
| Interest bearing instruments               |  |                                   |  |                                |   | 1,645,571       |
| Current and deferred tax liabilities       |  |                                   |  |                                |   | 40,904          |
| Total liabilities                          |  |                                   |  |                                |   | 2,428,440       |
| <b>Other disclosures</b>                   |  |                                   |  |                                |   |                 |
| Capital expenditure                        | 1,966  | 45,415                            | 1,652  | 1,276                          | 8,901                                       | 59,210          |
| Depreciation and amortisation              | 2,821  | 4,285                             | 1,185  | 1,772                          | 4,478                                       | 14,541          |



#### 47 SEGMENT REPORTING (cont'd)

Capital expenditure consists of additions to property, plant and equipment (Note 17).

The Group's business segments operate in Malaysia only.

#### 48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company's wholly owned subsidiary, Bitar Enterprises Sdn. Bhd. (Bitar) had on 10 November 2009 entered into a Shareholders And Subscription Agreement to acquire 70% equity interest in MRCB Land (Australia) Pty. Ltd. (MLAPL) (formerly known as Yes 88 Pty. Ltd.). MLAPL is a joint venture company to develop two (2) block of four (4) storey buildings with basement car park for the purpose of residential dwellings and student accommodation on several parcels of land in Burwood, Melbourne, Australia. Bitar is to subscribe 70% of the enlarged share capital in MLAPL which is represented by 294 ordinary shares of A\$1 each for a total cash consideration of A\$6.28 million.

The acquisition and subscription of shares were completed on 11 October 2010.

- (b) On 21 December 2009, the Company obtained approval from its shareholders via Extraordinary General Meeting held, to undertake a renounceable rights issue of up to 482,271,409 new ordinary shares of RM1.00 each on the basis of one (1) rights issue for every two (2) existing ordinary shares of RM1.00 each in the company at an issue price of RM1.12 for each rights share (Rights Issue). The last date for acceptance and payment for the Rights Issue was on 19 February 2010. The Rights Issue shall, upon allotment and issue, rank *pari passu* in all respects with the existing shares.

The gross proceeds raised is to finance the capital requirements of the Company's potential future business investments and expansion of the Group's principal activities and working capital requirements. The overall rationale for the Rights Issue is to strengthen the Company's statement of financial position without diluting the existing shareholders' equity interest.

The Rights Issue exercise was completed on 3 March 2010.

- (c) On 3 March 2010, the Company received a notice of conditional take-over offer dated the same from RHB Investment Bank Berhad (RHB) on behalf of Employees Provident Fund Board (EPF) to acquire the following:-
- (i) all the remaining ordinary shares of RM1.00 each in MRCB not already owned by EPF;
  - (ii) all the new MRCB Shares that may be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to MRCB's Employees' Share Option Scheme (2007/2012 ESOS),

for a cash consideration of RM1.50 per share (Offer).

The Offer is conditional upon EPF having received acceptance which would result in EPF holding in aggregate more than 50% of the voting shares of MRCB.

On 13 April 2010, the Company received a notice from RHB that the Offer had failed to meet the Acceptance Condition and EPF will not extend the Offer period. Thus, the Offer lapsed at 5.00 pm on the same date, being the closing date of the Offer.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

- (d) The Company had on 30 June 2010 entered into a conditional Share Sale Agreement with Gapurna Sdn. Bhd. (Gapurna) to acquire all the shares held by Gapurna in GSB Sentral Sdn. Bhd. (GSSB) for a total purchase consideration of RM105.0 million consisting of 22,821,001 ordinary shares of RM1.00 each, representing the remaining 60% equity interest not owned by the Company together with 17,910,000 redeemable preference shares of RM0.01 each (Proposed Acquisition).

Upon completion of the acquisition, GSSB became a wholly owned subsidiary of the Company.

The acquisition was completed on 29 October 2010.

- (e) The Company had on 16 August 2010 entered into a Share Sale Agreement with Plushland Sdn. Bhd. for the acquisition of the remaining 49% equity interest represented by 245,000 ordinary shares of RM1.00 each in Onesentral Park Sdn. Bhd. (OSPSB) for a cash consideration of RM146,000 (Proposed Acquisition).

Upon completion of the acquisition, OPSB became a wholly owned subsidiary of the Company.

The acquisition was completed on 26 August 2010.

- (f) On 23 November 2010, the Company entered a Memorandum of Understanding (MOU) with IJM Land Berhad (IJM) in relation to the Proposed Merger by way of a Members' Scheme of Arrangement under Section 176 of the Companies Act, 1965 via a newly incorporated company.

Pursuant to the MOU, the parties have agreed to negotiate in good faith the terms of a definitive merger agreement for the Proposed Merger (Definitive Agreement) with the aim of entering into the Definitive Agreement within three (3) weeks from the date of the MOU or such other date as the parties may agree in writing, failing which the MOU will cease to have any further effect.

On 30 December 2010, the Company announced that after a series of discussions, both the Company and IJM have not been able to reach an agreement on the definitive terms and conditions of the Proposed Merger. Accordingly, the Proposed Merger was aborted and the MOU in relation to the Proposed Merger lapsed and ceased to have any further effect.

- (g) The Company had on 28 December 2010 entered into a KFH Musyarakat Buy-Out Agreement with Kuwait Finance House (Malaysia) Berhad (KFH) and Quil Sentral Sdn. Bhd. for the acquisition of the 18,000 ordinary shares of RM1.00 each representing eighteen percent (18%) of the equity interest in Cosy Bonanza Sdn. Bhd. (CBSB) together with 2,482,000 redeemable preference shares of RM1.00 each and 3,775,000 redeemable preference shares-A of RM0.01 each in CBSB from KFH for a cash consideration of RM7.775 million (Proposed Acquisition).

Upon completion of the acquisition, the Company's effective equity interest in CBSB increased from 40.7% to 65.7%.

The acquisition was completed on 30 December 2010.

#### 49 SIGNIFICANT EVENT SUBSEQUENT TO FINANCIAL YEAR

On 31 January 2011, Cosy Bonanza Sdn. Bhd., a subsidiary of the Company had early redeemed its Murabahah Tawarruq Facility of RM169,976,912 with a new long term bridging loan facility. The total new facility amount is RM400 million.

#### 50 CHANGE OF ACCOUNTING POLICIES

The list of new accounting standards and amendments to published standards that are effective for the financial year beginning 1 January 2010 is set out in Note 2.1(a) to the financial statements.

The following describes the impact of new standards and amendments on the financial statements of the Group and of the Company.

##### (a) Reclassification of prior year comparatives

Set out below are changes in accounting policies that resulted in reclassification of prior year comparatives but did not affect the recognition and measurement of the Group's and Company's net assets:

- FRS 117 resulted in the reclassification of prepaid land lease payments to leasehold land under property, plant and equipment.

The effects of the above standards on the Group's financial statements for the current and prior years are set out in Notes 50(b) to the financial statements.

##### (b) The financial effects arising from the adoption of FRS 117 are as follows:

|                                    | As<br>previously<br>reported | Effects of<br>changes in<br>accounting<br>policies | As<br>restated |
|------------------------------------|------------------------------|--|----------------|
|                                    | RM'000                       | RM'000   | RM'000         |
| <b>Group</b>                       |                              |  |                |
| At 31 December 2008                |                              |  |                |
| Prepaid land lease payments        | 131,520                      | (131,520)  | –              |
| Property, plant & equipment        | 61,327                       | 17,991   | 79,318         |
| Expressway development expenditure | –                            | 113,529  | 113,529        |
| At 31 December 2009                |                              |  |                |
| Prepaid land lease payments        | 243,019                      | (243,019)  | –              |
| Property, plant & equipment        | 94,143                       | 17,657   | 111,800        |
| Expressway development expenditure | –                            | 567,043  | 567,043        |
| Trade and other receivables        | 760,307                      | (341,681)  | 418,626        |

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2010 (cont'd)

## 51 COMPARATIVES

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of the revised FRS 117 'Leases' which have been applied retrospectively. The comparative figures were also extended to comply with the additional disclosure requirements of the revised FRS that are applicable for the financial year ended 31 December 2010.

## 52 DIVIDENDS

Proposed a first and final dividend  
- net of 25% income tax

|                                    | 2010  |                                    | 2009  |
|------------------------------------|---|------------------------------------|---|
| Gross dividend<br>per share<br>sen | Amount of<br>dividend<br>(net of tax)<br>RM'000 | Gross dividend<br>per share<br>sen | Amount of<br>dividend<br>(net of tax)<br>RM'000 |
| 1.50                               | 15,553  | 1.00                               | 10,280  |

The Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2010 of 1.5% or 1.5 sen per ordinary share less income tax of 25%, amounting to approximately RM15,553,000 which is subject to the approval of the members at the forthcoming Annual General Meeting.

## 53 BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised accumulated losses at the legal entity is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

|   | Group          | Company        |
|---|----------------|----------------|
|   | 2010<br>RM'000 | 2010<br>RM'000 |
| Total accumulated losses:   |                |                |
| - realised  | (277,125)      | (267,387)      |
| - unrealised  | (12,805)       | 1,962          |
| Total share of accumulated losses from associates:                  |                |                |
| - realised  | (969)          | —              |
| - unrealised  | —              | —              |
| Total share of accumulated losses from jointly controlled entities: |                |                |
| - realised  | (6,268)        | —              |
| - unrealised  | —              | —              |
| Add: Consolidation adjustments                                      | 31,262         | —              |
| Total Group accumulated losses                                      | (265,905)      | (265,425)      |

The disclosure of realised and unrealised profit/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

The unrealised portion within unappropriated losses (accumulated losses) as at 31 December 2010 relates mainly to provision of remedial works of RM12,000,000 (Note 34).





# PROXY FORM

(Please see the notes below before completing the form)

I/We (FULL NAME IN CAPITAL LETTERS) \_\_\_\_\_  
of (FULL ADDRESS) \_\_\_\_\_

being a member/members of **Malaysian Resources Corporation Berhad** hereby appoint \* the Chairman of the Meeting  
and/or (FULL NAME) \_\_\_\_\_  
of (FULL ADDRESS) \_\_\_\_\_

and/or failing him (FULL NAME) \_\_\_\_\_  
of (FULL ADDRESS) \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be held on Monday, 4 April 2011 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

| No. | Resolution  | For | Against |
|-----|---|-----|---------|
| 1   | To receive and adopt the Statutory Financial Statements and Reports of the Directors and Auditors thereon for the financial year 2010 |     |         |
| 2   | To approve a final dividend of 1.5 sen per ordinary share less 25% income tax for the financial year 2010                             |     |         |
|     | To re-elect the following Directors under Articles 101 and 102:   |     |         |
| 3   | Tan Sri Azlan Zainol  |     |         |
| 4   | Dato' Abdul Rahman Ahmad  |     |         |
| 5   | To approve the Directors' Fees of RM438,493 for the financial year 2010   |     |         |
| 6   | To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration      |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011                      Number of shares \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

\* DELETE IF NOT APPLICABLE

## Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
3. The instrument appointing the proxy must be deposited at the 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, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

fold here



STAMP

**SYMPHONY SHARE REGISTRARS SDN BHD**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

fold here

# BORANG PROKSI

(Sila lihat nota-nota di bawah sebelum mengisi borang ini)

Saya/Kami (NAMA PENUH DENGAN HURUF BESAR) \_\_\_\_\_  
yang beralamat di (ALAMAT PENUH) \_\_\_\_\_

sebagai ahli/ahli-ahli **Malaysian Resources Corporation Berhad**, dengan ini melantik \*Pengerusi Mesyuarat dan/atau  
(NAMA PENUH) \_\_\_\_\_  
yang beralamat di (ALAMAT PENUH) \_\_\_\_\_

dan/atau sebagai penggantinya (NAMA PENUH) \_\_\_\_\_  
yang beralamat di (ALAMAT PENUH) \_\_\_\_\_

sebagai proksi saya/kami untuk menghadiri dan mengundi bagi pihak saya/kami di Mesyuarat Agung Tahunan Syarikat Keempat Puluh  
yang akan diadakan pada hari Isnin, 4 April 2011 pada pukul 11.00 pagi dan pada sebarang penangguhannya.

Proksi saya/kami hendaklah mengundi untuk resolusi-resolusi yang telah ditentukan dengan tanda “X” di ruang yang berkenaan di  
bawah ini. Sekiranya borang ini dikembalikan tanpa apa-apa penentuan mengenai cara pengundian, proksi akan mengambil tindakan  
yang sewajarnya untuk mengundi ataupun tidak.

| No. | Resolusi  | Menyokong | Menentang |
|-----|---|-----------|-----------|
| 1   | Untuk menerima dan meluluskan Penyata Kewangan Syarikat dan Laporan-Laporan Berkanun bagi tahun kewangan 2010                                     |           |           |
| 2   | Untuk meluluskan bayaran dividend akhir sebanyak 1.5 sen sesaham biasa yang ditolak cukai pendapatan sebanyak 25% bagi tahun kewangan 2010        |           |           |
|     | Untuk melantik semula Pengarah-pengarah berikut yang akan bersara menurut Artikel 101 dan 102 Tataurusan Syarikat:                                |           |           |
| 3   | Tan Sri Azlan Zainol  |           |           |
| 4   | Dato’ Abdul Rahman Ahmad  |           |           |
| 5   | Untuk meluluskan yuran Pengarah-Pengarah sebanyak RM438,493 bagi tahun kewangan 2010  |           |           |
| 6   | Untuk melantik semula Tetuan PricewaterhouseCoopers sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah untuk menetapkan ganjaran mereka |           |           |

Bertarikh \_\_\_\_\_ hb. \_\_\_\_\_ 2011 Bilangan Saham Dipegang \_\_\_\_\_

\_\_\_\_\_  
Tandatangan Pemegang Saham

\* POTONG YANG MANA TIDAK PERLU

NOTA-NOTA :

- Ahli Syarikat yang berhak menghadiri dan mengundi di mesyuarat ini, berhak melantik seorang atau lebih proksi (atau melantik seorang wakil, bagi syarikat yang diperbadankan) untuk menghadiri dan mengundi bagi pihaknya. Seorang proksi tidak semestinya seorang ahli Syarikat ini.
- Borang Proksi mestilah ditandatangani oleh orang yang melantiknya atau wakilnya yang diberi kuasa secara bertulis. Bagi syarikat yang diperbadankan, ia hendaklah dilaksanakan dengan menggunakan Cop Mohor atau ditandatangani oleh wakilnya yang diberi kuasa secara bertulis atau oleh pegawainya, bagi pihak syarikat tersebut.
- Surat perlantikan seorang proksi hendaklah dikemukakan ke Pendaftar Saham, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia tidak kurang dari 48 jam sebelum waktu yang telah ditetapkan bagi mesyuarat tersebut atau sebarang penangguhannya.

lipat sini



SETEM

**SYMPHONY SHARE REGISTRARS SDN BHD**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

lipat sini



[www.mrcb.com.my](http://www.mrcb.com.my)

Malaysian Resources Corporation Berhad 7994-D  
Level 21, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
T : +603 2786 8080 F : +603 2780 7988