ADVANCE SYNERGY BERHAD
(1225 - D)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2009

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the subsidiaries are stated in Note 8 to the financial statements.

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

RESULTS

	Group	**Company**
	RM'000	RM'000
Net profit/(loss) for the financial year	32,671	(1,974)
Attributable to:		
Equity holders of the Company	30,994	(1,974)
Minority interests	1,677	-
	32,671	(1,974)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividends in respect of the financial year ended 31 December 2009.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amount 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.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised 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 that they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than as disclosed in Note 42 to the financial statements.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year ended 31 December 2009, a total of 22,941,100 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") were converted into 11,470,550 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share of RM0.30 each in the Company. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2000/2010

On 29 August 2000, the Company issued 168,896,809 warrants where each warrant entitles the registered holder to subscribe for one (1) new stock unit of RM1.00 each at the exercise price of RM1.00 per stock unit at any time during the exercise period. The duration and exercise period of the warrants was first extended from 28 August 2003 to 28 August 2008 and had been further extended for a period of two (2) years from 28 August 2008 up to and including 28 August 2010.

The warrants are constituted by a Deed Poll dated 28 April 2000 and a Supplemental Deed Poll dated 24 July 2003.

The exercise price of the warrants has been adjusted from RM1.00 per Advance Synergy Berhad ("ASB") share (converted from stock units to ordinary shares on 29 June 2007) to RM0.71 per ASB share with effect from 27 December 2007.

WARRANTS 2000/2010 (Continued)

The registered holders have no right to participate by virtue of the warrants in any other share issue of the Company and its subsidiaries.

Upon expiry of the exercise period, any warrants which have not been exercised will lapse and cease to be valid for any purpose.

As at the end of the current financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 168,896,809.

DIRECTORS

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

Dato' Ahmad Sebi Bakar
Lee Su Nie
Dato' Abdul Murad Bin Khalid
Datin Masri Khaw Binti Abdullah
Chim Wai Khuan
Yong Teck Ming

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those Directors who held office at the end of the financial year in the securities of the Company during the financial year ended 31 December 2009 are as follows:

	Number of Ordinary Shares of RM0.30 each			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Direct Interest				
Dato' Ahmad Sebi Bakar *	15,203,509	-	-	15,203,509
Datin Masri Khaw Binti Abdullah	1,000,000	-	-	1,000,000
Chim Wai Khuan	-	100,000	-	100,000
Indirect Interest				
Dato' Ahmad Sebi Bakar *	*1 95,057,609	-	-	*1 95,057,609
Datin Masri Khaw Binti Abdullah	3,977,900	22,100	-	4,000,000
Lee Su Nie	*2 365,000	-	-	*2 365,000

	Number of Warrants 2000/2010			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Direct Interest				
Dato' Ahmad Sebi Bakar	7,010,005	-	-	7,010,005
Datin Masri Khaw Binti Abdullah	3,000	-	-	3,000
Indirect Interest				
Dato' Ahmad Sebi Bakar	*3 21,465,000	-	7,738,000	*3 13,727,000

DIRECTORS' INTERESTS (Continued)

	Number of ICULS			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Direct Interest				
Dato' Ahmad Sebi Bakar	123,212,999	-	-	123,212,999
Datin Masri Khaw Binti Abdullah	5,240,000	-	-	5,240,000
Yong Teck Ming	500,000	-	-	500,000
Indirect Interest				
Dato' Ahmad Sebi Bakar	*4149,602,489	-	-	*4149,602,489
Datin Masri Khaw Binti Abdullah	5,000,000	2,000,000	-	7,000,000

* By virtue of his interest in ASB, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that ASB has an interest.

*1 This includes his son's interest in 6,000,000 ordinary shares of ASB which shall be treated as his interest in the ordinary shares of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965.

*2 This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965.

*3 This includes his son's interest in 7,738,000 warrants of ASB which shall be treated as his interest in the warrants of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965.

*4 This includes his son's interest in 48,934,000 ICULS of ASB which shall be treated as his interest in the ICULS of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in the securities of the Company and shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of ordinary shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS

Significant events that occurred during the financial year are disclosed in Note 48 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events that took place subsequent to the balance sheet date are disclosed in Note 49 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

.....
DATO' AHMAD SEBI BAKAR
Director

.....
YONG TECK MING
Director

Selangor Darul Ehsan
21 April 2010

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	219,800	202,123	69	96
Prepaid lease payments	5	2,407	2,529	-	-
Intangible assets	6	65,337	63,826	-	-
Investment in subsidiaries	8	-	-	453,398	454,142
Investment in associates	9	130,268	107,326	-	-
Other investments	11	58,015	56,175	32,175	32,175
Trade receivables	12	6,400	602	-	-
Other receivables	13	569	159	-	-
Deferred tax assets	32	3,324	3,242	1,493	1,665
Total non-current assets		486,120	435,982	487,135	488,078
Current assets					
Property development costs	14	22,310	26,924	-	-
Amount owing from customers for contract work	16	6,053	171	-	-
Accrued billings	17	676	1,835	-	-
Inventories	18	35,328	38,922	-	-
Trade receivables	12	39,745	55,807	-	-
Other receivables, deposits and prepayments	13	7,875	10,653	159	199
Amount owing by subsidiaries	19	-	-	100,317	101,988
Amount owing by associates	20	1,479	806	12	45
Tax recoverable		1,342	1,432	2,526	1,901
Marketable securities	21	1,144	1,314	-	-
Cash and bank balances and short term deposits	22	103,082	95,405	781	10,485
Total current assets		219,034	233,269	103,795	114,618
Non-current assets classified as held for sale	15	-	1,176	-	-
TOTAL ASSETS		705,154	670,427	590,930	602,696

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2009 (Continued)

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	142,014	138,572	142,014	138,572
Share premium	24	117,317	117,317	117,317	117,317
Other reserves	24	18,453	15,947	69	69
Retained earnings/ (Accumulated losses)	24	67,054	13,982	(23,302)	(21,328)
ICULS - equity component	25	119,208	122,210	119,208	122,210
Shareholders' funds		464,046	408,028	355,306	356,840
Minority interests		27,422	52,735	-	-
Total equity		491,468	460,763	355,306	356,840
Non-current liabilities					
Borrowings	26	87,976	79,410	-	-
Deferred tax liabilities	32	2,881	3,000	-	-
Provision for retirement benefits obligations	33	629	500	-	-
Deferred income	34	-	28	-	-
ICULS - liability component	25	16,477	18,377	16,477	18,377
Total non-current liabilities		107,963	101,315	16,477	18,377
Current liabilities					
Amount owing to customers for contract work	16	101	2,099	-	-
Trade payables	35	24,689	26,216	-	-
Other payables, deposits and accruals	36	41,836	45,022	2,964	4,339
Amount owing to subsidiaries	19	-	-	186,183	202,104
Amount owing to associates	20	151	151	-	-
Borrowings	26	37,843	33,862	30,000	21,036
Tax payable		1,103	999	-	-
Total current liabilities		105,723	108,349	219,147	227,479
Total liabilities		213,686	209,664	235,624	245,856
TOTAL EQUITY AND LIABILITIES		705,154	670,427	590,930	602,696

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

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	37	226,633	211,832	3,504	4,053
Cost of sales		(136,950)	(121,984)	-	-
Gross profit/(loss)		89,683	89,848	3,504	4,053
Other operating income		20,544	13,075	24,810	12,949
Distribution costs		(9,191)	(7,874)	-	-
Administrative expenses		(53,295)	(52,264)	(2,850)	(3,329)
Other operating expenses		(32,142)	(51,062)	(20,119)	(13,840)
Operating profit/(loss)	38	15,599	(8,277)	5,345	(167)
Finance costs	39	(7,758)	(7,164)	(6,958)	(9,152)
Share of results of associates		26,421	11,815	-	-
Profit/(Loss) before taxation		34,262	(3,626)	(1,613)	(9,319)
Taxation	40	(1,591)	(3,705)	(361)	(967)
Profit/(Loss) for the financial year		32,671	(7,331)	(1,974)	(10,286)
Attributable to:					
Equity holders of the Company		30,994	(6,608)	(1,974)	(10,286)
Minority interests		1,677	(723)	-	-
		32,671	(7,331)	(1,974)	(10,286)
Earnings/(Loss) per ordinary share (sen)					
- basic	41	6.62	(1.49)		
- fully diluted	41	3.49	n/a		

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

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	← Attributable to equity holders of the Company →								
		← Non-Distributable →				Distributable			
Group	**Share Capital** RM'000	**ICULS-Equity Component** RM'000	**Share Premium** RM'000	**Revaluation Reserve** RM'000	**Exchange Translation Reserve** RM'000	**Retained Earnings/ (Accumulated Losses)** RM'000	**Total** RM'000	**Minority Interests** RM'000	**Total Equity** RM'000
At 1 January 2009	138,572	122,210	117,317	12,725	3,222	13,982	408,028	52,735	460,763
Foreign currency translation	-	-	-	(2)	3,682	-	3,680	(941)	2,739
Realisation of revaluation and exchange translation reserve	-	-	-	(179)	(1,042)	-	(1,221)	-	(1,221)
Acquisition of additional interest from minority shareholders	-	-	-	47	-	22,078	22,125	(26,049)	(3,924)
Issue of new ordinary shares pursuant to the conversion of ICULS	3,442	(3,002)	-	-	-	-	440	-	440
Net gain/(loss) recognised in equity statements	3,442	(3,002)	-	(134)	2,640	22,078	25,024	(26,990)	(1,966)
Net profit for the financial year	-	-	-	-	-	30,994	30,994	1,677	32,671
At 31 December 2009	142,014	119,208	117,317	12,591	5,862	67,054	464,046	27,422	491,468

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (Continued)

	← Attributable to equity holders of the Company →								
		← Non-Distributable →				Distributable			
Group	**Share Capital** RM'000	**ICULS-Equity Component** RM'000	**Share Premium** RM'000	**Revaluation Reserve** RM'000	**Exchange Translation Reserve** RM'000	**Retained Earnings/ (Accumulated Losses)** RM'000	**Total** RM'000	**Minority Interests** RM'000	**Total Equity** RM'000
At 1 January 2008	337,794	-	430,437	12,721	6,006	(468,544)	318,414	140,836	459,250
Foreign currency translation	-	-	-	4	(2,784)	-	(2,780)	160	(2,620)
Par value reduction	(236,456)	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	216,122	-	-	-
Acquisition of additional interest from minority shareholders	-	-	-	-	-	36,556	36,556	(78,975)	(42,419)
Effect of share buy back	-	-	-	-	-	-	-	(8,554)	(8,554)
Issue of new ICULS	-	154,688	(94,582)	-	-	-	60,106	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,234	(32,478)	-	-	-	-	4,756	-	4,756
Expenses incurred in connection with the Rights Issue	-	-	(2,416)	-	-	-	(2,416)	-	(2,416)
Net (loss)/gain recognised in equity statements	(199,222)	122,210	(313,120)	4	(2,784)	489,134	96,222	(87,369)	8,853
Net loss for the financial year	-	-	-	-	-	(6,608)	(6,608)	(723)	(7,331)
Dividends paid to minority interest of a subsidiary	-	-	-	-	-	-	-	(9)	(9)
At 31 December 2008	138,572	122,210	117,317	12,725	3,222	13,982	408,028	52,735	460,763

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (Continued)

	← Attributable to equity holders of the Company →					
	← Non-Distributable →				Distributable	
Company	**Share Capital** RM'000	**ICULS-Equity Component** RM'000	**Share Premium** RM'000	**Capital Reserve** RM'000	**Accumulated Losses** RM'000	**Total** RM'000
At 1 January 2008	337,794	-	430,437	69	(463,620)	304,680
Par value reduction	(236,456)	-	-	-	236,456	-
Share premium reduction	-	-	(216,122)	-	216,122	-
Issue of new ICULS	-	154,688	(94,582)	-	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,234	(32,478)	-	-	-	4,756
Expenses incurred in connection with the Rights Issue	-	-	(2,416)	-	-	(2,416)
Net loss for the financial year	-	-	-	-	(10,286)	(10,286)
At 31 December 2008	138,572	122,210	117,317	69	(21,328)	356,840
Issue of new ordinary shares pursuant to the conversion of ICULS	3,442	(3,002)	-	-	-	440
Net loss for the financial year	-	-	-	-	(1,974)	(1,974)
At 31 December 2009	142,014	119,208	117,317	69	(23,302)	355,306

The accompanying notes form an integral part of these financial statements

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit/(Loss) before taxation		34,262	(3,626)	(1,613)	(9,319)
Adjustments for:					
Allowance for doubtful debts		94	733	10,622	5,310
Allowance for doubtful debts no longer required		(812)	(171)	(24,810)	(5,200)
Allowance for cash loss		71	35	-	-
Allowance for inventories obsolescence		129	1,389	-	-
Amortisation of intangible assets		1,164	1,410	-	-
Amortisation of prepaid lease payments		105	109	-	-
Bad debts recovered		(3)	(2)	-	-
Bad debts written off		720	51	53	-
Deferred income		(28)	(2)	-	-
Depreciation		8,386	11,644	29	113
Gain on disposal of:					
- marketable securities		-	(162)	-	-
- property, plant and equipment		(1,847)	(904)	-	-
- non-current assets classified as held for sale		(244)	(384)	-	-
- subsidiary		(1,437)	(47)	-	-
Gross dividend income		(479)	(4,934)	(3,432)	(3,303)
Impairment loss on:					
- development expenditure		186	-	-	-
- investment in associates		-	990	-	-
- investment in securities		8	7,742	-	3,000
- investment in subsidiaries		-	-	8,695	4,560
- marketable securities		-	826	-	-
- property, plant and equipment		440	4,673	-	-
Interest expenses		7,758	7,164	6,958	9,152
Interest income		(1,748)	(2,620)	(72)	(750)
Inventories written off		-	54	-	-
Loss on disposal of marketable securities		257	20	-	-
Net unrealised loss/(gain) on foreign exchange		891	(2,616)	175	(437)
Property, plant and equipment written off		503	2,503	-	264
Provision for retirement benefits obligations		129	122	-	-
Share of results in associates		(26,421)	(11,815)	-	-
Write back of allowance for inventories obsolescence		(554)	-	-	-
Write back of impairment loss on:					
- investment in associates		(4,584)	-	-	-
- investment in securities		(1,848)	-	-	-
- investment in subsidiaries		-	-	-	(7,310)
- marketable securities		(753)	-	-	-
Write back of payables		(45)	(150)	-	-
Write back of provision for damages		(75)	(77)	-	-
Operating profit/(loss) before working capital changes		14,225	11,955	(3,395)	(3,920)

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (Continued)

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
Changes In working capital:					
Property development costs		4,614	7,277	-	-
Inventories		4,019	(15,581)	-	-
Receivables		7,372	22,257	18,666	(4,512)
Marketable securities		(50)	(429)	-	-
Short term deposits		(880)	(1,475)	-	-
Payables		(8,045)	(4,664)	(20,733)	(10,277)
Net cash generated from/ (used in) operations		21,255	19,340	(5,462)	(18,709)
Retirement benefits paid		-	(34)	-	-
Taxation (paid)/refunded		(1,743)	(1,421)	-	498
Net cash generated from/(used in) operating activities		19,512	17,885	(5,462)	(18,211)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of investment securities		-	(1,693)	-	-
Acquisition of intellectual properties		(2,572)	(2,840)	-	-
Acquisition of additional shares in existing subsidiaries	8	(5,521)	(26,831)	(7,951)	(26,831)
Acquisition of treasury shares		-	(4,092)	-	-
Acquisition of a subsidiary *	8	-	-	-	-
Acquisition of additional shares in an associate		-	(3,600)	-	-
Dividend income received		15,678	9,496	2,574	2,445
Interest received		1,748	2,620	72	750
Proceeds from disposal of marketable securities		715	450	-	-
Proceeds from disposal of non-current assets classified as held for sale		1,420	903	-	-
Proceeds from disposal of property plant and equipment		12,269	2,253	-	-
Proceeds from disposal of shares in a subsidiary **	8	1,500	486	-	-
Purchase of property, plant and equipment		(40,424)	(7,143)	(2)	(55)
Selective capital reduction in a subsidiary		(5,649)	-	-	-
Net cash generated from/(used in) investing activities		(20,836)	(29,991)	(5,307)	(23,691)

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (Continued)

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid		-	(9)	-	-
Drawdown of short term borrowings		-	3,571	-	-
Drawdown of term loans		25,657	21,036	8,964	21,036
Issue of ICULS		-	82,758	-	82,758
Interest paid		(7,623)	(7,007)	(7,898)	(8,477)
Payments to hire purchase payables		(281)	(538)	-	-
Repayment of short term borrowings		(1,635)	(3,987)	-	-
Repayment of term loans		(12,541)	(50,726)	-	(43,758)
Net cash generated from/(used in) financing activities		3,577	45,098	1,066	51,559
Effect of exchange rate changes		5,401	(1,520)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		7,654	31,472	(9,703)	9,657
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
As previously reported		71,129	39,532	10,485	828
Effect of exchange rate changes		(816)	125	(1)	-
		70,313	39,657	10,484	828
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		77,967	71,129	781	10,485

ANALYSIS OF CASH AND CASH EQUIVALENTS:

Cash and bank balances	22	50,027	38,887	31	2,985
Short term deposits	22	53,055	56,518	750	7,500
Bank overdrafts	26	(184)	(226)	-	-
		102,898	95,179	781	10,485
Less: Deposit placed with lease payables as security deposit for lease payments	22	(17,562)	(16,844)	-	-
Less: Deposit pledged to licensed banks	22	(7,369)	(7,206)	-	-
		77,967	71,129	781	10,485

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009 (Continued)

NOTES TO THE CASH FLOW STATEMENTS

* SUMMARY OF EFFECTS ON ACQUISITION OF A SUBSIDIARY

	2009 RM'000	**2008** RM'000
Payables	-	(19)
Share of net liabilities acquired	-	(19)
Goodwill on consolidation	-	19
Total purchase consideration	-	-
Total purchase consideration	-	-
Less : Cash and cash equivalents of a subsidiary acquired	-	-
Net cash outflow	-	-

** SUMMARY OF EFFECTS ON DISPOSAL OF A SUBSIDIARY

	2009 RM'000	**2008** RM'000
Property, plant and equipment	-	379
Receivables	94	70
Cash and bank balances	-	14
Payables	(31)	(10)
Net assets deemed disposed	63	453
Less : Net proceeds from disposal	(1,500)	(500)
Gain on disposal of a subsidiary	(1,437)	(47)
Net proceeds from disposal	1,500	500
Less : Cash and cash equivalents of a subsidiary disposed	-	(14)
Net cash inflow	1,500	486

The accompanying notes form an integral part of these financial statements

1. GENERAL INFORMATION

The principal activities of the Company during the financial year are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the Company's subsidiaries are stated in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 3, West Wing, Wisma Synergy, No.72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

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

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 April 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the directors' best knowledge of current events and actions, and therefore 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int

There are no new and revised accounting standards, amendments/improvements to FRSs and IC Int that are effective and applicable for the Group's financial year ended 31 December 2009.

(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New FRSs		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Revised FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010 and 1 January 2011
FRS 2	Share-based Payment	1 January 2010 and 1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010 and 1 January 2011
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int") (Continued)**

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

		Effective for financial periods beginning on or after
Amendments /Improvements to FRSs		
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 January 2010
FRS 128	Investment in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010 and 1 March 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010
IC Int		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int") (Continued)**

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

		Effective for financial periods beginning on or after
IC Int (Continued)		
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010

Other than FRS 139, the Directors do not anticipate that the application of the above new and revsed FRSs, amendments/improvements to FRSs and IC Int, when they are effective, will have a material impact on the results and the financial position of the Group and of the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by Paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemptions given in the respective FRSs.

IC Int 15 requires the Group to determine whether sale and purchase agreements are construction service contracts or the sale of goods, and hence whether the percentage of completion method is appropriate for some agreements whilst for others, revenue shall be recognised only at the point the constructed development units are delivered to the customers. However, the Group recognises property development revenue and expenses in the income statement by using the stage of completion method.

With IC Int 15, the Group will have to change its accounting policy from recognising revenue as construction progresses to recognising revenue at a single time, that is, at completion or delivery. As at balance sheet date, most of the development activities of the Group are in the completed stage. Thus, no significant impact on the results and the financial position of the Group for the financial year ended 31 December 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation 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 date of acquisition, irrespective of the extent of any minority interest.

The excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable net assets, liabilities and contingent liabilities represents goodwill. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

Minority interest represents that portion of the profit or loss for the year and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through the subsidiary. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

Transactions with Minority Interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recognised directly in the equity of the Group. For disposals to minority interests, the difference between any proceeds received and the relevant share of minority interests are also recorded in equity.

(b) Subsidiaries

Subsidiaries are those corporations in which the Group has the 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 has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at costs less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements. On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is recognised as gain and loss in the income statement.

In the Group's consolidated financial statements, the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets together with any unamortised goodwill is reflected as a gain or loss on disposal in the consolidated income statement.

(c) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Associates (Continued)

Investments in associates are accounted for in the consolidated financial statements 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of Group's interest in the associate, and the unrealised losses are eliminated to the extent of the costs that can be recovered. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

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.

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

The most recent available audited or management financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the differences between net disposals proceed and the carrying amount of the investment in an associate is reflected as a gain or loss on disposal in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Joint Venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

(e) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at cost. Certain buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(e) Property, Plant and Equipment and Depreciation (Continued)

Freehold lands are not depreciated as it has an infinite life. Systems in progress and construction work in progress are not depreciated until it is ready for its intended use. Upon completion, construction works in progress are transferred to categories of property, plant and equipment, depending on the nature of the assets. Depreciation on buses under refurbishment commences when the busses are ready for their intended use.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Hotel properties (buildings)	30-50 years
Buildings	0.5%-5%
Plant and machinery	10%-20%
Motor vehicles	15%-20%
Furniture, fittings and equipment	2%-25%
Renovation	10%-20%
Computer equipment and software	20%-33.33%
Buses in operation	Over 7 years
Telecommunications, research and development equipment	20%-33.33%

Crockery, glassware, cutleries, linen and kitchen utensils are capitalised at the minimum level required for normal operations. Replacements are written off to the income statement in the financial year in which they are incurred.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at end of each financial year. The effects of any revisions of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

At each financial year end, the Group assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.3(l) to the financial statements.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

(f) Revaluation of Assets

Freehold land and buildings at valuation are revalued with sufficient regularity to ensure that the carrying values of the revalued land and buildings do not differ materially from that which would be determined using fair value at end of the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Revaluation of Assets (Continued)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

(g) Leases and Hire Purchase

(i) Finance Leases and Hire Purchase

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance lease and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments under operating lease are recognised as an expense in the income statement on a straight line basis over the lease period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Lease and Hire Purchase (Continued)

(iii) Leases of Land and Buildings

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

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

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risks and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payment made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis except for leasehold land that is classified as an asset held under property development.

The buildings element is classified as a finance or operating lease in accordance with Note 2.3(g)(i) and 2.3(g)(ii) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating lease, in which case the entire lease is classified as an operating lease.

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

(h) Property Development Activities

(i) Land Held for Property Development

Land held for property development consists of development costs on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(h) Property Development Activities (Continued)

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the costs of land under development, construction costs and other related development costs common to the whole project including borrowing costs.

Property development costs on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

When the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the end of the financial year. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

When revenue recognised in the income statement exceeds progress billings to purchasers, the balances is shown as accrued billings under current assets. When progress billings exceed revenue recognised in the income statement, the balance is shown as progress billings under current liabilities.

(i) Non-Current Assets Classified as Held for Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of the carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

(ii) Other Intangible Assets

Other intangible assets are recognised only when identifiable, control and economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree if the fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Intangible Assets (Continued)

(ii) Other Intangible Assets (Continued)

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the income statement and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying value may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment for indefinite to finite is accounted for as a change in accounting estimate in accordance with FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in the income statement when the asset is derecognised.

Research and Development Expenditure

Research expenditure is recognised as an expense when incurred. Expenditure incurred on software development projects (relating to the design and testing of new or improved products) is recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the expenditure can be measured reliably. Other development expenditure is recognised as an expense when incurred. Development expenditure previously recognised as an expense is not recognised as an asset in subsequent years.

Development expenditure that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of their expected benefits, not exceeding a period of five (5) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Intangible assets (Continued)

(ii) Other Intangible Assets (Continued)

Research and Development Expenditure (Continued)

Subsequent to initial recognition, development costs are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

Intellectual Property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their expected benefits, not exceeding a period of five (5) years.

Subsequent to initial recognition, acquired intellectual property is stated at cost less accumulated amortisation and accumulated impairment losses.

(k) Other Investment

(i) Unquoted Securities

Non-current investment securities are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(l) to the financial statements.

Upon disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(ii) Marketable Securities

Marketable securities are acquired and held with the intention of resale in the short-term, and are stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. Cost is derived at on the weighted average basis while market value is determined based on quoted market value. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(l) Impairment of Assets

The carrying amounts of assets, other than investment properties that are measured at fair value, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal group) held for sale, are reviewed at the end of each financial year to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

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

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

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

An impairment loss is recognised in the income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount in which case such reversal is treated as a revaluation increase.

(m) Receivables

Receivables are carried at anticipated realisable values. In estimating the realisable values, an allowance is made for doubtful receivables based on a review of all outstanding amounts as at the financial year end. Bad debts are written off to the income statement during the financial year in which they are identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(n) Contract Work-In-Progress

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year ("percentage-of-completion method"), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the balance sheet as "Amount due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Amounts due from contract customers".

(o) Government Grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to the income statement on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the income statement in the period in which they become receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(o) Government Grant (Continued)

Jobs Credit Scheme

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

The Group recognises as other income the amounts received for jobs credit at their fair values in the month of receipt of these grants from government.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of the inventories is determined on the following basis:

(i) Finished goods, food and beverages, operating supplies for Hotels and Resorts segment - First-in, first-out basis.
(ii) Completed units of unsold developed properties – Specific identification basis.
(iii) Finished goods, consumable goods, operating supplies work-in-progress – Weighted average basis.

The cost of raw materials, food and beverage and operating supplies comprises all cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities. The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportion of common costs.

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

(q) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(r) Interest Bearing Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(s) Provisions for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, 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 reviewed at each financial year end and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) ICULS

ICULS with fixed coupon rates are regarded as compound instruments consisting predominantly an equity component and a liability component.

(v) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Revenue from the Sale of Goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Revenue from Services

Revenue in respect of the rendering of services is recognised based on the stage of completion at the financial year end and when the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

(iii) Hotel and Resort Services

Revenue represents income from the rental of rooms, sale of food and beverages and other related services.

Revenue is recognised as follows:

- room revenue is recognised upon actual occupancy by guest;
- food and beverage revenue is recognised upon servicing; and
- other related services are recognised upon rendering of services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(w) Revenue Recognition (Continued)

(iv) Information and Telecommunication Technology Related Services

(a) Revenue from service contracts

Revenue and profit from contracts are recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total revenue to be received and costs to complete can be reliably estimated. The percentage of completion is estimated by management with reference to the stage of completion of the obligations under the contract with the customer. Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

(b) Revenue from maintenance contract is recognised on a straight line basis over the period of the respective contracts.

(v) Bus Transportation Services

(a) Revenue from bus fare is recognised on the collection basis.

(b) Revenue from sale of buses is recognised when significant risk and rewards of ownership of the buses has been transferred to the customer and where the Group retains neither continuing managerial involvement over the buses, which coincides with delivery of buses and services and acceptance by customers.

(vi) Property Development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the financial year. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(w) Revenue Recognition (Continued)

(vii) Rental Income

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

(viii) Travel and Tours

Revenue from invoiced value of tickets sold is recognised in the income statement upon issuance of the tickets.

Revenue from travel and tour is recognised in the income statement based on accrual basis upon performance of services.

Revenue from foreign currencies exchange is recognised in the income statement upon customer's acceptance.

(ix) Interest Income

Interest income is recognised as it accrues, using the effective interest method unless collectability is in doubt.

(x) Dividend Income

Dividend income is recognised in the income statement on receipt basis.

(xi) Membership Fees

Membership fees in respect of vacation investment timesharing facilities are recognised on the basis of 50% in the first year and the balance over the period of 30 years.

(xii) Card and Payment Services

Joining fees is recognised upon issuance of cards to approved members. Cash advance fees is recognised upon billings to card members. Discount revenue and interchange fees are recognised upon the billing to/by merchants and inter-member banks. Interest income from line of credit facilities granted is recognised on an accrual basis.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(x) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of land held for property development, development properties, investment properties, and other properties, are capitalised as part of the costs of those assets, until such time the assets are substantially ready for their intended use or sale. Borrowing cost incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowings incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from those borrowing facilities.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(y) Taxation

The tax expense in the income statements represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the financial year.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the financial year. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(z) Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plans

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined Benefits Plans

Certain subsidiaries operate an unfunded retirement benefits plan for rank and file employees in accordance with an article contained in the collective union agreement. The liabilities in respect of the retirement benefits plan are determined by an actuarial valuation for its defined benefit obligations under the Projected Unit Credit Method. Under this method, the current service cost is calculated as the present value of benefits that will accrue on valuation date (by reference to the number of employees providing the service in that year and projected final salaries). The liabilities will be recognised immediately in the year they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(aa) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) 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 income statement.

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items carried at fair values which are denominated in foreign currencies are translated using the foreign exchange rates ruling at the date when the fair values were determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in the income statement.

(iii) Foreign Operations

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 of the consolidated financial statements are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement 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

(c) 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 income statement 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(ab) Segment Reporting

Segment reporting is presented for enhanced assessments of the Group's risks and returns. A business segment is a group of assets and operation engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing 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 segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process. Segment revenue and segment expense exclude dividends from within the Group.

All income, expenses, assets and liabilities are directly allocated to each reported segment. Interest income and other income and expenses which cannot be allocated to respective segment on a reasonable basis are disclosed as either unallocated income or unallocated expenses, while the related assets and liabilities are disclosed as unallocated assets and unallocated liabilities.

The accounting policies used in deriving the individual segment revenue, segment results, segment assets and segment liabilities are the same as those disclosed in the summary of significant accounting policies.

(ac) Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits and short term highly liquid investments, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of bank overdrafts and deposits pledged to financial institutions.

3. SIGNIFICANT 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:

(a) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation 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. The carrying amount of goodwill as at 31 December 2009 was RM59.42 million (2008: RM59.36 million) as disclosed in Note 7 to the financial statements.

(b) Impairment of Investment in Subsidiaries and Recoverability of Amount Owing by Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

(c) Impairment of Investment in Associates and Recoverability of Amount Owing by Associates

The Group tests investment in associates for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the associates affects the result of the impairment test. Costs of investments in associates which have ceased operations were impaired up to net assets of the associates. The impairment made on investment in associates entails an allowance for doubtful debts to be made to the amount owing by these associates.

Significant judgement is required in the estimation of the present value of future cash flows generated by the associates, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in associates. In addition, the assessment of the net tangible assets of the associates and the market value of the associates (for those quoted shares) also affects the result of the impairment test.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Recoverability of Investment in Unquoted Shares

The Company had instituted legal action against Perbadanan Kemajuan Negeri Kedah ("PKNK") to recover its investment in Kedah Marble Sdn Bhd ("KMSB") as explained in Note 43 to the financial statements. The directors are of the opinion, after seeking solicitors' advice, that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

In addition, the Group tests investment in unquoted shares for impairment annually in accordance with its accounting policy. Significant judgement is required in the estimation of the present value of future cash flows generated by the investment in unquoted shares, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in unquoted shares.

(e) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(f) Useful Lives of Other Intangible Assets

The Group estimates the useful life to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets.

(g) Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(i) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profitd together with future tax planning strategies. The total carrying values of the unrecognised deductible/(taxable) temporary differences, tax losses and capital allowances of the Group was RM299.99 million (2008:RM284.85 million) as disclosed in Note 32 to the financial statements.

(j) Allowance for Doubtful Debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(k) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(l) Contract Work-In-Progress

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the management's estimated stage of completion of a project at the end of the financial year. This estimation of revenue and costs are based on the presumption that the outcome of a project can be estimated reliably. Management has performed the cost review for contract work-in-progress taking into account the costs to date and costs to complete each project and has also reviewed the status of such projects in determining the value of contract work-in-progress as at 31 December 2009 disclosed in Note 16 to the financial statement.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Freehold land RM'000	Hotel properties -Freehold land RM'000	Hotel properties -Buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Buses -under operation RM'000	Buses -under refurbishment RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munications and research and development equipment RM'000	Construction work -in in progress RM'000	Total RM'000
Cost/Valuation															
At 1 January 2009	43,875	27,886	113,030	9,395	9,054	53,050	9,187	6,431	23,143	-	18,180	5,672	19,245	-	338,148
Additions	-	-	28,349	-	434	2,732	2,306	61	-	-	386	-	6,156	-	40,424
Disposals	-	-	(9,718)	(47)	(2,204)	(305)	(189)	(973)	(23,143)	-	(502)	-	(904)	-	(37,985)
Written off	-	-	(481)	-	-	(270)	(7)	(35)	-	-	(1,364)	-	-	-	(2,157)
Reclassification	-	-	-	-	-	(4)	-	-	-	-	-	-	324	98	418
Foreign exchange translation adjustment	-	-	(3,895)	(21)	483	(799)	27	157	-	-	(40)	(411)	(246)	-	(4,745)
At 31 December 2009	43,875	27,886	127,285	9,327	7,767	54,404	11,324	5,641	-	-	16,660	5,261	24,575	98	334,103
Representing:															
Cost	43,875	-	29,177	9,327	7,767	54,404	11,324	5,641	-	-	16,660	5,261	24,575	98	208,109
Valuation	-	27,886	98,108	-	-	-	-	-	-	-	-	-	-	-	125,994
Total	43,875	27,886	127,285	9,327	7,767	54,404	11,324	5,641	-	-	16,660	5,261	24,575	98	334,103

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2009	Freehold land RM'000	Hotel properties -Freehold land RM'000	Hotel properties -Buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Buses -under operation RM'000	Buses -under refurbishment RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munications and research and development equipment RM'000	Construction work -in in progress RM'000	Total RM'000
Accumulated Depreciation															
At 1 January 2009	-	-	12,392	1,042	8,146	43,049	3,656	5,368	9,137	-	17,832	1,963	14,320	-	116,905
Depreciation for the financial year	-	-	1,800	187	313	2,441	470	476	544	-	397	-	1,758	-	8,386
Disposals	-	-	(189)	(5)	(1,591)	(276)	(57)	(851)	(9,681)	-	(489)	-	(689)	-	(13,828)
Written off	-	-	(9)	-	-	(242)	(5)	(35)	-	-	(1,780)	-	-	-	(2,071)
Reclassification	-	-	-	-	-	51	12	-	-	-	40	-	164	-	267
Foreign exchange translation adjustment	-	-	(1,112)	(6)	390	(705)	(5)	120	-	-	(21)	(239)	(202)	-	(1,780)
At 31 December 2009	-	-	12,882	1,218	7,258	44,318	4,071	5,078	-	-	15,979	1,724	15,351	-	107,879
Accumulated Impairment Loss															
At 1 January 2009	-	-	1,621	-	-	807	3,017	-	12,977	-	-	-	698	-	19,120
Impairment loss for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	440	-	440
Disposals	-	-	-	-	-	-	-	-	(12,977)	-	-	-	(160)	-	(13,137)
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
At 31 December 2009	-	-	1,621	-	-	807	3,017	-	-	-	-	-	979	-	6,424
Carrying Amount at 31 December 2009	43,875	27,886	112,782	8,109	509	9,279	4,236	563	-	-	681	3,537	8,245	98	219,800
Representing:															
Cost	43,875	-	29,162	8,109	509	9,279	4,236	563	-	-	681	3,537	8,245	98	108,294
Valuation	-	27,886	83,620	-	-	-	-	-	-	-	-	-	-	-	111,506
Total	43,875	27,886	112,782	8,109	509	9,279	4,236	563	-	-	681	3,537	8,245	98	219,800

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2008	Freehold land RM'000	Hotel properties -Freehold land RM'000	Hotel properties -Buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Buses -under operation RM'000	Buses -under refurbishment RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munications and research and development equipment RM'000	Construction work -in in progress RM'000	Total RM'000
Cost/Valuation															
At 1 January 2008	43,875	27,886	111,381	7,273	8,799	59,345	9,198	7,660	36,187	210	17,869	5,480	18,911	3,014	357,088
Additions	-	-	47	43	1,789	2,437	1,402	4	-	-	252	28	1,141	-	7,143
Disposals	-	-	-	-	-	(3,123)	(5)	(1,047)	(14,738)	-	(131)	(1)	(297)	-	(19,342)
Written off	-	-	-	-	(812)	(5,101)	(998)	(5)	-	(210)	(91)	-	(919)	-	(8,136)
Reclassification	-	-	-	3,014	(177)	(1)	-	(20)	-	-	-	-	(6)	(3,014)	(204)
Reclassification as non-current assets held for sale	-	-	-	(1,025)	-	(282)	(394)	-	1,694	-	-	(18)	-	-	(25)
Foreign exchange translation adjustment	-	-	1,602	90	(545)	(225)	(16)	(161)	-	-	281	183	415	-	1,624
At 31 December 2008	43,875	27,886	113,030	9,395	9,054	53,050	9,187	6,431	23,143	-	18,180	5,672	19,245	-	338,148
Representing:															
Cost	43,875	-	1,281	9,395	9,054	53,050	9,187	6,431	23,143	-	18,180	5,672	19,245	-	198,513
Valuation	-	27,886	111,749	-	-	-	-	-	-	-	-	-	-	-	139,635
Total	43,875	27,886	113,030	9,395	9,054	53,050	9,187	6,431	23,143	-	18,180	5,672	19,245	-	338,148

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2008	Freehold land RM'000	Hotel properties -Freehold land RM'000	Hotel properties -Buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Buses -under operation RM'000	Buses -under refurbishment RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munications and research and development equipment RM'000	Construction work -in in progress RM'000	Total RM'000
Accumulated Depreciation															
At 1 January 2008	-	-	10,716	910	7,573	45,884	3,931	5,632	15,900	-	16,990	1,879	12,030	-	121,445
Depreciation for the financial year	-	-	1,956	206	978	3,582	727	800	15	-	735	4	2,641	-	11,644
Disposals	-	-	-	-	-	(2,743)	(2)	(954)	(7,102)	-	(102)	-	(40)	-	(10,943)
Written off	-	-	-	-	(706)	(3,351)	(676)	(4)	-	-	(73)	-	(613)	-	(5,423)
Reclassification	-	-	(743)	-	745	17	(147)	-	-	-	22	(7)	88	-	(25)
Reclassification as non-current assets held for sale	-	-	-	(97)	-	(240)	(188)	-	324	-	-	(17)	-	-	(218)
Foreign exchange translation adjustment	-	-	463	23	(444)	(100)	11	(106)	-	-	260	104	214	-	425
At 31 December 2008	-	-	12,392	1,042	8,146	43,049	3,656	5,368	9,137	-	17,832	1,963	14,320	-	116,905
Accumulated Impairment Loss															
At 1 January 2008	-	-	1,621	-	-	-	-	-	18,311	210	-	-	-	-	20,142
Impairment loss for the financial year	-	-	-	-	-	807	3,017	-	168	-	-	-	681	-	4,673
Disposals	-	-	-	-	-	-	-	-	(6,648)	-	-	-	-	-	(6,648)
Written off	-	-	-	-	-	-	-	-	-	(210)	-	-	-	-	(210)
Reclassification as non-current assets held for sale	-	-	-	-	-	-	-	-	1,146	-	-	-	-	-	1,146
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	17	-	17
At 31 December 2008	-	-	1,621	-	-	807	3,017	-	12,977	-	-	-	698	-	19,120
Carrying Amount at 31 December 2008	43,875	27,886	99,017	8,353	908	9,194	2,514	1,063	1,029	-	348	3,709	4,227	-	202,123
Representing:															
Cost	43,875	-	1,256	8,353	908	9,194	2,514	1,063	1,029	-	348	3,709	4,227	-	76,476
Valuation	-	27,886	97,761	-	-	-	-	-	-	-	-	-	-	-	125,647
Total	43,875	27,886	99,017	8,353	908	9,194	2,514	1,063	1,029	-	348	3,709	4,227	-	202,123

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Company	**Computer equipment** RM'000	**Motor vehicles** RM'000	**Furniture, fittings and equipment** RM'000	**Renovation** RM'000	**Total** RM'000
2009					
Cost					
At 1 January 2009	82	5	907	-	994
Additions	-	-	2	-	2
Reclassification	(3)	-	-	-	(3)
At 31 December 2009	79	5	909	-	993
Accumulated Depreciation					
At 1 January 2009	42	5	851	-	898
Depreciation for the financial year	16	-	13	-	29
Reclassification	(3)	-	-	-	(3)
At 31 December 2009	55	5	864	-	924
Carrying Amount at 31 December 2009	24	-	45	-	69
Company					
2008					
Cost					
At 1 January 2008	40	5	921	849	1,815
Additions	52	-	3	-	55
Written off	(10)	-	(17)	(849)	(876)
At 31 December 2008	82	5	907	-	994
Accumulated Depreciation					
At 1 January 2008	37	5	846	508	1,396
Depreciation for the financial year	14	-	14	85	113
Written off	(9)	-	(9)	(593)	(611)
At 31 December 2008	42	5	851	-	898
Carrying Amount at 31 December 2008	40	-	56	-	96

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(a) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with the following carrying amounts:

	Group	
	2009	**2008**
	RM'000	RM'000
Motor vehicles	498	622

(b) Included in property, plant and equipment of the Group are assets pledged to the licensed banks to secure credit facilities granted to the Company and its subsidiaries with the following carrying amounts:

	Group	
	2009	**2008**
	RM'000	RM'000
Freehold land	16,707	16,707
Hotel properties	58,667	29,112
Buildings	1,511	1,566
	76,885	47,385

(c) The hotel properties of the Group were revalued by the Directors in the year 2005 based on the valuation carried out by independent professional firms of valuers using the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
2009	RM'000	RM'000	RM'000
Hotel properties			
- freehold land	20,234	-	20,234
- buildings	83,637	(13,137)	70,500
	103,871	(13,137)	90,734
2008			
Hotel properties			
- freehold land	20,234	-	20,234
- buildings	97,079	(12,917)	84,162
	117,313	(12,917)	104,396

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Included in property, plant and equipment of the Group are assets under sale and finance leaseback arrangements as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Freehold land	17,220	17,220
Hotel properties	16,116	16,455
	33,336	33,675

(e) During the financial year, management carried out a review of the recoverable amount of their property, plant and equipment. The review led to the recognition of an impairment loss of RM0.44 million (2008: RM4.67 million) in certain plant and equipment of the Group. The recoverable amount of the plant and equipment are based on the management's estimated realisable value.

5. PREPAID LEASE PAYMENTS

	Group
2009	RM'000
Leasehold Land	
Cost	
At 1 January 2009	3,146
Foreign exchange translation adjustment	(26)
At 31 December 2009	3,120

5. **PREPAID LEASE PAYMENTS (Continued)**

	Group
2009	RM'000
Accumulated Amortisation	
At 1 January 2009	617
Amortisation for the financial year	105
Foreign exchange translation adjustment	(9)
At 31 December 2009	713
Carrying Amount at 31 December 2009	2,407
2008	
Leasehold Land	
Cost	
At 1 January 2008	3,034
Foreign exchange translation adjustment	112
At 31 December 2008	3,146
Accumulated Amortisation	
At 1 January 2008	480
Amortisation for the financial year	109
Foreign exchange translation adjustment	28
At 31 December 2008	617
Carrying Amount at 31 December 2008	2,529

6. INTANGIBLE ASSETS

Group 2009	Goodwill on consolidation RM'000	Purchased goodwill RM'000	Intellectual property RM'000	Software development expenditure RM'000	Total RM'000
Cost					
At 1 January 2009	59,358	1,346	5,250	6,598	72,552
Additions	-	-	-	2,841	2,841
Acquisition of additional interest from minority shareholders	66	-	-	-	66
At 31 December 2009	59,424	1,346	5,250	9,439	75,459
Accumulated Amortisation and Impairment					
At 1 January 2009	1	1,346	5,250	2,129	8,726
Impairment for the financial year	-	-	-	186	186
Amortisation for the financial year	-	-	-	1,164	1,164
Foreign exchange translation difference	-	-	-	46	46
At 31 December 2009	1	1,346	5,250	3,525	10,122
Carrying Amount at 31 December 2009	59,423	-	-	5,914	65,337
Group 2008					
Cost					
At 1 January 2008	103,542	1,346	5,250	3,687	113,825
Additions	-	-	-	2,911	2,911
Acquisition of a subsidiary	19	-	-	-	19
Acquisition of treasury shares by a subsidiary	(7,859)	-	-	-	(7,859)
Acquisition of additional interest from minority shareholders	(36,344)	-	-	-	(36,344)
At 31 December 2008	59,358	1,346	5,250	6,598	72,552
Accumulated Amortisation and Impairment					
At 1 January 2008	1	1,346	4,611	1,344	7,302
Amortisation for the financial year	-	-	636	774	1,410
Foreign exchange translation difference	-	-	3	11	14
At 31 December 2008	1	1,346	5,250	2,129	8,726
Carrying Amount at 31 December 2008	59,357	-	-	4,469	63,826

7. GOODWILL ON CONSOLIDATION

	Group	
	2009	**2008**
	RM'000	RM'000
At 1 January	59,357	103,541
Acquisition of a subsidiary	-	19
Acquisition of treasury shares by a subsidiary	-	(7,859)
Acquisition of additional interest from minority shareholders	66	(36,344)
At 31 December	59,423	59,357

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Information and communications technology - CGU 1	53,138	53,138
Others	6,285	6,219
	59,423	59,357

The recoverable amount used in CGU 1 is based on the value in use.

CGU 1

The recoverable amount of CGU 1 is based on a 5-year cash flow projections for the financial years ending 31 December 2010 to 2014 prepared based on available information and anticipated projects. The growth rate used to extrapolate cash flow projections range from 8% to 53% over the period. The budgeted gross profit margin used range from 44% to 48% over the period. A discount factor of 10.4% has been applied in arriving at the present value of future cash flows.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	RM'000
Quoted shares - at cost *	481,644	477,133
Less: Impairment losses	(200,260)	(200,260)
	281,384	276,873
Reclassified to unquoted shares *	(281,384)	-
	-	276,873
Unquoted shares - at cost	220,935	217,495
Less: Impairment losses	(48,921)	(40,226)
	172,014	177,269
Reclassified from quoted shares *	281,384	-
	453,398	454,142
Market value of quoted shares *	Not Available	74,924

* This investment has been reclassified from quoted shares to unquoted shares in year 2009 pursuant to the completion of the exercises as set out in Notes 48(a) and (b).

(a) Certain shares of quoted subsidiaries and unquoted subsidiaries in the Group with the carrying amount of RM10.28 million (2008: RM83.76 million) and RM57.22 million (2008: RM1.84 million) respectively, have been charged to financial institutions for credit facilities granted to the Group and to the Company.

(b) During the financial year, the following transactions were completed:

(i) The following changes were made pursuant to the group-wide internal reorganisation exercise of Unified Communications Holdings Limited ("UCHL"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn. Bhd., another wholly-owned subsidiary of the Company):

(a) On 5 January 2009, Unified Communications Sdn. Bhd. ("UCSB") acquired the entire issued and paid-up share capital of Attrix Technology Pte. Ltd. ("ATPL") from Unified Communications Pte. Ltd. ("UCPL"), comprising 100,000 ordinary shares for a consideration of SGD1.00 only. Both UCSB and UCPL are wholly-owned subsidiaries of UCHL. Consequently, ATPL became a wholly-owned subsidiary of UCSB.

8. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) During the financial year, the following transactions were completed (Continued):

(b) On 15 January 2009, the Company announced that UCHL had incorporated three (3) wholly-owned subsidiaries in Malaysia, namely Unified Communications (VAS) Sdn. Bhd. ("UC(VAS)") (held via UCPL), Unified Communications (OSS) Sdn. Bhd. ("UC(OSS)") and Unified Communications (OHQ) Sdn. Bhd. ("UC(OHQ)"). All these subsidiaries have an issued and paid-up share capital of RM100. UC(VAS) was incorporated on 12 January 2009 while UC(OSS) and UC(OHQ) were both incorporated on 13 January 2009. Following the new allotment of shares by UC(OHQ) on 8 December 2009, UCHL's entire equity interest in UC(OHQ) is now represented by 500,000 ordinary shares of RM1.00 each.

(c) On 12 February 2009, UC(OSS) acquired 51,000 ordinary shares of RM1.00 each representing 51% equity interest in GlobeOSS Sdn. Bhd. ("GlobeOSS"), from UCSB for a total cash consideration of RM236,573. Consequently, GlobeOSS became a 51%-owned subsidiary of UC(OSS).

(d) On 14 May 2009, UCPL acquired 2 ordinary shares of RM1.00 each representing the entire equity interest in Attrixtech Sdn. Bhd. ("ATSB"), from UCSB for a total cash consideration of RM2.00. Consequently, ATSB became a wholly-owned subsidiary of UCPL. Following the new allotment of shares by ATSB on 4 June 2009, UCPL's entire equity interest in ATSB is now represented by 1,932,513 ordinary shares of RM1.00 each.

(ii) On 4 March 2009, the Company acquired 443,000 ordinary shares of RM1.00 each, representing the remaining 0.37% equity interest in Alangka-Suka Hotels & Resorts Berhad ("ASHR") not already owned by the Company, for a total cash consideration of RM1,010,377. Consequently, ASHR became a wholly-owned subsidiary of the Company. On 9 October 2009, ASHR was converted from a public limited company to a private limited company and is now known as Alangka-Suka Hotels & Resorts Sdn. Bhd.

(iii) On 23 March 2009, Holiday Villas International Limited ("HVIL"), a wholly-owned subsidiary of ASHR acquired 25 ordinary shares of USD1.00 each, representing additional 25% equity interest in Holiday Villa China International Limited ("HV China") for a nominal cash consideration of USD25. Consequently, HV China became a 95%-owned subsidiary of HVIL.

(iv) On 8 July 2009, Synergy Cards Sdn. Bhd. ("SCSB") allotted and issued 1,530,000 and 1,470,000 new ordinary shares of RM1.00 each to the Company and Advance Synergy Capital Berhad ("ASC"), a subsidiary of the Company, respectively by way of a restricted renounceable rights issue to the existing shareholders of SCSB and capitalisation of advances from shareholders of SCSB. Consequently, ASC's equity interest in SCSB increased from 29% to 41% and the Company's effective equity interest in SCSB increased accordingly to 89.28%. Upon ASC becoming a wholly-owned subsidiary of the Company as set out in Note 8(b)(viii) below, the Company's effective equity interest in SCSB was increased to 92%.

8. **INVESTMENT IN SUBSIDIARIES (Continued)**

(b) During the financial year, the following transactions were completed (Continued):

(v) On 28 August 2009, the Company announced that UCHL had incorporated a wholly-owned subsidiary in Malaysia, namely Mobilization Sdn. Bhd., with an issued and paid-up share capital of RM100.

(vi) On 17 September 2009, the Company announced that its wholly-owned subsidiary, ASHR, had incorporated the following subsidiaries in France to undertake the acquisition of the on-going business ("Fonds de Commerce") of the Hotel Marciano Lafayette (now known as Holiday Villa Lafayette Paris, a city centre hotel with 38 rooms, located at 46 rue de Trévise, 75009 Paris) and the real estate in which the Fonds de Commerce is carried out for a total cash consideration of 5,450,000 Euros ("Acquisition") which was completed on 28 October 2009:

(a) wholly-owned subsidiary of ASHR namely, Alangka-Suka Paris ("ASP"), a French Société par Actions Simplifiée (simplified joint stock company) with a share capital of 10,000 Euros. The share capital of ASP was subsequently increased to 15,000 Euros on 1 October 2009 and to 20,000 Euros on 16 October 2009; and

(b) a wholly-owned subsidiary of ASP namely, Holiday Villa Lafayette Paris ("HVLP"), a French Société par Actions Simplifiée (simplified joint stock company) with a share capital of 20,000 Euros.

On 31 December 2009, ASHR obtained borrowings to part re-finance the Acquisition and the loan amount is repayable through a conversion of up to 30% interests in the equity and shareholders' advances of ASP.

(vii) On 29 September 2009, the Company acquired 900,000 ordinary shares of RM1.00 each, representing the remaining 45% equity interest not already owned by the Company in Bornion Sawmill Sdn. Bhd. ("Bornion") from Ausborn Sawmill Sdn. Bhd., another wholly-owned subsidiary of the Company, for a total cash consideration of RM900,000. Consequently, Bornion became a direct wholly-owned subsidiary of the Company.

(viii) Following the completion of the SCR as set out in Notes 48(d) on 8 December 2009, ASC became a wholly-owned subsidiary of the Company.

(ix) ASC had on 21 December 2009 completed the disposal of its 100% equity interest in Triton Commuter Sdn. Bhd. ("TCSB") comprising 200,000 ordinary shares of RM1.00 each ("Disposal of TCSB shares"). The Disposal of TCSB shares was undertaken pursuant to an agreement entered into between ASC and Lim Han Weng and Bah Kim Lian. The total cash consideration of RM2,122,006 includes consideration for the Disposal of TCSB shares, contracts, arrangements, assets and liabilities as identified and set out in the said agreement.

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Direct subsidiaries				
Advance Synergy Capital Berhad	Malaysia	100	88.71	Investment holding and provision of management services
Advance Synergy Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
* Advance Synergy Realty Sdn. Bhd.	Malaysia	100	100	Property development
Advance Synergy Timber Sdn. Bhd.	Malaysia	100	100	Dormant
Alam Samudera Corporation Sdn. Bhd.	Malaysia	100	100	Inactive
Alangka-Suka Hotels & Resorts Sdn. Bhd.	Malaysia	100	99.63	Investment holding
* Ausborn Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
* Bornion Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
Calmford Incorporated	British Virgin Islands	100	100	Investment holding
Diversified Gain Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Arch Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Display Sdn. Bhd.	Malaysia	100	100	Investment holding
** iSynergy Sdn. Bhd.	Malaysia	80	76.73	Provision of payment related products and services
Nagapura Management Corporation Sdn. Bhd.	Malaysia	100	100	Provision of management services
* P.T. Asbindo Infocitra	Republic of Indonesia	51	51	Inactive
Sadong Development Sdn. Bhd.	Malaysia	100	100	Property development, management and rental of properties
Strategic Research & Consultancy Sdn. Bhd.	Malaysia	100	100	Inactive
# Synergy Cards Sdn. Bhd.	Malaysia	92	76.73	Provision of designated payment instruments and products
Synergy Gold Incorporated	British Virgin Islands	100	100	Investment holding
Synergy Petroleum Incorporated	British Virgin Islands	100	100	Investment holding
Worldwide Matrix Sdn. Bhd.	Malaysia	100	100	Investment holding

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiaries held through Advance Synergy Capital Berhad				
AESBI Power Systems Sdn. Bhd.	Malaysia	100	88.71	Property investment and management services
ASC Credit Sdn. Bhd.	Malaysia	100	88.71	Credit and leasing
ASC Equities Sdn. Bhd.	Malaysia	100	88.71	Investment holding and venture capital
Quality Bus & Coach (M) Sdn. Bhd.	Malaysia	61	54.11	Design, building and fabrication of coaches
Triton Commuter Sdn. Bhd. (Disposed on 21 December 2009)	Malaysia	-	88.71	Provision of stage bus services
Triton Engineering Sdn. Bhd.	Malaysia	100	88.71	Provision of bus repair and maintenance services
Triton Excursions Sdn. Bhd.	Malaysia	100	88.71	Dormant
Triton Express Sdn. Bhd.	Malaysia	100	88.71	Inactive
Triton Express Holdings Sdn. Bhd.	Malaysia	100	88.71	Dormant
Triton Feeder Services Sdn. Bhd.	Malaysia	100	88.71	Dormant
Triton-K Sdn. Bhd.	Malaysia	100	88.71	Management services
Triton Khidmat Sdn. Bhd.	Malaysia	100	88.71	Provision of manpower management services
Triton Synergy Holdings Sdn. Bhd.	Malaysia	100	88.71	Dormant
Triton Terminal Management Sdn. Bhd.	Malaysia	100	88.71	Dormant
Indirect subsidiary held through Triton Express Sdn. Bhd.				
* Triton Express (S) Pte. Ltd.	Singapore	100	88.71	Dormant

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiaries held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Alangka-Suka International Limited	British Virgin Islands	100	99.63	Investment holding
Alor Setar Holiday Villa Sdn. Bhd.	Malaysia	100	99.63	Operates Holiday Villa Hotel & Suites Alor Setar
Antara Holiday Villas Sdn. Bhd.	Malaysia	100	99.63	Provision of hotel management services
Asbina Hotel & Property Sdn. Bhd.	Malaysia	100	99.63	Leasehold owner of Holiday Villa Hotel & Suites Phnom Penh
Cherating Holiday Villa Berhad	Malaysia	100	99.63	Operates Holiday Villa Beach Resort Cherating
Grand Hotel Sudan Limited	British Virgin Islands	100	99.63	Leasehold owner of Grand Holiday Villa Hotel & Suites Khartoum
Holiday Villa Subang Sdn. Bhd.	Malaysia	100	99.63	Dormant
Holiday Villa Travel & Tours Sdn. Bhd.	Malaysia	100	99.63	Hiring of limousines
Holiday Villas International Limited	British Virgin Islands	100	99.63	Hotel management services
Langkawi Holiday Villa Sdn. Bhd.	Malaysia	100	99.63	Operates Holiday Villa Beach Resort & Spa Langkawi
Mayor Hotels Berhad	Malaysia	100	99.63	Owns and operates City Villa Kuala Lumpur
Super Leisure Sdn. Bhd.	Malaysia	100	99.63	Rental of properties
^ Alangka-Suka Paris SAS	France	100	-	Owns the real estate of Holiday Villa Lafayette Paris
Indirect subsidiaries held through Alangka-Suka International Limited				
Asbina Shenzhen Limited	British Virgin Islands	90	89.67	Dormant
* Grand Holiday Villa Khartoum Co. Ltd.	Republic of Sudan	100	99.63	Operates Grand Holiday Villa Hotel & Suites Khartoum
* Interwell Management Limited	England and Wales	100	99.63	Dormant
Larkswood Assets Limited	British Virgin Islands	100	99.63	Investment holding
Launceston Developments Limited	British Virgin Islands	100	99.63	Investment holding
* P.T. Diwangkara Holiday Villa Bali	Republic of Indonesia	90	89.67	Operates and manages Diwangkara Holiday Villa Beach Resort Bali & Holiday Villa Hotel Wina Kuta

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.				
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100	99.63	Operates Holiday Villa Hotel & Suites Phnom Penh
Indirect subsidiary held through Holiday Villa China International Limited				
* Changshu Holiday Villa Hotel Management Co. Ltd.	People's Republic of China	95	69.74	Hotel management services
Indirect subsidiaries held through Holiday Villas International Limited				
Holiday Villa China International Limited	British Virgin Islands	95	69.74	Hotel management services
Holiday Villa Middle East Limited	British Virgin Islands	90	69.74	Hotel management services
* Holiday Villa (UK) Ltd.	England and Wales	100	99.63	Operates Holiday Villa Hotel & Suites London
Indirect subsidiary held through Larkswood Assets Limited				
* Alangka-Suka Australia Pty. Ltd.	Australia	100	99.63	Inactive
* Holiday Villa Australia Pty. Ltd.	Australia	100	99.63	Inactive
Indirect subsidiary held through Alangka-Suka Paris SAS				
^ Holiday Villa Lafayette Paris SAS	France	100	-	Owns and operates the on-going business of Holiday Villa Lafayette Paris
Indirect subsidiary held through Advance Synergy Properties Sdn. Bhd.				
Synergy Realty Incorporated	British Virgin Islands	100	100	Inactive
Indirect subsidiaries held through Calmford Incorporated				
* Advansa Pty. Ltd.	Australia	100	100	Manufacturing and marketing of builder hardware products
* Home Cinema Studio Pty. Ltd.	Australia	100	100	Inactive
Advansa Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Diversified Gain Sdn. Bhd.				
Orient Escape Travel Sdn. Bhd.	Malaysia	100	100	Travel and tour agent, licensed money changer and the provision of travel related services

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiaries held through Orient Escape Travel Sdn. Bhd.				
Motorsports Adventure Sdn. Bhd.	Malaysia	100	100	Inactive
Marketing and Event Management Integrated Sdn. Bhd.	Malaysia Malaysia	100	100	Inactive
Orient Escape Travel (Penang) Sdn. Bhd.	Malaysia	100	100	Inactive
Orient Escape Travel (Sabah) Sdn. Bhd.	Malaysia	100	100	Travel and tour agent
Synergy Tours Sdn. Bhd. (formerly known as Columbus Travel & Tours Sdn. Bhd.)	Malaysia	100	100	Travel and tour agent
Indirect subsidiary held through Excellent Arch Sdn. Bhd.				
Advance Synergy Furniture Sdn. Bhd.	Malaysia	100	100	In liquidation
Indirect subsidiaries held through iSynergy Sdn. Bhd.				
Cosmocourt.com (Malaysia) Sdn. Bhd.	Malaysia	80	76.73	Inactive
Rewardstreet.com (Malaysia) Sdn. Bhd.	Malaysia	80	76.73	Inactive
Datakey Sdn. Bhd.	Malaysia	80	76.73	Dormant
Indirect subsidiaries held through Nagapura Management Corporation Sdn. Bhd.				
Acrylic Synergy Sdn. Bhd.	Malaysia	81	81	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70	70	In liquidation
Xgo Technik Sdn. Bhd.	Malaysia	100	100	Inactive
Indirect subsidiary held through Sadong Development Sdn. Bhd.				
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95	95	Property development
Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.				
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95	95	Property development

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiary held through Synergy Realty Incorporated				
* Builderworks Pty. Ltd.	Australia	100	100	Inactive
Indirect subsidiary held through Worldwide Matrix Sdn. Bhd.				
* Unified Communications Holdings Limited	Singapore	58.30	58.30	Investment holding and the provision of management services
Indirect subsidiaries held through Unified Communications Holdings Limited				
* Unified Communications Sdn. Bhd.	Malaysia	58.30	58.30	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
* Unified Communications Pte. Ltd.	Singapore	58.30	58.30	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (OSS) Sdn. Bhd.	Malaysia	58.30	-	Investment holding
* Unified Communications (OHQ) Sdn. Bhd.	Malaysia	58.30	-	Provision of management services
* Mobilization Sdn. Bhd.	Malaysia	58.30	-	Creation and operation of next-generation mobile applications and mobile media-based services including mobile advertising services and such mobile media value-added-services that operate on an advertisement-supported or advertisement-funded revenue model
Indirect subsidiaries held through Unified Communications Sdn. Bhd.				
* AttrixTech Sdn. Bhd.	Malaysia	-	58.30	Distribution of information technology and telecommunications products
* GlobeOSS Sdn. Bhd.	Malaysia	-	29.73	Provision of global roaming quality of service management solutions
* Unified Communications (Shenzhen) Private Limited	People's Republic of China	58.30	58.30	Distribution of telecommunications products, development of localised telecommunications solutions and maintenance and support services for the telecommunications industry
* Attrix Technology Pte. Ltd.	Singapore	58.30	-	Distribution of information technology and telecommunications products

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect subsidiaries held through Unified Communications Pte. Ltd.				
* Attrix Technology Pte. Ltd.	Singapore	-	58.30	Distribution of information technology and telecommunications products
* Unified Communications Limited	Hong Kong	29.73	29.73	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (Private) Limited	Pakistan	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
* Unified (Thailand) Limited.	Thailand	51.89	51.89	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (VAS) Sdn. Bhd.	Malaysia	58.30	-	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
* AttrixTech Sdn. Bhd.	Malaysia	58.30	-	Distribution of information technology and telecommunications products
Indirect subsidiary held through Unified Communications (OSS) Sdn. Bhd.				
* GlobeOSS Sdn. Bhd.	Malaysia	29.73	-	Provision of global roaming quality of service management solutions
Indirect subsidiary held through GlobeOSS Sdn. Bhd.				
* GlobeOSS Pte. Ltd.	Singapore	29.73	29.73	Provision of global roaming quality of service management solutions

* Companies not audited by Baker Tilly Monteiro Heng.
** 29% of the equity interest of these companies are held by ASC, a wholly-owned subsidiary of the Company.
# 41% of the equity interest of these companies are held by ASC, a wholly-owned subsidiary of the Company.
^ The companies were incorporated on 16 September 2009 and there were no audited accounts for the period ended 31 December 2009.

9. INVESTMENT IN ASSOCIATES

	Group	
	2009	**2008**
	RM'000	RM'000
At cost:		
Quoted shares	12,758	12,758
Less: Impairment losses	(3,864)	(8,448)
	8,894	4,310
Unquoted shares	63,515	55,170
	72,409	59,480
Share of post-acquisition reserve, net of dividends received	57,859	47,846
	130,268	107,326
Market value of quoted shares	7,780	3,383

The summarised financial information of the associates are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Results		
Revenue	256,193	225,244
Profit for the financial year	53,707	29,862
Assets and Liabilities		
Total assets	495,253	456,709
Total liabilities	146,573	141,294

The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect associates held through Advance Synergy Capital Berhad				
* SIBB Berhad (formerly known as Southern Investment Bank Berhad)	Malaysia	20	17.74	Investment dealing
Kumpulan Powernet Berhad	Malaysia	20	17.74	Investment holding
* ACE Synergy Insurance Berhad	Malaysia	49	43.47	Underwriting of general insurance business
* Quality Bus & Coach Pty. Ltd.	Australia	50	44.36	Design, building and fabrication of coaches

9. INVESTMENT IN ASSOCIATES (Continued)

The details of the associates are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Indirect associates held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
* Suntop Corporation Sdn. Bhd.	Malaysia	40	39.85	Investment holding
Holiday Villa Kuala Lumpur Sdn. Bhd.	Malaysia	40	39.85	Investment holding
Holiday Villa Hotels & Resorts Sdn. Bhd.	Malaysia	40	39.85	Dormant
Indirect associates held through Unified Communications Sdn. Bhd.				
* Ahead Mobile Sdn. Bhd.	Malaysia	23.32	23.32	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry

* Companies not audited by Baker Tilly Monteiro Heng.

10. INVESTMENT IN JOINT VENTURE

During the previous financial year, UCPL acquired 50% equity interest in Unified Telecom Private Limited ("UTPL") comprising 25,000 ordinary shares of Indian Rupees 10.00 each for a cash consideration of Indian Rupees 250,000. Following the new allotment of shares by UTPL, UCPL's 50% equity interest is represented by 3,750,000 ordinary shares of Indian Rupees 10.00 each.

The following amounts represent the Group's 29.15% share of the assets and liabilities, and income and expenses of the joint venture which are included in the consolidated balance sheet and income statement of the Group using the line-by-line format of proportionate consolidation.

10. INVESTMENT IN JOINT VENTURE (Continued)

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Results		
Revenue	92	71
Profit/(Loss) for the financial year	(39)	8
Assets		
- Current assets	205	269
- Non-current assets	54	20
	259	289
Liabilities		
- Current liabilities	15	5
Operating cash inflows/(outflows)	(10)	(48)
Investing cash inflows/(outflows)	(39)	(19)
Financing cash inflows/(outflows)	209	270
	160	203

11. OTHER INVESTMENTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Quoted securities				
In Malaysia				
Shares stated at cost	20,281	20,289	-	-
Less: Impairment losses	(10,947)	(12,795)	-	-
	9,334	7,494	-	-
Unquoted securities				
In Malaysia				
Shares stated at cost	52,662	52,662	52,658	52,658
Less: Impairment losses	(20,483)	(20,483)	(20,483)	(20,483)
	32,179	32,179	32,175	32,175
Outside Malaysia:				
Shares stated at cost	16,502	16,502	-	-
	48,681	48,681	32,175	32,175
	58,015	56,175	32,175	32,175
Market value of quoted shares	9,334	7,479	-	-

12. TRADE RECEIVABLES

	Group	
	2009	**2008**
	RM'000	RM'000
Non Current:		
Trade receivables	6,400	753
Less : Allowance for doubtful debts	-	(151)
	6,400	602
Current:		
Trade receivables	48,424	64,962
Less : Allowance for doubtful debts	(8,679)	(9,155)
	39,745	55,807

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 to 90 days (2008: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Non current:				
Other receivables	3,366	2,850	-	-
Less: Allowance for doubtful debts	(2,797)	(2,691)	-	-
	569	159	-	-
Current:				
Other receivables	15,398	19,581	154	197
Deposits	1,148	1,373	5	2
Prepayments	9,131	7,983	-	-
	25,677	28,937	159	199
Less: Allowance for doubtful debts	(17,802)	(18,284)	-	-
	7,875	10,653	159	199

14. PROPERTY DEVELOPMENT COSTS

Group 2009	Leasehold land - at cost RM'000	Leasehold land - at valuation RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs				
At 1 January 2009	14,655	1,426	12,208	28,289
Incurred during the financial year	2,500	-	8,722	11,222
Transferred to inventories	(99)	-	(411)	(510)
Competed properties	(1,770)	-	(18,862)	(20,632)
At 31 December 2009	15,286	1,426	1,657	18,369
Cumulative costs recognised in income statement				
At 1 January 2009	(707)	(35)	(623)	(1,365)
Recognised during the financial year	(1,638)	-	(13,688)	(15,326)
Completed projects	1,770	-	18,862	20,632
At 31 December 2009	(575)	(35)	4,551	3,941
Carrying Amount at 31 December 2009	14,711	1,391	6,208	22,310

Group 2008	Leasehold land - at cost RM'000	Leasehold land - at valuation RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs				
At 1 January 2008	33,530	1,426	80,985	115,941
Incurred during the financial year	2,000	-	12,781	14,781
Transferred to inventories	(2,913)	-	(13,280)	(16,193)
Competed properties	(17,962)	-	(68,278)	(86,240)
At 31 December 2008	14,655	1,426	12,208	28,289
Cumulative costs recognised in income statement				
At 1 January 2008	(17,566)	(35)	(64,140)	(81,741)
Recognised during the financial year	(1,103)	-	(4,761)	(5,864)
Completed projects	17,962	-	68,278	86,240
At 31 December 2008	(707)	(35)	(623)	(1,365)
Carrying Amount at 31 December 2008	13,948	1,391	11,585	26,924

14. PROPERTY DEVELOPMENT COSTS (Continued)

Included in property development costs are the following charges incurred during the financial year:

	Group	
	2009	**2008**
	RM'000	RM'000
Interest expenses	179	206
Plant hire expenses	-	1

Certain leasehold land held for development was revalued by the Directors in the year 1993 after taking into consideration the valuation carried out by independent professional firms of valuers in the year 1992 and since then, the revaluation has not been updated. The revaluation resulted in a surplus of RM6.17 million which has been transferred to the asset revaluation reserve. The asset revaluation reserve is transferred to retained profits upon development and sale of such land. A total amount of RM5.76 million has been transferred to retained profits as at 31 December 2009.

Certain leasehold land held under development with carrying amount of RM9.29 million (2008: RM9.23 million) have been charged to financial institutions for credit facilities granted to a subsidiary.

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the previous financial year, the Group entered into sale and purchase agreement to dispose of a property. The disposal was completed in June 2009.

The asset and liabilities of the non-current assets classified as held for sale are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Property, plant and equipment - at carrying amount	-	1,176

16. AMOUNT OWING FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2009	**2008**
	RM'000	RM'000
Aggregate costs incurred to date and attributable profits recognised to date	14,429	45,266
Less: Progress billings	(8,477)	(47,194)
	5,952	(1,928)
Analysed as follows:		
Amount owing to customers for contract work	(101)	(2,099)
Amount owing from customers for contract work	6,053	171
	5,952	(1,928)

17. ACCRUED BILLINGS

	Group	
	2009	**2008**
	RM'000	RM'000
Aggregate costs incurred to date	16,769	9,119
Add: Attributable profits	2,507	1,480
	19,276	10,599
Less: Progress billings	(18,600)	(8,764)
	676	1,835

18. INVENTORIES

	Group	
	2009	**2008**
	RM'000	RM'000
At cost:		
Completed development properties	21,784	22,469
Raw materials	694	785
Work-in-progress	2,919	4,453
Finished goods	5,257	8,585
Food and beverages	262	278
Operating supplies	4,412	2,352
	35,328	38,922

Certain units of completed development properties with carrying amount of RM2.07 million (2008: RM2.07 million) of the Group have been pledged to licensed banks for credit facilities granted to a subsidiary.

19. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	RM'000
Amount owing by subsidiaries	215,021	230,880
Less : Allowance for doubtful debts	(114,704)	(128,892)
	100,317	101,988

The amount owing by subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for balances amounting to RM42.06 million which bears interest at the rate of 8.55% per annum in year 2008.

The amount owing to subsidiaries are unsecured, interest-free and have no fixed terms of repayment except for balances amounting to RM62.8 million (2008: RM54.38 million) which bears interest at the rate of 3% to 6% (2008: 3% to 6%) per annum.

On 31 December 2009, the Group implemented an intercompany loan restructuring exercise to address and re-align the intercompany balances within the Group through a method not involving any substantial cash payment, write back or write off.

20. AMOUNT OWING BY/(TO) ASSOCIATES

The amount owing by/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

21. MARKETABLE SECURITIES

	Group	
	2009	**2008**
	RM'000	RM'000
Quoted securities		
Shares in Malaysia - at net realisable value	1,144	1,314
Market value of shares quoted in Malaysia	1,179	1,341

22. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	50,027	38,887	31	2,985
Short term deposits	53,055	56,518	750	7,500
	103,082	95,405	781	10,485

Included in the short term deposits of the Group are:

(a) an amount of RM7.37 million (2008: RM7.21 million) charged to licensed banks as security for banking facilities granted to certain subsidiaries.

(b) an amount of RM17.56 million (2008: RM16.84 million) placed with lease payable as security deposits for lease payments.

(c) included in short term deposits of the Group is an amount of RM474,000 (2008: RM460,000) held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

23. SHARE CAPITAL

	2009		2008	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Authorised:				
At 1 January	3,000,000	900,000	900,000	900,000
Arising from par value reduction*	-	-	2,100,000	-
At 31 December	3,000,000	900,000	* 3,000,000	900,000
Issued and fully paid:				
At 1 January	461,908	138,572	337,794	337,794
Arising from par value reduction*	-	-	-	(236,456)
Arising from conversion of ICULS (Note 25)	11,471	3,442	124,114	37,234
At 31 December	473,379	142,014	461,908	138,572

23. **SHARE CAPITAL (Continued)**

* On 28 January 2008, the par value reduction of the Company's ordinary shares from RM1.00 to RM0.30 each became effective. As a result, the authorised share capital of the Company became 3,000,000,000 ordinary shares of RM0.30 each. Consequently, the issued and fully paid-up share capital of the Company is 337,793,619 shares of RM0.30 each or RM101,338,086.

For the financial year ended 31 December 2009, a total of 22,941,100 ICULS were converted into 11,470,550 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share of RM0.30 each in the Company.

Warrants 2000/2010

On 29 August 2000, the Company issued 168,896,809 warrants where each warrant entitles the registered holder to subscribe for one (1) new stock unit of RM1.00 each at the exercise price of RM1.00 per stock unit at any time during the exercise period which had been extended from 28 August 2003 to 28 August 2008.

The warrants are constituted by a Deed Poll dated 28 April 2000 and a Supplemental Deed Poll dated 24 July 2003.

On 10 December 2007, the Company announced that the exercise price of the warrants has been adjusted from RM1.00 per ASB share (converted from stock units to ordinary shares on 29 June 2007) to RM0.71 per ASB share with effect from 27 December 2007 consequential to the corporate exercise of the Company comprising:

(a) the reduction of the issued and paid-up share capital of the Company from RM337,793,619 comprising 337,793,619 ASB shares of RM1.00 each to RM101,338,086 comprising 337,793,619 ASB shares of RM0.30 each by cancelling RM0.70 from every ASB share of RM1.00 each to reduce the accumulated losses of the Company and the reduction of up to the entire amount in the share premium account of the Company to reduce the accumulated losses in the Company; and

(b) the renounceable two (2)-call rights issue of RM177,341,650 nominal value of ICULS at 100% of the nominal value of RM0.15 each (or equivalent of 1,182,277,666 ICULS)("Rights Issue").

The Company also announced on 31 December 2007 that the duration and exercise period of the 168,896,809 outstanding warrants will be extended for a further period of two (2) years from 28 August 2008 up to and including 28 August 2010.

The registered holders have no right to participate by virtue of the warrants in any other share issue of the Company and its subsidiaries.

Upon expiry of the exercise period, any warrants which have not been exercised will lapse and cease to be valid for any purpose.

As at the end of the last financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 168,896,809.

24. RESERVES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Share premium	117,317	117,317	117,317	117,317
Capital reserve	-	-	69	69
Revaluation reserve	12,591	12,725	-	-
Foreign exchange translation reserve	5,862	3,222	-	-
	135,770	133,264	117,386	117,386
Distributable				
Retained earnings/ (Accumulated losses)	67,054	13,982	(23,302)	(21,328)
	202,824	147,246	94,084	96,058

(a) **Revaluation reserve**

The revaluation reserve represents the surplus on the revaluation of certain hotel properties of the Group.

(b) **Foreign exchange translation reserve**

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

(c) **Share premium**

During the previous financial year, the share premium of the Company was reduced from RM430.04 million to RM117.32 million, mainly due to the Capital Reduction and Rights Issue, details of which are included in the Statement of Changes in Equity.

25. ICULS

On 29 January 2008, the Company issued 1,182,277,666 ICULS pursuant to the Rights Issue as set out in Note 23 to the financial statements.

The ICULS are constituted by a Trust Deed dated 10 December 2007 and a Supplemental Trust Deed dated 4 August 2008 ("Trust Deed"). The ICULS have a tenure of ten (10) years from the date of issue and are not redeemable in cash. Unless converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares of the Company ("ASB Shares") at the conversion price applicable on the maturity date (i.e. 26 January 2018).

25. **ICULS (Continued)**

The ICULS may be converted into new ASB Shares by:

(i) surrendering the ICULS with an aggregate nominal value equivalent to RM0.30 for every one (1) new ASB Share (subject to adjustments in accordance with the provisions of the Trust Deed) ("Conversion Price"); or

(ii) surrendering one (1) ICULS together with the necessary cash payment constituting the difference between the Conversion Price and the nominal value of the ICULS surrendered, for one (1) new ASB Share. For avoidance of doubt, for every one (1) ICULS surrendered together with the required cash payment, the holder will only be entitled to subscribe for one (1) new ASB Share.

The new ASB Shares to be issued upon conversion of the ICULS will, upon allotment and issuance, rank pari passu in all respects with the then existing issued ASB Shares save that they will not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new ASB Shares pursuant to the conversion of the ICULS.

The interest on the ICULS at the rate of 2% per annum on the nominal value of the outstanding ICULS is payable annually in arrears, on the last day of each of the ten (10) successive periods of twelve (12) months calculated from the issue date with the last interest payment date falling on the maturity date of the ICULS.

The ICULS is recognised in the Balance Sheets of the Group and of the Company as follows:

		Group and Company		
	Note	Equity Component	Liability Component	Total
2009		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2009		122,210	19,681	141,891
Deferred tax assets	32	-	(43)	(43)
Converted to ordinary shares during the financial year	23	(3,002)	(440)	(3,442)
At 31 December 2009		119,208	19,198	138,406
Expense recognised in income statements:				
At 1 January 2009		-	1,261	1,261
Recognised during the financial year - ICULS interest		-	1,316	1,316
At 31 December 2009		-	2,577	2,577
Interest paid/accrued:				
At 1 January 2009		-	(2,565)	(2,565)
Paid/accrued during the financial year		-	(2,733)	(2,733)
At 31 December 2009		-	(5,298)	(5,298)
At 31 December 2009		119,208	16,477	135,685

25. ICULS (Continued)

		Group and Company		
	Note	Equity Component	Liability Component	Total
2008		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2008		-	-	-
Issued during the financial year		154,688	22,654	177,342
Deferred tax assets	32	-	1,783	1,783
Converted to ordinary shares during the financial year	23	(32,478)	(4,756)	(37,234)
At 31 December 2008		122,210	19,681	141,891
Expense recognised in income statements:				
At 1 January 2008		-	-	-
Recognised during the financial year - ICULS interest		-	1,261	1,261
At 31 December 2008		-	1,261	1,261
Interest paid/accrued:				
At 1 January 2008		-	-	-
Paid/accrued during the financial year		-	(2,565)	(2,565)
At 31 December 2008		-	(2,565)	(2,565)
At 31 December 2008		122,210	18,377	140,587

Interest expense on the ICULS is calculated based on the effective yield by applying the effective interest rate of 7% for an equivalent non-convertible loan stock to the liability component of the ICULS.

26. BORROWINGS

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current liabilities					
Term loans		35,884	30,532	30,000	21,036
Finance lease payable		1,532	1,523	-	-
Hire purchase payables		243	280	-	-
Bank overdrafts		184	226	-	-
Bankers' acceptance and trust receipts		-	1,301	-	-
		37,843	33,862	30,000	21,036
Non-current liabilities					
Term loans		66,934	58,249	-	-
Finance lease payable		20,914	20,789	-	-
Hire purchase payables		128	372	-	-
		87,976	79,410	-	-
		125,819	113,272	30,000	21,036
Total liabilities					
Term loans	27	102,818	88,781	30,000	21,036
Finance lease payable	28	22,446	22,312	-	-
Hire purchase payables	29	371	652	-	-
Bank overdrafts	30	184	226	-	-
Bankers' acceptance and trust receipts	31	-	1,301	-	-
		125,819	113,272	30,000	21,036

27. TERM LOANS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Term loans				
-secured	96,886	83,801	30,000	21,036
-unsecured	5,932	4,980	-	-
	102,818	88,781	30,000	21,036

The term loans are secured by way of:

(a) fixed charges over the freehold land and certain hotel and other properties of the Group;

(b) the entire issued and paid up share capital of certain subsidiaries;

(c) certain shares of quoted subsidiaries and unquoted subsidiaries at carrying amounts of RM10.3 million (2008: RM83.8 million) and RM57.2 million (2008: RM1.8 million) respectively;

(d) certain assets beneficially owned by a Director of the Company;

(e) fixed and floating charges over the assets of certain subsidiaries; and

(f) a corporate guarantee by the Company.

The effective interest rate of the term loans is disclosed in Note 47(a)(iii) to the financial statements.

28. FINANCE LEASE PAYABLE

	Group	
	2009	**2008**
	RM'000	RM'000
Minimum lease payments:		
- not later than one year	1,644	1,634
- later than one year but not later than five years	6,662	6,627
- later than five years	25,363	27,041
	33,669	35,302
Less: Future finance lease interest	(11,223)	(12,990)
Present value of finance lease liabilities	22,446	22,312
Represented by:		
Current		
- not later than one year	1,532	1,523
Non current		
- later than one year but not later than five years	5,215	5,189
- later than five years	15,699	15,600
	22,446	22,312

28. FINANCE LEASE PAYABLE (Continued)

Finance lease payable represents obligation arising from the finance lease for a hotel property pursuant to sale and leaseback agreements entered into in year 2006.

The Group has an option to buy back the hotel property at RM23 million at the end of the lease term, which is for a period of ten (10) years with an option to extend for another period of five (5) years.

The effective interest rate of the finance lease payable is disclosed in Note 47(a)(iii) to the financial statements.

29. HIRE PURCHASE PAYABLES

	Group	
	2009	**2008**
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one year	249	302
- later than one year but not later than five years	151	392
	400	694
Less: Future hire purchase interest	(29)	(42)
Present value of hire purchase liabilities	371	652
Represented by:		
Current		
- not later than one year	243	280
Non current		
- later than one year but not later than five years	128	372
	371	652

The effective interest rate of the hire purchase payable is disclosed in Note 47(a)(iii) to the financial statements.

30. BANK OVERDRAFTS

	Group	
	2009	**2008**
	RM'000	RM'000
Bank overdrafts:		
- secured	184	226

The bank overdrafts are secured by way of:

(a) a pledge of short term deposits; and

(b) a guarantee and an indemnity from the Company and its subsidiaries.

The effective interest rate of the bank overdraft is disclosed in Note 47(a)(iii) to the financial statements.

31. SHORT TERM BORROWINGS

	Group	
	2009	**2008**
	RM'000	RM'000
Bankers' acceptance and trust receipts	-	1,301

The bankers' acceptance and trust receipts are secured by way of:

(a) short term deposit and corporate guarantee by a subsidiary; and

(b) unquoted investment securities of the Group.

The effective interest rate of the short term borrowings is disclosed in Note 47(a)(iii) to the financial statements.

32. DEFERRED TAX

(a) 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 amounts of deferred tax assets and liabilities, after appropriate offsetting, are included in the balance sheet, as follows:

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		(242)	1,801	(1,665)	-
Recognised in the income statement	40	(254)	(169)	129	118
Recognised in equity	25	43	(1,783)	43	(1,783)
Foreign exchange translation adjustment		10	(91)	-	-
At 31 December		(443)	(242)	(1,493)	(1,665)
Presented after appropriate offsetting:					
Deferred tax asset, net		(3,324)	(3,242)	(1,493)	(1,665)
Deferred tax liabilities, net		2,881	3,000	-	-
		(443)	(242)	(1,493)	(1,665)

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

Deferred tax liabilities of the Group

	Property, Plant and Equipment RM'000	**Others** RM'000	**Total** RM'000
At 1 January 2009	3,074	(74)	3,000
Recognised in the income statement	(155)	36	(119)
At 31 December 2009	2,919	(38)	2,881
At 1 January 2008	3,256	140	3,396
Recognised in the income statement	(182)	(214)	(396)
At 31 December 2008	3,074	(74)	3,000

32. **DEFERRED TAX (Continued)**

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

Deferred tax assets of the Group

	Unutilised tax losses and unabsorbed capital allowances RM'000	**Others** RM'000	**Total** RM'000
At 1 January 2009	1,427	1,815	3,242
Recognised in the income statement	49	33	82
At 31 December 2009	1,476	1,848	3,324
At 1 January 2008	1,445	150	1,595
Recognised in the income statement	(18)	1,665	1,647
At 31 December 2008	1,427	1,815	3,242

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group	
	2009 RM'000	**2008** RM'000
Deductible/(taxable) temporary differences	425	(1,194)
Unutilised tax losses	235,242	224,665
Unabsorbed capital allowances	64,323	61,375
	299,990	284,846

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation.

33. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined retirement benefit plans for some of its employees.

The total amount recognised in the balance sheet are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Present value of unfunded defined benefits obligations	826	718
Unrecognised actuarial gain	(197)	(218)
	629	500

The total expenses recognised in the income statement are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Current service cost	75	80
Interest cost	43	33
Amortisation of net loss	11	9
Expenses recognised in the income statement under administrative expenses	129	122

The movements during the financial year on the amount recognised in the balance sheet in respect of the retirement benefits plans are as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
At 1 January	500	412
Provision made in the current financial year	129	122
Paid during the financial year	-	(34)
At 31 December	629	500

The principal actuarial assumptions used are as follows:

	Group	
	2009	**2008**
	%	%
Discount rate	6.0	6.0
Expected rate of salary increase	6.0	6.0

34. DEFERRED INCOME

Deferred income represents the remaining 50% of the timeshare membership subscription fee received which is to be recognised as income over the validity period of the timeshare membership agreement, i.e. 30 years, from the admission date of the members.

35. TRADE PAYABLES

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2008: 30 to 90 days).

36. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Other payables	15,082	16,043	29	29
Accruals	22,525	24,041	439	597
Accrued interest	2,496	3,713	2,496	3,713
Deposits received	1,733	1,225	-	-
	41,836	45,022	2,964	4,339

37. REVENUE

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Sales of goods	31,729	34,556	-	-
Hotels and resorts services	60,141	59,210	-	-
Bus transportation services	12,059	8,338	-	-
Information, telecommunications			-	-
technology and related service	46,102	46,866	-	-
Travel and tours	55,885	45,989	-	-
Card and payment services	526	67	-	-
Interest and financing income	72	750	72	750
Property development	19,276	10,599	-	-
Rental income	810	1,010	-	-
Gross dividend income	33	4,447	3,432	3,303
	226,633	211,832	3,504	4,053

38. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
After charging:				
Allowance for doubtful debts	94	733	10,622	5,310
Allowance for inventories obsolescence	129	1,389	-	-
Allowance for cash loss	71	35	-	-
Amortisation of intangible assets	1,164	1,410	-	-
Amortisation of prepaid lease payments	105	109	-	-
Auditors' remuneration				
- statutory:				
- holding company	76	76	76	76
- subsidiaries	749	710	-	-
- underaccrual in prior years	49	69	-	-
- non-statutory:				
- holding company	4	4	4	4
- subsidiaries	-	4	-	-
Bad debts written off	720	51	53	-
Depreciation	8,386	11,644	29	113
Directors' remuneration:				
- fees	751	741	254	254
- other emoluments	945	901	462	391
Impairment loss on:				
- development expenditure	186	-	-	-
- investment in associates	-	990	-	-
- investment securities	8	7,742	-	3,000
- marketable securities	-	826	-	-
- investment in subsidiaries	-	-	8,695	4,560
- property, plant and equipment	440	4,673	-	-
Inventories written off	-	54	-	-
Lease rental	10,384	10,306	-	-
Loss on foreign exchange:				
- realised	1,335	840	-	-
- unrealised	891	-	175	-
Loss on disposal of marketable securities	257	20	-	-
Property, plant and equipment written off	503	2,503	-	264
Provision for retirement benefits plan	129	122	-	-

38. OPERATING PROFIT/(LOSS) (Continued)

Operating profit/(loss) has been arrived at (Continued):

	Group		Company	
	2009	**2008**	**2009**	**2008**
After charging:	RM'000	RM'000	RM'000	RM'000
Rental expenses:				
- equipment	178	149	-	-
- premises	3,289	3,367	182	207
- land	5	18	-	-
- others	102	124	-	-
Staff cost:				
- salaries and wages	36,261	33,585	1,977	2,042
- defined contribution plan	3,672	3,402	313	293
- Other employee benefits	3,735	4,132	41	22
And crediting:				
Allowance for doubtful debts no longer required	812	171	24,810	5,200
Bad debts recovered	3	2	-	-
Gain on disposal of marketable securities	-	162	-	-
Gain on disposal of property, plant and equipment	1,847	904	-	-
Gain on disposal of non-current assets classified as held for sale	244	384	-	-
Gain on disposal of a subsidiary	1,437	47	-	-
Gain on foreign exchange:				
- realised	1,740	1,202	-	-
- unrealised	-	2,616	-	437
Gross dividend income from:				
- Malaysia:				
- quoted investments	441	480	-	-
- unquoted investments	5	7	-	-
Interest income:				
- short term deposits	1,179	1,280	-	-
- others	497	590	-	-
Rental income	195	488	-	-
Write back of allowance for inventories obsolescence	554	-	-	-
Write back of impairment loss on:				
- investment in associates	4,584	-	-	-
- investment securities	1,848	-	-	-
- investment in subsidiaries	-	-	-	7,310
- marketable securities	753	-	-	-
Write back of payables	45	150	-	-
Write back of provision for damages	75	77	-	-

39. FINANCE COSTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- advances from subsidiaries	-	-	1,673	4,663
- bank overdrafts	6	42	-	-
- finance lease	1,634	1,623	-	-
- hire purchases	45	70	-	-
- ICULS	1,316	1,261	1,316	1,261
- term loans	4,736	4,099	735	314
- others	21	69	3,234	2,914
	7,758	7,164	6,958	9,152

40. TAXATION

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Income tax				
- current year	1,742	2,199	-	(232)
- prior years	(445)	732	232	1,081
Deferred taxation (Note 32)				
- current year	(248)	(211)	-	-
- prior years	(6)	42	129	118
	1,043	2,762	361	967
Outside Malaysia:				
Income tax	548	943	-	-
	1,591	3,705	361	967

The income tax is calculated at the statutory rate of 25% (2008: 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2009 has reflected these changes.

Two subsidiaries of the Company had been granted Multimedia Super Corridor ("MSC") status under the Promotion of Investment Act, 1986. These companies will enjoy five (5) years pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of UCSB, after being extended, will expire on 20 December 2010. In addition, GlobeOSS will enjoy pioneer status from 15 January 2007 to 14 January 2012.

40. TAXATION (Continued)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	%	%	%	%
Applicable tax rate	25	(26)	(25)	(26)
Tax effects arising from				
- Non allowable expenses	25	259	433	53
- Non taxable income	(28)	(213)	(408)	(30)
- Utilisation of previously unregconised tax losses and capital allowances	(4)	(21)	-	-
- Deferred tax assets not recognised in the year	6	178	-	-
- Different tax rate in foreign jurisdiction	2	(1)	-	-
- Deferred tax assets recognised in difference tax rate	-	5	-	-
- Tax incentives and allowances	(1)	(9)	-	-
- Share of tax of associates included in share of profit of associates	(19)	(91)	-	-
	6	81	-	(3)
- under/(over)accrual in prior years	(1)	21	22	13
Average effective tax rate	5	102	22	10

The tax savings of the Group and of the Company are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Arising from utilisation of previously unutilised tax losses	1,223	753	-	-

41. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

	Group	
	2009	**2008**
	RM'000	RM'000
Consolidated profit/(loss) attributable to ordinary equity of the Company	30,994	(6,608)
	2009	**2008**
	'000	'000
Weighted average number of ordinary shares in issue	468,090	443,211
	2009	**2008**
	Sen	Sen
Basic earning/(loss) per share	6.62	(1.49)

(b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the financial year. The adjusted weighted average number of ordinary shares in issue is arrived at assuming full conversion of the ICULS which represents the dilutive potential of the ordinary shares.

41. EARNINGS/(LOSS) PER ORDINARY SHARE (Continued)

(b) Diluted earnings/(loss) per ordinary share (Continued)

	Group 2009 RM'000
Consolidated profit/(loss) attributable to ordinary equity of the Company	30,994
Interest expenses on ICULS (net of tax)	1,445
Profit/(Loss) after mandatory conversion of ICULS	32,439

	2009 '000
Weighted average number of ordinary shares in issue	468,090
Adjustment for ordinary shares deemed converted from ICULS	460,874
Weighted average number of ordinary shares in issue after deemed conversion of ICULS	928,964

	2009 Sen
Diluted earning/(loss) per share	3.49

No disclosure is required in the income statement for the previous financial year, since the diluted earnings/(loss) per share was anti-dilutive.

42. CONTINGENT LIABILITES

(a) Corporate Guarantee

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Corporate guarantee given to bank for credit facilities granted to subsidiaries	-	-	54,252	69,770

(b) Material Litigation

On 10 November 2009 and 12 November 2009, the Company released announcements on an originating summons no. D-24NCC-72-2009 dated 3 November 2009 which was issued on the application of ACE INA International Holdings Ltd. ("ACE INA")(as "Plaintiff") and served on ASC (as "Defendant") on 9 November 2009 ("Originating Summons").

By this Originating Summons, ACE INA is claiming against ASC declaratory reliefs pertaining to the call option notice issued by ACE INA over the remaining 49,000,000 ordinary shares of RM1.00 each in ACE Synergy Insurance Berhad ("ACE Synergy Malaysia") held by ASC ("Call Option"), amongst others the following:

(i) Orders for ASC to give its written consent and/or provide any requested documents and/or information to Bank Negara Malaysia ("BNM") and/or Minister of Finance and/or where requested, to meet with the relevant officers of BNM that are necessary to allow ACE INA to proceed with (i) its application for the requisite approval of the Minister of Finance ("MOF Approval") under Section 67 of the Insurance Act 1996 ("Insurance Act") for the acquisition and disposal of the Defendant's 49% equity interest in ACE Synergy Malaysia to the Plaintiff, or in the alternative, its application for the MOF Approval to enter into the Amended and Restated Shareholders' Agreement and/or the Call Option contained therein in the event the Court determines that MOF Approval under the Insurance Act is required; and (ii) any appeals arising therefrom;

(ii) Costs of the application of the Originating Summons to be borne by ASC; and

(iii) Such further relief and orders that the Court deems fit and just.

At this stage of legal proceedings, the Company is unable to precisely ascertain the actual financial impact to the Group. However, the Group is not expected to suffer adverse financial impact from these proceedings except for costs and legal expenses. There is no operational impact of the Originating Summons on the Group.

42. CONTINGENT LIABILITES (Continued)

(b) Material Litigation (Continued)

On 17 November 2009, ASC obtained leave of Court to file and serve a Conditional Appearance to the Originating Summons with a view to applying for a stay of the Originating Summons proceedings in order to refer the dispute to arbitration. The application for a stay of the Originating Summons which had been served on ACE INA was dismissed by the Court on 5 April 2010. ASC has on 13 April 2010 filed an appeal to the Court of Appeal on the said dismissal. The Court has fixed the Originating Summons for hearing on 12 May 2010.

ASC has sought legal advice on the matter and the solicitors are of the view that ASC has merits in its defence to the claim of ACE INA.

43. OTHER MATERIAL LITIGATION

The Company had on 14 June 2004 instituted legal action against PKNK to recover its investment of RM52,500,000 in KMSB together with other sums, damages, interests and costs. The Company's solicitors have obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the High Court of Alor Setar for the sum of RM52,500,000, interest thereon at the rate of 8% per annum from the date of judgment to the date of realisation and cost of RM225. On 10 November 2004, PKNK applied to the court to set aside the Default Judgment. On 3 August 2005, the court had allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitor had on 29 December 2005 forwarded to the court for filing of the Notice to Attend Pre-Trial Case Management and the Pre-Trial Case Management was fixed for hearing on 17 May 2006. Due to a change in PKNK's solicitors, PKNK's new solicitors had asked for an adjournment on the grounds that they require time to take their client's instructions and there is a likelihood for an application to amend the Statement of Defence. The court had fixed the Pre-Trial Case Management ("PTCM") for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defence and the application was also fixed for hearing on 21 November 2006. On 21 November 2006, the court granted leave to PKNK to amend their Statement of Defence. The court has fixed the case for further PTCM on 3 May 2010 for trial dates to be fixed.

The Company's solicitors for the litigation are of the opinion that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

44. COMMITMENTS

(a) Capital commitments in respect of:

	Group	
	2009	**2008**
	RM'000	RM'000
Capital expenditure:		
- authorised and contracted for	599	2,642
Analysed as follows:		
- purchase of property, plant and equipment	599	2,620
- subscription of new shares in associate/subsidiary	-	22
- construction of hotel buildings	*	*
	599	2,642

* A subsidiary had entered into a lease agreement on 31 January 1996 with the Municipality Council of Phnom Penh which stipulated that the subsidiary has an obligation to construct a new hotel building and carry out renovation and refurbishment works on the existing hotel building. The expected date of completion is within 36 months from 1 October 1999. The amount contracted shall not be less than USD3 million for both buildings. An extension of time has been granted for the subsidiary to commence the construction of the new hotel building not later than 1 October 2002 and to be completed by 1 October 2004. The refurbishment work on the existing hotel building has since been completed but construction of the new hotel building has not begun as at to date.

The subsidiary was granted approval from the municipality for a further deferment on the commencement of the construction of the new building to 2007. The subsidiary had on 7 December 2006 written to the Municipality Council of Phnom Penh to defer the deadline for the construction of the new building to year 2010.

Notwithstanding this, the subsidiary has decided to proceed with the construction of the new hotel building. The building plans have been submitted to the Municipality Council of Phnom Penh on March 2008 and currently is pending its approval.

(b) The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

	Group	
	2009	**2008**
	RM'000	RM'000
Not later than one year	10,966	10,338
Later than one year but not later than five years	44,348	42,378
Later than five years	45,106	56,133
	100,420	108,849

45. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant related party transactions and balances

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Income				
(i) Interest receivable from a subsidiary				
- iSynergy Sdn. Bhd. ("iSynergy")	-	-	3,092	-
(ii) Interest receivable from associates				
- SIBB Berhad ("SIBB")	-	1	-	-
- Hicom Australia Pty. Ltd.	12	11	-	-
(iii) Rental receivable from an associate				
- Kumpulan Powernet Berhad	114	110	-	-

45. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Significant related party transactions and balances (Continued)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Expenses				
(i) Interest payable to subsidiaries				
- ASC	-	-	1,642	1,557
- ASC Credit Sdn. Bhd. ("ASCC")	-	-	3,123	3,106
(ii) Management fees paid to an associate, SIBB	-	7	-	-
(iii) Rental payable to a subsidiary AESBI Power Systems Sdn. Bhd.	-	-	182	207
(iv) Purchase of good and services from a subsidiary Orient Escape Travel Sdn. Bhd.	-	-	110	112
(v) Directors' emoluments:				
- fees	751	741	254	254
- salaries and bonuses	945	901	462	391
- benefit-in-kind	31	51	23	23

The related party transactions described above were entered into in the ordinary course of business and have been established under negotiated terms.

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Amount owing by a subsidiary				
- Interest receivable				
- iSynergy	-	-	3,092	3,321
Amount owing to subsidiaries				
- Interest payable				
- ASC	-	-	1,642	1,557
- ASCC	-	-	3,123	3,106

45. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	RM'000	RM'000	RM'000
Fees	850	838	254	254
Short term employee benefits	3,117	2,764	747	658
Contributions to defined contribution plan	326	286	92	79
	4,293	3,888	1,093	991
Benefit-in-kind	81	118	30	30

The estimated monetary value of other benefits, not included in the above, received by Directors and other key management personnel of the Company and its subsidiaries were RM29,900 (2008: RM29,900) for the Company and RM81,385 (2008: RM118,437) for the Group.

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting RM944,960 (2008: RM900,888) and RM461,760 (2008: RM390,538) respectively.

46. SEGMENT REPORTING

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces.

Secondary information is reported geographically.

(b) Business segments

The Group's operations comprise the following business segments:

Investment holding	:	Investment holding and providing full corporate and financial support to the Group.
Property development	:	Development of residential and commercial properties.
Hotels and resorts	:	Operate and manage hotels and resorts and other related services.

46. SEGMENT REPORTING (Continued)

(b) Business segments (Continued)

The Group's operations comprise the following business segments (Continued):

Information and communications technology	:	Provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and distribution of third party telecommunications products and components.
Bus transportation services	:	Design, building and fabrication of coaches, provision of stage bus, express bus and bus maintenance and related services.
Travel and tours	:	Travel and tour agent, licensed money changer and provision of travel related services.
Others	:	Businesses involving manufacturing, trading, and card and payment related services.

(c) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

Malaysia	:	Investment holding and providing full corporate and financial support to the Group, property development, owner and operator of hotels and resorts, travel and tour related services, card and payment related services, provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and distribution of third party telecommunications products and components, design, building and fabrication of coaches, provision of bus transportation services and bus maintenance and related services.
Singapore	:	Provision of telecommunications products, customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and distribution of third party telecommunications products and components, provision of management and investment holdings

46. SEGMENT REPORTING (Continued)

(c) Geographical segments (Continued)

In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows (Continued):

Africa and Middle East	:	Operate and manage hotels and resorts, provision of telecommunications products and customised solutions for the telecommunications industry, the provision of global roaming quality and service management solutions, and distribution of third party telecommunications products and components.
Europe	:	Operate and manage hotels and resorts.
Australia	:	Owner and operator of hotels, manufacturing, and marketing of builder hardware products.
Others	:	Operate and manage hotels and resorts.

(d) Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These revenue and expenses are eliminated on consolidation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

2009	**Invest-ment holding** RM'000	**Property develop-ment** RM'000	**Hotels and resorts** RM'000	**Information and commu-nications technology** RM'000	**Bus trans-portation services** RM'000	**Travel and tours** RM'000	**Others** RM'000	**Elimi-nation** RM'000	**Total** RM'000
Revenue									
External	402	19,370	75,790	46,102	12,059	55,885	17,025	-	226,633
Inter-segment	4,271	68	-	-	-	644	-	(4,983)	-
	4,673	19,438	75,790	46,102	12,059	56,529	17,025	(4,983)	226,633
Results									
Segment results	3,617	1,277	8,898	5,461	(2,708)	1,958	(8,494)	(2,168)	7,841
Share of results of associates	23,918	-	-	2,503	-	-	-	-	26,421
Consolidated profit/ (loss) before tax									34,262
Tax expense									(1,591)
Net profit/ (loss) for the financial year									32,671
Attributable to;									
Minority interests									1,677
Equity holders of the Company									30,994

46. SEGMENT REPORTING (Continued)

2009	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Bus trans-portation services RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Total RM'000
Other information									
Segments assets	92,827	64,421	228,671	135,126	11,121	12,380	25,674	-	570,220
Investment in associates	128,294	-	-	1,974	-	-	-	-	130,268
Unallocated corporate assets									4,666
Total assets									705,154
Segment liabilities	55,611	8,856	100,211	19,421	4,036	3,719	17,848	-	209,702
Unallocated corporate liabilities									3,984
Total liabilities									213,686
Capital expenditure	1,988	6	30,664	7,073	97	333	263	-	40,424
Depreciation	385	109	4,230	2,317	784	162	399	-	8,386
Amortisation of prepaid lease payments	-	-	87	-	18	-	-	-	105
Impairment loss on:									
-property, plant and equipment	-	-	-	440	-	-	-	-	440
-investment securities	-	-	-	-	-	8	-	-	8
-inventories	-	-	-	129	-	-	-	-	129
-development expenditure	-	-	-	186	-	-	-	-	186
Write back of impairment loss on:									
-investment securities	1,848	-	-	-	-	-	-	-	1,848
-investment in associates	4,584	-	-	-	-	-	-	-	4,584
-investment in marketable securities	602	-	151	-	-	-	-	-	753
-inventories	-	-	-	-	554	-	-	-	554
Amortisation of intangible assets	-	-	-	1,164	-	-	-	-	1,164
Non-cash expenses other than depreciation and amortisation and impairment loss	321	168	866	54	-	80	28	-	1,517

46. SEGMENT REPORTING (Continued)

2008	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Bus trans-portation services RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Total RM'000
Revenue									
External	5,308	10,692	76,781	46,866	8,338	45,989	17,858	-	211,832
Inter-segment	4,205	68	-	-	-	355	-	(4,628)	-
	9,513	10,760	76,781	46,866	8,338	46,344	17,858	(4,628)	211,832
Results									
Segment results	(21,630)	539	8,530	2,707	(4,929)	1,171	(10,645)	8,816	(15,441)
Share of results of associates	8,001	-	-	3,814	-	-	-	-	11,815
Consolidated profit/ (loss) before tax									(3,626)
Tax expense									(3,705)
Net profit/ (loss) for the financial year									(7,331)
Attributable to;									
Minority interests									(723)
Equity holders of the Company									(6,608)
Other information									
Segments assets	99,230	67,615	215,867	129,729	11,674	11,964	22,348	-	558,427
Investment in associates	104,310	-	-	3,016	-	-	-	-	107,326
Unallocated corporate assets									4,674
Total assets									670,427
Segment liabilities	55,104	9,990	96,494	20,567	3,128	3,546	16,836	-	205,665
Unallocated corporate liabilities									3,999
Total liabilities									209,664

46. SEGMENT REPORTING (Continued)

2008	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Bus trans-portation services RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Total RM'000
Capital expenditure	609	5	4,265	1,754	296	167	47	-	7,143
Depreciation	985	163	5,592	3,315	704	138	747	-	11,644
Amortisation of prepaid lease payments	-	-	91	-	18	-	-	-	109
Impairment loss on:									
-property, plant and equipment	2,621	-	-	681	1,371	-	-	-	4,673
- investment securities	7,742	-	-	-	-	-	-	-	7,742
- investment in associates	990	-	-	-	-	-	-	-	990
- investment in marketable securities	692	-	134	-	-	-	-	-	826
Amortisation of intangible assets	-	-	-	1,410	-	-	-	-	1,410
Non-cash expenses other than depreciation and amortisation and impairment loss	905	-	291	1,846	1,774	35	36	-	4,887

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segment:

	Revenue		Segment assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	154,660	140,311	409,961	411,741	4,355	3,538
Singapore	987	1,019	12,238	4,763	203	269
Africa & Middle East	24,227	21,908	48,918	54,606	6,218	260
Europe	14,479	14,959	41,484	15,419	28,743	360
Australia	17,533	19,582	18,283	26,420	206	1,812
Others	14,747	14,053	39,336	45,478	699	904
	226,633	211,832	570,220	558,427	40,424	7,143

47. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group is exposed to credit, foreign currency and interest rate risk that arise in the normal course of business.

The Group's overall financial risk management objectives are to ensure that the Group creates and optimises value for its shareholders and to minimise any potential adverse effects on the financial performance and position based on its prevailing capacity.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies.

(i) Credit Risk

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

As at balance sheet date, the Group has no significant concentration of credit risk other than an amount owing from a debtor of RM12.1 million (2008: RM13.4 million). The Group does not anticipate the carrying amounts as at the balance sheet date to be significantly different from the values that would eventually be received.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

47. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management Objectives and Policies (Continued)

(ii) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations for which they relate. The Group monitors the movement in foreign currency exchange rates closely to ensure their exposure are minimised.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follow:

	← Functional currencies →						
Group 2009	**Ringgit Malaysia** RM'000	**Australia Dollar** RM'000	**US Dollar** RM'000	**Singapore Dollar** RM'000	**HK Dollar** RM'000	**Thai Baht** RM'000	**Total** RM'000
Financial assets and liabilities not held in functional currency							
Investment securities							
US Dollar	14,809	-	-	-	-	-	14,809
Chinese Yuan	-	-	1,693	-	-	-	1,693
Trade receivables							
Australia Dollar	90	-	-	-	-	-	90
Brunei Dollar	483	-	-	66	-	-	549
Euro	474	-	-	-	-	-	474
Indonesia Rupiah	-	-	979	-	-	-	979
Sudanese Dollar	-	-	840	-	-	-	840
US Dollar	999	-	-	4,268	112	-	5,379
Others	-	-	99	-	-	-	99
	2,046	-	1,918	4,334	112	-	8,410
Other receivables							
Australia Dollar	222	-	-	-	-	-	222
Singapore Dollar	13	-	-	-	-	-	13
US Dollar	379	-	-	75	524	-	978
Euro	28	-	-	-	-	-	28
Others	-	-	-	-	-	40	40
	642	-	-	75	524	40	1,281

47. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(ii) Foreign Currency Risk (Continued)

	← Functional currencies →						
Group 2009	**Ringgit Malaysia** RM'000	**Australia Dollar** RM'000	**US Dollar** RM'000	**Singapore Dollar** RM'000	**HK Dollar** RM'000	**Thai Baht** RM'000	**Total** RM'000
Financial assets and liabilities not held in functional currency							
Cash and bank balances							
Australia Dollar	27	-	-	-	-	-	27
Euro	133	-	-	-	-	-	133
Hong Kong Dollar	24	-	-	-	-	-	24
Pound Sterling	10	-	24	-	-	-	34
Chinese Yuan	19	-	-	-	-	-	19
Singapore Dollar	2,102	-	-	-	-	-	2,102
US Dollar	3,934	-	-	999	257	-	5,190
Others	55	-	-	-	-	2	57
	6,304	-	24	999	257	2	7,586
Trade payables							
US Dollar	882	741	-	2,475	557	-	4,655
Singapore Dollar	2	-	-	-	-	-	2
Chinese Yuan	-	-	17	-	-	-	17
Australia Dollar	5	-	-	-	-	-	5
Euro	8,669	-	-	-	-	-	8,669
Indonesia Rupiah	-	-	29	-	-	-	29
Brunei Dollar	601	-	-	-	-	-	601
Sudanese Dollar	-	-	140	-	-	-	140
Others	-	-	42	16	-	3	61
	10,159	741	228	2,491	557	3	14,179

47. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(ii) Foreign Currency Risk (Continued)

	← Functional currencies →						
Group 2008	**Ringgit Malaysia** RM'000	**Australia Dollar** RM'000	**US Dollar** RM'000	**Singapore Dollar** RM'000	**HK Dollar** RM'000	**Thai Baht** RM'000	**Total** RM'000
Financial assets and liabilities not held in functional currency							
Investment securities							
US Dollar	14,809	-	-	-	-	-	14,809
Chinese Yuan	-	-	1,693	-	-	-	1,693
Trade receivables							
Australia Dollar	598	-	-	-	-	-	598
Brunei Dollar	482	-	-	-	-	-	482
Euro	490	-	-	-	-	-	490
Indonesia Rupiah	-	-	808	-	-	-	808
Sudanese Dollar	-	-	676	-	-	-	676
US Dollar	4,152	-	-	11,552	1,576	-	17,280
Others	-	-	108	51	-	-	159
	5,722	-	1,592	11,603	1,576	-	20,493
Other receivables							
Philippine Peso	55	-	-	9	-	-	64
Chinese Yuan	39	-	-	-	-	-	39
Singapore Dollar	163	-	-	-	577	-	740
US Dollar	310	-	-	502	-	-	812
Euro	77	-	-	-	-	-	77
Others	-	-	-	24	-	-	24
	644	-	-	535	577	-	1,756

47. FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management and Objectives (Continued)

(ii) Foreign Currency Risk (Continued)

	← Functional currencies →						
Group 2008	**Ringgit Malaysia** RM'000	**Australia Dollar** RM'000	**US Dollar** RM'000	**Singapore Dollar** RM'000	**HK Dollar** RM'000	**Thai Baht** RM'000	**Total** RM'000
Financial assets and liabilities not held in functional currency							
Cash and bank balances							
Australia Dollar	24	-	-	-	-	-	24
Euro	152	-	-	-	-	-	152
Hong Kong Dollar	7	-	-	-	-	-	7
Pound Sterling	28	-	74	-	-	-	102
Chinese Yuan	37	-	-	-	-	-	37
Singapore Dollar	32	-	-	-	-	-	32
US Dollar	2,659	-	-	95	1,073	-	3,827
Others	103	-	-	208	-	-	311
	3,042	-	74	303	1,073	-	4,492
Trade payables							
US Dollar	2,429	620	-	5,121	1,105	-	9,275
Singapore Dollar	31	-	-	-	-	-	31
Australia Dollar	5	-	-	-	-	-	5
Euro	812	-	-	-	-	-	812
Thai Baht	12	-	-	-	-	-	12
Indonesia Rupiah	-	-	23	-	-	-	23
Brunei Dollar	37	-	-	-	-	-	37
Sudanese Dollar	-	-	355	-	-	-	355
Others	-	-	60	4	-	-	64
	3,326	620	438	5,125	1,105	-	10,614

47. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Interest Rate Risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

2009 **Fixed rate**	**Effective interest rate per annum** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group					
Finance lease payable	7.32	(1,532)	(5,215)	(15,699)	(22,446)
Hire purchase payables	5.43	(243)	(128)	-	(371)
Term loans	6.05	(452)	(7,991)	(5,837)	(14,280)
ICULS	2.00	-	-	(135,685)	(135,685)
Company					
ICULS	2.00	-	-	(135,685)	(135,685)
Floating rate					
Group					
Short term deposits	3.16	53,055	-	-	53,055
Bank overdrafts	8.30	(184)	-	-	(184)
Term loans	4.44	(35,432)	(47,268)	(5,838)	(88,538)
Company					
Short term deposits	1.15	750	-	-	750
Term loans	2.81	(30,000)	-	-	(30,000)

47. **FINANCIAL INSTRUMENTS (Continued)**

(a) **Financial Risk Management and Objectives (Continued)**

(iii) **Interest Rate Risk (Continued)**

2008	**Effective interest rate per annum**	**Within 1 Year**	**1 - 5 Years**	**More than 5 Years**	**Total**
Fixed rate	%	RM'000	RM'000	RM'000	RM'000
Group					
Finance lease payable	7.32	(1,523)	(5,189)	(15,600)	(22,312)
Hire purchase payables	4.61	(280)	(372)	-	(652)
Term loans	7.20	-	(4,980)	-	(4,980)
ICULS	2.00	-	-	(140,587)	(140,587)
Company					
ICULS	7.32	-	-	(140,587)	(140,587)
Floating rate					
Group					
Short term deposits	3.13	56,518	-	-	56,518
Bank overdrafts	6.50	(226)	-	-	(226)
Bankers' acceptance and trust receipts	9.80	(1,301)	-	-	(1,301)
Term loans	6.38	(30,532)	(37,625)	(15,644)	(83,801)
Company					
Short term deposits	3.15	7,500			7,500
Term loans	8.23	(21,036)	-	-	(21,036)

47. FINANCIAL INSTRUMENTS (Continued)

(b) Fair values

(i) Recognised financial instruments

The carrying amount of the financial instruments of the Group and of the Company as at the balance sheet date approximate their fair values due to the relatively short term maturing of the financial instruments except as set out below:

	Group		Company	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	RM'000	RM'000	RM'000
2009				
Investment in securities:				
- quoted shares in Malaysia	9,334	9,334	-	-
- unquoted shares in Malaysia	32,179	*	32,175	*
- unquoted shares outside Malaysia	16,502	*	-	-
Investment in marketable securities:				
- quoted shares in Malaysia	1,144	1,179	-	-
Term loans	102,818	102,459	30,000	30,000
Hire purchase payables	371	368	-	-
Finance lease payable	22,446	22,446	-	-
ICULS	135,685	135,685	135,685	135,685
2008				
Investment in securities:				
- quoted shares in Malaysia	7,494	7,479	-	-
- unquoted shares in Malaysia	32,179	*	32,175	*
- unquoted shares outside Malaysia	16,502	*	-	-
Investment in marketable securities:				
- quoted shares in Malaysia	1,314	1,341	-	-
Term loans	88,781	88,516	21,036	-
Hire purchase payables	652	625	-	-
Finance lease payable	22,312	22,312	-	-
ICULS	140,587	140,587	140,587	140,587

* It is not practical to estimate the fair value of the unquoted investment in securities due to the excessive costs involved. The Directors believe that the carrying amount represents the recoverable value.

It is also not practical to estimate the fair value of amount owing by/(to) subsidiaries, associates and related companies due principally to the inability to estimate the settlement date without incurring excessive costs as these amounts lack fixed repayment terms. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the values that would be eventually settled.

47. FINANCIAL INSTRUMENTS (Continued)

(b) Fair values (Continued)

(i) Recognised financial instruments (Continued)

The methods and assumptions used by management to determine the fair value of the financial instruments are as follows:

(a) The carrying amount of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

(b) The fair value of quoted investments is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(c) The fair values of the financial liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

(d) The fair value of the liability component and the equity component were determined at the issuance of ICULS (refer to Note 25).

(ii) Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2009.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

ASC became an unlisted public company and a wholly-owned subsidiary of the Company consequential to the following exercises:

(a) A voluntary take-over offer to acquire all the remaining ASC shares which are not already owned by the Company at a cash offer price of RM0.60 per ASC share ("Exit Offer") to facilitate ASC's voluntary withdrawal of its listing from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities ("De-Listing") which was approved by its shareholders on 27 February 2009.

The Company's shareholding in ASC increased to 91.41% of the total issued and paid-up share capital of ASC (excluding ASC shares held as treasury shares) after the closure of the Exit Offer on 2 April 2009.

(b) The trading of ASC shares was suspended on 17 April 2009 after all the conditions as set out in the Bursa Securities' letter dated 10 March 2009 in relation to the De-Listing were met.

The entire issued and paid-up share capital of ASC was removed from the Official List of Bursa Securities with effect from 9.00a.m. on 28 May 2009.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

(c) The acquisitions of ASC shares by the Company at RM0.60 per ASC share pursuant to notices served to the Company by ASC shareholders who have not accepted the Exit Offer in accordance with Section 34A of the Securities Commission Act 1993.

The Company's shareholding in ASC increased to 93.37% of the total issued and paid-up share capital of ASC (excluding ASC shares held as treasury shares) on 20 July 2009, i.e. after the expiry of the three (3) months' period given for the serving of the aforesaid notices.

(d) A selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965, by way of cancellation of 9,413,190 ASC shares held by shareholders other than the Company which resulted in the reduction of ASC's total existing issued and paid-up capital from RM156,860,835 to RM147,447,645 (excluding the 14,916,535 ASC shares held as treasury shares)("SCR").

With the completion of the SCR on 8 December 2009, the entire ASC shares after the SCR (excluding the 14,916,535 ASC shares held as treasury shares) are held by the Company.

49. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 10 March 2010, the 14,916,535 ASC shares which were held as treasury shares by ASC were distributed as share dividend to the Company. ASC was subsequently converted from a public limited company to a private limited company on 26 March 2010 and is now known as Advance Synergy Capital Sdn. Bhd.

50. COMPARATIVE FIGURES

Certain comparatives for the year ended 31 December 2008 have been reclassified or adjusted for consistent presentation with the financial statements disclosure requirements for the financial year ended 31 December 2009.

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' AHMAD SEBI BAKAR** and **YONG TECK MING**, being two of the Directors of ADVANCE SYNERGY BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 7 to 113 are properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the board,

.....
DATO' AHMAD SEBI BAKAR
Director

.....
YONG TECK MING
Director

Selangor Darul Ehsan
21 April 2010

Company No. 1225 - D

ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **LEE SU NIE**, being the Director primarily responsible for the financial management of ADVANCE SYNERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 7 to 113 are 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.

.....
LEE SU NIE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur this 21 April 2010

Before me,

PESURUHJAYA SUMPAH
W 550
ARSHAD ABDULLAH
MALAYSIA

.....
Commissioner for Oaths

NO. 102 & 104, 15TH FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

BAKER TILLY
MONTEIRO HENG
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www.monteiroheng.com.my

Company No. 1225 - D

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE SYNERGY BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of ADVANCE SYNERGY BERHAD, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 113.

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 the Financial Reporting Standards and the provisions of the Companies Act 1965 ("the Act") in Malaysia. This responsibility includes designing, implementing and maintaining internal controls 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

It is our responsibility 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 as to 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 controls 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 controls. 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.

Company No. 1225 - D

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements, other than those subsidiaries without the audited financial statements and auditors' reports as disclosed in Note 8 to the financial statements;

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in a 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; and

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not contain any qualification or any adverse comment made under Section 174(3) of the Act, other than those subsidiaries without the auditors' reports as disclosed in Note 8 to the financial statements which were not made available for our comment.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/10 (J/PH)
Partner

Kuala Lumpur

21 April 2010