KYM HOLDINGS BHD.

(Co. No.: 84303-A)

ANNUAL REPORT 2011

Contents

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of KYM Holdings Bhd. will be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Thursday, 28 July 2011 at 2:00 p.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2011 together with the Reports of the Directors and Auditors thereon. **(RESOLUTION 1)**

2. To approve the payment of Directors' Fees for financial year ended 31 January 2011. **(RESOLUTION 2)**

3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   i. Dato' Lim Kheng Yew (Article 103) **(RESOLUTION 3)**
   ii. Dato' Chong Thin Choy (Article 103) **(RESOLUTION 4)**
   iii. Mr Chiam Tau Meng (Article 103) **(RESOLUTION 5)**

4. To re-appoint Dato' Wira Abdul Rahman bin Haji Ismail who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting. **(RESOLUTION 6)**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 7)**

6. As Special Business, to consider and if thought fit, pass with or without any modification, the following resolutions:

   Ordinary Resolution I
   Authority To Allot And Issue Shares Pursuant To Section 132D of the Companies Act, 1965

   "That pursuant to Section 132D of the Companies Act 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(RESOLUTION 8)**

   Ordinary Resolution 2
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 28 July 2010 authorising the Company and its subsidiaries ("KYM Group") to enter into any of the recurrent transactions of a revenue or trading nature of the Group as set out in Section 2.2 of the Circular to Shareholders dated 6 July 2011 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed And That authority be further given to the Company and its subsidiaries to enter into additional recument related party transactions of a revenue or trading nature as specified in the said Circular to Shareholders provided that the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

And that such approval conferred shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier,

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate." **(RESOLUTION 9)**

7. To transact any other matter of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

CHEE MIN ER
(MAICSA 7016822)
Secretary

Kuala Lumpur
6 July 2011

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.

2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.

3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

Explanatory Notes to Special Business:

Authority To Allot And Issue Shares Pursuant To Section 132D of the Companies Act, 1965

The proposed resolution 8, if approved, will authorise the Directors to issue shares (other than bonusor rights issue) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next Annual General Meeting of the Company.

As at the date of Notice, 5,000,000 shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 July 2010 which will lapse at the conclusion of the 29th Annual General Meeting.

The proceeds of RM12.75 million raised from the previous mandate have been fully utilized as working capital and defraying of expenses incidental to the private placement of 5,000,000 shares.

The purpose of the renewal of general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and/or as consideration for acquisitions.

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution 9, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 6 July 2011 circulated together with this Annual Report. These authorities, unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27 of the Listing Requirements of Bursa Malaysia Securities Berhad, additional information in respect of the particulars of the directors who are standing for re-election, attendance of directors at board meetings are set out on pages 6 to 9 of this annual report.

Date, Time and Venue of the Annual General Meeting

Thursday, 28 July 2011 at 2:00 p.m.
at the Company's Office at No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar
Executive Chairman and Chief Executive Officer

Dato' Chong Thin Choy
Managing Director

Dato' Lim Kheng Yew
Executive Director

Dato' Wira Abdul Rahman bin Haji Ismail
Independent Non-Executive Director

Datuk Mansor bin Masikon
Independent Non-Executive Director

Dato' Ir. Mohamad Othman Bin Zainal Azim
Independent Non-Executive Director

Dato' Rahadian Mahmud Bin Mohammad Khalil
Independent Non-Executive Director

Dato' Mohd Azmi Bin Othman
Independent Non-Executive Director

Chiam Tau Meng
Independent Non-Executive Director

EXECUTIVE COMMITTEE

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar
Dato' Chong Thin Choy
Dato' Lim Kheng Yew

AUDIT COMMITTEE

Dato' Wira Abdul Rahman bin Haji Ismail
(Chairman)
Datuk Mansor bin Masikon
Dato' Ir. Mohamad Othman Bin Zainal Azim
Chiam Tau Meng

REMUNERATION COMMITTEE

Dato' Wira Abdul Rahman bin Haji Ismail
(Chairman)
Dato' Ir. Mohamad Othman Bin Zainal Azim
Dato' Mohd Azmi Bin Othman

OPTION COMMITTEE

Chiam Tau Meng *(Chairman)*
Dato' Rahadian Mahmud bin Mohammad Khalil
Dato' Chong Thin Choy

SECRETARY

Chee Min Er (MAICSA 7016822)

REGISTERED OFFICE

12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur
Tel : 03-2692 2923
Fax : 03-2692 8382

AUDITORS

Crowe Horwath
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

PRINCIPAL BANKERS

CIMB Bank Berhad
Affin Bank Berhad
Public Bank Berhad
AmBank (M) Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301, Petaling Jaya
Selangor
Tel No. : 03-78418000
Fax No. : 03-78418008

STOCK EXCHANGE

Bursa Malaysia Securities Berhad, Main Market

STOCK EXCHANGE

www.kym.com.my

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR

Executive Chairman and Chief Executive Officer
Malaysian

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 62, graduated from University of Malaya in Bachelor of Arts (Sociology) in 1973. He received his Masters and Doctorate of Philosophy in Public Administration from University of Southern California in 1978 and 1990 respectively

He was appointed to the Board of KYM Holdings Bhd. on 2 October 2006 and was appointed as Chief Executive Officer and Executive Chairman on 21 November 2006.

He began his career as a lecturer with the National Institute of Public Administration (INTAN) from 1974 to 1977. He was in the Public Service Department (PSD) for 10 years as a lecturer and subsequently as Service Division Assistant Director. He was with the State Government of Perak from 1995 to 2004.

Dato' Seri Dr. Isahak was the Secretary General for the Ministry of Natural Resources and Environment from 2004 to 2006. He was formerly the President of Integrity Institute of Malaysia (IIM).

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' CHONG THIN CHOY

Managing Director
Malaysian

Dato' Chong Thin Choy, age 50, was appointed to the Board on 14 December 2005. He was appointed as an Executive Director on 19 May 2006 and subsequently re-designated as a Managing Director on 22 March 2007.

He holds a Bachelor of Business Administration (BBA) (London) degree and is one of the founding members and Director of Idaman Ikhlas Sdn Bhd, an established construction firm in Kuala Lumpur with a PKK Class "A" license. He has more than 20 years of experience in property development, construction and quarrying business. He is also a director of several private limited companies.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' LIM KHENG YEW

Executive Director
Malaysian

Dato' Lim Kheng Yew, age 59, was appointed to the Board on 12 August 1992. Dato' Lim Kheng Yew is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently, he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also a Director of TSM Global Berhad and Edaran Berhad.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 108 of this Annual Report. He has no family relationship with any other Director and/or major shareholder of the Company. Save for the related party transactions and recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' WIRA ABDUL RAHMAN BIN HAJI ISMAIL

Independent
Non-Executive Director
Malaysian

Dato' Wira Abdul Rahman bin Haji Ismail, age 81, was appointed to the Board since 8 January 1996. He was formerly a Deputy Inspector General of Police. Presently, he is also a Director of United U-Li Corporation Berhad and TSM Global Berhad.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATUK MANSOR BIN MASIKON

Independent
Non-Executive Director
Malaysian

Datuk Mansor bin Masikon, age 67, is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). Datuk Mansor obtained his Master of Business Administration from University of California at Berkeley, USA in 2005. He was appointed to the Board on 25 June 2003. Datuk Mansor has extensive experience in the insurance industry and has been an advisor to Cullis Reggett International Ltd, Lloyds Insurance Brokers, London since 1995. He served as Chief Executive Officer of several insurance companies. He was appointed as Chairman of the General Insurance Association of Malaysia (1981 – 1985) and Deputy Chairman of ASEAN Insurance Council (1981 – 1985). He was a member of Parliment Malaysia from 1995 till 1999.

He is also a Director of Seacera Tiles Berhad.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

Independent
Non-Executive Director
Malaysian

Dato' Ir Mohamad Othman bin Zainal Azim, aged 56, graduated with Bachelor of Science (Hons) in Civil Engineering from University of Southampton, United Kingdom. He received his Master of Science in Engineering from University of Birmingham, United Kingdom in 1987.

He began his career as an engineer with the Government Public Works Department Headquarters in Kuala Lumpur, Negeri Sembilan and Perak until 2000. He was formerly the Chief Executive Officer of Putrajaya Holdings Sdn Bhd, a developer of Federal Government Administrative Centre, Putrajaya and the largest urban development project in the country. He is a director of several private limited companies. Dato' Ir. Mohamad Othman is also the Chief Operating Officer of the Project Monitoring Unit (PMU) in the Finance Ministry.

He was appointed to the Board of KYM on 12 February 2007.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent
Non-Executive Director
Malaysian

Dato' Rahadian Mahmud bin Mohammad Khalil, aged 37, is involved mainly in the business of reforestation and in the construction and manufacturing sectors.

He was appointed to the Board of KYM on 2 October 2006.

He is the Executive Chairman of Permaju Industries Berhad. He also sits on the Board of Sanbumi Holdings Berhad and Eden Enterprises (M) Berhad. He is also a director of several private limited companies.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' MOHD AZMI BIN OTHMAN

Independent
Non-Executive Director
Malaysian

Dato' Mohd Azmi bin Othman, aged 42, graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia, sitting as a Disciplinary Committee member of the Bar Council. He is a director of several private limited companies.

He was appointed to the Board of KYM on 12 February 2007. He is also a member of the Remuneration Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

CHIAM TAU MENG

Independent
Non-Executive Director
Malaysian

Mr Chiam Tau Meng, aged 57, was appointed an Independent Non-Executive Director of KYM on 27 April 2009. He is also a member of the Audit Committee.

Mr Chiam graduated with a Bachelor of Commerce degree majoring in Accountancy from the University of Otago, Dunedin, New Zealand in 1976. He is an Associate Chartered Accountant of the Institute of Chartered Accountants of New Zealand and Malaysian Institute of Accountants.

Mr Chiam started his career in 1976 as Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979, he joined Malaysian Containers (1974) Berhad as Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as General Manager of Corporate Services and in 1989 he joined Bee Hin Holdings Sdn Bhd as General Manager of Corporate Finance, in charge of the reconstruction scheme under Section 176 of the Companies Act, 1965 on Kuala Lumpur Industries Berhad. In 1992, he joined the management consultancy practice of an international accounting organization and in 1994, he set up his own consulting practice.

Presently, he sits on the Board of Success Transformer Corporation Bhd, Menang Corporation (M) Berhad, Seremban Engineering Berhad and Syarikat Kayu Wangi Berhad. He also sits on the Board of various private limited companies, both international and local, as Independent Director.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 January 2011.

OVERALL

The significant events for this financial year begins with the signing of the second agreement with VALE International S.A., the Brazilian mining giant, on 31 March 2010, to sell to them the Option Properties measuring approximately 756 acres for RM93.8million and this transaction was completed on 11 October 2010. This transaction concludes the sale of the land at Teluk Rubiah to them.

The balance land located nearby at Teluk Batik measuring approximately 70 acres will be developed into housing and commercial properties to meet with the anticipated demand for these types of properties arising from the VALE's reported RM9.0 billion iron ore distribution center and pellet plant project. To streamline the implementation of this development, the Group is in the process to purchase all the minority shareholders having interest either directly and indirectly to the land.

The other development to take note of is the Memorandum of Understanding ("MOU") dated 1 December 2010 entered into between subsidiary company, KYM Development (Perak) Sdn Bhd with Perbadanan Kemajuan Negeri Perak, with a mutual intention to determine the viability of implementing a Heavy Industrial Park at Bagan Datoh, Perak. I am happy to report that this proposed project has been approved for implementation by the Perak State Government and that we are in the midst of discussions on the terms of a Joint Venture Agreement.

On the corporate front, we issued and listed on 1 March 2010, 40.5 million units of Free Warrants to shareholders as an appreciation of their continued support. On 13 April 2010 a new employee share option scheme involving up to 15% of the issued and paid-up share capital of KYM to eligible employees and directors of KYM and its subsidiaries ("ESOS") was approved by shareholders. The ESOS is to be in force for a period of 5 years effective from 16 April 2010. On 29 December 2010, the Company undertook a private placement of 5,000,000 Placement Shares representing approximately 5% of the existing issued and paid-up share capital of KYM at RM2.55 per Placement Share ("Private Placement"). The Private Placement was completed on 8 February 2011. The proceeds of RM12.75 million raised from the Private Placement have been fully utilized as working capital and defraying of expenses incidental to the Private Placement.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2011, the Group registered a turnover of RM66.2million, an increase of 1.2% compared to a turnover RM65.4 million (restated) for the financial year ended 31 January 2010. The slight increase in turnover is contributed by our manufacturing division.

The result of operations for this financial year shows a profit after taxation and minority interest of RM19.1million as compared to the loss after taxation and minority interest of RM19.9million recorded in the previous year. The profit for the year is the result of the contribution of positive results from all divisions of the Group.

The manufacturing division recorded a profit before tax of RM5.3million for this financial year as compared to RM5.4million in the previous year. The investment division recorded a profit before tax of RM6.3million for this financial year as compared to RM6.5million in the previous year. The property division recorded a profit before tax of RM7.0million for this financial year as compared to RM12.4million in the previous year.

The earnings per share for this financial year stands at 20.4 sen per share as compared to 24.5 sen per share for the previous year.

DIVIDEND

No dividend has been declared in respect of financial the year ended 31 January 2011.

PROSPECTS

Overall

Up to the date of this report, some significant events have taken place, for example the massive earth quake and tsunami in Japan, the Greek's debt issue and the popular uprising in some countries in the Middle East, of which our businesses have not been affected. We hope to see these events be resolved positively in due course and not develop to be a negative impact to economies of the world.

Packaging Division

The packaging industry is expected to remain competitive. The cost of raw materials has been increasing and we do not foresee this trend to reverse in the near future. Despite these increases, we hope to maintain our margins by way of providing better services to our customers and improve on efficiencies.

The overall the operating results for this Division are expected to be positive.

Property Division

Other than the proposed mixed development at Teluk Batik mentioned above, I also look forward to the implementation of other proposed development projects which we have been planning to contribute positively to the Group.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the Management and staff for their hard work. I wish also to extend gratitude to our shareholders, customers, business associates, financial institutions and the governmental authorities for their assistance and continuing support during the year.

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR
Executive Chairman

Date: 6 July 2011

The Board of Directors of KYM recognises their responsibility for good corporate governance. The Board and Management remain committed to ensuring the highest standards of corporate governance are observed.

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles of the Code and the extent of compliance with the Best Practices of the Code during the financial year ended 31 January 2011.

BOARD OF DIRECTORS

COMPOSITION AND BALANCE

The Board comprises an Executive Chairman, a Managing Director, an Executive Director and six (6) Independent Non-Executive Directors. The directors, with different backgrounds and specializations, bring with them a wide range of business, industrial and financial experience to lead the Company. Brief background descriptions of each Director are set out on pages 6 to 9.

There is a clear division of responsibilities between the Executive Chairman and the Managing Director. The Executive Chairman is primarily responsible for the working of the Board and to ensure that all relevant issues are on the agenda. The Managing Director is primarily responsible for the implementation of the policies and strategies adopted by the Board and making and implementing operational decisions.

The Non-Executive Directors play a supporting role to contribute knowledge and experience when formulating the strategic plans for and analyzing the strategic decisions faced by the Company. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision-making process.

Dato' Wira Abdul Rahman bin Hj Ismail, an Independent Non-Executive Director, assumes the role as a Senior Independent Director.

BOARD RESPONSIBILITIES

The Board retains full and effective control of the Company. The responsibility of the Board includes formulating and adopting a strategic plan and reviewing the Company's internal control systems for the company. Certain key matters such as approval of annual and quarterly results, acquisitions and disposals, borrowings, as well as material agreements, major capital expenditure and budgets are reserved for the Board. All proposals for acquisitions and or disposals and matters that are critical to the Group are deliberated extensively at the meeting before appropriate actions are undertaken. The Non-Executive Directors participated actively in the discussions at the Board Meetings as well as meetings with external parties.

The Board has delegated certain responsibilities to the Board Committees that operate within clearly defined terms of references. Currently, the Board Committee comprises Executive Committee, Audit Committee, Remuneration Committee and Option Committee. The respective Committee reports to the Board on matters considered and their recommendation thereon.

BOARD MEETINGS

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the financial year, seven (7) Board Meetings were held and the attendance of the Board members were as follows:

Name of Director No. of Meeting	Attended
Dato' Seri Dr. Isahak bin Yeop MohamadShar	7/7
Dato' Wira Abdul Rahman bin Haji Ismail	6/7
Dato' Chong Thin Choy	7/7
Dato' Lim Kheng Yew	7/7
Datuk Mansor bin Masikon	7/7
Dato' Rahadian Mahmud bin Mohammad Khalil	7/7
Dato' Ir. Mohamad Othman Bin Zainal Azim	6/7
Dato' Mohd Azmi Bin Othman	7/7
Chiam Tau Meng	7/7

SUPPLY OF INFORMATION

All Directors are provided with reports and other relevant information on a timely basis. Due notice on issues to be discussed at the Board Meeting together with related papers are given to the Directors to enable the Directors to obtain further explanations, where necessary. Among others, Board papers provide information on major operational, financial and corporate issues, financial budget, proposals for acquisitions and disposals.

The Directors are also informed of the corporate announcements released to Bursa Securities and any impending restrictions in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcements.

Directors have access to all information within the Company whether as full Board members or in their individual capacity, in furtherance of their duties.

Directors have direct access to the advice and services of the Company Secretary and may seek independent advice should the need arise.

DIRECTORS' TRAINING

The Board of Directors shall from time to time evaluate and determine the training needs of the Directors to further enhance their skills and knowledge.

During the financial year, the training programmes, seminars and/or conferences attended by the Directors during the financial year are as follows:

Dato' Lim Kheng Yew	Corporate Governance Guide – Towards Boardroom Excellence
Dato' Wira Abdul Rahman bin Haji Ismail	Corporate Governance Guide – Towards Boardroom Excellence

The rest of the Directors did not attend any training programs due to their busy work schedule.

APPOINTMENTS TO THE BOARD AND RE-ELECTION

The Remuneration Committee which also acts as the nomination committee annually reviews the effectiveness of the Board as a whole, the committees of the Board and assesses the contribution of each individual Director.

At least one third of the Directors retire by rotation at each Annual General Meeting and all directors retire from office once at least every three (3) years in accordance with the Company's Articles of Association. The Managing Director shall also retire once in every three (3) years subject to re-election and re-appointment. In addition, Director who attains the age over 70 retires at every Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing policies and making recommendations to the Board on remuneration packages and benefits annually as extended to the Executive Directors. The Executive Directors do not participate in the decision making relating to their own remuneration.

Fees payable to Non-Executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting. The individuals concerned abstain from discussions of their own remuneration.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Directors. The criteria for the scheme is dependent on the financial performance of the Group.

The details of the remuneration of the Directors of the Company for the financial year under review are set out in Note 37 to the financial statements on page 80 of this Annual Report.

SHAREHOLDERS

RELATIONSHIPS WITH INVESTORS AND SHAREHOLDERS

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders' interests to the shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases. The same information is also published in the Company's website www.kym.com.my to keep the shareholders and investors informed on the Group's performance.

Presentations are made, where appropriate, to explain the Group's strategy and performances to the investors. However, any information that may be regarded as undisclosed information about the Group will not be disclosed to any single shareholder until after the prescribed announcement to the Bursa Securities has been made.

ANNUAL GENERAL MEETING

The Annual General Meeting remains the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with annual reports are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

At each Annual General Meeting, the Board encourages shareholders full participation by the shareholders and every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group. Members of the Board and the External Auditors are present to respond to shareholders' questions during the Meeting.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are standing for re-election. Items of special business included in the notice of the meeting are accompanied by an explanation to facilitate full understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2011, the Directors have adopted appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent any fraud as well as any other irregularities.

INTERNAL CONTROLS

The Statement on Internal Control is set out on pages 18 to 19 of the Annual Report.

RELATIONSHIP WITH AUDITORS

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 16 to 17. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

CORPORATE SOCIAL
RESPONSIBILITY STATEMENT

At KYM, CRS is about who we are and how we operate as company. KYM considers the economic, social and environmental impacts of our activities. We believe this brings sustained, collective value to our employees, our customers and the community. The CSR contributions of the Group during the year are as follows:

THE WORK PLACE

KYM recognizes that employees are important assets. We offer competitive package to our staff and incentives to those who meet the targets set by the individual department or division. We apply fair labour practices and also arrange internal and or external training programs for all levels of staff from time to time and as and when required. 2,152 training hours were completed by all level of staff in the past financial year, of which 328 hours were related to safety and health.

We are committed to provide a healthy and safe working environment for all our staff. Personal Protective Equipment (safety boots, ear plug and ear muff) is provided all workers. A proper health and safety management system has been put in place and is subject to the audit of Jabatan Keselamatan dan Kesihatan Pekerja. We conducted briefing and put up signage and circular board at all factories to create safety awareness. We also organized training conducted by Bomba Bangi for the Emergency Rescue Team.

The Group provided medical & hospitalization insurance coverage for foreign workers and arranged annual hearing tests for all workers that operate machines with high noise level and for those from the supporting departments. 46 workers underwent the hearing tests during the last financial year.

Besides the annual dinner and festive dinner, KYM also organizes other recreational activities such as sports game to promote healthy lifestyle of the staff.

THE ENVIRONMENT

KYM has converted the use of fuel oil with natural gas in some operations to reduce energy consumption thereby achieving savings of about 40% - 60% of the total cost of production. We have switched to Hot Roll System from Waste Water Treatment Plant to ensure waste water and ink slugs are disposed properly. Scheduled waste is disposed to the vendors registered with Kualiti Alam Sekitar. Air Monitoring Test is conducted every six (6) months to ensure certain level of cleanliness needed is maintained. Workers are not allowed to throw away chemical waste into drains or dustbins.

THE COMMUNITY

We also provide post graduate practical training for local college and/or local university students which are needed in completing their respective diploma and degrees

The Group continues to do its best to support and help strengthen the local communities where it works through donations or charity work.

THE MARKET PLACE

The Group is committed to ensuring that manufacturing processes, and especially procurement, are environmentally responsible. We aim to produce sustainable packaging for our customers, not only today but for a long time to come. We take into account the good environmental practices when purchasing the supplies and help the suppliers understand our purchasing policy through on site visits, suppliers purchasing charters and suppliers audit. We use mostly recycled paper in the manufacture of our products and shall continue to promote this actively. We source papers from suppliers who actively promote the use of recycled papers in the manufacture of paper rolls for the corrugated industry and suppliers who promote sustainable green energy. All our subsidiaries have obtained certification on ISO 9001:2008 for Quality Management System.

The Group regards transparency, confidentiality and integrity as important business practices in building and maintaining long term relationship with our stakeholders. We engage with our stakeholders via various communication channel such as dialogue with the shareholders at the annual general meeting, occasional briefing, timely disclosure of information to Bursa Securities and posting of up-to-date information on the Company’s website.

We continue to implement good corporate governance within the Group and strive to meet the expectation of its shareholders by generating profits and a fair return on their investment in all ways possible.

CONCLUSION

The Board looks forward to increase its CSR activities from time to time and aspires to meet KYM’s responsibilities to our stakeholders, employees, the community and the environment.

AUDIT
COMMITTEE REPORT

COMPOSITION

The Audit Committee, which was established by the Board of Directors on 22 July 1994, comprises 4 Directors, all of whom are independent.

MEMBERS OF THE AUDIT COMMITTEE

Dato' Wira Abdul Rahman bin Haji Ismail	-	Chairman, Independent Non-Executive Director
Datuk Mansor bin Masikon	-	Member, Independent Non-Executive Director
Dato' Ir Mohamad Othman bin Zainal Azim	-	Member, Independent Non-Executive Director
Chiam Tau Meng	-	Member, Independent Non-Executive Director *

* A Member of the Malaysian Institute of Accountants

DUTIES AND RESPOSIBILITIES

The duties and responsibilities of the Audit Committee are:

1. To review the following and report the same to the board of directors of the Company:

    (a) with the external auditors, the audit plan;
    (b) with the external auditors, its audit report;
    (c) the assistance given by the Company's officers to the external auditors;
    (d) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
        (i) changes in or implementation of major accounting policy changes;
        (ii) significant adjustments arising from the audit;
        (iii) the going concern assumption;
        (iv) significant and unusual events; and
        (v) compliance with accounting standards and other legal requirements;
    (e) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
    (f) the external auditor's management letters and management response;
    (g) any letter of resignation from the Company's external auditors;
    (h) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
    (i) the internal audit function:
        (i) review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
        (ii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigations, undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
        (iii) with the external auditors, its evaluation of the system of internal controls;
        (iv) consider major findings of internal investigations and management's response;
        (v) review any appraisal or assessment of the performance of members of the internal audit function;
        (vi) approve any appointment or termination of internal audit staff members; and
        (vii) note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

2. to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
3. to recommend the nomination of a person or persons as external auditors;
4. other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meetings

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The Head of Finance Department will normally be invited to attend all meetings of the Committee. The internal auditor and external auditors are invited to attend when appropriate. However, the Committee may invite any person to be in attendance to assist it in its deliberation.

Notice of meetings is sent to all members of the Committee and any other persons who may be required to attend.

Secretary

The Company Secretary is the secretary of the Committee and as a reporting procedure, the minutes are circulated to all members of the Board.

Quorum

The quorum for any meeting is two (2) members, the majority of members present must be independent directors.

Seven (7) Audit Committee Meetings were held during the financial year. The record of attendance of the Audit Committee members is as follows:

Name	No. of meetings attended
Dato' Wira Abdul Rahman bin Haji Ismail	6/8
Datuk Mansor bin Masikon	7/8
Dato' Ir. Mohamad Othman bin Zainal Azim	7/8
Chiam Tau Meng	8/8

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has reviewed the Group's quarterly financial results and year end financial statements before presenting to the Board of Directors for approval. At the Board Meetings, the Chairman of the Audit Committee briefed the Board on the significant accounting issues raised in respect of the financial statements and recommendations of the Audit Committee thereon.

Prior to the commencement of the audit of the Group Financial Statements, the Audit Committee reviewed the audit plan prepared by the External Auditors, Messrs Crowe Horwath. The External Auditors also updated the Audit Committee on new developments of accounting standards that are applicable to the Company's financial statements for financial year ended 31 January 2011. The representatives of the external auditors were also present at the meeting to brief the Audit Committee on their audit findings and accounting issues arising from their audit together with recommendations in respect of the findings. The Audit Committee had met with the External Auditors without the presence of the Management twice for financial year ended 31 January 2011.

The Audit Committee has reviewed and verified that the allocation of ESOS option during the financial year complied with the criteria set out in the ESOS By laws.

The Audit Committee has assessed the functions, competency and resources of the outsourced internal audit function.

During the financial year, the Audit Committee reviewed the recurrent related party transactions entered by the Group pursuant to the Shareholders' Mandate every quarter to ensure that the transactions are carried out on normal commercial terms and are not prejudicial to the interest of the company or its minority shareholders. The Audit Committee also reviewed and assessed the related party transactions i.e. Proposed Ipoh Land Acquisition and the proposed acquisition of 50,000 shares in Tegas Consolidated Sdn Bhd ("Tegas") representing the remaining 10% not already held by Polypulp Enterprises Sdn Bhd in Tegas together with the independent advisers before the proposals were presented to the Board for approval. The Audit Committee took into account the basis for arriving at the transaction price, the rationale and the financial impact of the transactions on the financial statements in making their assessment.

INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by an independent internal audit function that has been outsourced to a professional services firm. The Internal Auditors reviews and assesses the operational procedures and effectiveness of internal audit control system on all the Strategic Business Units of the Group.

During the financial year, the Internal Auditors reviewed the recurrent related party transactions of the Group and the Production and Quality Assurance/Quality Control of three (3) Strategic Business Units ("SBU") based on the Internal Audit Plan that has been approved by the Audit Committee and formed their audit opinion based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principle that they adopted as the reporting framework. The Internal Auditors and the SBU Heads were invited to attend the Audit Committee Meeting to table and discuss the internal review report. The Audit Committee also discussed and followed up on the Management Corrective Action in relation to the audit findings highlighted by the Internal Auditors.

Cost incurred for the internal audit function in respect of the financial year is RM62,909.

STATEMENT ON INTERNAL CONTROL

1. Introduction

The Board of Directors ("Board") recognises the importance of maintaining a sound system of internal control. Hence, the Board is pleased to present the Statement on Internal Control of the Group pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

2. Board Responsibility

The Malaysian Code of Corporate Governance requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. The Board further affirms the overall responsibility for KYM Holdings Berhad Group's system of internal control which covers not only financial, but also operational controls, and for reviewing the adequacy and integrity of those systems on an on-going basis.

3. Risk Management

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Board Meeting. The Board has assigned to the Audit Committee the duty of reviewing and monitoring the effectiveness of the Group's internal control system. At operation levels, risks were discussed on ad hoc basis during the periodic management operations meetings.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

4. Internal Audit Function

CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm, supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

In particular, CGRM appraises and contributes towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. The scope of CGRM's function covered the audit and review of governance, risk assessment, compliance, operational and financial control across all business units.

CGRM make reference to the requirements of the International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditors in discharging their duties.

5. **Internal Control System**

The Group's key internal control processes based on the principles of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls – Integrated Framework are as follows:

Control Environment

- The Group has a clear vision, mission and strategic direction that serves as the road map of the Group's direction and the way forward which have been established and communicated to employees at all levels.
- An organisational structure with clearly defined roles and lines of responsibilities together with the accountability of the Board and Management has been established and is aligned to the Group's business and operations requirements.
- Management across the Group emulates a strong commitment to adopting and maintaining a code of ethics, integrity and values focusing on delivering result and creating shareholder value.

Risk Assessment

- The Board and management are aware of its overall responsibility in managing the Group's enterprise risk management.
- Business risks and risk mitigating strategies are discussed among the Executive Directors and the Head of Business Units during its monthly management meetings held at the Head Office. Each known risk is addressed 'as and when' it was identified and encountered.

Control Activities

- Procedures at subsidiary levels, where relevant, are continuously reviewed for relevancy to business processes and activities as well as for uniformity and standardisation of practices across the Group.
- Periodic and annual audit reviews by internal and external quality auditors were conducted to ensure compliance with and continuous improvement of the ISO Quality Standards certification as assurance to the quality standards of products and services provided by the Group.

Information and Communication

- Management promotes good working relationship at all levels of employees by ensuring information and communication channels are open and sinuous. Relevant information are shared both downwards (from Management to employees) and upwards (from employees to Management) for proper attention and further action.
- Regular management meetings with formal agendas are conducted at the Group and subsidiary levels and are attended by all heads of departments to discuss and resolve issues or challenges faced with regard to operational and administrative matters. The proceedings of these meetings are minuted for further action and reference.
- Management maintains a robust communication channel with the Board as they were invited to attend the Audit Committee and Board meetings on a periodic basis.

Monitoring

- Management maintains close monitoring of the Group operations through submission of monthly reports and constant communication with the Head of Business Units.
- Quality and internal audits are conducted during the financial year and their results are communicated to the relevant process owners for better internal controls and corrective actions as well as to avoid recurrence.
- The Company Secretary provides active support and serves as an adequate 'warning' mechanism to and reference point for the Board and Management on statutory requirements and compliance issues.
- During the financial year, the Board and Audit Committee have diligently continued its role as external overseers of internal controls and monitors performances of the Group's quarterly results announcements.

Conclusion

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report for the year ended 31 January 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Management will continue to take measures and maintain an ongoing commitment to strengthen the Group's control environment and processes. During the financial year, there were no material losses caused by the breakdown in internal controls.

This statement was made in accordance with a resolution of the Board dated 30 May 2011.

During the financial year under review:

- the Company did not enter into any share buyback transaction.

- Status of utilization of proceeds raised from the corporate proposal:

  The Private Placement of 5,000,000 new KYM shares of RM0.50 each representing approximately 5% of the existing issued and paid-up capital of KYM at an issue price of RM2.55 was completed on 8 February 2011.

  The proceeds of RM12.75 million raised from the Private Placement of 5,000,000 shares at an issue price of RM2.55 per share during the financial year have been fully utilized as working capital and defraying of expenses incidental to the Private Placement.

- 40,567,250 free Warrants 2010/2013 ("Warrant") were issued on the basis of one free Warrant for every two existing ordinary shares held in KYM and 987,200 Warrants had been converted into ordinary shares of RM0.50 each.

  KYM established an Employees Share Option Scheme involving up to fifteen per centum (15%) of the issued and paid-up capital of KYM ("ESOS"). 8,221,000 ESOS options were granted to all eligible Directors and eligible employees of KYM Group and 2,546,000 ESOS Options were exercised during the financial year.

  The breakdown of the ESOS options granted to non-executive directors pursuant to the ESOS in respect of the financial year is as follows:

Name of Director	Amount of options offered	Amount of options exercised
Dato' Wira Abdul Rahman bin Haji Ismail	300,000	-
Datuk Mansor bin Masikon	300,000	-
Dato' Rahadian Mahmud bin Mohammad Khalil	300,000	-
Dato' Ir. Mohamad Othman bin Zainal Azim	300,000	-
Dato' Mohd Azmi bin Othman	300,000	-

- the Company did not sponsor any ADR or GDR programme.

- there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

- the non-audit fees incurred for services rendered by the external auditors or a firm affiliated with the auditors' firm during the financial year were RM118,700.

- there were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

- KYM Group entered into the following material contracts involving directors and substantial shareholders:

    i. sale and purchase agreement dated 30 March 2010 between KYM and Idaman Bina Makmur Sdn Bhd ("IBMSB") in relation to the proposed acquisition of a leasehold land measuring approximately 167,394 square metres or 41.36 acres located at Mukim Hulu Kinta, District of Kinta, Perak Darul Ridzuan from IBMSB for an aggregate purchase consideration of RM12 million to be satisfied by way of cash consideration of RM100,000 and the balance of RM11,900,000 will be satisfied via issuance of 8,750,000 new ordinary shares of RM0.50 each in KYM ("KYM Shares") to be issued at an issue price of RM1.36 per KYM Share ("Ipoh Land Acquisition"). Dato' Lim Kheng Yew, the Executive Director and substantial shareholder of KYM is a Director of IBMSB. The spouse of Dato' Lim Kheng Yew is the major shareholder of IBMSB. Dato' Chong Thin Choy, the Managing Director of KYM is a Director and shareholder of IBMSB.

       The Ipoh Land Acquisition was completed on 25 October 2010; and

    ii. shares sale agreement dated 6 August 2010 between Dato' Ayoub Bin Ismail and Datin Miriam Nazlee Bt. Tan Sri A. B. Samad and Polypulp Enterprises Sdn Bhd ("Polypulp"), a wholly owned subsidiary of KYM in relation to the proposed acquisition by Polypulp of 50,000 ordinary shares of RM1.00 each in Tegas Consolidated Sdn Bhd ("Tegas") representing 10% of the issued and paid-up share capital of Tegas not already held by Polypulp for a purchase consideration of RM3,000,000 ("Acquisition"). Dato' Ayoub Bin Ismail is a Director of the Tegas Group and shareholder of Tegas with 10% equity interest in Tegas. Both Dato' Ayoub Bin Ismail and Datin Miriam Nazlee Bt Tan Sri A. B. Samad are not Directors of KYM nor do they hold any interest, direct or indirect in the Company. Nevertheless, in view of the interest of Dato' Ayoub Bin Ismail in Tegas, the Acquisition is deemed to be a related party transaction under Paragraph 10.08 of Chapter 10 of the Listing Requirements.

       The Acquisition was completed on 28 December 2010.

Save for the abovementioned and those transactions entered pursuant to the Shareholder Mandate for Recurrent Related Party Transactions, there were no other material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year:

- the Group has undertaken to revalue all its land and buildings every 5 years to reflect the current market value of assets in its accounts.

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit/(Loss) after taxation from continuing operations	28,275	(2,928)
Loss after taxation from discontinued operations	(795)	-
Profit/(Loss) for the financial year	27,480	(2,928)
Attributable to:-		
Owners of the Company	19,142	(2,928)
Minority interests	8,338	-
	27,480	(2,928)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company completed the following transactions involving changes to its share capital:-

(a) there were no changes in the authorised share capital of the Company;

(b) the issued and paid-up share capital of the Company has been increased from RM44,617,250 comprising 89,234,500 ordinary shares of RM0.50 each to RM53,994,144 comprising 107,988,288 ordinary shares of RM0.50 each by the issuance of 18,753,788 ordinary shares as follows:

	Number of ordinary shares issued
Shares issued pursuant to the exercise of Employee Share Option Scheme	2,546,000
Shares issued pursuant to the Ipoh Land Acquisition	8,750,000
Shares issued pursuant to the Acquisition of 50,000 ordinary shares in Tegas Consolidated Sdn. Bhd. ("Tegas")	1,470,588
Shares issued pursuant to the exercise of Warrants 2010/2013	987,200
Shares issued pursuant to a private placement	5,000,000
Total	18,753,788

The new ordinary shares issued pursuant to the private placement were for working capital purposes and all the new ordinary shares issued during the year rank pari passu in all respects with the existing issued and paid-up share capital of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employee Share Option Scheme, as set out below.

WARRANTS 2010/2013

The Company had on 19 February 2010 issued 40,567,250 Free Warrants ("Warrants") in conjunction with the statements of financial position restructuring exercise. The Warrants are constituted by a Deed Poll dated 15 January 2010. The salient features of the Warrants 2010/2013 are as follows:-

(a) The issue date of the Warrants is 19 February 2010 and the expiry date is 18 February 2013 ("Expiry Date"). Any Warrant not exercised at the Expiry Date will lapse and cease to be valid for any purpose;

(b) The Warrants were issued to the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) ordinary shares held. Each Warrant entitles the shareholders to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.50 per ordinary share;

(c) The exercise price and the number of unexercised Warrants are subject to adjustments in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll;

(d) The Warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holders exercise their Warrants for new shares; and

(e) The new ordinary shares to be issued upon the exercise of the Warrants, shall, upon allotment and issued, rank pari passu with the then existing ordinary shares except that they will not be entitled to dividends, rights, allotments and/or other distributions declared by the Company prior to the relevant allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements of the Warrants during the financial year were as follows:-

	ENTITLEMENT OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.2.2010	ISSUED	EXERCISED	AT 31.1.2011
WARRANTS 2010/20113	-	40,567,250	(987,200)	39,580,050

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 13 April 2010. The ESOS is to be in force for a period of 5 years effective from 16 April 2010.

The main features of the ESOS are disclosed in Note 23 to the financial statements.

During the financial year, the Company has granted 8,221,000 share options under the ESOS.

The option prices and the details in the movement of the options granted are as follows:-

		NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
DATE OF OFFER	EXERCISE PRICE	AT 1.2.2010	GRANTED	EXERCISED	FORFEITED	AT 31.1.2011
26 MAY 2010	RM0.90	-	8,221,000	(2,546,000)	(5,000)	5,670,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 500,000 ordinary shares of RM0.50 each. The names of option holders granted options to subscribe for 500,000 or more ordinary shares of RM0.50 each during the financial year, other than directors whose details are disclosed in the section on Directors' Interests in this report, are as follows:-

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
	AT 1.2.2010	GRANTED	EXERCISED	FORFEITED	AT 31.1.2011
CHIN KONG YAW	-	550,000	(500,000)	-	50,000

BAD AND DOUBTFUL DEBTS

Before the financial statements 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 45 to the financial statements. 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 liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in the financial statements, the results of the operations of the Group and of the Company during 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.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR
DATO' LIM KHENG YEW
DATO' CHONG THIN CHOY
DATO' WIRA ABDUL RAHMAN BIN HAJI ISMAIL
DATUK MANSOR BIN MASIKON
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM
DATO' MOHD AZMI BIN OTHMAN
CHIAM TAU MENG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options and warrants in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.2.2010	BOUGHT	SOLD	AT 31.1.2011
THE COMPANY				
DIRECT INTEREST				
- DATO' LIM KHENG YEW	3,003,193	-	-	3,003,193
INDIRECT INTEREST				
- DATO' LIM KHENG YEW	29,213,000	8,750,000	(1,000,000)	36,963,000

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	AT 1.2.2010	GRANTED	EXERCISED	AT 31.1.2011
SHARE OPTIONS OF THE COMPANY				
DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR	-	1,100,000	(340,000)	760,000
DATO' CHONG THIN CHOY	-	1,000,000	-	1,000,000
DATO' LIM KHENG YEW	-	1,000,000	-	1,000,000
DATO' WIRA ABDUL RAHMAN BIN HAJI ISMAIL	-	300,000	-	300,000
DATUK MANSOR BIN MASIKON	-	300,000	-	300,000
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	-	300,000	-	300,000
DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM	-	300,000	-	300,000
DATO' MOHD AZMI BIN OTHMAN	-	300,000	-	300,000

	NUMBER OF WARRANTS 2010/2013			
	AT 1.2.2010	GRANTED	SOLD	AT 31.1.2011
WARRANTS OF THE COMPANY				
DIRECT INTEREST				
- DATO' LIM KHENG YEW	-	1,501,601	-	1,501,601
INDIRECT INTEREST				
- DATO' LIM KHENG YEW	-	14,606,500	(136,500)	14,470,000

By virtue of his shareholding in the Company, Dato' Lim Kheng Yew is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

The other directors holding office at the end of the financial year had no interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions as disclosed in Note 44 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted to certain directors pursuant to the ESOS of the Company.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events of the Group and of the Company during and after the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 30 May 2011

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

Dato' Chong Thin Choy

STATEMENT **BY DIRECTORS**

For The Financial Year Ended 31 January 2011

We, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar and Dato' Chong Thin Choy, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 31 to 101 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 51, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 30 MAY 2011

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar **Dato' Chong Thin Choy**

STATUTORY **DECLARATION**

I, Chin Kong Yaw, I/C No. 591126-05-5275, being the officer primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 31 to 101 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chin Kong Yaw,
I/C No. 591126-05-5275
at Kuala Lumpur in the Federal Territory
on this 30 May 2011

Chin Kong Yaw

Before me

Mohd Radzi Bin Yasin
No: W327

INDEPENDENT
AUDITORS' REPORT

To the members of KYM HOLDINGS BHD.
(Incorporated in Malaysia)
Company No : 84303 - A

Report on the Financial Statements

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial positions as at 31 January 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 101.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2011 and of their financial performance and cash flows for the financial year then ended.

To the members of KYM HOLDINGS BHD.
(Incorporated in Malaysia)
Company No : 84303 - A

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 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 form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 51 on page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Ooi Song Wan
Approval No: 2901/10/12 (J)
Chartered Accountant

Kuala Lumpur
30 May 2011

STATEMENTS OF
FINANCIAL POSITION
At 31 January 2011

	NOTE	THE GROUP 31.1.2011 RM'000	THE GROUP 31.1.2010 RM'000 RESTATED	THE GROUP 1.2.2009 RM'000 RESTATED	THE COMPANY 31.1.2011 RM'000	THE COMPANY 31.1.2010 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	29,584	30,230
Other investments		6	6	6	-	-
Land held for property development	6	25,862	9,821	185,251	-	-
Property, plant and equipment	7	43,111	42,481	64,546	1,518	494
Prepaid lease payments	8	-	-	-	-	-
Investment properties	9	7,117	7,117	-	3,561	3,561
Intangible asset	10	5,322	4,667	4,667	-	-
Amount owing by subsidiaries	11	-	-	-	-	158,301
		81,418	64,092	254,470	34,663	192,586
CURRENT ASSETS						
Property development costs	12	-	-	1,471	-	-
Inventories	13	11,688	9,470	7,159	-	-
Trade receivables	14	14,981	13,068	10,860	-	-
Other receivables, deposits and prepayments	15	41,512	108,340	950	12,957	5,946
Amount owing by subsidiaries	11	-	-	-	47,677	27,246
Amount owing by related parties	16	370	87	-	296	-
Tax recoverable		60	18	12	38	-
Fixed deposits with licensed banks	17	1,420	110	177	1,000	-
Cash and bank balances		1,876	781	2,025	429	13
		71,907	131,874	22,654	62,397	33,205
Non-current asset classified as held for sale	18	-	102,480	-	-	-
		71,907	234,354	22,654	62,397	33,205
TOTAL ASSETS		153,325	298,446	277,124	97,060	225,791
EQUITY AND LIABILITIES EQUITY						
Share capital	19	53,994	44,617	81,135	53,994	44,617
Share premium	20	22,913	1,965	35,803	22,913	1,965
Revaluation reserve	21	9,469	22,334	31,063	35	35
Capital reserve	22	9,902	10,142	-	9,902	10,142
Share option reserve	23	1,702	-	-	1,702	-
Retained profits/ (Accumulated losses)		2,341	(29,666)	(124,551)	(21,155)	(18,227)
		100,321	49,392	23,450	67,391	38,532
MINORITY INTERESTS		(2,509)	16,237	6,998	-	-
TOTAL EQUITY		97,812	65,629	30,448	67,391	38,532

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

		THE GROUP			THE COMPANY	
	NOTE	31.1.2011 RM'000	31.1.2010 RM'000 RESTATED	1.2.2009 RM'000 RESTATED	31.1.2011 RM'000	31.1.2010 RM'000
NON-CURRENT LIABILITIES						
Hire purchase payables	24	1,483	531	705	901	206
Term loans	25	8,575	8,767	12,879	-	-
Deferred tax liabilities	26	2,776	4,312	16,462	-	-
		12,834	13,610	30,046	901	206
CURRENT LIABILITIES						
Trade payables	27	5,874	7,313	6,005	-	-
Other payables and accruals	28	21,326	22,703	11,716	896	1,082
Amount owing to subsidiaries	11	-	-	-	27,390	22,669
Amount owing to related parties	16	109	1,010	2,014	109	898
Amount owing to directors	29	450	1,187	746	3	53
Hire purchase payables	24	736	405	370	370	161
Provision for taxation		358	65	4	-	-
Short-term borrowings	30	13,596	178,632	194,957	-	162,190
Bank overdrafts	31	230	773	818	-	-
		42,679	212,088	216,630	28,768	187,053
Liability directly associated with asset classified as held for sale	18	-	7,119	-	-	-
		42,679	219,207	216,630	28,768	187,053
TOTAL LIABILITIES		55,513	232,817	246,676	29,669	187,259
TOTAL EQUITY AND LIABILITIES		153,325	298,446	277,124	97,060	225,791

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 January 2011

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000 RESTATED	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000 RESTATED
CONTINUING OPERATIONS					
REVENUE	32	66,220	65,418	-	-
COST OF SALES		(53,154)	(45,234)	-	-
GROSS PROFIT		13,066	20,184	-	-
OTHER INCOME	33	44,171	64,640	4,755	8,039
		57,237	84,824	4,755	8,039
SELLING AND DISTRIBUTION EXPENSES		(3,005)	(2,861)	-	-
ADMINISTRATIVE EXPENSES		(9,990)	(6,502)	(1,740)	(1,330)
OTHER EXPENSES	34	(22,504)	(7,881)	(5,380)	(1,349)
FINANCE COSTS	35	(1,760)	(43,144)	(563)	(2,525)
PROFIT/(LOSS) BEFORE TAXATION	36	19,978	24,436	(2,928)	2,835
INCOME TAX EXPENSE	38	8,297	5,146	-	-
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		28,275	29,582	(2,928)	2,835
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	18	(795)	(473)	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		27,480	29,109	(2,928)	2,835
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		27,480	29,109	(2,928)	2,835

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

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		19,142	19,870	(2,928)	2,835
Minority interests		8,338	9,239	-	-
		27,480	29,109	(2,928)	2,835
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		19,142	19,870	(2,928)	2,835
Minority interests		8,338	9,239	-	-
		27,480	29,109	(2,928)	2,835
BASIC EARNINGS/(LOSS) PER SHARE (SEN):					
- Continuing operations	39	20.9	24.8		
- Discontinued operations	39	(0.5)	(0.3)		
		20.4	24.5		
DILUTED EARNINGS/(LOSS) PER SHARE (SEN):					
- Continuing operations	39	20.8	Not applicable		
- Discontinued operations	39	(0.5)	Not applicable		
		20.3	Not applicable		

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

STATEMENTS OF
CHANGES IN EQUITY

For The Financial Year Ended 31 January 2011

	NOTE	← NON-DISTRIBUTABLE			→	DISTRIBUTABLE			
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	CAPITAL RESERVE RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
THE GROUP									
Balance at 1.2.2009		81,135	35,803	31,063	-	(124,551)	23,450	6,998	30,448
Revaluation surplus #	21	-	-	542	-	-	542	-	542
Impairment loss #	21	-	-	(485)	-	-	(485)	-	(485)
Realisation of revaluation reserve #	21	-	-	(8,786)	-	8,786	-	-	-
Par Value Reduction		(40,568)	-	-	10,142	30,426	-	-	-
Share Premium Reduction		-	(35,803)	-	-	35,803	-	-	-
Private Placement		4,050	1,965	-	-	-	6,015	-	6,015
Total comprehensive income for the financial year		-	-	-	-	19,870	19,870	9,239	29,109
Balance at 31.1.2010/1.2.2010		44,617	1,965	22,334	10,142	(29,666)	49,392	16,237	65,629

- represents net gain/(loss) not recognised in the statements of comprehensive income.

	NOTE	← NON-DISTRIBUTABLE				→	DISTRIBUTABLE			
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	CAPITAL RESERVE RM'000	SHARE OPTION SHARE RM'000	RETAINED PROFITS/ (ACCUMULATED LOSSES)/ RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
THE GROUP										
Balance at 31.1.2010/1.2.2010		44,617	1,965	22,334	10,142	-	(29,666)	49,392	16,237	65,629
Realisation of revaluation reserve	21	-	-	(12,865)	-	-	12,865	-	-	-
Grant of equity-settled share options to employees		-	-	-	-	2,466	-	2,466	-	2,466
Employees' share options exercised	20	1,273	1,782	-	-	(764)	-	2,291	-	2,291
Warrants exercised	20	494	240	-	(240)	-	-	494	-	494
Issuance of shares for:-	20									
- Ipoh Land Acquisition		4,375	7,525	-	-	-	-	11,900	-	11,900
- Acquisition of balance 10% share in Tegas		735	1,265	-	-	-	-	2,000	-	2,000
Dividend paid to minority interests		-	-	-	-	-	-	-	(24,008)	(24,008)
Additional investment in a subsidiary		-	-	-	-	-	-	-	(3,076)	(3,076)
Private Placement		2,500	10,136	-	-	-	-	12,636	-	12,636
Total comprehensive income for the financial year		-	-	-	-	-	19,142	19,142	8,338	27,480
Balance at 31.1.2011		53,994	22,913	9,469	9,902	1,702	2,341	100,321	(2,509)*	97,812

* The minority interests have consented to share the losses of RM2,509,278 of the Group at the end of the reporting period.

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

	NON-DISTRIBUTABLE					DISTRIBUTABLE	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	CAPITAL RESERVE RM'000	SHARE OPTION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
THE COMPANY							
Balance at 1.2.2009	81,135	35,803	35	-	-	(87,291)	29,682
Total comprehensive incomefor the financial year	-	-	-	-	-	2,835	2,835
Par Value Reduction	(40,568)	-	-	10,142	-	30,426	-
Share Premium Reduction	-	(35,803)	-	-	-	35,803	-
Private Placement	4,050	1,965	-	-	-	-	6,015
Balance at 31.1.2010/1.2.2010	44,617	1,965	35	10,142	-	(18,227)	38,532
Total comprehensive expenses for the financial year	-	-	-	-	-	(2,928)	(2,928)
Grant of equity-settled share options to employees	-	-	-	-	2,466	-	2,466
Employees' share options exercised	1,273	1,782	-	-	(764)	-	2,291
Warrants exercised	494	240	-	(240)	-	-	494
Issuance of shares for:							
- Ipoh Land Acquisition	4,375	7,525	-	-	-	-	11,900
- Acquisition of balance 10% share in Tegas	735	1,265	-	-	-	-	2,000
Private Placement	2,500	10,136	-	-	-	-	12,636
Balance at 31.1.2011	53,994	22,913	35	9,902	1,702	(21,155)	67,391

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 January 2011

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000 RESTATED	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation from:					
- continuing operations		19,978	24,436	(2,928)	2,835
- discontinued operations		(795)	(473)	-	-
Adjustments for:-					
Bad debts written off		-	713	-	-
Depreciation of property, plant and equipment		4,142	4,098	459	209
Development costs written off		-	1,471	-	-
Equipment written off		233	2	96	2
Impairment losses on:					
- Trade receivables		118	100	-	-
- Amounts owing by a subsidiary		-	-	2,800	410
- Amounts owing by related parties		-	80	-	-
- Investment in subsidiaries		-	-	646	730
- Plant and equipment		-	159	-	-
Interest expense		1,754	43,145	631	41,854
Inventories written off		-	825	-	-
Interest income		(650)	(1)	(39)	(39,331)
Loss on disposal of asset held for sale		19,024	3,092	-	-
Net loss on disposal of plant and equipment		114	59	-	-
Share option granted under ESOS		2,466	-	2,466	-
Gain on strike-off of a subsidiary		-	(3)	-	-
Reversal of service charge		-	(400)	-	-
Waiver of debts:					
- from lenders		(42,190)	(59,067)	(42,190)	(59,067)
- to subsidiaries		-	-	37,620	52,669
Waiver of profits sharing expenses		-	(3,389)	-	(156)
Waiver of restructuring fee		-	(1,462)	-	(1,462)
Balance carried forward		4,194	13,385	(439)	(1,307)
Balance brought forward		4,194	13,385	(439)	(1,307)
Writeback of impairment loss on receivables		(12)	(2)	-	-
Operating profit/(loss) before working capital Changes		4,182	13,383	(439)	(1,307)
Increase in land held for property development		(10,007)	(26,733)	-	-
Increase in inventories		(2,215)	(3,136)	-	-
Decrease/(Increase) in trade and other receivables		64,820	(91,085)	(7,011)	1
(Decrease)/Increase in trade and other payables		(3,612)	17,561	(186)	816
Increase in amount owing by a related party		-	(167)	-	-
CASH FROM/(FOR) OPERATIONS		53,168	(90,177)	(7,636)	(490)
Income tax refunded		1	-	-	-
Income tax paid		(108)	(10)	(38)	-
Interest paid		(1,754)	(1,814)	(631)	(524)

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

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000 RESTATED	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES		51,307	(92,001)	(8,305)	(1,014)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	97,450	(196)
Advances to related party		(283)	-	(296)	-
Interest received		650	1	39	-
Proceeds from disposal of property, plant and equipment		495	160	-	-
Purchase of property, plant and equipment	40	(3,255)	(2,542)	(286)	(8)
Acquisition of subsidiaries	41	(200)	-	-	-
Purchase of land held for property development		(16,041)	-	-	-
Proceeds from disposal of asset held for sale		93,463	96,591	-	-
Additional investment in a subsidiary from minority interests		(3,076)	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		71,753	94,210	96,907	(204)
Balance carried forward		123,060	2,209	88,602	(1,218)
Balance brought forward		123,060	2,209	88,602	(1,218)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net (repayment)/drawdown of bills payable		(472)	100	-	-
Repayment of hire purchase obligations		(749)	(427)	(389)	(120)
Drawdown of term loans		1,950	-	-	-
Repayment of term loans		(124,516)	(2,801)	(120,000)	-
(Repayment to)/Advances from directors		(737)	441	(50)	53
Repayment to related parties		(901)	(1,004)	(789)	(353)
Advances from subsidiaries		-	-	4,721	454
Proceeds from issuance of shares		13,900	-	13,900	-
Proceeds from share options exercised		2,291	-	2,291	-
Proceeds from warrants exercised		494	-	494	-
Proceeds from Private Placement		12,636	216	12,636	216
Dividend paid to minority interests		(24,008)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(120,112)	(3,475)	(87,186)	250
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS		2,948	(1,266)	1,416	(968)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		118	1,384	13	981
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	43	3,066	118	1,429	13

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

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 May 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

3. **BASIS OF PREPARATION** (cont'd)

(a) **FRSs and IC Interpretations (including the Consequential Amendment)** (cont'd)

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 February 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 49(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

However, this adoption does not have any material financial impact to the financial statements for the current financial year.

(iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 45 to the financial statements.

(v) The Group has adopted the amendments made to FRS 117 Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has reclassified it as property and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

3. **BASIS OF PREPARATION** (cont'd)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

3. BASIS OF PREPARATION (cont'd)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Critical Accounting Estimates and Judgements** (cont'd)

(iv) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) 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.

(vii) Revaluation of Properties and Plant and Machinery

The Group's properties and plant and machinery which are reported at valuation are based on valuation performed by independent professional valuers.

The independent professional valuers have exercised judgement in determined discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(viii) Fair Value Estimates for Investment Properties

The Group carries investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these investment properties would affect profit and equity.

(ix) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates and Judgements (cont'd)

(x) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(b) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

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 an 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 offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Financial Instruments** (cont'd)

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

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(c) **Functional and Foreign Currencies**

(i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the reporting date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 January 2011.

A subsidiary is defined as a company in which the Company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position of the Group, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statements of comprehensive income. Transactions with minority interest are accounted for as transaction with owners.

Gain or loss on the disposal to minority interests is recognised directly in equity.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in profit or loss.

(f) Investments

(i) Investments in Subsidiaries

Investments in subsidiaries are stated at cost or valuation in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

The surplus on the revaluation of the investment in a subsidiary was made pursuant to the Company's listing on Bursa Malaysia Securities Berhad in 1991. The directors have not adopted a policy of regular revaluation of investments in subsidiaries.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) Investments (cont'd)

(ii) Other Investments

Other investments are held on a long-term basis and are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Land Held For Property Development

The Group has carried its land held for property development at revalued amount, as allowed under FRS 201 - Property Development Activities. The Group continues to retain the revalued amount of the land (and subsequently, its carrying costs) as its surrogate cost.

Land held for property development is classified as non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are recognised in profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(h) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion of development activity at the reporting date.

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 will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(i) Progress Billings/Accrued Billings

In respect of progress billings, where revenue recognised in the statement of comprehensive income exceeds the billings to purchasers, the balance is shown as accrued billings under current assets, and where billings to purchasers exceed the revenue recognised in profit or loss, the balance is shown as progress billings under current liabilities.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(j) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or revalued amount less accumulated depreciation or amortisation and impairment losses, if any. Expenditure incurred in relation to the development of the chalets, golf course and golf course building are capitalised.

Freehold land is stated at cost or revalued amount less any accumulated impairment loss, and is not depreciated. Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Buildings	2%
Leasehold land	Over the lease period of 60 years
Plant and machinery	6.7% - 33.3%
Forklifts, tools and equipment and production accessories	10% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%
Chalets	2% - 20%
Golf course, club house, driving range and related development expenditure	2% - 10%
Golf equipment and accessories	20%

Properties and plant and machinery are revalued periodically, at least once in every five years.

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of each reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property and equipment and measured as such retrospectively.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their valueinuse, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(l) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(j) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(m) Revaluation Reserve

Surpluses arising from the revaluation of properties and plant and machinery are credited to the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

The net increase arising from revaluation of the properties, if adjusted, is credited to a revaluation reserve. A net decrease, to the extent that it is not supported by any previous revaluation is recognised in profit or loss.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve to retained profits.

(n) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss; any amount in the revaluation reserve relating to that investment property is transferred to retained profits.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Borrowing Costs

Borrowing costs are recorded at the amount of proceeds received, net of transaction costs.

Interest cost relating to development properties is capitalised during the period of active development until the properties are ready for their intended use. Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(r) Provisions

(i) General Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(ii) Provision for Liquidated and Ascertained Damages

Liquidated and ascertained damages are compensation for late delivery of property in accordance with the respective sale and purchase agreement. Provision for liquidated and ascertained damages is recognised in the period in which the Group becomes legally or constructively committed to payment.

(s) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(t) Income Taxes

Income taxes for the year comprise current 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 or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(t) Income Taxes (cont'd)

Deferred tax is recognised in the profit or loss, 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 to 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 excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-

- (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (ii has an interest in the entity that gives it significant influence over the entity; or
- (iii) has joint control over the entity;

(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Revenue Recognition

(i) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Property Development

Property development revenues are recognised in the statement of comprehensive income, in respect of all building units that have been sold, when the outcome of a development activity can be estimated reliably. The amount of such revenues is recognised on the percentage of completion method. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development activities will result in a loss.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

(iii) Sale of Completed Properties

Revenue from the sale of completed properties is recognised upon the signing of the sale and purchase contracts.

(iv) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion of the contract costs incurred for work performed to date bear to the estimated total contract costs.

(v) Services

Revenue is recognised upon rendering of services.

(vi) Resort Operations

Revenue from rental of rooms, sale of food and beverages, provision of recreational facilities and other related income are recognised as and when services are rendered/performed.

(vii) Recreational and Sports Operations

Revenue from provision of recreational and sport facilities are recognised as and when services are performed.

(viii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(ix) Rental Income

Rental income is recognised on an accrual basis.

(y) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2011 RM'000	2010 RM'000
Unquoted shares:		
- at cost	36,137	36,137
- surplus on revaluation of investment in a subsidiary	493	493
	36,630	36,630
Accumulated impairment losses		
At 1 February 2010/2009	(6,400)	(5,670)
Addition during the financial year	(646)	(730)
At 31 January 2011/2010	(7,046)	(6,400)
	29,584	30,230

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2011	2010	Principal Activities
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd. (1)	100%	100%	Property investment.
KYM Industries (Penang) Sdn. Bhd. (1)	100%	100%	Dormant.
Teguh Amalgamated Sdn. Bhd. (1)	100%	100%	Property investment.
KCP Carton Sdn. Bhd. (1)	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes. The company has temporarily ceased its business operations.
Panorama Industries Sdn. Bhd. (2)	100%	100%	Property investment.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
PPI Bags Sdn. Bhd.	51%	51%	Manufacturing and sale of industrial woven bags.
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes. The company has temporarily ceased its business operations.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. * (3)	100%	90%	Investment holding.
Harta Makmur Sdn. Bhd. (4)	60%	54%	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd. (5)	60%	54%	Resort operator.

5. **INVESTMENTS IN SUBSIDIARIES** (cont'd)

Name of Company	Effective Equity Interest 2011	2010	Principal Activities
Teluk Rubiah Country Club Sdn. Bhd. [5]	60%	54%	Provide recreational andsport facilities and operating a golf course.
Suria Makmur Development Sdn. Bhd. [5]	60%	54%	Property development.
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. [6]	100%	100%	General construction.
KYM Development (Perak) Sdn. Bhd. * [6]	100%	100%	Property development.
KYM Leisure Sdn. Bhd. [6]	100%	100%	Dormant.
KYM Maserba Sdn. Bhd. [7]	100%	100%	Dormant.
KMG Assets Sdn. Bhd.	100%	100%	Providing management services.
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
KYM Mineral Sdn. Bhd.	100%	100%	Dormant.
Omni Green Sdn. Bhd. ^ [3]	51%	-	Operating a golf course.
Austin Star Sdn. Bhd. [6]	100%	-	Restaurant operator.
KYM Maju Sdn. Bhd. (Formerly known as KYM Bangi Villa Sdn. Bhd.)	100%	-	Dormant.

^ – The subsidiary was audited by other firm of chartered accountants.

* – The unquoted shares in these subsidiaries have been pledged to licensed banks as security for banking facilities granted to the Company.

(1) – Interest held by KYM Industries (M) Sdn. Bhd.
(2) – Interest held by KYM Industries (Johor) Sdn. Bhd.
(3) – Interest held by Polypulp Enterprises Sdn. Bhd.
(4) – Interest held by Tegas Consolidated Sdn. Bhd.
(5) – Interest held by Harta Makmur Sdn. Bhd.
(6) – Interest held by KYM Properties Sdn. Bhd.
(7) – Interest held by KYM Leisure Sdn. Bhd.

6. LAND HELD FOR PROPERTY DEVELOPMENT

	THE GROUP	
	2011	2010
	RM'000	RM'000
Long leasehold land held for development		
- At cost		
At 1 February 2010/2009	5,165	97,423
Addition during the financial year	15,000	-
Disposal during the financial year	-	(38,364)
Transfer to non-current asset classified as held for sale	-	(53,894)
At 31 January 2011/2010	20,165	5,165
Development expenditure		
- At cost		
At 1 February 2010/2009	4,656	87,828
Addition during the financial year	1,041	-
Disposal during the financial year	-	(34,586)
Transfer to non-current asset classified as held for sale	-	(48,586)
At 31 January 2011/2010	5,697	4,656
	25,862	9,821

Included in the land held for property development is long leasehold land amounting to RM9.8 million pledged to financial institutions for credit facilities granted to the Group. A lienholder's caveat over the long leasehold land has been granted to the financial institutions. The long leasehold land has been discharged subsequent to the financial year as disclosed in Note 25(a) to the financial statements.

The long leasehold land held for property development was revalued by the directors on the open market basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred tax of the Group has been provided for accordingly.

The Group has adopted the transitional provisions under FRS 201 - Property Development Activities to retain the revalued amount of the land held for property development as its surrogate cost.

7. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	FORKLIFTS, TOOLS AND EQUIPMENT AND PRODUCTION ACCESSORIES RM'000	MOTOR VEHICLES RM'000	OTHER ASSETS # RM'000	CAPITAL WORK-IN-PROGRESS RM'000	TOTAL RM'000
THE GROUP									
Net book value									
As previously reported at 1.2.2010	-	3,600	12,960	16,420	1,145	731	1,761	269	36,886
Effects of FRS 117	5,595	-	-	-	-	-	-	-	5,595
As restated at 1.2.2010	5,595	3,600	12,960	16,420	1,145	731	1,761	269	42,481
Acquisition of a subsidiary	-	-	-	-	-	-	327	-	327
Reclassification	-	-	832	33	(32)	-	(1)	(832)	-
Additions	765	-	-	170	565	2,415	809	563	5,287
Disposals	-	-	-	(469)	(78)	(6)	(56)	-	(609)
Written off	-	-	-	(32)	(1)	(117)	(83)	-	(233)
Depreciation charge for the financial year	(74)	-	(241)	(2,171)	(580)	(599)	(477)	-	(4,142)
Net book value at 31.1.2011	6,286	3,600	13,551	13,951	1,019	2,424	2,280	-	43,111
Net book value									
As previously reported at 1.2.2009	-	3,600	17,442	19,187	1,014	1,011	14,355	43	56,652
Effects of FRS 117	7,894	-	-	-	-	-	-	-	7,894
As restated at 1.2.2009	7,894	3,600	17,442	19,187	1,014	1,011	14,355	43	64,546
Additions	-	-	54	286	724	-	1,497	269	2,830
Revaluation surplus	-	-	722	-	-	-	-	-	722
Transfer to investment properties (Note 9)	(2,171)	-	(4,946)	-	-	-	-	-	(7,117)
Impairment losses	-	-	-	(644)	-	-	-	-	(644)
Transfers	-	-	-	48	(48)	-	43	(43)	-
Adjustment	-	-	-	-	-	-	(12)	-	(12)
Disposals	-	-	-	(218)	-	-	(13,526)	-	(13,744)
Written off	-	-	-	-	-	-	(2)	-	(2)
Depreciation charge for the financial year	(128)	-	(312)	(2,239)	(545)	(280)	(594)	-	(4,098)
Net book value at 31.1.2010	5,595	3,600	12,960	16,420	1,145	731	1,761	269	42,481
At 31.1.2011									
Cost	6,841	-	832	882	10,531	3,779	8,491	-	31,356
Valuation	-	3,600	13,408	21,937	-	-	-	-	38,945
Accumulated impairment losses	-	-	-	(144)	-	-	-	-	(144)
Accumulated depreciation	(555)	-	(689)	(8,724)	(9,512)	(1,355)	(6,211)	-	(27,046)
Net book value	6,286	3,600	13,551	13,951	1,019	2,424	2,280	-	43,111
At 31.1.2010									
Restated at cost	6,076	-	-	712	10,525	1,866	10,520	269	29,968
Valuation	-	3,600	13,408	23,028	-	-	-	-	40,036
Accumulated impairment losses	-	-	-	(644)	-	-	-	-	(644)
Restated accumulated depreciation	(481)	-	(448)	(6,676)	(9,380)	(1,135)	(8,759)	-	(26,879)
Restated net book value	5,595	3,600	12,960	16,420	1,145	731	1,761	269	42,481

- The analysis of the other assets is set out below.

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

ANALYSIS OF OTHER ASSETS

	OFFICE EQUIPMENT, FURNITURE AND FITTINGS, RENOVATION AND ELECTRICAL INSTALLATION RM'000	CHALETS RM'000	GOLF COURSE, CLUB HOUSE, DRIVING RANGE AND RELATED DEVELOPMENT EXPENDITURE RM'000	GOLF EQUIPMENT AND ACCESSORIES RM'000	TOTAL OTHER ASSETS RM'000
THE GROUP					
Net book value at 1.2.2010	1,091	-	-	670	1,761
Additions	640	-	84	85	809
Acquisition of a subsidiary	123	-	176	28	327
Reclassification	(1)	-	-	-	(1)
Disposals	(3)	-	-	(53)	(56)
Written off	(59)	-	-	(24)	(83)
Depreciation charge for the financial year	(294)	-	(12)	(171)	(477)
Net book value at 31.1.2011	1,497	-	248	535	2,280
Net book value at 1.2.2009	962	3,229	10,153	11	14,355
Additions	416	46	259	776	1,497
Transfer	-	-	43	-	43
Adjustments	-	(10)	(2)	-	(12)
Disposals	-	(3,192)	(10,334)	-	(13,526)
Written off	(2)	-	-	-	(2)
Depreciation charge for the financial year	(285)	(73)	(119)	(117)	(594)
Net book value at 31.1.2010	1,091	-	-	670	1,761
At 31.1.2011					
Cost	7,417	-	260	814	8,491
Accumulated depreciation	(5,920)	-	(12)	(279)	(6,211)
Net book value	1,497	-	248	535	2,280
At 31.1.2010					
Cost	8,755	-	-	1,765	10,520
Accumulated depreciation	(7,664)	-	-	(1,095)	(8,759)
Net book value	1,091	-	-	670	1,761

7. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	OFFICE EQUIPMENT, FURNITURE FITTINGS AND RENOVATION RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
THE COMPANY			
Net book value at 1.2.2010	97	397	494
Additions	40	1,539	1,579
Written off	-	(96)	(96)
Depreciation charge for the financial year	(24)	(435)	(459)
Net book value at 31.1.2011	113	1,405	1,518
Net book value at 1.2.2009	113	584	697
Addition	8	-	8
Written off	(2)	-	(2)
Depreciation charge for the financial year	(22)	(187)	(209)
Net book value at 31.1.2010	97	397	494
At 31.1.2011			
Cost	891	2,336	3,227
Accumulated depreciation	(778)	(931)	(1,709)
Net book value	113	1,405	1,518
At 31.1.2010			
Cost	851	940	1,791
Accumulated depreciation	(754)	(543)	(1,297)
Net book value	97	397	494

The freehold land and buildings of the Group were revalued by the directors on the open market value basis in the financial year ended 31 January 2008, based on a valuation carried out by an independent firm of professional valuers.

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

In 2007, the plant and machinery were last revalued by the directors based on a valuation carried out by an independent firm of professional valuers using the depreciated replacement cost method.

The surpluses arising from the above revaluations have been credited to the revaluation reserve account.

Had the revalued properties and plant and machinery been carried at cost less accumulated depreciation, the net book values of the properties and plant and machinery that would have been included in the financial statements are as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Freehold land	2,624	2,624
Leasehold land	6,286	5,595
Buildings	11,014	11,320
Plant and machinery	5,563	7,178
	25,487	26,717

Included in the net book value of property, plant and equipment at the end of the reporting period are the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Freehold land	3,600	3,600
Leasehold land	6,286	5,595
Buildings	13,551	12,960
Plant and machinery	13,951	16,420
Forklift, tools and equipment and production accessories	1,019	1,145
Motor vehicles	490	240
Other assets	978	698
	39,875	40,658

Included in the net book value of property, plant and equipment at the end of the reporting period are the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Plant and machinery	558	640	-	-
Motor vehicles	2,360	678	1,403	394
	2,918	1,318	1,403	394

Included in the property, plant and equipment are the following fully depreciated property, plant and equipment which are still in use:-

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At cost:-				
Forklifts, tools and equipment and production accessories	7,730	9,447	-	-
Motor vehicles	107	490	4	4
Other assets	3,788	6,007	686	686
	11,625	15,944	690	690

8. PREPAID LEASE PAYMENTS

	THE GROUP	
	2011 RM'000	2010 RM'000
Leasehold land, at cost		
- as previously reported	6,076	6,076
- Effects of FRS 117	(6,076)	(6,076)
- as restated	-	-
Accumulated amortisation		
- as previously reported	481	481
- Effects of FRS 117	(481)	(481)
	-	-
	-	-

The Group has adopted the amendments made to FRS 117 Leases during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has reclassified it as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

9. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At fair value:-				
At 1 February 2010/2009	7,117	-	3,561	3,561
Transfer from property, plant and equipment (Note 7)	-	7,117	-	-
At 31 January 2011/2010	7,117	7,117	3,561	3,561

The investment properties of the Group and the Company are pledged to financial institutions for credit facilities granted to the Company and certain subsidiaries.

9. INVESTMENT PROPERTIES (cont'd)

The investment properties comprised the following:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Leasehold land	2,361	2,361	1,211	1,211
Building	4,756	4,756	2,350	2,350
	7,117	7,117	3,561	3,561

Direct operating expenses arising from the investment properties are as follows:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Properties that generate income:-				
Insurance	27	22	6	6
Quit rent and assessment	40	19	20	21
Properties that did not generate income:-				
Insurance	-	6	-	-
Quit rent and assessment	-	21	-	-

10. INTANGIBLE ASSET

	THE GROUP	
	2011	2010
	RM'000	RM'000
Goodwill on consolidation	7,047	6,392
Accumulated impairment loss	(1,725)	(1,725)
	5,322	4,667

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that no further impairment is required on the goodwill on consolidation.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

Growth rate	Between 3% to 11%
Gross margin	Between 24% to 25%
Discount rate	6.8%

Management determined the budgeted gross margin based on past and expected performances. The growth rate used is based on anticipated demand over the projected years. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

11. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	-	158,301

The amount owing was non-trade in nature, unsecured and bore effective interest rates ranging from 9.0% to 9.05% per annum in the previous financial year. During the current financial year, the amount owing has been fully settled in cash.

	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
CURRENT:-		
Amount owing by subsidiaries	85,037	61,806
Allowance for impairment losses on receivables		
At 1 February 2010/2009	(34,560)	(34,150)
Addition during the financial year	(2,800)	(410)
At 31 January 2011/2010	(37,360)	(34,560)
	47,677	27,246

	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
CURRENT:-		
Amount owing to subsidiaries	27,390	22,669

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

12. PROPERTY DEVELOPMENT COSTS

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Development costs:-		
At 1 February 2010/2009	-	1,471
Written off during the financial year	-	(1,471)
At 31 January 2011/2010	-	-

13. INVENTORIES

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
At cost:-		
Raw materials	9,215	6,654
Work-in-progress	1,098	1,325
Finished goods	1,085	1,276
Others	23	9
	11,421	9,264
At net realisable value:-		
Finished goods	267	206
	11,688	9,470

14. TRADE RECEIVABLES

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Trade receivables	20,629	18,614
Impairment loss		
At 1 February 2010/2009	(5,546)	(5,474)
Addition during the financial year	(114)	(100)
Writeback during the financial year	12	2
Written off during the financial year	-	26
At 31 January 2011/2010	(5,648)	(5,546)
	14,981	13,068

The normal trade credit terms of trade receivables range from 15 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
RM equivalent of trade receivables denominated in:-		
Singapore Dollar	1,253	1,195
United States Dollar	289	564

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables, deposits and prepayments	41,517	108,393	12,957	5,946
Impairment loss				
At 1 February 2010/2009	(53)	(53)	-	-
Writeoff during the financial year	48	-	-	-
At 31 January 2011/2010	(5)	(53)	-	-
	41,512	108,340	12,957	5,946

Included in other receivables of the Group is an amount of RM27,061,900 (2010 - RM101,874,578) which relates to sale proceeds from the disposal of properties, golf course and resorts which was subsequently received by the Group.

Included in other receivables of the Group and the Company is an amount of RM12,750,000 (2010 - RM5,798,945) which represents the balance of the proceeds from the Private Placement. The amount was subsequently received by the Company.

16. AMOUNTS OWING BY/(TO) RELATED PARTIES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amount owing by related parties				
- Trade balance	91	167	-	-
Impairment loss				
At 1 February 2010/2009	(80)	-	-	-
Addition during the financial year	-	(80)	-	-
At 31 January 2011/2010	(80)	(80)	-	-
	11	87	-	-
- Non-trade balances	359	-	296	-
	370	87	296	-

16. AMOUNTS OWING BY/(TO) RELATED PARTIES (cont'd)

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amount owing to related parties:				
- Non-trade balances	(109)	(1,010)	(109)	(898)

Related parties refer to a person connected to a director and companies in which certain directors and persons connected to a director are common directors and/or have substantial financial interests.

The trade balance is subject to the normal credit terms ranging from 30 to 90 days.

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group are pledged to licensed banks for banking facilities granted to certain subsidiaries.

The weighted average interest rate of the fixed deposits at the end of the reporting period was 2.72% (2010 - 2.4%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2010 - 30 to 365 days).

18. NON-CURRENT ASSET AND LIABILITY CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

By virtue of the significant events in the previous and current financial year as disclosed in Note 46 to the financial statements, the Group has at the end of the reporting period, classified the relevant non-current asset and liability to asset and liability held for sale, respectively. As a result of the disposals, the Group's resort and golf course operations have been discontinued and the results from the resorts and golf course operations are presented separately on the consolidated statements of comprehensive income as discontinued operations.

An analysis of the results of the discontinued operations is as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Revenue	980	2,089
Other income	38	11
Expenses	(1,813)	(2,573)
Loss before taxation from discontinued operations	(795)	(473)
Income tax expense	-	-
Loss after taxation from discontinued operations	(795)	(473)

18. NON-CURRENT ASSET AND LIABILITY CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

The following amounts have been included in arriving at loss before taxation of the discontinued operations:-

	THE GROUP	
	2011	2010
	RM'000	RM'000
Audit fee		
- for the financial year	15	11
- underprovision in the previous financial year	2	-
Depreciation of property, plant and equipment	206	386
Director's non-fee emoluments	50	60
Impairment loss on receivables	4	-
Interest expense		
- hire purchase	4	3
- others	2	2
Equipment written off	96	-
Rental of equipment	11	78
Rental of premises	10	10
Staff costs		
- Salaries, wages and allowances	674	907
- Defined benefits plan	59	53
- Other benefits	135	-
Loss/(Gain) on disposal of property, plant and equipment	83	(10)
Rental income	(776)	(1,076)

The cash flows attributable to the discontinued operations are as follows:-

	THE GROUP	
	2011	2010
	RM'000	RM'000
Operating cash flows	(1,324)	847
Investing cash flows	(252)	(1,231)
Financing cash flows	1,406	375
Total cash flows	(170)	(9)

The details of the asset and liability classified as held for sale in the statements of financial positions as at 31 January 2011 are as follows:-

	THE GROUP	
	2011	2010
	RM'000	RM'000
Asset		
Land held for property development	-	102,480
Liability		
Deferred tax liabilities (Note 26)	-	7,119

19. SHARE CAPITAL

The movement of the authorised share capital of the Company is as follows:-

	2011 Par Value RM	2011 Number of Shares '000	2011 Share Capital RM '000	2010 Par Value RM	2010 Number of Shares '000	2010 Share Capital RM '000
ORDINARY SHARES						
At 1 February 2010/2009	0.50	2,000,000	1,000,000	1.00	1,000,000	1,000,000
Increase in number of shares as a result of Par Value Reduction		-	-	-	1,000,000	-
At 31 January 2011/2010	0.50	2,000,000	1,000,000	0.50	2,000,000	1,000,000

The movements of the issued and paid-up share capital of the Company are as follows:-

	2011 Par Value RM	2011 Number of Shares '000	2011 Share Capital RM '000	2010 Par Value RM	2010 Number of Shares '000	2010 Share Capital RM '000
ORDINARY SHARES						
At 1 February 2010/2009	0.50	89,235	44,617	1.00	81,135	81,135
Par Value Reduction		-	-		-	(40,568)
	0.50	89,235	44,617	0.50	81,135	40,567
Private Placement	0.50	5,000	2,500	0.50	8,100	4,050
Employees' share options exercised	0.50	2,546	1,273		-	-
Warrants exercised	0.50	987	494		-	-
Ipoh Land Acquisition	0.50	8,750	4,375		-	-
Acquisition of balance 10% shares in Tegas	0.50	1,470	735		-	-
At 31 January 2011/2010	0.50	107,988	53,994	0.50	89,235	44,617

20. SHARE PREMIUM

	THE GROUP/ THE COMPANY	
	2011	2010
	RM'000	RM'000
At 1 February 2010/2009	1,965	35,803
Share Premium Reduction	-	(35,803)
Premium arising from:		
- Private Placement net of placement fees	10,136	1,965
- Employees' share options exercised	1,782	-
- Warrants exercised	240	-
- Ipoh Land Acquisition	7,525	-
- Acquisition of balance 10% shares in Tegas	1,265	-
At 31 January 2011/2010	22,913	1,965

During the previous financial year, the Company had utilised its share premium of RM35,803,053 to offset against the accumulated losses of the Company pursuant to Section 64 of the Companies Act 1965 ("Share Premium Reduction").

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

21. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 February 2010/2009	22,334	31,063	35	35
Arising from the revaluation of property	-	542	-	-
Impairment loss on plant and machinery	-	(485)	-	-
Realisation of revaluation reserve	(12,865)	(8,786)	-	-
At 31 January 2011/2010	9,469	22,334	35	35

The revaluation reserve represents the surplus arising from the revaluation of properties, land held for property development and plant and machinery and is not distributable by way of cash dividends.

22. CAPITAL RESERVE

A capital reserve was set up as a result of the statements of financial position restructuring exercise, as disclosed in Note 46(b) to the financial statements. The capital reserve will be utilised for the purpose of the issuance of 40,567,250 free warrants ("Warrants") on the basis of one (1) Warrant for every two (2) ordinary shares of RM0.50 each.

	THE GROUP	
	2011 RM'000	2010 RM'000
At 1 February 2010/2009	10,142	-
New Warrants	-	10,142
Warrants exercise	(240)	-
At 31 January 2011/2010	9,902	10,142

23. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 13 April 2010. The ESOS is to be in force for a period of 5 years effective from 16 May 2010.

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 3 years on the date of the offer.

(ii) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

(iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

23. EMPLOYEE SHARE OPTION RESERVE (cont'd)

The option prices and the details in the movement of the options granted are as follows:-

		NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
DATE OF OFFER	EXERCISE PRICE	AT 1.2.2010	GRANTED	EXERCISED	FORFEITED	AT 31.1.2011
26 MAY 2010	RM0.90	-	8,221,000	(2,546,000)	(5,000)	5,675,000

During the financial year, the Company granted 8,221,000 share options under the ESOS. These options expire on 16 May 2015 and are exercisable if the employee remains in service during the term of the ESOS.

The fair values of the share options granted were estimated using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	AT EXERCISE PRICE OF RM0.50 EACH
Fair value of share options at the grant date (RM)	0.30
Closing share price (RM)	0.99
Exercise price (RM)	0.90
Expected volatility (%)	20
Expected life (years)	5
Risk free rate (%)	3.63
Expected dividend yield (%)	-

24. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Minimum hire purchase payments:				
- not later than one year	1,024	437	425	161
- later than one year and not later than five years	1,378	631	967	251
- later than five years	94	7	83	-
	2,496	1,075	1,475	412
Future finance charges	(277)	(139)	(204)	(45)
Present value of hire purchase payables	2,219	936	1,271	367

24. HIRE PURCHASE PAYABLES (cont'd)

The net hire purchase payables are repayable as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current:				
- not later than one year	736	405	370	161
Non-current:				
- later than one year and not later than five years	1,394	525	832	206
- later than five years	89	6	69	-
Total non-current portion	1,483	531	901	206
	2,219	936	1,271	367

The hire purchase payables bore effective interest rates ranging from 4.6% to 7.8% (2010 - 4.2% to 7.8%) per annum at the end of the reporting period.

The Group and the Company have hire purchase contracts for certain plant and equipment as disclosed in Note 7 to the financial statements. There are no restrictions imposed on the Group and the Company by the hire purchase arrangements and the Group and the Company have not entered into any arrangements for contingent rent payments.

Included in the hire purchase payables is an amount of approximately RM150,000 (2010 – RM71,000) secured by a guarantee of the directors of certain subsidiaries.

25. TERM LOANS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current portion:				
- repayable within one year (Note 30)	2,238	166,802	-	162,190
Non-current portion:				
- repayable between one to two years	1,780	2,253	-	-
- repayable between two to five years	5,668	4,045	-	-
- repayable after five years	1,127	2,469	-	-
Total non-current portion	8,575	8,767	-	-
	10,813	175,569	-	162,190

25. TERM LOANS (cont'd)

Details of the repayment terms of the term loans are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
1.	-	-	Note 25(a)	-	27,206	-	27,206
2.	-	-	Note 25(a)	-	3,890	-	3,890
3.	-	-	Note 25(a)	-	131,094	-	131,094
4.	12	80,000	December 2009	5,671	6,237	-	-
	24	100,000	December 2010				
	12	120,000	December 2012				
	12	140,000	December 2013				
	Until full settlement	170,000	December 2014				
5.	180	16,877	March 2008	1,698	1,808	-	-
6.	84	21,821	February 2005	221	455	-	-
7.	72	35,434	June 2004	105	510	-	-
8.	72	58,613	June 2004	174	844	-	-
9.	72	50,166	March 2006	-	577	-	-
10.	10	75,000	August 2009	810	2,948	-	-
	11	210,000	June 2010				
	1	230,000	May 2011				
11	36	62,029	April 2010	1,493	-	-	-
12	60	4,037	January 2011	197	-	-	-
13	60	9,082	January 2011	444	-	-	-
				10,813	175,569	-	162,190

(a) In the previous financial year, the lenders had via their letter dated 12 November 2009 proposed a full and final settlement of RM120 million ("Debt Settlement") for the debts owing to the lenders. Consequently, the Company and its subsidiary, Harta Makmur Sdn Bhd ("HMSB") had, on 10 December 2009, entered into a debt settlement agreement with its lenders to facilitate the Debt Settlement ("Debt Settlement Agreement"). Under the Debt Settlement Agreement, the lenders consent to the sale of the Disposal Properties and Option Properties (as defined in Note 46(a) to the financial statements) by HMSB to Vale International S.A. ("Vale") and accept the payment of RM120 million as full and final settlement for the outstanding debt. The payment to the lenders comprises two tranches as follows:

(i) Tranche 1 - a sum of RM70 million from the disposal proceeds as stated in Note 46(a)(i) to the financial statements which has been paid to the lenders on 8 February 2010; and

(ii) Tranche 2 - a sum of RM50 million from the disposal proceeds as stated in Note 46(a)(ii) to the financial statements which has been paid to the lenders on 11 October 2010.

The Company has recognised the debt waiver of approximately RM59 million and RM42 million upon the completion of the disposal of Disposal Properties during the previous financial year and the completion of the disposal of Option Properties in the current financial year respectively.

25. TERM LOANS (cont'd)

Term Loans 1, 2 and 3 bore effective interest rates which ranged from 9.00% to 9.05% per annum in the previous financial year and were secured by:-

(i) legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;

(ii) a debenture incorporating fixed and floating charges over the assets of the Company and certain subsidiaries;

(iii) a pledge over quoted shares of a company in which certain directors have substantial financial interests;

(iv) a pledge over the Company's shares;

(v) a pledge over unquoted shares of the investments in certain subsidiaries; and

(vi) an assignment over the credit balances in the proceeds account.

Term Loans 1, 2 and 3 have been fully repaid during the current financial year and the securities has been discharged subsequent to the financial year.

(b) Term loans 4 and 5 bore effective interest rates at the end of the reporting period which ranged from 5.55% to 8.80% (2010 - 4.80% to 8.00%) per annum and are secured in the same manner as the bills payable disclosed in Note 30 to the financial statements.

(c) Term loans 6 to 13 bore effective interest rates at the end of the reporting period ranging from 6.25% to 7.80% (2010 - 6.25% to 7.75%) per annum and are secured by:-

(i) legal charges over the leasehold land and buildings of certain subsidiaries and the holding company;

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

(iii) a pledge of the fixed deposits of the Group;

(iv) a negative pledge on the assets of a subsidiary;

(v) a joint and several guarantee from a director of a subsidiary and a related party; and

(vii) a corporate guarantee of the Company.

26. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 February 2010/2009	11,431	16,462	-	-
Recognised in the equity:				
- arising from the revaluation of property	-	180	-	-
Recognised in the profit or loss (Note 38)	(8,655)	(5,211)	-	-
At 31 January 2011/2010	2,776	11,431	-	-
Classified as:-				
Non-current liabilities	2,776	4,312	-	-
Liability directly associated with asset classified as held for sale (Note 18)	-	7,119	-	-
	2,776	11,431	-	-

The deferred tax consists of the tax effects of the following items:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	2,175	3,808	-	232
Revaluation of property	4,135	12,453	-	313
Revaluation of plant and machinery	876	1,047	-	-
	7,186	17,308	-	545
Deferred tax assets:-				
Unabsorbed capital allowances	(1,102)	(2,482)	-	(209)
Unutilised tax losses	(3,058)	(3,122)	-	(336)
Others	(250)	(273)	-	-
	(4,410)	(5,877)	-	(545)
	2,776	11,431	-	-

26. DEFERRED TAX LIABILITIES (cont'd)

No deferred tax assets are recognised on the following items:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unabsorbed capital allowances	12,955	11,780	-	-
Unutilised tax losses	54,412	48,801	1,841	1,841
Others	135	235	-	-
	67,502	60,816	1,841	1,841

27. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 180 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
RM equivalent of trade payables denominated in:-		
United States Dollar	1,206	2,264
Euro	67	372

28. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accrued quit rent	14,273	-	-	-
Accrued professional fees	975	-	176	-
Accrued compensation to bungalow lots purchasers and settlement of charges in respect of the disposal of properties	-	15,000	-	-
Others	6,078	7,703	720	1,082
	21,326	22,703	896	1,082

29. AMOUNT OWING TO DIRECTORS

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

30. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Secured:-				
Bills payable	11,358	11,830	-	-
Term loans (Note 25)	2,238	166,802	-	162,190
	13,596	178,632	-	162,190

The bills payable bore a weighted average interest rate of 4.4% (2010 - 4.4%) per annum at the end of the reporting period and are secured by:-

(i) legal charges over the leasehold land and buildings of certain subsidiaries;

(ii) a debenture incorporating fixed and floating charges over the assets of a subsidiary; and

(iii) a corporate guarantee from a subsidiary and the Company.

31. BANK OVERDRAFTS

The bank overdrafts bore a weighted average interest rate of 7.1% (2010 - 7.1%) per annum at the end of the reporting period and are secured in the same manner as the bills payable disclosed in Note 30 to the financial statements.

32. REVENUE

	THE GROUP	
	2011 RM'000	2010 RM'000 (Restated)
Sale of land	300	8,858
Sale of goods	65,520	56,524
Others	400	36
	66,220	65,418

33. OTHER INCOME

Included in other income of the Group and of the Company are the following items:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Reversal of service charge	-	400	-	-
Waiver of debts from/(to):				
- lenders	42,190	59,067	42,190	59,067
- subsidiaries	-	-	(37,620)	(52,669)
Waiver of profit sharing expenses	-	3,389	-	156
Waiver of restructuring fee	-	1,462	-	1,462

Certain banking facilities obtained by the Company are mainly in respect of the land held for development belonging to certain subsidiaries. Accordingly, a portion of the waiver of debts from the lenders was allocated to these subsidiaries.

The waiver of debts from the lenders is presented net of waiver of debts allocated to these subsidiaries in the statement of comprehensive income.

34. OTHER EXPENSES

Included in other expenses of the Group and of the Company are the following items:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	713	-	-
Property development costs written off	-	1,471	-	-
Impairment losses on:				
- trade receivables	114	100	-	-
- amounts owing by related parties	-	80	-	-
- investments in subsidiaries	-	-	646	730
- amount owing by a subsidiary	-	-	2,800	410
- plant and equipment	-	159	-	-
Inventories written off	-	825	-	-
Loss on disposal of asset held for sale	19,024	3,092	-	-

35. FINANCE COSTS

Included in finance costs of the Group and of the Company are the following items:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest expense	(1,748)	(43,140)	(631)	(41,854)
Interest income receivable from subsidiaries	-	-	-	39,331

Included in the previous financial year's interest expense of the Group and of the Company are amounts of approximately RM29,305,000 and RM1,477,000, respectively which arose as a result of the full and final settlement of banking facilities with certain financial institutions. As these banking facilities relates mainly to the land held for development belonging to certain subsidiaries, an appropriate proportion of the interest expense was allocated accordingly to the respective subsidiaries.

36. PROFIT/(LOSS) BEFORE TAXATION

In addition to those disclosed in Notes 33, 34 and 35 to the financial statements, the profit/(loss) before taxation is arrived at after charging/(crediting) the following:-

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
Audit fee					
- for the financial year		142	132	42	36
- underprovision in the previous financial year		26	11	20	7
- other services		35	94	35	94
Depreciation of property, plant and equipment		3,936	3,712	459	209
Directors' fee	37	64	62	64	62
Directors' non-fee emoluments					
- Salaries, wages and allowances	37	732	977	-	-
- Defined benefits plan	37	102	117	-	-
- Other benefits	37	124	-	-	-
Equipment written off		137	2	96	2
Rental expense		184	266	226	226
Staff costs					
- Salaries, wages and allowances		11,100	7,021	-	-
- Defined benefits plan		693	799	-	-
- Other benefits		2,342	-	1,380	-
Gain on strike-off of a subsidiary		-	(3)	-	-
Net gain on foreign exchange - realised		(207)	(178)	-	-
Interest income		(650)	(1)	(39)	-
Net loss/(gain) on disposal of plant and equipment		31	69	-	-
Rental income		(861)	(387)	(12)	(21)
Writeback of impairment loss on receivables		(12)	(2)	-	-

37. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year were as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company: (Note 36)				
- Executive:				
- Salaries, wages and allowances	732	977	-	-
- Defined benefits plan	102	117	-	-
- Other benefits	124	-	-	-
- Non-Executive:				
-Fee	64	62	64	62
	1,022	1,156	64	62
Benefits-in-kind	28	-	-	-

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

	THE GROUP	
	2011	2010
Executive directors:		
- RM100,000 – RM200,000	1	1
- RM200,001 – RM300,000	-	-
- RM300,001 – RM400,000	1	1
- RM400,001 – RM500,000	-	-
- RM500,001 – RM600,000	1	1
	3	3
Non-Executive directors:		
- Below RM50,000	6	6
	9	9

38. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Continuing Operations				
Current tax expense:				
- for the financial year	358	65	-	-
- underprovision in previous financial years	-	-	-	-
	358	65	-	-
Deferred tax expense (Note 26):				
- relating to origination and reversal of temporary differences	(8,655)	(4,050)	-	-
- overprovision in previous financial years	-	(1,161)	-	-
	(8,655)	(5,211)	-	-
	(8,297)	(5,146)	-	-

During the current financial year, the statutory tax rate remained at 25%.

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

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(Loss) before taxation from:				
- continuing operations	19,978	24,436	(2,928)	2,835
- discontinued operations	(795)	(473)	-	-
	19,183	23,963	(2,928)	2,835
Tax at the statutory tax rate of 25%	4,796	5,991	(732)	709
Tax effects of:-				
Non-taxable gains	(33,984)	(16,510)	(1,167)	(2,004)
Non-deductible expenses	19,519	11,311	1,899	1,311
Deferred tax assets not recognised during the financial year	1,672	877	-	-
Reversal of deferred tax in respect of properties disposed of	(300)	(4,834)	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	-	(820)	-	(16)
Overprovision of deferred tax in previous financial years	-	(1,161)	-	-
	(8,297)	(5,146)	-	-

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM21,010,000 (2010 - RM21,010,000) available at the end of the reporting period to be carried forward for offset against future taxable business income.

39. EARNINGS/(LOSS) PER SHARE

	THE GROUP 2011	THE GROUP 2010
Profit from continuing operations attributable to shareholders (RM'000)	19,619	20,125
Loss from discontinued operations attributable to shareholders (RM'000)	(477)	(255)
Profit attributable to shareholders	19,142	19,870
Weighted average number of ordinary shares in issue ('000):-		
Issued ordinary shares at 1 February	89,235	81,135
Effect of new ordinary shares issued	4,642	111
Weighted average number of ordinary shares at 31 January	93,877	81,246
Basic earnings/(loss) per share (sen) for:-		
- continuing operations	20.9	24.8
- discontinued operations	(0.5)	(0.3)
	20.4	24.5
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share ('000):-	93,877	81,246
Effects of dilution:		
- warrants	16	-
- employee share options	471	-
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	94,364	81,246
Diluted earnings/(loss) per share (sen) for:-		
- continuing operations	20.8	N/A
- discontinued operations	(0.5)	N/A
	20.3	N/A

40. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost of property, plant and equipment purchased	(5,287)	(2,830)	(1,579)	(8)
Amount financed though hire purchase	2,032	288	1,293	-
Cash disbursed for the purchase of property, plant and equipment	(3,255)	(2,542)	(286)	(8)

41. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired the following subsidiaries:

(i) On 15 July 2010, Polypulp Enterprises Sdn. Bhd. ("Polypulp") a wholly-owned subsidiary of the Company entered into a share sale agreement and acquired 51,000 ordinary shares of RM1.00 each in Omni Green Sdn Bhd ("Omni") for a cash consideration of RM200,000, resulting in Omni becoming a 51%-owned subsidiary of Polypulp.

(ii) On 12 October 2010, the Company acquired 100% of the equity interest comprising 2 ordinary shares of RM1.00 each in KYM Maju Sdn. Bhd. (formerly known as KYM Bangi Villa Sdn. Bhd.) ("KMSB"), which is a dormant company incorporated under the Companies Act, 1965 for a cash consideration of RM2.00 only. The intended principal activity of KMSB is property development.

(iii) On 1 December 2010, KYM Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 100% of the equity interest comprising 2 ordinary shares of RM1.00 each in Austin Star Sdn. Bhd. ("ASSB"), which is a dormant company incorporated under the Companies Act, 1965 for a cash consideration of RM2.00 only.

The fair values of the identifiable assets and liabilities of the subsidiaries acquired as at the date of acquisition were:-

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT 2011	FAIR VALUE RECOGNISED 2010
Equipment	327	327
Other receivables	11	11
Inventories	3	3
Cash and bank balances	1	1
Trade payables, other payables and accruals	(796)	(796)
Net identifiable assets and liabilities	(454)	(454)
Add: Goodwill on acquisition		655
Total purchase consideration		201
Less: Cash and cash equivalents of subsidiary acquired		(1)
Net cash outflow for acquisition of a subsidiary		200

The acquired subsidiaries have contributed the following results to the Group:-

	2011 RM'000
Revenue	295
Loss after taxation	(148)

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and loss after taxation from continuing operations would have been RM432,000 and RM225,000 respectively.

42. DISPOSAL OF A SUBSIDIARY

In the previous financial year, on 17 September 2009, the Board of Directors resolved to consent to the application to strike off Enchant Delight Sdn. Bhd., a 54% owned subsidiary of the Company, from the Companies Commission of Malaysia. The said company has been struck off and dissolved pursuant to Section 308 (2) of the Companies Act, 1965 on 22 March 2010.

The effects of the deemed disposal of a subsidiary on the financial position of the Group at the end of the financial year are as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Current liabilities	-	(6)
Minority interests share of net liabilities	-	3
Increase in net assets of the Group	-	(3)

The details of net liabilities/assets disposed and cash flow arising from the deemed disposal of a subsidiary are as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Current liabilities	-	(6)
Minority interests share of net liabilities	-	3
Fair value of net liabilities disposed	-	(3)
Gain on strike-off of a subsidiary	-	3
Net cash inflow for disposal of subsidiary	-	-

43. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed deposits with licensed banks (Note 17)	1,420	110	1,000	-
Cash and bank balances	1,876	781	429	13
Bank overdrafts	(230)	(773)	-	-
	3,066	118	1,429	13

44. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group and/or the Company have related party relationships with:-

(i) its subsidiaries as disclosed in Note 5 to the financial statements;

(ii) the directors who are the key management personnel;

(iii) companies in which certain directors and/or persons connected to a director are common directors and/or substantial shareholders; and

(iv) persons connected to a director of the Company.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with related parties during the financial year:-

(i) Subsidiaries

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income charged to subsidiaries:				
- Harta Makmur Sdn. Bhd.	-	-	-	32,533
- Polypulp Enterprises Sdn. Bhd.	-	-	-	6,798
Interest expense charged by a subsidiary				
- KYM Industries (M) Sdn. Bhd.	-	-	514	506
Waiver of debt granted to subsidiaries:				
- Harta Makmur Sdn. Bhd.	-	-	30,543	42,760
- Polypulp Enterprises Sdn. Bhd.	-	-	7,077	9,909
Rental charged to a subsidiary:				
- KYM Industries (Johor) Sdn. Bhd.	-	-	12	21
Rental charged by a subsidiary:				
- Teguh Amalgamated Sdn. Bhd.	-	-	192	192
Food and beverage charged by a subsidiary:				
- Austin Star Sdn Bhd	-	-	2	-

(ii) Key management personnel

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits (Note 37)	1,022	1,156	64	62
Benefit-in-kind	28	-	-	-
Share-based payments	1,380	-	450	-

44. RELATED PARTY DISCLOSURES (cont'd)

(iii) Other related parties

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
Sales to:				
- Unipulp Trading Sdn. Bhd. *	279	243	-	-
Rental charged by:				
- Tzel Properties Sdn. Bhd. #	43	34	34	34
Interest charged by:				
- Datin Millie Lee Siew Kim ^	-	62	-	-

^ - Wife of Dato' Lim Kheng Yew.

* - A company in which a person connected to Dato' Lim Kheng Yew is a director and has a substantial financial interest.

- A company in which Dato' Lim Kheng Yew is a director and persons connected to Dato' Lim Kheng Yew are directors and/or have substantial financial interests.

45. CONTINGENT LIABILITY

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
UNSECURED:				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	20,815	25,981
Quit rent	14,103	-	-	-
	14,103	-	20,815	25,981

A subsidiary had been granted remission of quit rent amounting to RM14,103,140 by the State Authority in year 2001. On 21 January 2011, the Land Office issued a letter requesting the subsidiary to settle the quit rent that had been granted remission earlier.

The subsidiary is still in discussions with the State Authority and the directors of the subsidiary are of the opinion that the Company has no obligation to pay this amount. Accordingly, no provision has been made in the financial statements.

46. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) Disposal of Properties

In the previous financial year, on 11 June 2009, the Company and Harta Makmur Sdn. Bhd. ("HMSB"), a 54% owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with Vale to:-

(i) dispose of sixteen (16) parcels of leasehold land ("Disposal Properties") to Vale for an aggregate cash consideration of approximately RM101.9 million; and

(ii) grant an option to Vale to purchase from the Company an additional thirteen (13) parcels of leasehold properties ("Option Properties") for an aggregate cash consideration of approximately RM93.8 million.

The disposal as referred to in (i) above had been completed in the previous financial year.

Vale has exercised its option to purchase the Option Properties by paying an option fee of approximately RM9.4 million to the stakeholder. Consequently, on 31 March 2010, the Company and HMSB entered into a conditional Sale and Purchase Agreement ("Tranche 2 SPA") with Vale Malaysia Manufacturing Sdn Bhd, a nominee appointed by Vale for the purposes of entering into this agreement, for the disposal of the Option Properties for an aggregate cash consideration of approximately RM93.8 million. The Tranche 2 SPA has been completed during the current financial year.

(b) Statements of financial position restructuring

In the previous financial year, on 2 July 2009, the Company announced that it would undertake the following statements of financial position restructuring:

- Share Premium Reduction;
- Par Value Reduction;
- Memorandum & Articles of Association amendments; and
- Proposed Issuance of Free Warrants (Note 22).

The above statements of financial position restructuring had been completed during the previous financial year except for the Issuance of Free Warrants which was completed during the current financial year.

(c) Debt Settlement Agreement

In the previous financial year, on 10 December 2009, the Company and HMSB had entered into a Debt Settlement Agreement with its lenders to settle the outstanding debts as disclosed in Note 25(a) to the financial statements via the proceeds from the disposal of properties as stated in Note 46(a) above. The details of the settlement terms are set out in Note 25 to the financial statements. The Company had paid RM120 million as full and final settlement of the debts owing to the lenders upon the completion of the sale of Disposal Properties and the sale of Option Properties.

(d) Establishment of Employee Share Option Scheme ("ESOS")

In the previous financial year, on 20 January 2010, the Company announced the establishment of a new ESOS of up to 15% of the issued and paid-up share capital of the Company for eligible directors and eligible employees of the Group. The ESOS was approved by the shareholders of the Company at an Extraordinary General Meeting held on 13 April 2010 and implemented on 16 April 2010.

(e) Acquisition of A Piece of Leasehold Land

(i) On 30 March 2010, the Company had entered into a Sale and Purchase Agreement to purchase a piece of leasehold land from a related party, Idaman Bina Makmur Sdn Bhd, for an aggregate purchase consideration of RM12 million. The purchase consideration will be satisfied by a cash consideration of RM100,000 and the balance of RM11,900,000 via the issuance of the ordinary shares of the Company at an issue price of RM1.36 per ordinary share ("Ipoh Land Acquisition").

(ii) Dato' Lim Kheng Yew has proposed to seek an exemption under Practice Note 2.9.1 of the Code from the obligation to undertake a MGO for the remaining Company's shares not already owned by him and parties acting in concert with him upon the issuance of new ordinary shares pursuant to the Ipoh Land Acquisition above ("Exemption")

46. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (cont'd)

(e) Acquisition of A Piece of Leasehold Land (cont'd)

The Securities Commission had, vide its letter dated 22 September 2010 (which was received on 23 September 2010), approved the Exemption. With this, all the conditions precedent stipulated in the Sale and Purchase Agreement dated 30 March 2010 in relation to the Ipoh Land Acquisition have been fulfilled. The Ipoh Land Acquisition has been completed in the current financial year with the listing of 8,750,000 new ordinary shares of RM0.50 of the Company on 25 October 2010.

(f) Acquisition of 50,000 ordinary shares in Tegas Consolidated Sdn. Bhd. ("Tegas")

Polypulp Enterprises Sdn. Bhd. ("Polypulp"), a wholly-owned subsidiary of the Company, had on 6 August 2010 entered into a conditional Share Sale Agreement with Dato' Ayoub Bin Ismail and Datin Miriam Nazlee Bt Tan Sri A. B. Samad for the acquisition of 50,000 ordinary shares of RM1.00 each in Tegas representing the remaining 10% of the issued and paid-up share capital of Tegas not already held by Polypulp for a purchase consideration of RM3,000,000 to be satisfied by way of cash consideration of RM1,000,000 and the balance of RM2,000,000 via the issuance of 1,470,588 new ordinary shares of the Company at an issue price of RM1.36 per share ("Acquisition").

The Acquisition has been completed in the current financial year with the issuance and listing of 1,470,588 new ordinary shares of RM0.50 of the Company on 28 December 2010.

(g) Private Placement

On 29 December 2010, the Company announced that it would undertake a private placement exercise of up to 5,000,000 new ordinary shares of RM0.50 each, representing 5% of the existing issued and paid-up share capital of the Company at the time the announcement was made, at an issue price of RM2.55 per ordinary share.

At the end of the reporting period, 5,000,000 new ordinary shares were issued under the Private Placement as disclosed in the Directors' Report.

(h) Proposed Acquisition of 400,000 ordinary shares in HMSB

On 10 March 2011, the Company entered into a conditional Share Sale Agreement ("SSA") with RAS Sdn. Bhd. for the proposed acquisition of 400,000 ordinary shares of RM1.00 each in HMSB representing the remaining 40% of the issued and paid up share capital of HMSB not owned by Tegas for a cash consideration of RM41,000,000.

The proposed acquisition has not been completed at the date the financial statements were authorised for issue by the Board of Directors

47. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the reporting date are as follows:-

	2011 RM	2010 RM
United States Dollar	3.10	3.41
Singapore Dollar	2.30	2.43
Euro	4.20	4.76

48. OPERATING SEGMENTS

2011	CONTINUING OPERATIONS MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000	GROUP RM'000	DISCONTINUED OPERATION RM'000	TOTAL OPERATIONS RM'000
Revenue	66,183	-	890	1,860	(2,713)	66,220	980	67,200
Results:								
Segment results (external)	6,465	6,192	7,031	(2,010)	3,398	21,076	(789)	20,287
Interest income	5	645	-	-	-	650	-	650
Interest expense	(1,191)	(557)	-	-	-	(1,748)	(6)	(1,754)
Profit/(Loss) before taxation	5,279	6,280	7,031	(2,010)	3,398	19,978	(795)	19,183
Income tax expense						8,297	-	8,297
Profit/(Loss) after taxation						28,275	(795)	27,480
Minority interests						(8,656)	318	(8,338)
Profit/(Loss) for the financial year						19,619	(477)	19,142
Other Information:								
Segment assets	86,675	150,165	43,869	1,470	(128,914)	153,265	-	153,265
Unallocated assets						60	-	60
						153,325	-	153,325
Segment liabilities	41,948	55,187	42,896	34,464	(122,116)	52,379	-	52,379
Unallocated liabilities						3,134	-	3,134
						55,513	-	55,513
Capital expenditure	2,998	1,498	167	372	-	5,035	252	5,287
Depreciation and amortisation	3,256	466	148	66	-	3,936	206	4,142

48. OPERATING SEGMENTS (cont'd)

	CONTINUING OPERATIONS							
	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000	GROUP RM'000	DISCONTINUED OPERATION RM'000	TOTAL OPERATIONS RM'000
2010								
Revenue	57,449	-	9,146	1,293	(2,470)	65,418	2,089	67,507
Results:								
Segment results (external)	6,708	15,869	44,976	(1,280)	1,302	67,575	(468)	67,107
Interest income	1	-	-	-	-	1	-	1
Interest expense	(1,285)	(9,322)	(32,533)	-	-	(43,140)	(5)	(43,145)
Profit/(Loss) before taxation	5,424	6,547	12,443	(1,280)	1,302	24,436	(473)	23,963
Income tax expense						5,146	-	5,146
Profit/(Loss) after taxation						29,582	(473)	29,109
Minority interests						(9,457)	218	(9,239)
Profit/(Loss) for the financial year						20,125	(255)	19,870
Other Information:								
Segment assets	88,662	238,451	124,095	7,766	(263,026)	195,948	102,480	298,428
Unallocated assets						18	-	18
						195,966	102,480	298,446
Segment liabilities	49,148	217,162	177,458	33,499	(255,946)	221,321	-	221,321
Unallocated liabilities						4,377	7,119	11,496
						225,698	7,119	232,817
Capital expenditure	1,573	8	7	1,242	-	2,830	-	2,830
Depreciation and amortisation	3,246	282	121	63	-	3,712	386	4,098
Development costs written off	-	-	1,471	-	-	1,471	-	1,471
Bad debts written off	3	-	710	-	-	713	-	713
Inventories written off	-	-	825	-	-	825	-	825

No geographical information is provided on a geographical basis as the Group's activities are conducted wholly in Malaysia.

49. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

The Group's policies in respect of the major areas of treasury activities are as follows:-

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on sales and purchase transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Euro and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	EURO RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2011					
Financial assets					
Other investments	-	-	-	6	6
Trade receivables	289	1,253	-	13,439	14,981
Other receivables, deposits and prepayments	-	-	-	41,512	41,512
Amount owing by related parties	-	-	-	370	370
Fixed deposits with licensed banks	-	-	-	1,420	1,420
Cash and bank balances	81	-	-	1,795	1,876
	370	1,253	-	58,542	60,165
Financial liabilities					
Hire purchase payables	-	-	-	2,219	2,219
Term loans	-	-	-	10,813	10,813
Trade payables	1,206	-	67	4,601	5,874
Other payables and accruals	-	-	-	21,326	21,326
Amount owing to related parties	-	-	-	109	109
Amount owing to directors	-	-	-	450	450
Bills payable	-	-	-	11,358	11,358
Bank overdrafts	-	-	-	230	230
	1,206	-	67	51,106	52,379
Net currency exposure	(836)	1,253	(67)	7,436	7,786

49. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	EURO RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2010					
Financial assets					
Other investments	-	-	-	6	6
Trade receivables	564	1,195	-	11,309	13,068
Other receivables, deposits and prepayments	-	-	-	108,340	108,340
Amount owing by related parties	-	-	-	87	87
Fixed deposits with licensed banks	-	-	-	110	110
Cash and bank balances	50	-	-	731	781
	614	1,195	-	120,583	122,392
Financial liabilities					
Hire purchase payables	-	-	-	936	936
Term loans	-	-	-	175,569	175,569
Trade payables	2,264	-	372	4,677	7,313
Other payables and accruals	-	-	-	22,703	22,703
Amount owing to related parties	-	-	-	1,010	1,010
Amount owing to directors	-	-	-	1,187	1,187
Bills payable	-	-	-	11,830	11,830
Bank overdrafts	-	-	-	773	773
	2,264	-	372	218,685	221,321
Net currency exposure	(1,650)	1,195	(372)	(98,102)	(98,929)

49. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

Effect on profit after taxation

	THE GROUP 2011 Increase/ (Decrease) RM'000
Effects on profit after taxation	
United States Dollar:-	
- strengthened by 10%	(84)
- weakened by 10%	84
Singapore Dollar:-	
- strengthened by 10%	125
- weakened by10%	(125)

	THE GROUP 2011 Increase/ (Decrease) RM'000
Effects on equity	
United States Dollar:-	
- strengthened by 10%	(84)
- weakened by 10%	84
Singapore Dollar:-	
- strengthened by 10%	125
- weakened by 10%	(125)

A 10% strengthening and weakening of the RM against the Euro at the end of the reporting period would have an immaterial impact on the profit/(loss) after taxation and equity.

49. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 11, 17, 24, 25, 30 and 31 to the financial statements.

	THE GROUP 2011 RM'000
Effects on profit after taxation	
Increase in 100 basis points ("bp")	(221)
Decrease in 100 basis points ("bp")	221
Effects on equity	
Increase in 100 basis points ("bp")	(221)
Decrease in 100 basis points ("bp")	221

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles. The Group's exposure to equity price risk at the end of the reporting period would have an immaterial impact on the profit/(loss) after taxation and equity. As such, sensitivity analysis is not disclosed.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

49. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Malaysia	13,439	11,060
Singapore	1,253	1,272
Mauritius	289	500
Brunei	-	236
	14,981	13,068

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 January 2011 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011			
- current	6,390	-	6,390
- 31 to 60 days	4,245	-	4,245
- 61 to 90 days	3,015	-	3,015
- 91 to 120 days	1,258	-	1,258
- more than 120 days	5,721	(5,648)	73
	20,629	(5,648)	14,981

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

49. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis (cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risks

The Group's exposure to liquidity risks arises mainly from general funding and business activities. The Group practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities to support its daily operations.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2011						
Hire purchase payables	5.58	2,219	2,496	1,024	1,378	94
Term loans	8.10	10,813	11,688	2,419	8,051	1,218
Bills payable	4.40	11,358	11,358	11,358	-	-
Trade payables	-	5,874	5,874	5,874	-	-
Other payables and accruals	-	21,326	21,326	21,326	-	-
Amount owing to related parties	-	109	109	109	-	-
Amount owing to directors	-	450	450	450	-	-
Bank overdrafts	7.10	230	230	230	-	-
		52,379	53,531	42,790	9,429	1,312
2010						
Hire purchase payables	5.81	936	1,075	437	631	7
Term loans	7.30	175,569	188,385	178,979	6,757	2,649
Bills payable	4.40	11,830	11,830	11,830	-	-
Trade payables	-	7,313	7,313	7,313	-	-
Other payables and accruals	-	22,703	22,703	22,703	-	-
Amount owing to related parties	-	1,010	1,010	1,010	-	-
Amount owing to directors	-	1,187	1,187	1,187	-	-
Bank overdrafts	7.10	773	773	773	-	-
		221,321	234,276	224,232	7,388	2,656

49. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management Policies** (cont'd)

(iii) **Liquidity Risks** (cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2011						
Hire purchase payables	5.27	1,271	1,475	425	967	83
Other payables and accruals	-	896	896	896	-	-
Amount owing to subsidiaries	-	27,390	27,390	27,390	-	-
Amount owing to related parties	-	109	109	109	-	-
Amount owing to directors	-	3	3	3	-	-
		29,669	29,873	28,823	967	83
2010						
Hire purchase payables	4.59	367	412	161	251	-
Other payables and accruals	-	1,082	1,082	1,082	-	-
Amount owing to subsidiaries	-	22,669	22,669	22,669	-	-
Amount owing to related parties	-	898	898	898	-	-
Amount owing to directors		53	53	53	-	-
Term loans		162,190	162,190	162,190	-	-
		187,259	187,304	187,053	251	-

(b) **Capital Risk Management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as interest bearing borrowings divided by total equity.

49. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Hire purchase payables	2,219	936
Term loans	10,813	175,569
Bills payable	11,358	11,830
Bank overdrafts	230	773
Interest bearing borrowings	24,620	189,108
Total equity	97,812	65,629
Debt-to-equity ratio	0.25	2.88

Under the requirements of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Financial assets		
Loans and receivables financial assets		
Other investments	6	-
Trade receivables	14,981	-
Other receivables, deposits and prepayments	41,512	12,957
Amount owing by subsidiaries	-	47,677
Amount owing by related parties	370	296
Fixed deposits with licensed banks	1,420	1,000
Cash and bank balances	1,876	429
	60,165	62,359

49. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification Of Financial Instruments (cont'd)

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Financial liabilities		
Other financial liabilities		
Hire purchase payables	2,219	1,271
Term loans	10,813	-
Bills payable	11,358	-
Trade payables	5,874	-
Other payables and accruals	21,326	896
Amount owing to subsidiaries	-	27,390
Amount owing to related parties	109	109
Amount owing to directors	450	3
Bank overdrafts	230	-
	52,379	29,669

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2011		2010	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
THE GROUP				
Hire purchase payables	2,219	2,093	936	887
Term loans	10,813	8,946	175,569	159,957

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The carrying amounts of the long term bank loans and hire purchase payables approximated the fair values of these instruments. The fair values are determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period.

(iii) The net fair value of the contingent liability is estimated to be minimal as the Company is expected to fulfil its obligation.

49. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values Of Financial Instruments (cont'd)

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	GROUP		COMPANY	
	2011	2010	2011	2010
	%	%	%	%
Hire purchase payables	3.5	3.5	3.5	3.5
Term loans	7.9	8.9	-	8.0

50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 Leases as disclosed in Note 3(a)(v) to the financial statements:-

	THE GROUP	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
STATEMENT OF FINANCIAL POSITION (EXTRACT):-		
Property, plant and equipment	42,481	36,886
Prepaid lease payments	-	5,595
STATEMENT OF CASH FLOWS (EXTRACT):-		
Amortisation of prepaid lease payments	-	128
Depreciation of property, plant and equipment	4,098	3,970

The following comparative figures have been reclassified to conform with the presentation of the current financial year:

	THE GROUP	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
STATEMENTS OF COMPREHENSIVE INCOME (EXTRACT):-		
Revenue	65,418	162,009
Cost of sales	(45,234)	(147,110)
Other income	64,640	64,645
Other expenses	(7,881)	(2,601)

51. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Total retained profits/(accumulated losses):		
- realised	5,117	(21,155)
- unrealised	(2,776)	-
At 31 January	2,341	(21,155)

LIST OF
TOP 10 PROPERTIES

As At 31 January 2011

Location/Address	Land Area (m^2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
H.S.(D) 180352 PT No. 226083 Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,384	99 years leasehold expiring on 23.11.2107	25.10.2010	Residential, Commercial; Vacant	-	12,824,400
Lot No. 6917, Lot 6927 and PT No. 4116 (Lot 2000) Mukim of Lumut, Daerah Manjung, Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(31.01.2008)	Residential, Commercial; Vacant	-	9,820,861
Lot No. PT 2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58958 Bandar Batu 26 Beranang District of Hulu Langat Selangor Darul Ehsan	11,460	99 years leasehold expiring on 9.10.2099	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	19 years	6,176,852
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate Chemor Ipoh Held under PN 149338 Lot 198895 Mukim of Hulu Kinta District of Kinta, Perak Darul Ridzuan	13,760	99 years leasehold expiring on 07.06.2060	(31.01.2008)	Industrial land with factory building, office and warehouse built thereon.	18 years	6,026,441
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 & 6040)	1,200	Freehold	(31.01.2008)	2 adjourning units of 5-storey shop/office buildings housing the corporate office	26 years	5,856,000
Lot No. PT 4 (Lot 7) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS (D) 58960 Bandar Batu 26 Beranang District of Hulu Langat, Selangor Darul Ehsan	36,420	99 years leasehold expiring on 09.10.2099	(31.01.2008)	Industrial land with factory building and warehouse erected thereon.	19 years	4,414,454
PLO 19 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 124979 PTD No. 8790 Mukim of Senai-Kulai District of Johor Bahru Johor Darul Ridzuan	8,093.7	60 years leasehold expiring on 22.9.2045	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	23 years	3,561,364

list of
top 10 properties
As At 31 January 2011

Location/Address	Land Area (m^2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
PLO 9 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 60787 PTD No. 18692 Mukim of Senai-Kulai District of Johor Bahru Johor Darul Ridzuan	8,093.7	60 years leasehold expiring on 31.8.2042	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	22 years	3,556,000
H.S.(M) 6598, PT 20484 H.S.(M) 6599, PT 20485 H.S.(M) 6600, PT 20486 Mukim Bentong, District of Bentong, Pahang Darul Makmur	5,797.8	99 years leasehold expiring on 9.2.2098	29.12.2010	Commercial, Residential - under development	-	3,216,818
Lot 16 Persiaran Perindustrian Kanthan 1 Kanthan Industrial Estate Chemor Ipoh Held under PN 132850 Lot 198886 Mukim of Hulu Kinta District of Kinta, Perak Darul Ridzuan	7,527	60 years leasehold expiring on 10.02.2055	11.05.2010	Industrial land with single storey factory building erected thereon.	-	962,975

ANALYSIS OF **SHAREHOLDINGS**

As at 31 May 2011

Class of Securities	:	Ordinary Shares of RM0.50 each
Authorised Share Capital	:	RM1,000,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each
Issued and fully Paid up Share Capital	:	RM54,241,144.00 comprising 108,482,288 ordinary shares of RM0.50 each
Voting Rights	:	1 vote per share
No. of Shareholders	:	1,895

Distribution of Shareholdings

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	17	320	0.00
100 - 1,000	556	534,191	0.49
1,001 - 10,000	889	4,150,375	3.83
10,001 - 100,000	349	12,207,236	11.25
100,001 - 5,424,113	82	61,540,166	56.73
5,424,114 and above	2	30,050,000	27.70
Total	**1,895**	**108,482,288**	**100.00**

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 31 May 2011

	No. of Shares held			
Name	Direct	%	Indirect	%
Cheong Chan Holdings Sdn Bhd	22,300,000	20.56	-	-
Dato' Lim Kheng Yew	3,003,193	2.77	#36,963,000	34.07
Datin Millie Lee Siew Kim	-	-	*11,550,000	10.64
Idaman Bina Makmur Sdn Bhd	7,750,000	7.14	-	-

\# Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd, Idaman Bina Makmur Sdn Bhd and interest of his children.

* Deemed interest by virtue of her direct and indirect shareholding in Idaman Bina Makmur Sdn Bhd and KYM Sdn Bhd.

Thirty Largest Shareholders
as at 31 May 2011

	Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1.	CHEONG CHAN HOLDINGS SDN BHD	22,300,000	20.56
2.	IDAMAN BINA MAKMUR SDN BHD	7,750,000	7.14
3.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	4,780,000	4.41
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBS COUTTS BANK LTD	4,570,000	4.21
5.	KYM SDN BHD	3,800,000	3.50
6.	RENFIELD INVESTMENT LIMITED	3,688,000	3.40
7.	YAP CHEE LIT	2,587,000	2.38
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHENG YEW	2,500,000	2.30
9.	SAI YEE @ SIA SAY YEE	2,121,700	1.96
10.	MELISSA LIM SU LIN	2,020,000	1.86
11.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A.	2,000,000	1.84
12.	IHSAN INDAH (M) SDN BHD	1,974,000	1.82
13.	TS CAPITAL SDN BHD	1,820,000	1.68
14.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR MERRILL LYNCH PIERCE FENNER & SMITH	1,600,000	1.47
15.	LIM CHIN HUAT	1,220,000	1.12
16.	CHIA KING GUEK	1,200,000	1.11
17.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW AH ONN	1,118,400	1.03
18.	LOH TOH HEOH	1,098,500	1.01
19.	LIM TZE THEAN	1,093,000	1.01
20.	MEL CAPITAL SDN BHD	1,020,000	0.94
21.	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	1,000,000	0.92
22.	LTT CAPITAL SDN BHD	1,000,000	0.92
23.	MARATHON CAPITAL SDN BHD	1,000,000	0.92
24.	NG CHEE HUA	891,400	0.82
25.	TOH TUAN SUN	800,500	0.74
26.	LIM CHIN HUAT	787,000	0.73
27.	MAGNITUDE NETWORK SDN BHD	775,273	0.71
28.	KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	750,000	0.69
29.	LCH CAPITAL HOLDING SDN BHD	741,000	0.68
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SDN BHD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD	696,000	0.64
		78,701,773	72.52

ANALYSIS OF **WARRANTHOLDINGS**

As at 31 May 2011

Number of Warrants 2010/2013 issued	:	40,567,250 Warrants
No. of Warrants Unexercised	:	39,510,050
Exercise Price	:	RM0.50
Number of Warrantholders	:	1,198

Distribution of Warrantholdings

As at 31 May 2011

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	41	1,218	0.00
100 - 1,000	643	402,536	1.02
1,001 - 10,000	364	1,451,806	3.67
10,001 - 100,000	105	3,276,303	8.29
100,001 - 1,975,501	44	23,308,187	58.99
1,975,502 and above	1	11,070,000	28.02
Total	**1,198**	**39,510,050**	**100.00**

Thirty Largest Warrantholders

as at 31 May 2011

	Name of Shareholders	No. of Warrants held	%
1.	CHEONG CHAN HOLDINGS SDN BHD	11,070,000	28.02
2.	KYM SDN BHD	1,900,000	4.81
3.	LIM CHIN HUAT	1,625,500	4.11
4.	RENFIELD INVESTMENT LIMITED	1,400,000	3.54
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHENG YEW	1,250,000	3.16
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBS COUTTS BANK LTD	1,000,000	2.53
7.	KENANGA NOMINEES (ASING) SDN BHD EMMEL INC.	1,000,000	2.53
8.	MELISSA LIM SU LIN	1,000,000	2.53
9.	TS CAPITAL SDN BHD	1,000,000	2.53
10.	IHSAN INDAH (M) SDN BHD	987,000	2.50
11.	SAI YEE @ SIA SAY YEE	957,900	2.42
12.	LCH CAPITAL HOLDING SDN BHD	862,000	2.18
13.	KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	800,000	2.02
14.	KENANGA NOMINEES (ASING) SDN BHD SHEPEL INC.	800,000	2.02
15.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A.	500,000	1.27
16.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	500,000	1.27
17.	LIM TZE THEAN	500,000	1.27
18.	LTT CAPITAL SDN BHD	500,000	1.27
19.	MARATHON CAPITAL SDN BHD	500,000	1.27
20.	MEL CAPITAL SDN BHD	500,000	1.27
21.	LIM CHIN HUAT	446,000	1.13

Name of Shareholders	No. of Warrants held	%
22. MAGNITUDE NETWORK SDN BHD	387,636	0.98
23. AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON NAM KENG	380,600	0.96
24. MARVIN YEE KOON FAI	316,500	0.80
25. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG MOY FAH	314,700	0.80
26. OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KUWEI LAM	290,600	0.74
27. OLIVE LIM SWEE LIAN	270,000	0.68
28. SAI YEE @ SIA SAY YEE	263,000	0.67
29. LIM KHENG YEW	251,601	0.64
30. LTT CAPITAL SDN BHD	250,000	0.63
	31,823,037	80.54

Substantial Warrantholders
As At 31 May 2011

	No of Warrants Held			
Name	**Direct**	**%**	**Indirect**	**%**
Cheong Chan Holding Sdn Bhd	11,070,000	28.02	-	-
Dato' Lim Kheng Yew	1,501,601	3.80	14,470,000 #	36.62

Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and by virtue of the warrantholding of his children.

Name	Ordinary Shares Direct	%	Indirect	%
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Lim Kheng Yew	3,003,193	2.77	36,963,000#	34.07
Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Dato' Chong Thin Choy	-	-	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil				
Dato' Mohd Azmi Bin Othman	-	-	-	-
Chiam Tau Meng	-	-	-	-

Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd Idaman Bina Makmur Sdn Bhd and by virtue of the shareholding of his children.

Name	Warrants 2010/2013 Direct	%	Indirect	%
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Lim Kheng Yew	1,501,601	3.80	14,470,000 #	36.62
Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Dato' Chong Thin Choy	-	-	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil				
Dato' Mohd Azmi Bin Othman	-	-	-	-
Chiam Tau Meng	-	-	-	-

Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and by virtue of the warrantholdings of his children.

Dato' Lim Kheng Yew is deemed to have an interest in all the shares held by the Company in its related corporations by virtue of his substantial shareholding in the Company.

FORM OF PROXY

KYM HOLDINGS BHD.
(Co. No. 84303-A)
(Incorporated in Malaysia)

Number of Shares Held	

I/We .... (NRIC No.: ....)

of ....

being a member of KYM Holdings Bhd. hereby appoint ....

.... (NRIC No.: ....)

of ....

or failing him .... (NRIC No.: ....)

of ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Thursday, 28 July 2011 at 2:00 p.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fee		
3.	Re-election of Dato' Lim Kheng Yew		
4.	Re-election of Dato' Chong Thin Choy		
5.	Re-election of Mr Chiam Tau Meng		
6.	Re-appointment of Dato' Wira Abdul Rahman bin Haji Ismail		
7.	Re-appointment of Auditors		
8.	Authority to Allot and Issue Shares		
9.	Proposed Renewal of Shareholders' Mandate		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this .... day of .... , 2011

Signature of Member/Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a members appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

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Stamp

The Company Secretary

KYM HOLDINGS BHD.
(Co. No. 84303-A)

12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur

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www.kym.com.my