KYM HOLDINGS BHD.

(Co. No.: 84303-A)

ANNUAL REPORT 2008

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth 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, 31 July 2008 at 10:00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2008 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 2008.

   (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)

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 5)

5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.

   (RESOLUTION 6)

notice of annual general meeting

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

   Ordinary Resolution 1
   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 7)

   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 31 July 2007 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 9 July 2008 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed 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 8)

notice of annual general meeting

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
9 July 2008

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.

notice of annual general meeting

Explanatory Notes to Special Business:

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

The proposed resolution 7, if approved, will authorise the Directors to issue shares (other than bonus or 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.

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

The proposed resolution 8, 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 9 July 2008 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 8.28 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 10,11 and 18 of this annual report.

Date, Time and Venue of the Annual General Meeting

Thursday, 31 July 2008 at 10:00 a.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

Mohd Azmi bin Othman
Independent Non-Executive Director

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

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

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
RHB Investment Bank Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530

STOCK EXCHANGE

Bursa Malaysia Securities Berhad,
Main Board

PROFILE 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

Mohd Azmi bin Othman

Independent Non-Executive Director

profile of directors

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR
Executive Chairman and Chief Executive Officer
Malaysian

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 59, 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 bin Yeop Mohamad Shar was the Secretary General for the Ministry of Natural Resources and Environment from 2004 to 2006. He is currently 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.

profile of directors

DATO' CHONG THIN CHOY

Managing Director
Malaysian

Dato' Chong Thin Choy, age 47, 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 Adminstration (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 17 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.

profile of directors

DATO' LIM KHENG YEW

Executive Director
Malaysian

Dato' Lim Kheng Yew, age 57, 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 (formerly known as Juan Kuang (M) Industrial Berhad).

He is the Chairman of the Executive Committee and Investment Committee and a member of the Audit Committee of the Company.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 93 of this Annual Report. He has no family relationship with any other Director and/or major shareholder of the Company. Save for the recurrent related party transaction 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 79, 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 (formerly known as Juan Kuang (M) Industrial Berhad).

He is the Chairman of the Audit Committee and 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.

profile of directors

DATUK MANSOR BIN MASIKON

Independent Non-Executive Director
Malaysian

Datuk Mansor bin Masikon, age 64, is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). He was appointed to the Board on 25 June 2003. Datuk Mansor has extensive experience in the insurance industry. He served as Chief Executive Officer of several insurance companies. He was the Chairman of the General Insurance Association of Malaysia. He was a member of Parliment Malaysia from 1995 till 1999.

He is also a member of the Audit 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.

DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

Independent Non-Executive Director
Malaysian

Dato' Ir Mohamad Othman bin Zainal Azim, aged 54, graduated with Bachelor of Science (Hons) in Civil Engineering from University of Southhampton, 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 is 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.

He was appointed to the Board of KYM Holdings Bhd. on 12 February 2007. He is also a member of the Audit Committee and 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.

profile of directors

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent Non-Executive Director
Malaysian

Dato' Rahadian Mahmud bin Mohammad Khalil, aged 34, is involved mainly in the business of reforestation and in the construction and manufacturing sectors.

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

He is the Executive Chairman of Permaju Industries Berhad. He also sits on the Board of Kinsteel Berhad, Sanbumi Holdings Berhad and Magna Prima 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.

MOHD AZMI BIN OTHMAN

Independent Non-Executive Director
Malaysian

Mohd Azmi bin Othman, aged 40, 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 Holdings Bhd. 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.

CHAIRMAN'S STATEMENT

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 2008.

OVERALL

Since the start of the financial year ended 31 January 2008 and until the date of this report, there have been significant events and developments in the country and in the world that may affect the Group's businesses directly or indirectly.

The outcomes of the February 2008 General Election of the country has no direct effects to the businesses of the Group and we wish the winners of the election all the best in their undertakings.

The lifting of the ceiling prices by the Government of the essential building materials in the country does not directly affect the businesses of the Group. However, the removal of the subsidies on petrol and diesel due to the steep increases in world crude oil prices will have an effect as it will raise the overall cost of doing business.

I am pleased to highlight here that after a long period of discussions, our principal bankers, United Overseas Bank (Malaysia) Bhd and RHB Investment Bank Bhd has in March 2008, accepted a loan restructuring scheme with our Group which amongst others, terms out the loan to a 7 years term loan, a waiver of interest amounting to RM12.1million, allow a partial repayment of interest by an issuance of new 18 million shares of RM1.00 each and a 3 years moratorium in the repayment of principal. This scheme is formulated with the intention to allow the Group with sufficient time to reorganize and relaunch the development of our 1,200 acres mixed development property at Teluk Rubiah, Manjung, Perak.

This successful restructuring of our loans is an indication that the financial future of the Group is on a better footing and this opinion is also shared by our Auditors who have removed their emphasis of matter with regard to the going concern assumption of the Group in their Auditors' Report.

chairman's statement

With the intention to reactivate the other business division of the Group, KYM Holdings Bhd has in April 2008, entered into a Joint Venture principally with a company under the State Government of Melaka to propose a turnkey "fast tracked design and built" project for the Ministry of Health in Melaka. The outcome of this proposal is expected to be known before the end of the year.

The Group intends to submit further proposals to other State Governments to jointly develop agriculture based mixed commercial and industrial projects. We consider these business proposals to be viable long term projects for the Group and are in line with the aspirations of the Federal Government to increase focus into this sector.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2008, the Group registered a turnover of RM71.4 million, a slight increase of 1.01% compared to RM70.6 million for the financial year ended 31 January 2007. The higher turnover for the Group was mainly due to the efforts during the year to increase sales by the Manufacturing Division.

The result of operations for this financial year shows a loss before taxation of RM10.9 million, an increase of 38.8% as compared to the loss before taxation of RM7.89 million recorded in the previous year. The increase is attributed mainly to the increases in administrative cost and interest cost for the year.

The earnings per share for this financial year, as a result of the higher losses incurred, is a loss of 9.9 sen per share as compared to a loss of 6.6 sen per share for the previous year.

DIVIDEND

No dividend has been declared in respect of financial the year ended 31 January 2008.

chairman's statement

PROSPECTS

Packaging Division

The packaging industry in the country will remain competitive for the coming year.

For the industrial bags section, we can expect this section to improve on their turnover and to remain profitable for the next financial year.

The carton box section would show a lower turnover due to the rationalization plans for the business. The operating unit in Melaka is terminated as they do not contribute significantly to turnover and profits to the Group and the operations in Johore Bahru are curtailed to reduce losses. However, the operating unit in Beranang, Selangor is expected to improve in terms of turnover and profitability.

Property Division

For the coming year, we are looking forward to the implementation of certain improvements at property at Teluk Rubiah which includes improvements to the chalets and overall facilities at the resort and also improvement to the facilities for golfers. I hope that with these improvements, the results of operations of the resort will improve.

Beside these improvements to the resort, certain major developments have been identified to be implemented to increase the contributions from this property to the Group.

I look forward to the announcements of these developments at Teluk Rubiah, as well as, those mentioned earlier in my report in due course.

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 : 9 July 2008

CORPORATE GOVERNANCE STATEMENT

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 2008.

BOARD OF DIRECTORS

COMPOSITION AND BALANCE

As at the date of this Report, the Board comprises an Executive Chairman, a Managing Director, one (1) Executive Director and five (5) 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 8 to 13.

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, Remuneration Committee and Audit Committee. The respective Committee reports to the Board on matters considered and their recommendation thereon.

corporate governance statement

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, six (6) 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 Mohamad Shar	6/6
Dato' Wira Abdul Rahman bin Haji Ismail	6/6
Dato' Chong Thin Choy	5/6
Dato' Lim Kheng Yew	3/6
Datuk Mansor bin Masikon	5/6
Dato' Rahadian Mahmud bin Mohammad Khalil	4/6
Dato' Ir. Mohamad Othman bin Zainal Azim	6/6
Mohd Azmi bin Othman	6/6

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.

corporate governance statement

DIRECTORS' TRAINING

All the newly appointed Directors have duly complied with the Listing Requirements in relation to the Mandatory Accreditation Programme. On 8 January 2008, an in-house training has been organised for Directors and Senior Management of the Group. The half a day training covers topics on Revised Code of Corporate Governance, Corporate Social Responsibilities Through Branding and Audit Committee Expectations. Save for Dato' Wira Abdul Rahman bin Haji Ismail, Dato' Mansor bin Masikon and Dato' Rahadian Mahmud bin Mohammad Khalil, all other Directors attended the training.

The Directors were also informed of the amendments to the Companies Act, 1967 and recent updates of the Listing Requirements of Bursa Malaysia Securities Berhad.

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.

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 based on an established formula.

The details of the remuneration of the Directors of the Company for the financial year under review are set out in Notes 35 of the Annual Report.

corporate governance statement

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.

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.

corporate governance statement

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 2008, 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 27 and 28 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 24 to 26. 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 governance statement

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 we also arrange internal and or external training programs for all levels of staff from time to time and as and when required. At least 330 training hours were completed by all level of staff in the past financial year.

We are committed to provide a healthy and safe working environment for all our staff. 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. 40 hours of training on health and safety were completed during the 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 our own water treatment plant to ensure waste water and ink slugs are disposed properly.

We also 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.

OTHER INFORMATION

During the financial year under review:

- The Company did not enter into any share buyback transaction.
- No options, warrant or convertible securities were exercised and the Company did not issue any warrants convertible securities.
- 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.
- There were no non-audit fees incurred for services rendered by the external auditors or a firm affiliated with the auditors' firm during the financial year.
- The Group's audited report for the financial year ended 31 January 2008 recorded a loss after taxation of RM11,177,000. In the 4th quarter announcement, the Group's loss after taxation for the year ended 31 January 2008 was RM8,337,000. As such, there is a variance of RM2,840,000 or 34.06% as compared to the audited report.

  The variance is due to:

  (A) an event after the date of the 4th quarter announcement when the Group received the full terms and conditions of our Loan Restructuring from our lenders dated 25 April 2008; and
  (B) the recommended provisions/adjustments made by the Group's external auditor after their review on the financial statements to better reflect the status of our assets.

  The reconciliation is as follows:

		RM'000
	Loss after taxation - as announced on 31 March 2008	(8,337)
(A)	Event after announcement	
	Net effect on adjustment of finance costs	(530)
(B)	Provisions/adjustments made by the auditor	
	Adjusted profit arising from the disposal of subsidiary shares	(3,778)
	Reversal of impairment loss on land & development cost	2,000
	Adjustments on deferred taxation	(270)
	Other adjustments	(262)
	Loss after taxation - as per audited reports	(11,177)

- There were no profit guarantees given by the Company.
- Save for those transactions entered pursuant to the Shareholder Mandate for Recurrent Related Party Transactions, there were no 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.

AUDIT COMMITTEE REPORT

COMPOSITION

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

MEMBERS OF THE AUDIT COMMITTEE

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

* A Member of the Malaysian Institute of Accountants

The Company shall ensure that the composition of the Audit Committee complies with paragraph 15.10(1)(c) of the Listing Requirements of Bursa Malaysia Securities Berhad by 31 January 2009.

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 and Internal Auditors will normally be invited to attend all meetings of the Committee. The 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.

audit committee report

Quorum

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

Five (5) 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	5/5
Datuk Mansor bin Masikon	5/5
Dato' Ir. Mohamad Othman bin Zainal Azim	4/4
Dato' Lim Kheng Yew	2/5

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 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 2008. The representatives of the external auditors were also present at the meeting to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.

The Audit Committee also reviewed and discussed the internal audit reports incorporating the audit findings of the Strategic Business Units, the internal audit recommendation and Management's response prepared by the Internal Auditors on the state of internal control of the Group.

During the financial year, the Audit Committee has reviewed the recurrent related party transaction entered by the Group pursuant to the Shareholders' Mandate every quarter.

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 undertook the audit review based on the Internal Audit Plan that has been approved by the Audit Committee.

The Internal Audit Reports which incorporated the audit findings, recommendations and Management's response were issued and reviewed by the Audit Committee. The Internal Auditors were invited to attend the Audit Committee Meeting to table and discuss the audit reports and follow up on matters raised.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Securities Listing Requirements, the Board of Directors is required to make a statement in the annual report on the state of the internal controls of the Group. In this respect, the Board of KYM Holdings Bhd is pleased to present the following Statement on Internal Control prepared in accordance with the Listing Requirements and as guided by the Statement on Internal Control : Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITIES

The Board has an overall responsibility for the Company's system of internal controls, which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity to ensure that the Group's assets and shareholders interest are safeguarded.

Due to the inherent limitations in any system of internal controls, such system put in place by Management can only manage rather than eliminate the risks of failure to achieve the Group's corporate objectives. Consequently, the system can only provide a reasonable rather than absolute assurance against material misstatement or loss.

RISK MANAGEMENT

Risk management is seen as an integral part of the Group's business operations by the Board. The Group has in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, throughout the financial year under review. The key risks relating to the Group's strategic and business plans are addressed at the Board and Senior Management Meetings on a periodical basis. On a daily basis, the Heads of Department are responsible for managing the risks of their respective department. During the periodic management meetings, significant risks identified and the corresponding internal controls implemented are communicated to Senior Management and key personnel.

This ongoing process is undertaken for all the major subsidiaries of the Group, as well as collectively on a Group basis, and the processes, findings, and actions taken by the Management subsequently are all reviewed regularly by the Board.

statement on internal control

INTERNAL CONTROL

The Group's internal control systems are continually being reviewed and enhanced to ensure that changes in the Group's business and operating environment are adequately managed. The Board currently obtains regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by the outsourced internal audit function.

During the financial year under review, the outsourced internal audit function conducted reviews based on an approved internal audit plan and the results of these reviews are tabled at the Audit Committee's meetings. In addition, the internal audit function carried out follow-up visits to ensure that recommendations for improving the internal control systems are satisfactorily implemented.

Although a number of internal control weaknesses were identified during the period review, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Company's internal control systems are:

- An organizational structure, which clearly defines the lines of responsibility, proper segregation of duties and delegation of authority;
- Established internal policies and procedures for key business units within the Group;
- Rigorous review of key information such as financial performance, key business indicators, management accounts and detailed budgets by the Board and Audit Committee;
- Experienced and dedicated team of personnel across key functional units;
- Regular management meetings are held to discuss the Group's performance, business operations and management issues as well as formulate appropriate measures to address them.
- The Executive Directors are closely involved in the running of business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large; and
- Regular and comprehensive information are provided to the Board and Senior Management for performance monitoring.

CONCLUSION

The Board remains committed to maintain a sound system of internal controls and an effective risk management practice throughout the Group. The Board is also fully aware that reviews of control procedures and risk management practices need to be evaluated and continuously carried out on a periodic basis to ensure its continued adequacy and effectiveness to support the Group's increasing size of operations and to safeguard the shareholders' interests and the Group's assets.

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DIRECTORS' REPORT

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 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 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
Loss after taxation for the financial year	(11,177)	(3,578)
Attributable to:-		
Equity holders of the Company	(8,001)	(3,578)
Minority interests	(3,176)	-
	(11,177)	(3,578)

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,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) 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.

directors' report

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 doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or the additional allowance for doubtful debts 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. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 4(b) to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 41 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.

directors' report

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' WIRA ABDUL RAHMAN BIN HAJI ISMAIL
DATUK MANSOR BIN MASIKON
DATO' CHONG THIN CHOY
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
DATO'IR. MOHAMAD OTHMAN BIN ZAINAL AZIM
HAJI MOHD AZMI BIN OTHMAN

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.2.2007	BOUGHT	SOLD	AT 31.1.2008
THE COMPANY				
DIRECT INTEREST				
- DATO' LIM KHENG YEW	3,003,193	-	-	3,003,193
INDIRECT INTEREST				
- DATO' LIM KHENG YEW	26,028,055	3,103,000	-	29,131,055

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' report

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 entered into in the ordinary course of business as disclosed in Note 40 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.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event of the Group and the Company subsequent to the balance sheet date is disclosed in Note 42 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 29 MAY 2008

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar

Dato' Chong Thin Choy

STATEMENTS BY DIRECTORS

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 36 to 92 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2008 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 29 MAY 2008

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 36 to 92 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 29 May 2008

Chin Kong Yaw

Before me
M. Namasivayam P.P.N (No. W 299)

REPORT OF THE AUDITORS

to the members of KYM HOLDINGS BHD.

We have audited the financial statements set out on pages 36 to 92. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-

  (i) the state of affairs of the Group and of the Company at 31 January 2008 and their results and cash flows for the financial year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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 purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/08 (J)
Partner

Kuala Lumpur
29 May 2008

BALANCE SHEETS

at 31 January 2008

	NOTE	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000 (Restated)	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	33,635	35,180
Other investments	7	6	6	-	-
Land held for property development	8	185,251	188,123	-	-
Property, plant and equipment	9	59,200	62,159	707	930
Prepaid lease payments	10	8,022	8,150	-	-
Investment properties	11	3,500	3,943	3,561	4,047
Intangible asset	12	4,667	4,667	-	-
Amount owing by subsidiaries	13	-	-	182,296	180,967
		260,646	267,048	220,199	221,124
CURRENT ASSETS					
Property development costs	14	1,659	2,417	-	-
Inventories	15	6,560	7,551	-	-
Trade receivables	16	14,513	17,342	-	-
Other receivables, deposits and prepayments	17	1,455	1,851	222	170
Amount owing by subsidiaries	13	-	-	7,638	7,141
Amount owing by a related party	18	66	-	-	-
Tax recoverable		69	125	-	-
Fixed deposits with licensed banks	19	124	350	-	154
Cash and bank balances		1,718	935	19	49
		26,164	30,571	7,879	7,514
TOTAL ASSETS		286,810	297,619	228,078	228,638

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

balance sheets

at 31 January 2008

	NOTE	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000 (Restated)	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	81,135	81,135	81,135	81,135
Share premium	21	35,803	35,803	35,803	35,803
Revaluation reserve	22	31,306	31,794	35	35
Accumulated losses		(111,109)	(103,707)	(81,680)	(78,102)
		37,135	45,025	35,293	38,871
MINORITY INTERESTS		11,205	14,381	-	-
TOTAL EQUITY		48,340	59,406	35,293	38,871
NON-CURRENT LIABILITIES					
Hire purchase payables	23	876	1,450	375	480
Term loans	24	10,432	12,601	-	-
Deferred tax liabilities	25	18,166	17,694	-	-
		29,474	31,745	375	480
CURRENT LIABILITIES					
Trade payables	26	8,201	7,258	-	-
Other payables and accruals	27	10,405	9,218	1,770	1,607
Amount owing to subsidiaries	13	-	-	21,064	20,406
Amount owing to related parties	18	1,160	-	1,119	-
Hire purchase payables	23	772	745	117	112
Provision for taxation		-	3	-	-
Short-term borrowings	28	188,116	188,988	168,340	167,162
Bank overdrafts	29	342	256	-	-
		208,996	206,468	192,410	189,287
TOTAL LIABILITIES		238,470	238,213	192,785	189,767
TOTAL EQUITY AND LIABILITIES		286,810	297,619	228,078	228,638

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

INCOME STATEMENTS

for the financial year ended 31 January 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000 (Restated)	RM'000	RM'000
REVENUE	30	71,404	70,638	-	-
COST OF SALES		(62,156)	(61,505)	-	-
GROSS PROFIT		9,248	9,133	-	-
OTHER INCOME	31	3,324	1,725	1,488	431
		12,572	10,858	1,488	431
SELLING AND DISTRIBUTION EXPENSES		(4,075)	(4,090)	-	-
ADMINISTRATIVE EXPENSES		(5,719)	(3,974)	(498)	(541)
OTHER EXPENSES	32	(3,092)	(1,753)	(3,392)	(290)
FINANCE COSTS	33	(10,636)	(8,931)	(1,176)	(2,718)
LOSS BEFORE TAXATION	34	(10,950)	(7,890)	(3,578)	(3,118)
INCOME TAX EXPENSE	36	(227)	1,649	-	-
LOSS AFTER TAXATION		(11,177)	(6,241)	(3,578)	(3,118)
ATTRIBUTABLE TO:-					
Equity holders of the Company		(8,001)	(5,372)	(3,578)	(3,118)
Minority interests		(3,176)	(869)	-	-
		(11,177)	(6,241)	(3,578)	(3,118)
BASIC LOSS PER SHARE (SEN)	37	(9.9)	(6.6)		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2008

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SHAREHOLDERS' EQUITY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
THE GROUP								
Balance at 1.2.2006		81,135	35,803	26,390	(98,448)	44,880	15,250	60,130
Revaluation surplus #		-	-	5,517	-	5,517	-	5,517
Realisation of revaluation reserve #	22	-	-	(113)	113	-	-	-
Loss after taxation for the financial year		-	-	-	(5,372)	(5,372)	(869)	(6,241)
Balance at 31.1.2007/ 1.2.2007		81,135	35,803	31,794	(103,707)	45,025	14,381	59,406
Effect of partial disposal of a subsidiary		-	-	(261)	-	(261)	-	(261)
Revaluation surplus #		-	-	666	-	666	-	666
Impairment loss #		-	-	(294)	-	(294)	-	(294)
		-	-	372	-	372	-	372
Realisation of revaluation reserve #	22	-	-	(599)	599	-	-	-
Loss after taxation for the financial year		-	-	-	(8,001)	(8,001)	(3,176)	(11,177)
Balance at 31.1.2008		81,135	35,803	31,306	(111,109)	37,135	11,205	48,340

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
THE COMPANY						
Balance at 31.1.2006/1.2.2006		81,135	35,803	35	(75,984)	41,989
Loss attributable to shareholders		-	-	-	(3,118)	(3,118)
Balance at 31.1.2007/1.2.2007		81,135	35,803	35	(78,102)	38,871
Loss attributable to shareholders		-	-	-	(3,578)	(3,578)
Balance at 31.1.2008		81,135	35,803	35	(81,680)	35,293

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

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

CASH FLOW STATEMENTS

for the financial year ended 31 January 2008

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000 (Restated)	RM'000	RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES					
Loss before taxation		(10,950)	(7,890)	(3,578)	(3,118)
Adjustments for:-					
Allowance for doubtful debts		410	190	820	170
Amortisation of prepaid lease payments		128	128	-	-
Bad debts written off		11	-	705	-
Depreciation of property, plant and equipment		4,135	4,003	183	120
Deposit written off		40	-	-	-
Development costs written off		758	615	-	-
Equipment written off		77	2	3	-
Fair value adjustment of investment properties		(43)	-	-	-
Impairment loss on investments in subsidiaries		-	-	1,545	-
Impairment loss on property		435	-	-	-
Interest expense		10,478	8,912	7,275	15,879
Loss on disposal of investment properties		136	-	136	-
Deposit forfeited		-	(8)	-	-
Gain on partial disposal of a subsidiary		(261)	-	-	-
Interest income		(1)	(26)	(6,255)	(13,166)
Net gain on disposal of plant and equipment		(70)	(231)	(76)	(71)
Waiver of debts		-	(754)	-	-
Waiver of interest expense		(2,469)	-	(995)	-
Writeback of allowance for doubtful debts		(10)	(22)	-	-
Writeback of provision for construction costs		-	(374)	-	-
Operating profit/(loss) before working capital changes carried forward		2,804	4,545	(237)	(186)
Operating profit/(loss) before working capital changes brought forward		2,804	4,545	(237)	(186)
Decrease in inventories		991	2,530	-	-
Decrease/(Increase) in trade and other receivables		2,860	(1,552)	54	12
Increase/(Decrease) in trade and other payables		881	(804)	106	182
Increase in amount owing by a related party		(66)	-	-	-
Increase in property development costs		-	(261)	-	-

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

cash flow statements

for the financial year ended 31 January 2008

	NOTE	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000 (Restated)	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
CASH FROM/(FOR) OPERATIONS		7,470	4,458	(77)	8
Income tax refunded		86	9	-	-
Income tax paid		(10)	(62)	-	-
Interest paid		(2,710)	(2,428)	(699)	(669)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		4,836	1,977	(776)	(661)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
(Advances to)/Repayment from subsidiaries		-	-	(1,443)	936
Interest received		1	26	1	4
Proceeds from disposal of investment properties		350	-	350	-
Proceeds from disposal of plant and equipment		136	235	76	71
Additional investment in a subsidiary		-	-	-	(1,000)
Land and development costs incurred		-	(31)	-	-
Purchase of plant and equipment	38	(1,039)	(1,120)	(69)	(312)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(552)	(890)	(1,085)	(301)
Balance carried forward		4,284	1,087	(1,861)	(962)
Balance brought forward		4,284	1,087	(1,861)	(962)
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES					
Net (repayment)/drawdown of bills payable		(2,071)	897	-	-
Repayment of hire purchase obligations		(753)	(576)	(100)	(23)
Repayment of term loans		(2,149)	(2,514)	-	-
Advances from related parties		1,160	-	1,119	-
Advances from subsidiaries		-	-	658	996
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,813)	(2,193)	1,677	973
NET INCREASE/(DECREASE) IN CASH/CASH EQUIVALENTS		471	(1,106)	(184)	11
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,029	2,135	203	192
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	1,500	1,029	19	203

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. 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 29 May 2008.

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

3. 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:-

(a) Market Risk

(i) *Foreign Currency Risk*

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The foreign currencies giving rise to this risk are disclosed in Note 43 to the financial statements.

Foreign currency risk is monitored closely and managed to an acceptable level.

(ii) *Interest Rate Risk*

The Group's exposure to interest rate risk arises mainly from banking and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed banks at the most favourable interest rates.

(iii) *Price Risk*

The Group has investments in quoted shares which are subject to price risks as the market values of these investments are affected by changes in market prices.

The Group manages the disposal of its investments to optimise returns on realisation.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

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

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF ACCOUNTING

(a) Basis of Preparation

The financial statements of the Group and of the Company 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 are in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"):

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The effects of adopting FRS 117 are disclosed in Note 5(m) to the financial statements, and the effects on the opening balances are disclosed in Note 45 to the financial statements. The adoption of FRS 124 only impacts the form and content of disclosures presented in the financial statements.

FRS 6 and Amendment to FRS 119_{2004} are not relevant to the Group and the Company's operations.

notes to the financial statements

for the financial year ended 31 January 2008

4. BASIS OF ACCOUNTING (CONT'D)

(a) Basis of Preparation (cont'd)

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company have applied this Framework for the financial year ended 31 January 2008 onwards.

The Group and the Company have not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group and the Company's financial statements for the financial year ending 31 January 2009:

FRS 107 Cash Flow Statements
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group and the Company will apply these FRSs from the financial year ending 31 January 2009 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRSs with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group and the Company will apply this FRS from the financial year ending 31 January 2009 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. This amendment is not relevant to the Group and the Company's operations.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137_{2004} and an increase that reflects the passage of time. This interpretation is not relevant to the Group and the Company's operations.

4. BASIS OF ACCOUNTING (CONT'D)

(a) Basis of Preparation (cont'd)

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group and the Company will apply this interpretation from the financial year ending 31 January 2009 onwards.

(b) Going Concern

At the balance sheet date, the Group and the Company had the following:-

(i) net current liabilities of approximately RM182,832,000 and RM184,531,000 respectively; and
(ii) loss attributable to equity holders of approximately RM8,001,000 and RM3,578,000 respectively.

In preparing the financial statements of the Group and of the Company, the directors have taken into consideration all the information that could reasonably be expected to be available, including:-

(i) the restructuring of certain bank borrowings of approximately RM161,857,000 as detailed in Note 24 to the financial statements;
(ii) on the best endeavour basis, the financial support from a director on all projects or corporate exercises that will be undertaken by the Group which has been duly approved by the Board of Directors of the Group; and
(iii) the projected financial information covering the financial year ending 31 January 2009.

Based on the above information, the directors consider it appropriate to prepare the financial statements on the going concern basis.

notes to the financial statements

for the financial year ended 31 January 2008

5. 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 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 Group 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.

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(v) Allowance for Doubtful Debts of Receivables

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

(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.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company 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 or the Company 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

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

(ii) Transactions and Balances

Transactions in foreign currency 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 balance sheet 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 taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 January 2008.

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 balance sheets 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 in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the consolidated income statement. 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 the consolidated income statement.

(f) Investments

(i) Investments in Subsidiaries

Investments in subsidiaries are stated at cost or valuation in the balance sheet of the Company and are reviewed for impairment at the end of the financial year 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 taken to the income statement.

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.

(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 taken to the income statement.

(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 charged to the income statement 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.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the income statement are determined by reference to the stage of completion of development activity at the balance sheet 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 income statement exceeds the billings to purchasers, the balance is shown as accrued billings under current assets, and where billings to purchasers exceed the revenue recognised to the income statement, the balance is shown as progress billings under current liabilities.

(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%
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%

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, Plant and Equipment (cont'd)

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

During the current financial year, the Group changed the depreciation rate for the following asset:-

Plant and machinery	From 6.7% - 10% per annum to 6.7% - 33.3% per annum

The change in the depreciation rate arose from a review of the useful life of the asset concerned. The change in the depreciation rate has the effect of increasing the loss before taxation of the Group by approximately RM577,000 for the current financial year.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date 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 balance sheet date. 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.

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 included in the income statement in the year the asset is derecognised.

(k) Impairment of Assets

The carrying value of assets other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date 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' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement 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 the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 5(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 allocated to the income statement over the period of the respective hire purchase agreements.

(m) Prepaid Lease Payments

The prepaid lease payments comprise the up-front payments made for the leasehold interest in land and are amortised on a straight-line basis over the lease terms. Prior to 1 February 2007, leasehold land was classified under property, plant and equipment and was stated at revalued amount less accumulated amortisation and accumulated impairment losses, if any. Upon adoption of the revised FRS 117, the unamortised amount of leasehold interest in land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the revised FRS 117. The financial effects of adopting FRS 117 are disclosed in Note 45 to the financial statements.

(n) 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 charged to the income statement.

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 charged to the income statement.

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

(o) 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 included in the income statement 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 charged to the income statement; any amount in the revaluation reserve relating to that investment property is transferred to retained earnings.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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.

(q) Amount Owing By/To Contract Customers

The amount owing by/to contract customers is stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(r) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(s) 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.

(t) 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.

(u) Interest-bearing Borrowings

Interest-bearing borrowings 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 charged to the income statement as expenses in the period in which they are incurred.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Payables

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

(w) 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 each balance sheet date 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.

(x) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) 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 substantially enacted at the balance sheet date.

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 substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly 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 each balance sheet date 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.

(z) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation or amortisation, where applicable), other investments, intangible assets, inventories, receivables, fixed deposits with licensed banks and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

notes to the financial statements

for the financial year ended 31 January 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) 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 income statement, 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 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 beverage, 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.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RM'000	RM'000
Unquoted shares:		
- at cost	37,037	38,997
- surplus on revaluation of investment in a subsidiary	493	493
	37,530	39,490
Accumulated impairment losses		
At 1 February 2007/2006	(4,310)	(4,310)
Addition during the financial year	(1,545)	-
Write-back during the financial year	1,960	-
At 31 January	(3,895)	(4,310)
	33,635	35,180

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

Name of Company	Effective Equity Interest 2008	Effective Equity Interest 2007	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

notes to the financial statements

for the financial year ended 31 January 2008

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Equity Interest 2008	2007	Principal Activities
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Panorama Industries Sdn. Bhd. [2]	100%	100%	Property investment
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant
PPI Bags Sdn. Bhd.	51%	100%	Manufacturing and sale of industrial woven bags
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding
Tegas Consolidated Sdn. Bhd. * [3]	90%	90%	Investment holding
Harta Makmur Sdn. Bhd. [4]	54%	54%	Property investment and development
Teluk Rubiah Resorts Sdn. Bhd. [5]	54%	54%	Resort operator
Teluk Rubiah Country Club Sdn. Bhd. [5]	54%	54%	Provide recreational and sport facilities and operating a golf course
Suria Makmur Development Sdn. Bhd. [5]	54%	54%	Property development
Enchant Delight Sdn. Bhd. [5]	54%	54%	Dormant
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

notes to the financial statements

for the financial year ended 31 January 2008

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Equity Interest 2008	Effective Equity Interest 2007	Principal Activities
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
KYM Industries (Ipoh) Sdn. Bhd.	100%	100%	Dormant
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags
Ireson Perniagaan Sdn. Bhd.	100%	100%	Property investment
KYM 2000 Sdn. Bhd.	100%	100%	Dormant

* - 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.

notes to the financial statements

for the financial year ended 31 January 2008

7. OTHER INVESTMENTS

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
Shares quoted in Malaysia:-		
At cost	8	8
Allowance for diminution in value	(2)	(2)
	6	6
At market value	5	4

8. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group 2008 RM'000	The Group 2007 RM'000
Long leasehold land held for development		
- At cost	97,423	97,423
Development expenditure		
- At cost		
At 1 February 2007/2006	90,700	81,943
Incurred during the financial year	-	8,757
Waiver of interest capitalised in the previous financial year (Note 24)	(2,872)	-
At 31 January	87,828	90,700
	185,251	188,123

Interest expense of RM8,726,000 was capitalised under land held for development in the previous financial year.

The long leasehold land is pledged to financial institutions for credit facilities granted to the Company. A lienholder's caveat over the long leasehold land has been granted to the financial institutions.

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.

9. PROPERTY, PLANT AND EQUIPMENT

	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 at 1.2.2007 (Restated)	3,565	18,022	23,683	1,182	1,019	14,679	9	62,159*
Additions	-	-	263	479	271	252	-	1,265
Adjustment	-	-	-	-	-	(106)	-	(106)
Disposals	-	-	-	(1)	(57)	(7)	-	(65)
Written off	-	-	-	-	(53)	(24)	-	(77)
Depreciation charge for the financial year	-	(392)	(2,307)	(660)	(248)	(528)	-	(4,135)
Revaluation surplus	35	853	-	-	-	-	-	888
Impairment loss	-	(729)	-	-	-	-	-	(729)
Net book value at 31.1.2008	3,600	17,754	21,639	1,000	932	14,266	9	59,200
At 31.1.2008								
Cost	-	-	263	10,236	1,843	9,611	9	21,962
Valuation	3,600	17,754	23,683	-	-	13,982	-	59,019
Accumulated depreciation	-	-	(2,307)	(9,236)	(911)	(9,327)	-	(21,781)
Net book value	3,600	17,754	21,639	1,000	932	14,266	9	59,200
At 31.1.2007 (Restated)								
Cost	-	-	-	10,034	2,294	10,097	9	22,434
Valuation	3,565	19,509	23,683	-	-	13,982	-	60,739
Accumulated depreciation	-	(1,487)	-	(8,852)	(1,275)	(9,400)	-	(21,014)
Net book value	3,565	18,022	23,683	1,182	1,019	14,679	9	62,159*

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

notes to the financial statements

for the financial year ended 31 January 2008

9. 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 1.2.2007	1,403	3,327	9,946	3	14,679
Additions	205	29	-	18	252
Adjustment	(106)	-	-	-	(106)
Disposal	(7)	-	-	-	(7)
Written off	(24)	-	-	-	(24)
Depreciation charge for the financial year	(343)	(73)	(107)	(5)	(528)
Net book value at 31.1.2008	1,128	3,283	9,839	16	14,266
At 31.1.2008					
Cost	8,574	41	7	989	9,611
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(7,446)	(373)	(535)	(973)	(9,327)
Net book value	1,128	3,283	9,839	16	14,266
At 31.1.2007					
Cost	9,107	12	7	971	10,097
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(7,704)	(300)	(428)	(968)	(9,400)
Net book value	1,403	3,327	9,946	3	14,679

9. 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 1.2.2007	198	732	930
Additions	63	6	69
Adjustment	(106)	-	(106)
Written off	(3)	-	(3)
Depreciation charge for the financial year	(30)	(153)	(183)
Net book value at 31.1.2008	122	585	707
At 31.1.2008			
Cost	830	923	1,753
Accumulated depreciation	(708)	(338)	(1,046)
Net book value	122	585	707
At 31.1.2007			
Cost	876	1,408	2,284
Accumulated depreciation	(678)	(676)	(1,354)
Net book value	198	732	930

* - The opening balances were restated after incorporating the effects of adopting FRS 117 - Leases, as disclosed in Note 45 to the financial statements.

The freehold land, buildings, chalets, golf course, club house and driving range 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.

The plant and machinery were revalued by the directors based on a valuation carried out by an independent firm of professional valuers using the depreciated replacement cost method in the financial year ended 31 January 2007.

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

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The impairment loss arising from the revaluation during the financial year has been charged to the following accounts:-

	THE GROUP	
	2008	2007
	RM'000	RM'000
Other expenses	435	-
Revaluation reserve	294	-
	729	-

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		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000 (Restated)	RM'000	RM'000
Freehold land	2,624	2,624	-	-
Buildings	15,371	11,283	-	-
Plant and machinery	13,535	16,126	-	-
Chalets	4,993	5,275	-	-
Golf course, club house, driving range and related development expenditure	9,705	9,812	-	-
	46,228	45,120	-	-

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the net book value of property, plant and equipment at the balance sheet date are the following assets pledged to financial institutions as security for banking facilities granted to the Company and certain subsidiaries:-

	THE GROUP	
	2008	2007
	RM'000	RM'000
		(Restated)
Freehold land	3,600	3,565
Buildings	8,589	11,576
Plant and machinery	14,763	23,157
Forklift, tools and equipment and production accessories	624	1,155
Motor vehicles	90	268
Other assets	530	987
	28,196	40,708

Included in the net book value of property, plant and equipment at the balance sheet date are the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	2,283	2,557	-	-
Forklifts, tools and equipment and production accessories	41	-	-	-
Motor vehicles	896	958	580	737
	3,220	3,515	580	737

notes to the financial statements

for the financial year ended 31 January 2008

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At cost:-				
Plant and machinery	3	-	-	-
Forklifts, tools and equipment and production accessories	7,415	7,375	-	-
Office equipment, furniture and fittings and motor vehicles	5,645	5,408	1,461	1,194
Other assets	2,108	2,319	-	-
	15,171	15,102	1,461	1,194

On 16 December 2005, Harta Makmur Sdn. Bhd., a 54% owned subsidiary of the Company entered into the following agreements:-

(a) a conditional Sale and Purchase Agreement with Ascotsun Sdn. Bhd. ("ASB"), a company in which Dato' Lim Kheng Yew and a person connected to him have substantial financial interests, for the disposal of a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 101 PT4100, in the Mukim of Lumut, District of Manjung, State of Perak for a total cash consideration of RM3,574,812; and

(b) an Option Agreement with ASB to grant ASB an option to purchase a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 102 PT4105, in the Mukim of Lumut, District of Manjung, State of Perak at a purchase price of RM804,648.

The above agreements have not been completed at the balance sheet date.

notes to the financial statements

for the financial year ended 31 January 2008

10. PREPAID LEASE PAYMENTS

	THE GROUP	
	2008	2007
	RM'000	RM'000
		(Restated)
Cost	8,676	8,676
Accumulated amortisation	(654)	(526)
	8,022	8,150
Accumulated amortisation:-		
At 1 February 2007/2006	(526)	(398)
Amortisation during the financial year	(128)	(128)
At 31 January	(654)	(526)

The leasehold land of the Group was revalued by the directors on the open market value 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 Group has adopted the transitional provisions under FRS 117 - Leases to retain the revalued amount of the leasehold land as its surrogate cost.

Included in the prepaid lease payments is an amount of RM3,175,000 (2007 - RM3,228,000) pledged to financial institutions as security for banking facilities granted to the Company and certain subsidiaries.

11. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At fair value:-				
At 1 February 2007/2006	3,943	1,708	4,047	4,047
Disposed during the financial year	(486)	-	(486)	-
Transfer from property, plant and equipment	-	2,235	-	-
Fair value adjustment	43	-	-	-
At 31 January	3,500	3,943	3,561	4,047

notes to the financial statements

for the financial year ended 31 January 2008

11. INVESTMENT PROPERTIES (CONT'D)

The following investment properties are held under lease terms:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Leasehold land	1,700	1,222	1,211	1,211
Building	1,800	2,235	2,350	2,350
At 31 January	3,500	3,457	3,561	3,561

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Properties that generate income:-				
Insurance	-	2	16	24
Quit rent and assessment	-	3	24	23
Properties that did not generate income:-				
Insurance	10	19	-	-
Professional fee	2	-	-	-
Quit rent and assessment	22	23	-	-

12. INTANGIBLE ASSET

	THE GROUP	
	2008	2007
	RM'000	RM'000
Goodwill on consolidation	6,392	6,392
Impairment loss	(1,725)	(1,725)
	4,667	4,667
Negative goodwill		
At 1 February 2007/2006	-	(1,057)
Effects of adopting FRS 3:		
- derecognition of negative goodwill	-	1,057
At 31 January	-	-
	4,667	4,667

12. INTANGIBLE ASSET (CONT'D)

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	2% to 19%
Gross margin	24% to 26%
Discount rate	7%

Management determined the budgeted gross margin based on past performance. The growth rate used is based on the past years achievement. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RM'000	RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	182,296	180,967

The amount owing is unsecured and bore interest at rates ranging from 6.8% to 8.0% (2007 - 8.0% to 9.0%) per annum at the balance sheet date. The amount owing is not expected to be repaid within twelve months after the balance sheet date.

	THE COMPANY	
	2008	2007
	RM'000	RM'000
CURRENT:-		
Amount owing by subsidiaries	40,928	39,611
Allowance for doubtful debts		
At 1 February 2007/2006	(32,470)	(32,300)
Addition during the financial year	(820)	(170)
At 31 January	(33,290)	(32,470)
	7,638	7,141

notes to the financial statements

for the financial year ended 31 January 2008

13. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

	THE COMPANY	
	2008	2007
	RM'000	RM'000
CURRENT:-		
Amount owing to subsidiaries	21,064	20,406

The amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

14. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2008	2007
	RM'000	RM'000
Development costs		
At 1 February 2007/2006	2,417	2,771
Incurred during the financial year	-	261
Written off during the financial year	(758)	(615)
At 31 January	1,659	2,417

15. INVENTORIES

	THE GROUP	
	2008	2007
	RM'000	RM'000
At cost:-		
Raw materials	3,137	4,638
Goods-in-transit	395	171
Work-in-progress	1,131	870
Finished goods	903	1,022
Completed bungalow lots	825	825
Others	25	25
	6,416	7,551
At net realisable value:-		
Finished goods	144	-
	6,560	7,551

16. TRADE RECEIVABLES

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000
Trade receivables	19,957	22,433
Allowance for doubtful debts		
At 1 February 2007/2006	(5,091)	(4,927)
Additions during the financial year	(363)	(190)
Writeback during the financial year	10	22
Written off during the financial year	-	4
At 31 January	(5,444)	(5,091)
	14,513	17,342

The normal trade credit terms of trade receivables range from 30 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 2008 RM'000	THE GROUP 2007 RM'000
RM equivalent of trade receivables denominated in:-		
Singapore Dollar	900	648
United States Dollar	264	198

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
Other receivables, deposits and prepayments	1,508	1,857	222	170
Allowance for doubtful debts				
At 1 February 2007/2006	(6)	(6)	-	-
Additions during the financial year	(47)	-	-	-
At 31 January	(53)	(6)	-	-
	1,455	1,851	222	170

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18. AMOUNTS OWING BY/(TO) RELATED PARTIES

Related parties refer to companies in which certain directors are common directors and/or have substantial financial interests.

The amount owing by a related party is trade in nature. The normal trade credit term granted to the related party is 60 days.

The amount owing to related parties is non-trade in nature, unsecured, interest-free and not subject to fixed terms of repayment.

19. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group is an amount of RM124,000 (2007 - RM196,000) pledged to licensed banks for banking facilities granted to certain subsidiaries.

The weighted average interest rate of the fixed deposits at the balance sheet date was 3.7% (2007 - 3.1%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2007 - 7 to 365 days).

20. SHARE CAPITAL

	THE COMPANY			
	2008	2007	2008	2007
	NUMBER OF SHARES			
	'000	'000	RM'000	RM'000
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	1,000,000	1,000,000	1,000,000	1,000,000
ISSUED AND FULLY PAID-UP	81,135	81,135	81,135	81,135

21. SHARE PREMIUM

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.

22. REVALUATION RESERVE

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
At 1 February 2007/2006	31,794	26,390	35	35
Effect of partial disposal of a subsidiary	(261)	-	-	-
Arising from the revaluation of plant and machinery	-	5,517	-	-
Arising from the revaluation of property:				
- revaluation surplus	666	-	-	-
- impairment loss	(294)	-	-	-
	372	-	-	-
Realisation of revaluation reserve	(599)	(113)	-	-
At 31 January	31,306	31,794	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.

23. HIRE PURCHASE PAYABLES

	THE GROUP 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
Minimum hire purchase payments:				
- not later than one year	867	876	138	138
- later than one year and not later than five years	959	1,596	413	528
- later than five years	26	-	-	-
	1,852	2,472	551	666
Future finance charges	(204)	(277)	(59)	(74)
Present value of hire purchase payables	1,648	2,195	492	592
Current:				
- not later than one year	772	745	117	112
Non-current:				
- later than one year and not later than five years	852	1,450	375	480
- later than five years	24	-	-	-
Total non-current portion	876	1,450	375	480
	1,648	2,195	492	592

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for the financial year ended 31 January 2008

23. HIRE PURCHASE PAYABLES (CONT'D)

The hire purchase payables bore effective interest rates at the balance sheet date of between 4.7% to 8.4% (2007 - 4.7% to 8.4%) per annum.

The Group and the Company have hire purchase contracts for certain plant and equipment as disclosed in Note 9 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 RM22,000 (2007 - RM42,000) secured by way of a corporate guarantee from the Company.

24. TERM LOANS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current portion:				
- repayable within one year (Note 28)	170,816	169,617	168,340	167,162
Non-current portion:				
- repayable between one to two years	3,236	2,921	-	-
- repayable between two to five years	7,196	9,388	-	-
- repayable after five years	-	292	-	-
Total non-current portion	10,432	12,601	-	-
	181,248	182,218	168,340	167,162

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 2008 RM'000	THE GROUP 2007 RM'000	THE COMPANY 2008 RM'000	THE COMPANY 2007 RM'000
1.	-	-	Note 24(b)	28,338	28,114	28,338	28,114
2.	-	-	Note 24(b)	7,769	7,705	7,769	7,705
3.	-	-	Note 24(b)	132,233	131,343	132,233	131,343
4.	20	100,000	September 2006	7,126	7,443	-	-
	12	130,000	May 2008				
	12	180,000	May 2009				
	24	200,000	May 2010				
5.	84	21,821	February 2005	867	1,044	-	-
6.	72	79,617	June 2004	2,064	2,803	-	-
7.	72	48,076	June 2004	1,243	1,686	-	-
8.	72	49,798	March 2006	1,608	2,080	-	-
				181,248	182,218	168,340	167,162

24. TERM LOANS (CONT'D)

Subsequent to the balance sheet date, the directors of the Company had, on 7 May 2008, accepted the letter of offer dated 25 April 2008 by its lenders pertaining to the restructuring of term loans 1, 2 and 3 into 7-year term loans commencing 1 July 2007 to 30 June 2014. The total amount to be restructured is approximately RM161,857,000 ("Restructuring").

The salient terms and conditions of the Restructuring are as follows:-

(a) Interest rate

(i) Interest rate for the first 3 years is at the lender's prevailing Base Lending Rate ("BLR") (currently at 6.75% per annum) and to be payable via:

- issuance of the Company shares *
- cash proceeds from sale of Identified Securities **

* 18 million shares of RM1.00 each to be issued proportionately for the 3 term loans. The shares are subject to a 3-year call option granted by the lenders to certain directors jointly and severally. In the event the shares or any part thereof are not issued within 6 months from the date of the letter of offer, the Company is to pay cash in lieu of the Company's shares (on the basis of one share being RM1 equivalent) immediately.

** The Identified Securities comprise certain land and building held by subsidiaries with cash proceeds realised from sale to be paid within 3 years from 1 July 2007 and shared proportionately for the 3 term loans. Certain directors are to jointly and severally undertake to purchase the Identified Securities within 3 years from 1 July 2007 at a price which is not lower than a proposed redemption sum.

(ii) Interest rates from the 4th to 7th year are at the lenders' prevailing BLR or at 1% per annum above the average effective cost of funds of the lenders, whichever is higher, payable on a monthly basis.

(b) Repayment of principal

The term loans shall be payable in accordance with the following fixed minimum repayment schedule, irrespective of the redemption of the charged properties/ shares:-

		PRINCIPAL REPAYMENT			
YEAR	DUE DATE	TERM LOAN 1 RM'000	TERM LOAN 2 RM'000	TERM LOAN 3 RM'000	TOTAL RM'000
3	30 June 2010	841	230	3,929	5,000
4	30 June 2011	1,683	460	7,857	10,000
5	30 June 2012	4,207	1,151	19,642	25,000
6	30 June 2013	8,414	2,302	39,284	50,000
7	30 June 2014	12,091	3,308	56,458	71,857
		27,236	7,451	127,170	161,857

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for the financial year ended 31 January 2008

24. TERM LOANS (CONT'D)

(c) Securities

The term loans will be secured as follows:-

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

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

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

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

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

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

(d) Share of profit

The lenders are also entitled to a share of profit of RM13 million from certain development projects undertaken by the Group which is payable upon full settlement of the restructured term loans.

In conjunction with the Restructuring, the lenders have granted an upfront interest waiver of approximately RM12,052,000 for the period from 1 October 2006 to 30 June 2007. The interest waiver has the following effects on the financial statements:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Waiver of interest from 1.10.2006 to 31.1.2007				
- recognised as other income (Note 31)	2,469	-	995	-
- recognised in land held for property development (Note 8)	2,872	-	-	-
	5,341	-	995	-
Interest expense not recognised due to interest waiver from 1.2.2007 to 30.6.2007	6,711	-	267	-
Total waiver of interest	12,052	-	1,262	-

Term loans 4 and 5 bore a weighted average interest rate at 9.23% (2007 - 9.23%) per annum at the balance sheet date and are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements.

24. TERM LOANS (CONT'D)

Term loans 6 to 8 bore an effective interest rate at 6.75% (2007 - 6.75%) per annum at the balance sheet date and are secured as follows:-

(i) by way of legal charges over a piece of leasehold land and building of a subsidiary;

(ii) by way of fixed and floating charges over the assets of a subsidiary; and

(iii) by a corporate guarantee from the Company.

25. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 February 2007/2006	17,694	17,321	-	-
Recognised in equity:				
- Arising from the revaluation of plant and machinery	-	2,040	-	-
- Arising from revaluation of property	222	-	-	-
	222	2,040	-	-
Recognised in the income statements (Note 36)	250	(1,667)	-	-
At 31 January	18,166	17,694	-	-

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	2,949	3,046	190	251
Revaluation of property	19,197	19,910	372	365
Revaluation of plant and machinery	1,813	2,040	-	-
	23,959	24,996	562	616
Deferred tax assets:-				
Allowance for doubtful debts	(260)	(270)	-	-
Unabsorbed capital allowances	(3,899)	(4,360)	(204)	(226)
Unutilised tax losses	(1,634)	(2,672)	(358)	(390)
	(5,793)	(7,302)	(562)	(616)
	18,166	17,694	-	-

notes to the financial statements

for the financial year ended 31 January 2008

25. DEFERRED TAX LIABILITIES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	9,380	9,413	-	-
Unutilised tax losses	46,913	41,062	1,809	1,741
Others	285	289	-	-
	56,578	50,764	1,809	1,741

26. 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	
	2008	2007
	RM'000	RM'000
RM equivalent of trade payables denominated in:-		
United States Dollar	661	632

27. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposit received for the disposal of land	2,222	2,222	-	-
Import duties	168	248	-	-
Interest expense	1,249	-	57	-
Restructuring fee	155	-	155	-
Others	6,611	6,748	1,558	1,607
	10,405	9,218	1,770	1,607

The deposit for the disposal of land was received from a company in which Dato' Lim Kheng Yew and a person connected to him have substantial financial interests, as disclosed in Note 9 to the financial statements.

Included in other payables and accruals of the Group in the previous financial year is an amount of RM414,000 owing to a company in which Dato' Chong Thin Choy and a person connected to Dato' Lim Kheng Yew have substantial financial interests.

The amount owing is unsecured, interest-free, and not subject to fixed terms of repayment.

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for the financial year ended 31 January 2008

28. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Bills payable	17,300	19,371	-	-
Term loans (Note 24)	170,816	169,617	168,340	167,162
	188,116	188,988	168,340	167,162

The bills payable bore a weighted average interest rate of 5.7% (2007 - 5.7%) per annum at the balance sheet date and are secured as follows:-

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

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

(iii) by a corporate guarantee from the Company.

29. BANK OVERDRAFTS

The bank overdrafts bore a weighted average interest rate of 8.1% (2007 - 8.1%) per annum at the balance sheet date and are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements.

30. REVENUE

	THE GROUP	
	2008	2007
	RM'000	RM'000
Sale of goods	69,763	69,153
Others	1,641	1,485
	71,404	70,638

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31. OTHER INCOME

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gain on partial disposal of a subsidiary	261	-	-	-
Waiver of debts	-	754	-	-
Waiver of interest expense (Note 24)	2,469	-	995	-
Writeback of provision for construction costs	-	374	-	-

32. OTHER EXPENSES

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000
Allowance for doubtful debts	410	190	820	170
Amortisation of prepaid lease payments	128	128	-	-
Bad debts written off	11	-	705	-
Depreciation on property, plant and equipment	858	811	183	120
Development costs written off	758	615	-	-
Impairment loss on investments in subsidiaries	-	-	1,545	-
Impairment loss on property	435	-	-	-
Loss on disposal of investment properties	136	-	136	-

33. FINANCE COSTS

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

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense	(10,478)	(8,912)	(7,275)	(15,879)
Interest income receivable from subsidiaries	-	-	6,254	13,162

Certain banking facilities obtained by the Company are utilised by its subsidiaries. Accordingly, the interest income from these subsidiaries are presented net of interest expense incurred on these banking facilities.

34. LOSS BEFORE TAXATION

In addition to those disclosed in Notes 31, 32 and 33 to the financial statements, the loss before taxation is arrived at after charging/(crediting) the following:-

		THE GROUP		THE COMPANY	
		2008	2007	2008	2007
	NOTE	RM'000	RM'000	RM'000	RM'000
Audit fee					
- for the financial year		102	100	18	12
- under/(over)provision in the previous financial years		10	(7)	6	-
Deposit written off		40	-	-	-
Depreciation of property, plant and equipment		3,277	3,192	-	-
Directors' fee	35	58	54	58	54
Directors' non-fee emoluments	35	776	306	-	-
Equipment written off		77	2	3	-
Rental expense		630	613	268	240
Staff costs		11,441	10,717	-	-
Deposit forfeited		-	(8)	-	-
Fair value adjustment of investment properties		(43)	-	-	-
Net loss/(gain) on foreign exchange - realised		2	(36)	-	-
Interest income		(1)	(26)	(1)	(4)
Net gain on disposal of plant and equipment		(70)	(231)	(76)	(71)
Rental income		(1,048)	(953)	(349)	(356)
Writeback of allowance for doubtful debts		(10)	(22)	-	-

35. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Executive:				
- Fee	-	3	-	3
- Salaries and other emoluments	776	306	-	-
- Non-Executive:				
- Fee	58	51	58	51
	834	360	58	54

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35. DIRECTORS' REMUNERATION (CONT'D)

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	
	2008	2007
Executive directors:		
- Below RM50,000	-	2
- Above RM100,000	3	2
	3	4
Non-Executive directors:		
- Below RM50,000	6	5
	9	9

36. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	7	12	-	-
- (over)/underprovision in the previous financial years	(30)	6	-	-
	(23)	18	-	-
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary differences	257	(1,697)	-	-
- reduction in tax rate	(4)	-	-	-
- (over)/underprovision in previous financial years	(3)	30	-	-
	250	(1,667)	-	-
	227	(1,649)	-	-

During the current financial year, the statutory tax rate was reduced from 27% to 26%.

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM18,236,000 (2007 - RM20,575,000) available at the balance sheet date to be carried forward for offset against future taxable business income.

36. INCOME TAX EXPENSE (CONT'D)

The reconciliations of income tax expense applicable to the 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Loss before taxation	(10,950)	(7,890)	(3,578)	(3,118)
Tax at the statutory tax rate of 26% (2007 - 27%)	(2,847)	(2,130)	(930)	(842)
Tax effects of:-				
Differential in tax rates	(6)	(4)	-	-
Non-taxable gains	(586)	(114)	(276)	(12)
Non-deductible expenses	3,507	1,940	1,228	867
Deferred tax assets not recognised during the financial year	595	542	-	-
Utilisation of deferred tax assets not recognised in previous financial year	(403)	(1,919)	(22)	(13)
(Over)/Underprovision in previous financial years:				
- current tax	(30)	6	-	-
- deferred tax	(3)	30	-	-
	227	(1,649)	-	-

37. BASIC LOSS PER SHARE

The basic earnings per share is arrived at by dividing the Group's loss attributable to shareholders by the number of ordinary shares in issue during the financial year. The computation is as follows:-

	THE GROUP	
	2008 RM'000	2007 RM'000
Loss attributable to shareholders (RM'000)	(8,001)	(5,372)
Number of ordinary shares in issue ('000)	81,135	81,135
Basic loss per share (sen)	(9.9)	(6.6)

The fully diluted loss per share for the Group is not presented as there were no dilutive potential ordinary shares during the financial year.

notes to the financial statements

for the financial year ended 31 January 2008

38. PURCHASE OF PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cost of plant and equipment purchased	(1,265)	(2,194)	(69)	(927)
Amount financed though hire purchase	206	1,074	-	615
Set-off against trade receivables	20	-	-	-
Cash disbursed for the purchase of plant and equipment	(1,039)	(1,120)	(69)	(312)

39. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	124	350	-	154
Cash and bank balances	1,718	935	19	49
Bank overdrafts (Note 29)	(342)	(256)	-	-
	1,500	1,029	19	203

40. 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 6 to the financial statements;

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

(iii) companies in which certain directors are common directors and/or substantial shareholders;

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40. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest income charged to subsidiaries:				
- Harta Makmur Sdn. Bhd.	-	-	5,084	10,502
- Polypulp Enterprises Sdn. Bhd.	-	-	1,113	2,537
- Teguh Amalgamated Sdn. Bhd.	-	-	57	123
Rental charged to a subsidiary:				
- KYM Industries (Johor) Sdn. Bhd.	-	-	338	338
Rental charged by a subsidiary:				
- Teguh Amalgamated Sdn. Bhd.	-	-	240	240
Property transferred to a subsidiary:				
- Ireson Perniagaan Sdn. Bhd.	-	-	-	2,235

(ii) Key management personnel

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits (Note 35)	834	360	58	54

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40. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Other related parties

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Sales to:				
- J.K. Wire Harness Sdn. Bhd. #	152	-	-	-
Interest charged by:				
- Idaman Bina Makmur Sdn. Bhd. ##	7	-	-	-
- Cabaran Minetech Sdn. Bhd. *	1	-	-	-
- Tzel Assets Sdn. Bhd. **	13	-	-	-
Transfer of a motor vehicle from:				
- TSM Global Berhad ***	37	-	-	-

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

- A company in which Dato' Chong Thin Choy is a director and has a substantial financial interest.

* - A company in which Dato' Chong Thin Choy has a substantial financial interest.

** - A company in which Dato' Lim Kheng Yew and Dato' Chong Thin Choy are directors and Dato' Lim Kheng Yew has a substantial financial interest.

*** - A company in which Dato' Wira Abdul Rahman bin Haji Ismail and Dato' Lim Kheng Yew are directors and Dato' Lim Kheng Yew has a substantial financial interest.

41. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
UNSECURED:				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	30,572	34,725
Customs duties under dispute *	-	2,318	-	-
	-	2,318	30,572	34,725

* - The customs duties under dispute were settled during the current financial year.

42. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 7 May 2008, the directors of the Company accepted the letter of offer by certain financial institutions pertaining to the restructuring of banking facilities with a total amount of approximately RM161,858,000 owing to the financial institutions. The details of the salient terms and conditions of the restructuring are disclosed in Note 24 to the financial statements.

43. 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 balance sheet date are as follows:-

	2008	2007
	RM	RM
United States Dollar	3.24	3.50
Singapore Dollar	2.28	2.23

notes to the financial statements

for the financial year ended 31 January 2008

44. SEGMENTAL REPORTING

	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000	GROUP RM'000
2008						
Revenue	71,235	-	386	2,891	(3,108)	71,404
Results:						
Segment results (external)	322	(1,516)	(382)	(302)	1,564	(314)
Finance costs	(2,014)	(2,500)	(6,122)	-	-	(10,636)
Loss before taxation						(10,950)
Income tax expense						(227)
Loss after taxation						(11,177)
Minority interests						3,176
Net loss attributable to shareholders						(8,001)
Other Information:						
Segment assets	92,277	240,737	201,377	23,521	(271,171)	286,741
Unallocated assets						69
						286,810
Segment liabilities	56,746	224,018	166,551	31,672	(258,683)	220,304
Unallocated liabilities						18,166
						238,470
Capital expenditure	1,213	69	88	94	(199)	1,265
Depreciation and amortisation	3,607	263	135	258	-	4,263
Development costs written off	-	-	758	-	-	758
Impairment loss on property	435	-	-	-	-	435

notes to the financial statements

for the financial year ended 31 January 2008

44. SEGMENTAL REPORTING (CONT'D)

	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000	GROUP RM'000
2007						
Revenue	72,457	-	403	2,568	(4,790)	70,638
Results:						
Segment results (external)	1,639	(850)	7,967	(55)	(7,660)	1,041
Finance costs	(1,837)	(5,255)	(61)	(1,778)	-	(8,931)
Loss before taxation						(7,890)
Income tax expense						1,649
Loss after taxation						(6,241)
Minority interests						869
Net loss attributable to shareholders						(5,372)
Other Information:						
Segment assets	96,162	241,304	204,827	23,035	(267,834)	297,494
Unallocated assets						125
						297,619
Segment liabilities	59,346	220,564	163,821	30,584	(253,799)	220,516
Unallocated liabilities						17,697
						238,213
Capital expenditure	1,210	928	7	49	-	2,194
Depreciation and amortisation	3,538	200	119	274	-	4,131
Development costs written off	-	-	615	-	-	615

notes to the financial statements

for the financial year ended 31 January 2008

44. SEGMENTAL REPORTING (CONT'D)

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

In the opinion of the directors, all inter-segment transactions have been entered into in the ordinary course of business on terms that were mutually agreed between the parties.

45. EFFECTS ARISING FROM THE ADOPTION OF FRS 117

The following comparative figures have been restated as a result of adopting FRS 117:-

	AS PREVIOUSLY STATED RM'000	EFFECTS OF FRS 117 RM'000	AS RESTATED RM'000
THE GROUP			
BALANCE SHEET (EXTRACT):-			
Property, plant and equipment	70,309	(8,150)	62,159
Prepaid lease payments	-	8,150	8,150

46. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Quoted Investments

The fair values of quoted investments of the Group at the balance sheet date are as follows:-

	THE GROUP	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Quoted investments	6	5

No further allowance is made for the diminution in value of the quoted securities in Malaysia as the directors are of the opinion that they are held for long term purposes and will yield returns.

(b) Amounts Owing By/To Subsidiaries and Related Parties

It is not practicable to estimate the fair values of the amounts owing by/to the subsidiaries and the related parties due principally to the lack of fixed repayment terms. However, the Group or the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(c) Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

(d) Long-Term Borrowings

The carrying amounts approximated the fair values of the instruments. The fair values of the long-term borrowings are determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

notes to the financial statements

for the financial year ended 31 January 2008

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(e) Contingent Liabilities

Corporate guarantee

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	NOTE	THE GROUP NOMINAL AMOUNT RM'000	THE GROUP NET FAIR VALUE RM'000	THE COMPANY NOMINAL AMOUNT RM'000	THE COMPANY NET FAIR VALUE RM'000
At 31.1.2008					
Contingent liabilities	41	-	-	30,572	*
At 31.1.2007					
Contingent liabilities	41	-	-	34,725	*

* - The net fair value of the contingent liabilities is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

47. COMPARATIVE FIGURES

In addition to those disclosed in Note 45 to the financial statements, the following comparative figures have been reclassified to confirm with the presentation of the current financial year:-

	AS RESTATED RM'000	AS PREVIOUSLY STATED RM'000
THE GROUP		
CASH FLOW STATEMENTS (EXTRACT):-		
Amortisation of prepaid lease payments	128	-
Depreciation of property, plant and equipment	4,003	4,131

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 30 June 2008

	No. of Shares Held		% of Issued
Name	Direct	Indirect	Capital
Cheong Chan Holdings Sdn Bhd	22,300,000	-	27.48
Dato' Lim Kheng Yew	3,003,193	#26,100,000	35.87
Ultra-Link Resources Sdn Bhd	9,214,285	-	11.36
Dato' Wan Malek bin Ibrahim	-	*9,214,285	11.36
Wong Chee Choon	4,270,000	-	5.26

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

* Deemed interest by virtue of his direct shareholding in Ultra-Link Resources Sdn Bhd.

Statement Of Directors' Interests In The Company And Related Corporations as at 30 June 2008

	No. of Shares Held		Total Interest
Name	Direct (%)	Indirect (%)	(%)
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-
Dato' Lim Kheng Yew	3,003,193 (3.70)	29,213,000 (36.01)#	32,216,93 (39.71)
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	-	-	-
Mohd Azmi Bin Othman	-	-	-

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

analysis of shareholdings

STATISTICS OF SHAREHOLDERS
as at 30 June 2008

Class of Securities	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM1,000,000,000 divided into 1,000,000,000 Ordinary Shares of RM1.00 each
Issued and Fully Paid Up Share Capital	:	RM81,134,500.00
Voting Rights	:	1 vote per share
No. of Shareholders	:	1788

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	10	287	0.00
100 – 1,000	733	714,971	0.88
1,001 – 10,000	834	3,331,094	4.11
10,001 – 100,000	171	4,634,042	5.71
100,001 – 4,056,724	36	36,669,821	45.20
4,056,725 and above	4	35,784,285	44.10
Total	1,788	81,134,500	100.00

THIRTY LARGEST SHAREHOLDERS
as at 30 June 2008

	Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1.	Cheong Chan Holdings Sdn Bhd	11,940,000	14.72
2.	UOBM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Cheong Chan Holdings Sdn Bhd)	10,360,000	12.77
3.	Ultra Link Resources Sdn Bhd	9,214,285	11.36
4.	Wong Chee Choon	4,270,000	5.26
5.	Ong Har Hong	3,983,000	4.91
6.	KYM Sdn Bhd	3,800,000	4.68
7.	Lim Eng Huat	2,768,500	3.41
8.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Kheng Yew)	2,500,000	3.08
9.	Renfield Investment Limited	2,500,000	3.08
10.	Wong Hok Yim	2,453,500	3.02

analysis of shareholdings

THIRTY LARGEST SHAREHOLDERS (CONT'D)

as at 30 June 2008

	Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
11.	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Ching Ching)	2,296,000	2.83
12.	Melissa Lim Su Lin	2,020,000	2.49
13.	Ihsan Indah (M) Sdn Bhd	1,974,000	2.43
14.	TS Capital Sdn Bhd	1,140,800	1.41
15.	Lim Tze Thean	1,093,000	1.35
16.	Marathon Capital Sdn Bhd	1,000,000	1.23
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ravindran Navaratnam)	950,000	1.17
18.	Kenanga Nominees (Asing) Sdn Bhd (Cantal Capital Inc)	800,000	0.99
19.	Magnitude Network Sdn Bhd	775,273	0.96
20.	Chew Boon Seng	745,500	0.92
21.	HSBC Nominees (Asing) Sdn Bhd (Exempt An For Credit Suisse)	600,000	0.74
22.	Lim Kheng Yew	503,193	0.62
23.	Macro Herald Sdn Bhd	500,000	0.62
24.	Mel Capital Sdn Bhd	500,000	0.62
25.	Tan Han Chuan	434,400	0.53
26.	Ong Huey Peng	423,500	0.52
27.	Kenanga Nominees (Asing) Sdn Bhd (Emmel Inc.)	350,000	0.43
28.	Navasham Holdings Sdn Bhd	315,000	0.39
29.	Macro Herald Sdn Bhd	300,000	0.37
30.	Mel Capital Sdn Bhd	300,000	0.37
		70,809,551	87.27

LIST OF PROPERTIES

Location/Address	Land Area (m^2)	Tenure	Date of Acquisition/ (Revaluation)	Description	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 State of Johor	8,093.7	60 years leasehold expiring on 31.8.2042	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	19 years	3,391,463
PLO 15 Senai Industrial Estate Senai Held under HS(D) 64314 PTD No. 8778 Mukim of Senai-Kulai District of Johor Bahru State of Johor	12,140.5	60 years leasehold expiring on 11.1.2043	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	14 years	3,500,000
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 State of Johor	8,093.7	60 years leasehold expiring on 22.9.2045	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	20 years	3,302,273
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	11,460	99 years leasehold expiring on 9.10.2099	(31.01.2008)	Industrial land with factory building, offices and warehouse erected thereon.	16 years	4,350,101

list of properties

Location/Address	Land Area (m^2)	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of Building	Net Book Value (RM)
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	36,420	99 years leasehold expiring on 09.10.2099	(31.01.2008)	Industrial land with factory building and warehouse erected thereon.	16 years	6,639,207
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	23 years	6,000,000
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	13,760	99 years leasehold expiring expiring on 07.06.2060	(31.01.2008)	Industrial land with factory building, offices warehouse built thereon	15 years	5,792,575
H.S. (D) Dgs:- 80-84, No. P.T. 4087-4091 86-89, No. P.T. 4093-4096 94-95, No. P.T. 4097-4098 96-98 & 100, No. P.T. 4101-4104 99, No. P.T. 4099 102-104, No. P.T. 4105-4107 107-108 & 112, No. P.T. 4108-4110 109-111 & 113, No. P.T. 4111-4114 489, No. P.T. 4116 90-91, No. P.T. 15612 – 15613 92-93, No. 15614-15615 105-106, No. P.T. 15616-15617 34 titles all in the Mukim of Lumut, Daerah Manjung	5,139,917	99 years leasehold expiring on 14.03.2089	(31.01.2008)	Partially developed:- Golf course, Chalets & Bungalow lots	-	200,031,639

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

FORM OF PROXY

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-Sixth Annual General Meeting of the Company to be held at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Thursday, 31 July 2008 at 10:00 a.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-appointment of Dato' Wira Abdul Rahman bin Haji Ismail		
6.	Re-appointment of Auditors		
7.	Authority to Allot and Issue Shares		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

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 …………………….. , 2008

____
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.

please fold along this line (1)

Affix
Stamp
here

The Company Secretary

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

12, Lorong Medan Tuanku Satu,
50300 Kuala Lumpur.

please fold along this line (2)

Master Alliance Communications (M) Sdn. Bhd.