



KYM HOLDINGS BHD.

(Co. No.: 84303-A)

annual report 2012

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Form Of Proxy

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 30th 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 Friday, 27 July 2012 at 11.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2012 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 2012. **(RESOLUTION 2)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
 - i. Dato' Seri Dr. Isahak bin Yeop Mohamad Shar (Article 103) **(RESOLUTION 3)**
 - ii. Datuk Mansor bin Masikon (Article 103) **(RESOLUTION 4)**
 - iii. Dato' Rahadian Mahmud bin Mohammad Khalil (Article 103) **(RESOLUTION 5)**
4. To re-appoint Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting. **(RESOLUTION 6)**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 7)**
6. As Special Business, to consider and if thought fit, pass with or without any modification, the following resolutions:

Ordinary Resolution 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 8)**

Ordinary Resolution 2

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

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 28 July 2011 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 5 July 2012 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed And That authority be further given to the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as specified in the said Circular to Shareholders provided that the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

Notice of Annual General Meeting

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

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such Proposed Shareholders’ Mandate passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier,

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

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

By Order of the Board

CHEE MIN ER
(MAICSA 7016822)
Secretary

Kuala Lumpur
5 July 2012

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. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 July 2012 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor’s behalf.
3. 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.
4. 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.
5. 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 8, 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.

As at the date of Notice, 1,300,000 shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 July 2011 which will lapse at the conclusion of the 30th Annual General Meeting. The proceeds of RM1.989 million raised from the previous mandate have been fully utilized as working capital and defraying of expenses incidental to the private placement of 1,300,000 shares.

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

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

The proposed resolution 9, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 5 July 2012 circulated together with this Annual Report. These authorities, unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.27 of the Listing Requirements of Bursa Malaysia Securities Berhad

No individual is seeking election at the forthcoming 30th Annual General Meeting of the Company.

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

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

Datuk Mansor bin Masikon
Independent Non-Executive Director

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

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

Dato' Mohd Azmi Bin Othman
Independent Non-Executive Director

Chiam Tau Meng
Independent Non-Executive Director

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

OPTION COMMITTEE

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

SECRETARY

Chee Min Er (MAICSA 7016822)

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301, Petaling Jaya
Selangor
Tel No. : 03-7841 8000
Fax No. : 03-7841 8008

STOCK EXCHANGE

Bursa Malaysia Securities Berhad,
Main Market

WEBSITE

www.kym.com.my

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR

Executive Chairman and Chief Executive Officer
Malaysian

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 63, graduated from University of Malaya in Bachelor of Arts (Sociology) in 1973. He received his Masters and Doctorate of Philosophy in Public Administration from University of Southern California in 1978 and 1990 respectively.

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

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

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

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

Dato' Chong Thin Choy, age 51, was appointed to the Board on 14 December 2005. He was appointed as an Executive Director on 19 May 2006 and subsequently re-designated as a Managing Director on 22 March 2007.

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

He has no family relationship with any other Director and/or major shareholder of the Company. His shareholding in the Company is set out in Page 105 of the Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' CHONG THIN CHOY

Managing Director
Malaysian

DATO' LIM KHENG YEW

Executive Director
Malaysian

Dato' Lim Kheng Yew, age 60, was appointed to the Board on 12 August 1992. Dato' Lim Kheng Yew is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently, he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also a Director of TSM Global Berhad and Edaran Berhad.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 105 of this Annual Report. He has no family relationship with any other Director and/or major shareholder of the Company. Save for the related party transactions and recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

TAN SRI DATO' WIRA ABDUL RAHMAN BIN HAJI ISMAIL

Independent Non-Executive Director
Malaysian

Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail, age 82, was appointed to the Board since 8 January 1996. He was formerly a Deputy Inspector General of Police. Presently, he is also a Director of United U-Li Corporation Berhad and TSM Global Berhad.

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

DATUK MANSOR BIN MASIKON

Independent
Non-Executive Director
Malaysian

Datuk Mansor bin Masikon, age 68, is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). Datuk Mansor obtained his Master of Business Administration from University of California at Berkeley, USA in 2005. He was appointed to the Board on 25 June 2003. Datuk Mansor has extensive experience in the insurance industry and has been an advisor to Cullis Reggett International Ltd, Lloyds Insurance Brokers, London since 1995. He served as Chief Executive Officer of several insurance companies. He was appointed as Chairman of the General Insurance Association of Malaysia (1981 – 1985) and Deputy Chairman of ASEAN Insurance Council (1981 – 1985). He was a member of Parliament Malaysia from 1995 till 1999.

He is also a Director of Seacera Tiles Berhad.

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

Profile of Directors

DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

Independent Non-Executive Director
Malaysian

Dato' Ir Mohamad Othman bin Zainal Azim, aged 57, graduated with Bachelor of Science (Hons) in Civil Engineering from University of Southampton, United Kingdom. He received his Master of Science in Engineering from University of Birmingham, United Kingdom in 1987.

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

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

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

Dato' Rahadian Mahmud bin Mohammad Khalil, aged 38, is involved mainly in the business of reforestation and in the construction and manufacturing sectors.

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

He is the Executive Chairman of Permaju Industries Berhad and Chief Executive Officer of Magna Prima Berhad. He also sits on the Board of Sanbumi Holdings Berhad. He is also a director of several private limited companies.

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent Non-Executive Director
Malaysian

DATO' MOHD AZMI BIN OTHMAN

Independent Non-Executive Director
Malaysian

Dato' Mohd Azmi bin Othman, aged 44, graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia, sitting as a Disciplinary Committee member of the Bar Council. He is a director of several private limited companies.

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

He has no family relationship with any other Director and/or major shareholder of the Company. His shareholding in the Company is set out in Page 105 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

CHIAM TAU MENG

Independent Non-Executive Director
Malaysian

Mr Chiam Tau Meng, aged 58, was appointed as an Independent Non-Executive Director of KYM on 27 April 2009. He is also a member of the Audit Committee.

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

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

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

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

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 January 2012.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2012, the Group registered a turnover of RM78.4 million, an increase of 17.49% compared to a turnover RM66.7 million (restated) for the financial year ended 31 January 2011. The slight increase in turnover is contributed by our manufacturing segment.

Loss for the financial year attributable to the owners of the Company was RM5.1 million as compared to the profit after taxation and minority interest of RM17.9 million (restated) recorded in the previous year. The loss for the year was mainly contributed by the Investment Holding Division and the Property Development Division.

The basic loss per share for this financial year stands at 4.62 sen as compared to the earning per share of 19.08 sen for the previous year.

Total assets for the financial year at RM167.7 million were higher than the previous year, due mainly to the incorporation of revaluation surplus in the financial statements. Shareholders' Fund for the current financial year improved by RM11.081 million to RM114.1 million. Total borrowing for the financial year 2012 reduced further to RM24.4 million and gearing ratio improved slightly from 0.25 times to 0.22 times.

REVIEW OF OPERATIONS

Manufacturing Segment

The manufacturing segment comprising the corrugated carton business and industrial bags business continued to be the key contributor to the Group's revenue and earnings for the financial year under review.

The manufacturing segment recorded a profit before tax of RM3.9 million for this financial year on the back of the total turnover of RM77.5 million. The increase in turnover as compared to RM66.2 million in the previous year was attributable to higher sales from our Corrugated Carton Division and secured new supply contract from our Industrial Paper Bags Division. However, the profit before taxation has decreased from RM5.3 million to RM3.9 million for the current financial year. The margin was eroded due to the higher raw material cost (for local and imported paper).

Other Segment

The Property Development Division recorded a total turnover of RM1.1 million with loss before tax of RM5.8 million for this financial year as compared to profit before tax of RM7.0 million in the previous year.

Total loss before taxation from the other segments comprise mainly Property Development Division and Investment Holding was RM11.442 million compared to the preceding financial year profit before taxation of RM14.700 million, mainly due to the provision for quit rent on land at Teluk Rubiah of RM5 million and the recognition of waiver of debts of RM12 million in the preceding financial year.

CORPORATE DEVELOPMENT

On 10 March 2011, the Company entered into a conditional Share Sale Agreement with RAS Sdn Bhd for the proposed acquisition of 400,000 ordinary shares of RM1 each in Harta Makmur Sdn Bhd representing the remaining 40% of the issued and paid up share capital of Harta Makmur Sdn Bhd not owned by Tegas Consolidated Sdn Bhd for a cash consideration of RM41,000,000. The details is set out in the Circular to Shareholders dated 6 June 2011. The acquisition has been approved by the Shareholders of KYM at an extraordinary general meeting held on 28 June 2011 and completed on 17 April 2012.

On 11 November 2011, the Company undertook a private placement exercise of up to 5,000,000 new ordinary shares of RM0.50 each representing 4.6% of the existing issued and paid-up share capital of the Company ("Private Placement"). As of to-date, 1,300,000 new ordinary shares were issued under Private Placement at RM1.53 and the remaining 3,700,000 new ordinary shares have not been placed out. Bursa Securities has granted the Company an extension of time until 14 December 2012 to complete the implementation of the Private Placement.

DIVIDEND

No dividend has been declared in respect of the financial year ended 31 January 2012.

PROSPECTS

Manufacturing Segment

Despite the challenging external environment and the volatility of the raw material prices especially paper, the outlook for this segment remains stable or better.

The Corrugated Carton Division has invested about RM3 million for new machinery and equipment to improve the efficiency and productivity and to maintain stringent quality standards to meet the customers' requirements. We shall continue to pursue all productivity improvement and cost controls activities and to optimize its production facilities to improve the performance of the carton business.

The production capacity for the Industrial Bags Division has been fully utilized. This Division is investing into new state of the art machine to increase its production capacity to meet the increasing demand for cement bags in the local market and to increase exports to the markets where there is a strong demand for its products. Hasrat Meranti (Tapah) Sdn Bhd ("HM Tapah"), a wholly-owned subsidiary of Hasrat Meranti Sdn Bhd, has been set up to facilitate the expansion of the production of cement bags. With this

expansion, the production capacity per annum is expected to increase by 1.5 times to 150 million bags from current capacity of 60 million bags and the construction of the new plant in Tapah, Perak is expected to be completed by December 2012.

Other Segment

The Group will be divesting its non-core assets to concentrate our resources and efforts on the manufacturing business and on selected development projects.

Following the expiry of the Memorandum of Understanding ("MOU") dated 1 December 2010 entered into between a subsidiary company, KYM Development (Perak) Sdn Bhd with Perbadanan Kemajuan Negeri Perak ("PKNP") on 31 August 2011, PECO Industrial Development Sdn Bhd ("PIDS"), a subsidiary of PEIH Holdings Sdn Bhd ("PEIH") which in turn is an associate company of KYM has on 15 February 2012 entered into a Joint Development Agreement with PKNP for the reclamation of 3,400 acres of land at Bagan Datoh, Mukim Rungkup, Daerah Hilir Perak ("Project Land") as part of the development of the Perak Eco Industrial Hub ("PECOH Project"). PIDS is currently in the midst of finalizing the detailed layout plan. Due to the size of the PECOH Project, it is envisaged that further investment and funding will be required in the future. However, the quantum of the additional investment and funding required for the PECOH Project cannot be reasonably ascertained at this point in time until the detailed layout plan and construction designs have been finalized.

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 and Chief Executive Officer

Date: 5 July 2012

5 Years Financial Highlights

	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Revenue	71,404	52,612	65,418	66,722	78,393
Profit/(Loss) Before Tax	(10,950)	(18,994)	24,436	19,442	(7,773)
Profit/(Loss) After Tax	(11,177)	(18,614)	29,109	26,251	(7,708)
Profit/(Loss) After Taxation Attributable to Owners of the Company	(8,001)	(14,075)	19,870	17,913	(5,058)
Paid-up share capital	81,135	81,135	44,617	53,994	57,088
Par Value per Share	1.00	1.00	0.50	0.50	0.50
Shareholders' Fund	37,135	23,450	50,621	100,321	114,052
Total Assets	286,810	277,124	298,446	153,325	167,719
Total Borrowing	199,766	209,359	189,108	24,620	24,435
Gearing Ratio (Times)	5.38	8.93	3.74	0.25	0.21
Basic (Loss)/Earning Per Share Attributable to Shareholders (sen)	(9.90)	(17.30)	24.50	19.08	(4.62)
Net Assets Per Share (RM)	0.46	0.29	0.55	0.93	1.00



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 2012.

BOARD OF DIRECTORS

COMPOSITION AND BALANCE

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

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

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

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

BOARD RESPONSIBILITIES

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

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

BOARD MEETINGS

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the financial year, 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
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	6/6
Dato' Chong Thin Choy	6/6
Dato' Lim Kheng Yew	6/6
Datuk Mansor bin Masikon	6/6
Dato' Rahadian Mahmud bin Mohammad Khalil	4/6
Dato' Ir. Mohamad Othman Bin Zainal Azim	6/6
Dato' Mohd Azmi Bin Othman	6/6
Chiam Tau Meng	5/6

Corporate Governance Statement

SUPPLY OF INFORMATION

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

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

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

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

DIRECTORS' TRAINING

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

During the financial year, the training, conference, seminar and workshops that are attended by the Directors are as follows:

Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	• Key Components of Boardroom Effectiveness
Dato' Rahadian Mahmud bin Mohammad Khalil	• Boardroom & Reporting Excellence
Chiam Tau Meng	• Success Planning Workshop
	• Is the Global Economy Still Slowing Down? Implication on Malaysian Business
	• Challenges Faced by Accountants As Independent Directors
Datuk Mansor bin Masikon	• Sustainability Programme for Corporate Malaysia

The other Directors did not attend any training programs during the financial year due to their busy work schedule.

APPOINTMENTS TO THE BOARD AND RE-ELECTION

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

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

DIRECTORS' REMUNERATION

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

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

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

The details of the remuneration of the Directors of the Company for the financial year under review are set out in Note 32 to the financial statements on page 75 of this Annual Report.



SHAREHOLDERS

RELATIONSHIPS WITH INVESTORS AND SHAREHOLDERS

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

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

ANNUAL GENERAL MEETING

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

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

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

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2012, 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 20 to 21 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 page 17. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

Corporate Social Responsibility Statement

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

The CSR contributions of the Group during the year are as follows:

THE WORK PLACE

KYM recognizes that employees are important assets. We offer competitive package to our staff and incentives to those who meet the targets set by the individual department or division. We apply fair labour practices and also arrange internal and or external training programs for all levels of staff from time to time and as and when required. 3,126 training hours were completed by all level of staff in the past financial year, of which 1,016 hours were related to safety and health.

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

The Group provided medical and hospitalization insurance coverage for foreign workers and arranged annual hearing tests for all workers that operate machines with high noise level and for those from the supporting departments. 40 workers underwent the hearing tests 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 switched to Hot Roll System from Waste Water Treatment Plant to ensure waste water and ink slugs are disposed properly. Scheduled waste is disposed to the vendors registered with Kualiti Alam Sekitar. Air Monitoring Test is conducted every six (6) months to ensure certain level of cleanliness needed is maintained. Workers are not allowed to throw away chemical waste into drains or dustbins.

THE COMMUNITY

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

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

THE MARKET PLACE

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

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

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

CONCLUSION

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

COMPOSITION

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

MEMBERS OF THE AUDIT COMMITTEE

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

* A Member of the Malaysian Institute of Accountants

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are:

- To review the following and report the same to the board of directors of the Company:
 - with the external auditors, the audit plan;
 - with the external auditors, its audit report;
 - the assistance given by the Company's officers to the external auditors;
 - the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - 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;
 - the external auditor's management letters and management response;
 - any letter of resignation from the Company's external auditors;
 - whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
 - the internal audit function:
 - 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;
 - 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;
 - with the external auditors, its evaluation of the system of internal controls;
 - consider major findings of internal investigations and management's response;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of internal audit staff members; and
 - note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 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);
- to recommend the nomination of a person or persons as external auditors;
- other functions as may be agreed to by the Audit Committee and the Board of Directors.

Audit Committee Report

Meetings

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

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

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

Secretary

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

Quorum

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

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
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	5/5
Datuk Mansor bin Masikon	5/5
Dato' Ir. Mohamad Othman bin Zainal Azim	5/5
Chiam Tau Meng	4/5

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 Crowe Horwath. The External Auditors also updated the Audit Committee on new developments of accounting standards that are applicable to the Company's financial statements for financial year ended 31 January 2012. The representatives of the external auditors were also present at the meeting to brief the Audit Committee on their audit findings and accounting issues arising from their audit together with recommendations in respect of the findings. The Audit Committee had met with the External Auditors without the presence of the Management twice for financial year ended 31 January 2012.

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

During the financial year, the Audit Committee reviewed the recurrent related party transactions entered by the Group pursuant to the Shareholders' Mandate every quarter to ensure that the transactions are carried out on normal commercial terms and are not prejudicial to the interest of the company or its minority shareholders.

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 carried out an audit on corporate governance of KYM Group to ascertain the level of compliance to the revised Listing Requirements of Bursa Malaysia Securities Berhad, specifically those relating to the revised Malaysian Code on Corporate Governance (“Code”). The Internal Auditors had also reviewed the following areas of three (3) Strategic Business Units (“SBU”) based on the Internal Audit Plan that has been approved by the Audit Committee and formed their audit opinion based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principle that they adopted as the reporting framework:

- Inventory Management (Raw Materials and Finished Goods);
- Transportation and Logistics, Procurement (Raw Material);
- Facilities Management;
- Assets Management; and
- Human Resource Management

During the planning of the audit, a risk analysis was carried out to identify, evaluate and prioritize the risks associated with the management of the areas audited.

The Internal Auditors and the SBU Heads were invited to attend the Audit Committee Meeting to table and discuss the internal review report. The Audit Committee also discussed and followed up on the Management Corrective Action in relation to the audit findings highlighted by the Internal Auditors.

Cost incurred for the internal audit function in respect of the financial year is RM77,699.

Statement on Internal Control

1. Introduction

The Board of Directors (“Board”) recognises the importance of maintaining a sound system of internal control. Hence, the Board is pleased to present the Internal Control Statement of the Group pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

2. Board Responsibility

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

3. Risk Management

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

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

4. Internal Audit Function

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

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

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

In performing the internal audit reviews, CGRM refers to and is guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards) issued by The Institute of Internal Auditors.

5. Internal Control System

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

Control Environment

- The Group has a clear vision, mission and strategic direction that serves as the road map of the Group’s direction and the way forward which have been established and communicated to employees at all levels.
- The organisational structure has clear defined roles and responsibilities together with the accountability of the Board and Management.
- Management across the Group emulates a strong commitment to adopting and maintaining a code of ethics, integrity and values focusing on delivering result and creating shareholder value.
- There is adequate upper level managerial support wherein Management team is cohesive and complements each other in terms of skills and experience.
- A strong cost-consciousness had been instilled together with core values and integrity at every level within the Group.

Risk Assessment

- The Board and Management are aware of its overall responsibility in managing the Group's enterprise risk management.
- Business risks and risk mitigating strategies are discussed among the Executive Directors and the Head of Business Units during its monthly management meetings held at the Head Office. The half-yearly review of the Group's business plan served as an informal mechanism to flag up any potential threats / issues / risks. Each known risk is addressed 'as and when' it was identified and encountered.

Control Activities

- On-going processes embedded within the Group's overall business operations monitored the application and the effectiveness of policies, processes and activities related to internal control and risk management.
- Periodic and annual audit reviews by internal and external quality auditors were conducted to ensure compliance with and continuous improvement of the ISO Quality Standards certification as assurance to the quality standards of products and services provided by the Group.

Information and Communication

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

Monitoring

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

Conclusion

The External Auditors have reviewed this Internal Control Statement for the inclusion in the annual report for the year ended 31 January 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

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

This statement was made in accordance with a resolution of the Board dated 23 May 2012.

Additional Compliance Information

During the financial year under review:

- the Company did not enter into any share buyback transaction.
- Status of utilization of proceeds raised from the corporate proposal:

The Company proposed to undertake a private placement of 5,000,000 Placement Shares representing approximately 4.6% of the existing issued and paid-up share capital of KYM. The first tranche of the Placement Shares comprising 1,300,000 KYM Shares ("First Tranche Placement") had been completed on 20 December 2011, whilst the remaining Placement Shares shall be issued subsequently based on prevailing market condition.

The proceeds of RM1.989 million raised from the First Tranche Placement at an issue price of RM1.53 per share during the financial year have been fully utilized as working capital and defraying of expenses incidental to the Private Placement.

- 40,567,250 free Warrants 2010/2013 ("Warrant") were issued on the basis of one free Warrant for every two existing ordinary shares held in KYM and 3,661,300 Warrants had been converted into ordinary shares of RM0.50 each during the financial year.
- KYM established an Employees Share Option Scheme involving up to fifteen per centum (15%) of the issued and paid-up capital of KYM ("ESOS"). 8,221,000 ESOS options were granted to all eligible Directors and eligible employees of KYM Group and 1,226,000 ESOS Options were exercised during the financial year. 4,406,000 ESOS Options remain outstanding as at the end of the financial year.

Details of ESOS options granted to the Directors and senior management are as follows:

	During the Financial Year Ended 31 January 2012			Since commencement of the Scheme on 16 May 2010		
	Aggregate ESOS Options Granted	Aggregate ESOS Options Exercised	Aggregate ESOS Options Outstanding	Aggregate ESOS Options Granted	Aggregate ESOS Options Exercised	Aggregate ESOS Options Outstanding
Directors and chief executive	-	600,000	3,660,000	4,600,000	1,840,000	2,760,000
	Aggregate maximum allocation applicable (%)		Actual ESOS Options granted during the financial year (%)		Aggregate ESOS Options Granted Since 16 May 2010 (%)	
Directors and Senior Management	50.00		-		39.06	

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

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

- the Company did not sponsor any ADR or GDR programme.
- there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.
- the non-audit fees incurred for services rendered by the external auditors or a firm affiliated with the auditors' firm during the financial year were RM5,000.
- there were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.
- there were no other material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year.

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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 2012.

PRINCIPAL ACTIVITIES

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

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation from continuing operations	(7,439)	(4,450)
Loss after taxation from discontinued operations	(269)	-
Loss for the financial year	(7,708)	(4,450)
Attributable to:-		
Owners of the Company	(5,058)	(4,450)
Non-controlling interests	(2,650)	-
	(7,708)	(4,450)

DIVIDENDS

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

RESERVES AND PROVISIONS

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



ISSUES OF SHARES AND DEBENTURES

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

- (a) there were no changes in the authorised share capital of the Company;
- (b) the issued and paid-up share capital of the Company has been increased from RM53,994,144 comprising 107,988,288 ordinary shares of RM0.50 each to RM57,087,794 comprising 114,175,588 ordinary shares of RM0.50 each by the issuance of 6,187,300 ordinary shares as follows:

	Number of ordinary shares issued
Shares issued pursuant to the exercise of Employee Share Option Scheme	1,226,000
Shares issued pursuant to the exercise of Warrants 2010/2013	3,661,300
Shares issued pursuant to a private placement	1,300,000
Total	6,187,300

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

WARRANTS 2010/2013

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

- (a) The issue date of the Warrants is 19 February 2010 and the expiry date is 18 February 2013 ("Expiry Date"). Any Warrant not exercised at the Expiry Date will lapse and cease to be valid for any purpose;
- (b) The Warrants were issued to the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) ordinary shares held. Each Warrant entitles the shareholders to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.50 per ordinary share;
- (c) The exercise price and the number of unexercised Warrants are subject to adjustments in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll;
- (d) The Warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holders exercise their Warrants for new shares; and
- (e) The new ordinary shares to be issued upon the exercise of the Warrants, shall, upon allotment and issued, rank pari passu with the then existing ordinary shares except that they will not be entitled to dividends, rights, allotments and/or other distributions declared by the Company prior to the relevant allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

Directors' Report

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

	ENTITLEMENT OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.2.2011	ISSUED	EXERCISED	AT 31.1.2012
WARRANTS 2010/2013	39,580,050	-	(3,661,300)	35,918,750

EMPLOYEE SHARE OPTION SCHEME

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

The main features of the ESOS are disclosed in Note 21 to the financial statements.

In the previous financial year, the Company had granted 8,221,000 share options under the ESOS.

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

DATE OF OFFER	EXERCISE PRICE	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
		AT 1.2.2011	GRANTED	EXERCISED	FORFEITED	AT 31.1.2012
26 MAY 2010	RM0.90	5,670,000	-	(1,226,000)	(38,000)	4,406,000

The options forfeited during the financial year were due to resignation of employees.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of holders to whom options have been granted to subscribe for less than 300,000 ordinary shares of RM0.50 each. Other than directors whose details are disclosed in the section on Directors' Interests in this report, there were no option holders who have been granted options for 300,000 or more ordinary shares of RM0.50 each during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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.

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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

Directors' Report

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.2.2011	ALLOTTED/ BOUGHT	SOLD	AT 31.1.2012
THE COMPANY				
<i>DIRECT INTERESTS</i>				
- DATO' LIM KHENG YEW	3,003,193	-	(3,193)	3,000,000
- DATUK MANSOR BIN MASIKON	-	300,000	(300,000)	-
- DATO' MOHD AZMI BIN OTHMAN	-	300,000	(168,000)	132,000
<i>INDIRECT INTEREST</i>				
- DATO' LIM KHENG YEW	36,963,000	2,007,093	-	38,970,093

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	AT 1.2.2011	GRANTED	EXERCISED	AT 31.1.2012
<i>SHARE OPTIONS OF THE COMPANY</i>				
DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR	760,000	-	-	760,000
DATO' CHONG THIN CHOY	1,000,000	-	-	1,000,000
DATO' LIM KHENG YEW	1,000,000	-	-	1,000,000
DATO' WIRA ABDUL RAHMAN BIN HAJI ISMAIL	300,000	-	-	300,000
DATUK MANSOR BIN MASIKON	300,000	-	(300,000)	-
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	300,000	-	-	300,000
DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM	300,000	-	-	300,000
DATO' MOHD AZMI BIN OTHMAN	300,000	-	(300,000)	-

	NUMBER OF WARRANTS 2010/2013			
	AT 1.2.2011	PURCHASE	DISPOSAL/ CONVERSION	AT 31.1.2012
<i>WARRANTS OF THE COMPANY</i>				
<i>DIRECT INTEREST</i>				
- DATO' LIM KHENG YEW	1,501,601	-	-	1,501,601
<i>INDIRECT INTEREST</i>				
- DATO' LIM KHENG YEW	14,470,000	100,000	(2,070,000)	12,500,000

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions as disclosed in Note 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 corporate other than the options granted to certain directors pursuant to the ESOS of the Company.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events of the Group and of the Company during and after the financial year are disclosed in Note 42 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 23 MAY 2012

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

Dato' Chong Thin Choy

Statement 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 33 to 98 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 23 MAY 2012**

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 33 to 98 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 23 May 2012

Chin Kong Yaw

Before me

NIK ZAIYUMI WAN OMAR (NO. W – 497)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial position as at 31 January 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 98.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2012 and of their financial performance and cash flows for the financial year then ended.



Independent Auditors' Report

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 47 on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
23 May 2012

Onn Kien Hoe
Approval No: 1772/11/12 (J/PH)
Chartered Accountant

Kuala Lumpur

Statements of Financial Position

At 31 January 2012

	NOTE	THE GROUP			THE COMPANY	
		31.1.2012 RM'000	31.1.2011 RM'000 RESTATED	31.1.2010 RM'000 RESTATED	31.1.2012 RM'000	31.1.2011 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	29,584	29,584
Other investments		1	6	6	-	-
Land held for property development	6	26,688	25,862	9,821	-	-
Property, plant and equipment	7	63,267	43,111	42,481	1,352	1,518
Prepaid lease payments	8	-	-	-	-	-
Investment properties	9	7,591	7,117	7,117	3,561	3,561
Intangible asset	10	4,667	5,322	4,667	-	-
		102,214	81,418	64,092	34,497	34,663
CURRENT ASSETS						
Inventories	11	13,381	11,688	9,470	-	-
Trade receivables	12	17,442	14,981	13,068	-	-
Other receivables, deposits and prepayments	13	31,885	41,845	108,340	30,474	12,957
Amount owing by subsidiaries	14	-	-	-	63,979	47,677
Amount owing by related parties	15	454	370	87	314	296
Tax recoverable		100	60	18	78	38
Fixed deposits with licensed banks	16	285	1,087	110	-	1,000
Cash and bank balances		1,958	1,876	781	2	429
		65,505	71,907	131,874	94,847	62,397
Non-current asset classified as held for sale		-	-	102,480	-	-
		65,505	71,907	234,354	94,847	62,397
TOTAL ASSETS		167,719	153,325	298,446	129,344	97,060

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

Statements of Financial Position

At 31 January 2012 (cont'd)

		THE GROUP			THE COMPANY	
	NOTE	31.1.2012 RM'000	31.1.2011 RM'000 RESTATED	31.1.2010 RM'000 RESTATED	31.1.2012 RM'000	31.1.2011 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	17	57,088	53,994	44,617	57,088	53,994
Share premium	18	26,032	22,913	1,965	26,032	22,913
Revaluation reserve	19	22,237	9,469	22,334	35	35
Capital reserve	20	8,980	9,902	10,142	8,980	9,902
Employee share option reserve	21	1,323	1,702	-	1,323	1,702
(Accumulated losses)/Retained profits		(1,608)	2,341	(28,437)	(25,594)	(21,155)
		114,052	100,321	50,621	67,864	67,391
NON-CONTROLLING INTERESTS		(5,159)	(2,509)	16,237	-	-
TOTAL EQUITY		108,893	97,812	66,858	67,864	67,391
NON-CURRENT LIABILITIES						
Hire purchase payables	22	4,090	1,483	531	784	901
Term loans	23	6,164	8,575	8,767	-	-
Deferred tax liabilities	24	5,614	2,776	3,083	-	-
		15,868	12,834	12,381	784	901
CURRENT LIABILITIES						
Trade payables	25	7,023	5,874	7,313	-	-
Other payables and accruals	26	15,704	21,326	22,703	4,567	896
Amount owing to subsidiaries	14	-	-	-	50,693	27,390
Amount owing to related parties	15	5,153	109	1,010	5,153	109
Amount owing to directors	27	705	450	1,187	3	3
Hire purchase payables	22	1,382	736	405	280	370
Provision for taxation		192	358	65	-	-
Short-term borrowings	28	11,946	13,596	178,632	-	-
Bank overdrafts	29	853	230	773	-	-
		42,958	42,679	212,088	60,696	28,768
Liability directly associated with asset classified as held for sale		-	-	7,119	-	-
		42,958	42,679	219,207	60,696	28,768
TOTAL LIABILITIES		58,826	55,513	231,588	61,480	29,669
TOTAL EQUITY AND LIABILITIES		167,719	153,325	298,446	129,344	97,060

Statements of Comprehensive Income

For the Financial Year Ended 31 January 2012

	NOTE	THE GROUP		THE COMPANY	
		2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
CONTINUING OPERATIONS					
REVENUE	30	78,393	66,722	57	-
COST OF SALES		(67,063)	(53,790)	(61)	-
GROSS PROFIT/(LOSS)		11,330	12,932	(4)	-
OTHER INCOME		3,423	44,171	240	4,755
		14,753	57,103	236	4,755
SELLING AND DISTRIBUTION EXPENSES		(3,397)	(3,017)	-	-
ADMINISTRATIVE EXPENSES		(15,221)	(10,193)	(1,322)	(1,740)
OTHER EXPENSES		(2,030)	(22,684)	(2,670)	(5,380)
FINANCE COSTS		(1,878)	(1,767)	(694)	(563)
(LOSS)/PROFIT BEFORE TAXATION	31	(7,773)	19,442	(4,450)	(2,928)
INCOME TAX EXPENSE	33	334	7,068	-	-
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(7,439)	26,510	(4,450)	(2,928)
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	34	(269)	(259)	-	-
(LOSS)/PROFIT AFTER TAXATION		(7,708)	26,251	(4,450)	(2,928)
OTHER COMPREHENSIVE INCOME, NET OF TAX - Revaluation of property, plant and equipment		13,866	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		6,158	26,251	(4,450)	(2,928)

Statements of Comprehensive Income

For the Financial Year Ended 31 January 2012 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(5,058)	17,913	(4,450)	(2,928)
Non-controlling interests		(2,650)	8,338	-	-
		(7,708)	26,251	(4,450)	(2,928)
TOTAL COMPREHENSIVE INCOME/(EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company		8,808	17,913	(4,450)	(2,928)
Non-controlling interests		(2,650)	8,338	-	-
		6,158	26,251	(4,450)	(2,928)
BASIC (LOSS)/EARNINGS PER SHARE (SEN):					
- Continuing operations	35	(4.47)	19.25		
- Discontinued operations	35	(0.15)	(0.17)		
		(4.62)	19.08		
DILUTED (LOSS)/EARNINGS PER SHARE (SEN):					
- Continuing operations	35	(3.56)	19.15		
- Discontinued operations	35	(0.11)	(0.16)		
		(3.67)	18.99		

Statements of Changes in Equity

For the Financial Year Ended 31 January 2012

NOTE	NON-DISTRIBUTABLE				EMPLOYEE SHARE OPTION RESERVE RM'000	DISTRIBUTABLE (ACCUMULATED LOSSES)/ RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	CAPITAL RESERVE RM'000					
THE GROUP									
Balance at 1.2.2010 as previously reported	44,617	1,965	22,334	10,142	-	(29,666)	49,392	16,237	65,629
Effect of early adoption of Amendments to FRS 112	-	-	-	-	-	1,229	1,229	-	1,229
Balance at 1.2.2010 as restated	44,617	1,965	22,334	10,142	-	(28,437)	50,621	16,237	66,858
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	-	-	17,913	17,913	8,338	26,251
Contributions by and distribution to owners of the Company:									
- Grant of equity-settled share option to employees	21	-	-	-	2,466	-	2,466	-	2,466
- Employees' share options exercised	18	1,273	1,782	-	(764)	-	2,291	-	2,291
- Warrants exercised	18	494	240	-	(240)	-	494	-	494
- Issuance of shares for:-	18								
- Ipoh Land Acquisition		4,375	7,525	-	-	-	11,900	-	11,900
- Acquisition of balance 10% shares in Tegas Consolidated Sdn. Bhd. ("Tegas")		735	1,265	-	-	-	2,000	-	2,000
- Dividend paid to non-controlling interests		-	-	-	-	-	-	(24,008)	(24,008)
- Private placement		2,500	10,136	-	-	-	12,636	-	12,636
Additional investment in a subsidiary		-	-	-	-	-	-	(3,076)	(3,076)
Realisation of revaluation reserve	19	-	-	(12,865)	-	12,865	-	-	-
Balance at 31.1.2011	53,994	22,913	9,469	9,902	1,702	2,341	100,321	(2,509)	97,812
Balance at 31.1.2011/ 1.2.2011	53,994	22,913	9,469	9,902	1,702	2,341	100,321	(2,509)	97,812
Loss after taxation for the financial year	-	-	-	-	-	(5,058)	(5,058)	(2,650)	(7,708)
Other comprehensive income for the financial year, net of tax:									
- Revaluation of property, plant and equipment		-	-	13,866	-	-	13,866	-	13,866
Total comprehensive income for the financial year	-	-	13,866	-	-	(5,058)	8,808	(2,650)	6,158
Contributions by and distributions to owners of the Company:									
- Employees' share options exercised	17/18	613	858	-	(368)	-	1,103	-	1,103
- Warrants exercised	17/18	1,831	922	-	(922)	-	1,831	-	1,831
- Employees' share options forfeited		-	-	-	(11)	11	-	-	-
- Private placement	17/18	650	1,339	-	-	-	1,989	-	1,989
Realisation of revaluation reserve	19	-	-	(1,098)	-	1,098	-	-	-
Balance at 31.1.2012	57,088	26,032	22,237	8,980	1,323	(1,608)	114,052	(5,159)	108,893

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

Statements of Changes in Equity

For the Financial Year Ended 31 January 2012 (cont'd)

	← NON-DISTRIBUTABLE →				EMPLOYEE SHARE OPTION RESERVE RM'000	DISTRIBUTABLE ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	CAPITAL RESERVE RM'000			
THE COMPANY							
Balance at 1.2.2010	44,617	1,965	35	10,142	-	(18,227)	38,532
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	-	(2,928)	(2,928)
Contributions by and distribution to owners of the Company:							
- Grant of equity-settled share options to employees	-	-	-	-	2,466	-	2,466
- Employees' share options exercised	1,273	1,782	-	-	(764)	-	2,291
- Warrants exercised	494	240	-	(240)	-	-	494
- Issuance of shares for:							
- Ipoh Land acquisition	4,375	7,525	-	-	-	-	11,900
- Acquisition of balance 10% share in Tegas	735	1,265	-	-	-	-	2,000
- Private placement	2,500	10,136	-	-	-	-	12,636
Balance at 31.1.2011/ 1.2.2011	53,994	22,913	35	9,902	1,702	(21,155)	67,391
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	-	(4,450)	(4,450)
Contributions by and distribution to owners of the Company:							
- Employees' share options exercised	613	858	-	-	(368)	-	1,103
- Warrants exercised	1,831	922	-	(922)	-	-	1,831
- Employees' share options forfeited	-	-	-	-	(11)	11	-
- Private placement	650	1,339	-	-	-	-	1,989
Balance at 31.1.2012	57,088	26,032	35	8,980	1,323	(25,594)	67,864

Statements of Cash Flows

For the Financial Year Ended 31 January 2012

NOTE	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before taxation from:				
- continuing operations	(7,773)	19,442	(4,450)	(2,928)
- discontinued operations	(269)	(259)	-	-
Adjustments for:-				
Bad debts written off	57	-	-	-
Deposit written off	3	-	-	-
Depreciation of property, plant and equipment	4,795	4,142	513	459
Dividend income	(144)	-	(144)	-
Fair value gain on investment property	(474)	-	-	-
Gain on disposal of a subsidiary	(143)	-	-	-
Gain on disposal of property, plant and equipment	(51)	(71)	-	-
Impairment loss on property, plant and equipment	124	-	-	-
Impairment losses on trade and other receivables	44	114	-	-
Impairment loss on goodwill	655	-	-	-
Impairment loss on amount owing by subsidiaries	-	-	1,900	2,800
Impairment loss on investments in subsidiaries	-	-	-	646
Interest expense	1,878	1,767	694	563
Interest income	(350)	(651)	(84)	(39)
Inventories written off	135	-	-	-
Loss on disposal on quoted investments	261	-	257	-
Loss on disposal of land held for sale	-	19,024	-	-
Property, plant and equipment written off	65	233	-	96
Share option granted	-	2,466	-	2,466
Waiver of debts (from)/to:				
- trade payables	(318)	-	-	-
- lenders	-	(42,190)	-	(42,190)
- subsidiaries	-	-	-	37,620
Writeback of impairment loss on other receivables	(18)	(15)	-	-
Increase in land held for property development	(826)	(10,007)	-	-
Increase in inventories	(1,828)	(2,215)	-	-
Decrease/(Increase) in trade and other receivables	7,364	64,494	(17,517)	(7,011)
(Decrease)/Increase in trade and other payables	(3,890)	(3,612)	3,671	(186)
Increase in amount owing by related parties	(82)	(283)	-	-
CASH (FOR)/FROM OPERATIONS	(785)	52,379	(15,160)	(7,704)
Income tax refunded	-	1	-	-
Income tax paid	(623)	(108)	(40)	(38)
Interest paid	(1,878)	(1,767)	(694)	(563)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(3,286)	50,505	(15,894)	(8,305)
Balance carried forward	(3,286)	50,505	(15,894)	(8,305)

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

Statements of Cash Flows

For the Financial Year Ended 31 January 2012 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Balance brought forward		(3,286)	50,505	(15,894)	(8,305)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of quoted investments		1,699	-	1,698	-
Interest received		350	651	84	(39)
Dividend received		144	-	144	-
Proceeds from disposal of property, plant and equipment		157	680	-	-
Purchase of property, plant and equipment	36	(3,197)	(3,255)	(90)	(286)
Purchase of quoted investments		(1,955)	-	(1,955)	-
Advances to related parties		(2)	-	(18)	(296)
Acquisition of a subsidiary	37	-	(200)	-	-
Additional investment in a subsidiary from non-controlling interests		-	(3,076)	-	-
Proceeds from disposal of land		-	93,463	-	-
Proceeds from disposal of a subsidiary	38	2	-	-	-
Purchase of land held for development		-	(16,041)	-	-
(Advances to)/Repayment from subsidiaries		-	-	(18,202)	97,450
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,802)	72,222	(18,339)	96,907
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances/(Repayment to) from related parties		5,044	(901)	5,044	(789)
Proceeds from share options exercised		1,103	2,291	1,103	2,291
Proceeds from warrants exercised		1,831	494	1,831	494
Proceeds from private placement		1,989	12,636	1,989	12,636
Proceeds from issuance of shares		-	13,900	-	13,900
Advances from/(Repayment to) directors		255	(737)	-	(50)
Net repayment of bills payable		(1,166)	(472)	-	-
Repayment of hire purchase obligations		(1,416)	(749)	(370)	(389)
Repayment of term loans		(2,895)	(124,516)	-	(120,000)
Drawdown of term loans		-	1,950	-	-
Advances from subsidiaries		-	-	23,209	4,721
Dividend paid to non-controlling interests		-	(24,008)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		4,745	(120,112)	32,806	(87,186)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,343)	2,615	(1,427)	1,416
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,733	118	1,429	13
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	1,390	2,733	2	1,429

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at No. 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 23 May 2012.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

3. BASIS OF PREPARATION (CONT'D)

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

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The non-controlling interests had consented to share the losses of RM2,509,278 of the Group in the previous financial year. The Group has applied FRS 127 (Revised) during the current financial year. Accordingly, losses of certain subsidiaries for the current financial year amounting to RM2,650,083 have been attributed to the non-controlling interests.

- (iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 45(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.
- (iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

(b) The Group has early adopted the following amendments that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

FRSs (including the Consequential Amendments)

Amendments to FRS 112: Recovery of Underlying Assets

Amendments to FRS 112 provide a limited exception for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. The amendments introduce a rebuttable presumption that the investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The early adoption of the amendments to FRS 112 had been applied retrospectively and the effects are disclosed in the consolidated statement of changes in equity.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

3. BASIS OF PREPARATION (CONT'D)

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The Group's next set of financial statements for the annual period beginning on 1 February 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 February 2012.

- (d) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year. The possible change of the accounting policies is expected to have no material impact on the financial statements of the Group upon their initial application.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

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

(i) *Depreciation of Property, Plant and Equipment*

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

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

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

(ii) *Income Taxes*

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

(iii) *Impairment of Non-Financial Assets*

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

(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. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

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

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

(v) *Impairment of Trade and Other Receivables*

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vi) *Write-down of Inventories*

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

(vii) *Revaluation of Properties and Plant and Machinery*

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

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

(viii) *Fair Value Estimates for Investment Properties*

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

(ix) *Classification of Leasehold Land*

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

(x) *Share-based Payments*

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

(xi) *Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(xii) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. 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 assets and liabilities would affect profit and/or equity.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 January 2012.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

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Business combinations from 1 February 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 February 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Business combinations before 1 February 2011

All subsidiaries are consolidated using purchase method. At the date of the 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.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill on Consolidation

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

Business combinations from 1 February 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 February 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

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 as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

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

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

(ii) *Transactions and Balances*

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

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

(i) Financial Assets

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

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

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

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

- *Held-to-maturity Investments*

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

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets

• Available-for-sale Financial Assets (Cont'd)

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

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

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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

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

(f) Investments in Subsidiaries

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

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

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

(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 a non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. 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 profit or loss are determined by reference to the stage of completion of development activity at the reporting period.

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

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

(i) Progress Billings/Accrued Billings

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

(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 golf course and golf course building are capitalised.

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

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

Properties and plant and machinery are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(k) Impairment

(i) *Impairment of Financial Assets*

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

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

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

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

(ii) *Impairment of Non-Financial Assets*

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

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

(l) Assets Under Hire Purchase

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

(m) Revaluation Reserve

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

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

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

(n) Investment Properties

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

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

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

(o) Inventories

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Cash and Cash Equivalents

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

(q) Borrowing Costs

Borrowing costs, 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. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

(r) Provisions

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

(s) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in the profit or loss 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 recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

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

(t) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Taxes (Cont'd)

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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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

(u) Operating Segments

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

(v) Related Parties

A party is related to an entity if:-

- (a) directly, or indirectly through one or more intermediaries, the party:-
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(w) Contingent Liabilities

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Contingent Liabilities (Cont'd)

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

(x) Revenue and Other Income

(i) Sale of Goods

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

(ii) Property Development

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

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

(iii) Sale of Completed Properties

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

(iv) Construction Contracts

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

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

(v) Services

Revenue is recognised upon rendering of services.

(vi) Resort Operations

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

(vii) Recreational and Sports Operations

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

(viii) Interest Income

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Revenue and Other Income (Cont'd)

(ix) Rental Income

Rental income is recognised on an accrual basis.

(x) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(y) Discontinued Operations

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

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012 RM'000	2011 RM'000
Unquoted shares:		
- at cost	36,137	36,137
- surplus on revaluation of investment in a subsidiary	493	493
	<hr/> 36,630	<hr/> 36,630
Accumulated impairment losses:-		
At 1 February	(7,046)	(6,400)
Addition during the financial year	-	(646)
	<hr/> (7,046)	<hr/> (7,046)
At 31 January	29,584	29,584

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

Name of Company	Effective Equity Interest		Principal Activities
	2012	2011	
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.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Equity Interest		Principal Activities
	2012	2011	
KCP Carton Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes. The company has temporarily ceased its business operations.
Panorama Industries Sdn. Bhd. ⁽²⁾	100%	100%	Property investment.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
PPI Bags Sdn. Bhd.	51%	51%	Manufacturing and sale of industrial woven bags.
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes. The company has temporarily ceased its business operations.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. * ⁽³⁾	100%	100%	Investment holding.
Omni Green Sdn. Bhd. ^ ⁽³⁾	51%	51%	Operating a golf course.
Harta Makmur Sdn. Bhd. ⁽⁴⁾	60%	60%	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd. ⁽⁵⁾	60%	60%	Resort operator.
Teluk Rubiah Country Club Sdn. Bhd. ⁽⁵⁾	60%	60%	Provide recreational and sport facilities and operating golf course. The company has ceased its business activities as a golf course operator.
Suria Makmur Development Sdn. Bhd. ⁽⁵⁾	60%	60%	Property development.
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. ⁽⁶⁾	100%	100%	General construction.
KYM Development (Perak) Sdn. Bhd. * ⁽⁶⁾	100%	100%	Property development.
KYM Leisure Sdn. Bhd. ⁽⁶⁾	100%	100%	Property development.
Austin Star Sdn. Bhd. ⁽⁶⁾	-	100%	Restaurant operator.
Austin Capital Sdn. Bhd. ⁽⁶⁾	100%	-	Dormant.
KYM Maserba Sdn. Bhd. ⁽⁷⁾	100%	100%	Dormant.
KMG Assets Sdn. Bhd.	100%	100%	Providing management services.
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
KYM Mineral Sdn. Bhd.	100%	100%	Mineral extractions, processing and distribution.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Equity Interest		Principal Activities
	2012	2011	
KYM Maju Sdn. Bhd. (Formerly known as KYM Bangi Villa Sdn. Bhd.)	100%	100%	Dormant.
Konsortium Melaka Gemilang Sdn. Bhd.	51%	51%	Dormant.

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

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

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

6. LAND HELD FOR PROPERTY DEVELOPMENT

	THE GROUP	
	2012 RM'000	2011 RM'000
Long leasehold land held for development		
- At cost		
At 1 February	20,165	5,165
Addition during the financial year	-	15,000
At 31 January	20,165	20,165
Development expenditure - At cost		
At 1 February	5,697	4,656
Addition during the financial year	826	1,041
At 31 January	6,523	5,697
	26,688	25,862

Included in the land held for property development is long leasehold land amounting to RM9.8 million pledged to financial institutions for credit facilities granted to the Group. A lienholder's caveat over the long leasehold land has been granted to the financial institutions. The long leasehold land had been discharged in the previous financial year.

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 had been credited to the revaluation reserve account in the same financial period. The corresponding deferred tax of the Group had 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.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

7. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	FORKLIFTS, TOOLS AND EQUIPMENT AND PRODUCTION ACCESSORIES RM'000	MOTOR VEHICLES RM'000	OTHER ASSETS # RM'000	TOTAL RM'000
THE GROUP								
Net book value								
At 1.2.2011	6,286	3,600	3,551	13,951	1,019	2,424	2,280	43,111
Disposal of a subsidiary	-	-	-	-	-	-	(75)	(75)
Additions	-	-	465	5,403	498	563	937	7,866
Disposals	-	-	-	(27)	(68)	-	(11)	(106)
Written off	-	-	-	-	-	-	(65)	(65)
Revaluation surplus	2,737	860	4,114	9,744	-	-	-	17,455
Impairment losses	-	-	-	-	-	-	(124)	(124)
Depreciation charge for the financial year	(215)	-	(184)	(2,583)	(524)	(711)	(578)	(4,795)
At 31.1.2012	8,808	4,460	17,946	26,488	925	2,276	2,364	63,267

	LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	FORKLIFTS, TOOLS AND EQUIPMENT AND PRODUCTION ACCESSORIES RM'000	CAPITAL MOTOR VEHICLES RM'000	OTHER ASSETS # RM'000	WORK-IN- PROGRESS RM'000	TOTAL RM'000
THE GROUP									
Net book value									
As previously reported at 1.2.2010	-	3,600	12,960	16,420	1,145	731	1,761	269	36,886
Effects of FRS 117	5,595	-	-	-	-	-	-	-	5,595
As restated at 1.2.2010	5,595	3,600	12,960	16,420	1,145	731	1,761	269	42,481
Acquisition of a subsidiary	-	-	-	-	-	-	327	-	327
Reclassification	-	-	832	33	(32)	-	(1)	(832)	-
Additions	765	-	-	170	565	2,415	809	563	5,287
Disposals	-	-	-	(469)	(78)	(6)	(56)	-	(609)
Written off	-	-	-	(32)	(1)	(117)	(83)	-	(233)
Depreciation charge for the financial year	(74)	-	(241)	(2,171)	(580)	(599)	(477)	-	(4,142)
Net book value at 31.1.2011	6,286	3,600	13,551	13,951	1,019	2,424	2,280	-	43,111

	LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	FORKLIFTS, TOOLS AND EQUIPMENT AND PRODUCTION ACCESSORIES RM'000	MOTOR VEHICLES RM'000	OTHER ASSETS # RM'000	TOTAL RM'000
THE GROUP								
At 31.1.2012								
Cost	6,350	-	1,143	5,379	10,722	4,182	8,545	36,321
Valuation	2,737	4,460	17,523	31,681	-	-	-	56,401
Accumulated impairment losses	-	-	-	-	-	-	(124)	(124)
Accumulated depreciation	(279)	-	(720)	(10,572)	(9,797)	(1,906)	(6,057)	(29,331)
Net book value	8,808	4,460	17,946	26,488	925	2,276	2,364	63,267
At 31.1.2011								
Cost	6,841	-	832	882	10,531	3,779	8,491	31,356
Valuation	-	3,600	13,408	21,938	-	-	-	38,946
Accumulated impairment losses	-	-	-	(144)	-	-	-	(144)
Accumulated depreciation	(555)	-	(689)	(8,725)	(9,512)	(1,355)	(6,211)	(27,047)
Net book value	6,286	3,600	13,551	13,951	1,019	2,424	2,280	43,111

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

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

ANALYSIS OF OTHER ASSETS

	OFFICE EQUIPMENT, FURNITURE AND FITTINGS, RENOVATION AND ELECTRICAL INSTALLATION 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 1.2.2011	1,497	248	535	2,280
Additions	538	399	-	937
Disposal of a subsidiary	(75)	-	-	(75)
Impairment losses	-	-	(124)	(124)
Disposals	(5)	-	(6)	(11)
Written off	(39)	(26)	-	(65)
Depreciation charge for the financial year	(376)	(40)	(162)	(578)
Net book value at 31.1.2012	1,540	581	243	2,364
Net book value at 1.2.2010	1,091	-	670	1,761
Additions	640	84	85	809
Acquisition of a subsidiary	123	176	28	327
Reclassification	(1)	-	-	(1)
Disposals	(3)	-	(53)	(56)
Written off	(59)	-	(24)	(83)
Depreciation charge for the financial year	(294)	(12)	(171)	(477)
Net book value at 31.1.2011	1,497	248	535	2,280
At 31.1.2012				
Cost	7,233	635	677	8,545
Accumulated impairment losses	-	-	(124)	(124)
Accumulated depreciation	(5,693)	(54)	(310)	(6,057)
Net book value	1,540	581	243	2,364
At 31.1.2011				
Cost	7,417	260	814	8,491
Accumulated depreciation	(5,920)	(12)	(279)	(6,211)
Net book value	1,497	248	535	2,280

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

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

	OFFICE EQUIPMENT, FURNITURE FITTINGS AND RENOVATION RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
THE COMPANY			
Net book value at 1.2.2011	113	1,405	1,518
Additions	82	171	253
Transfer from a subsidiary	-	94	94
Depreciation charge for the financial year	(32)	(481)	(513)
Net book value at 31.1.2012	163	1,189	1,352
Net book value at 1.2.2010	97	397	494
Additions	40	1,539	1,579
Written off	-	(96)	(96)
Depreciation charge for the financial year	(24)	(435)	(459)
Net book value at 31.1.2011	113	1,405	1,518
At 31.1.2012			
Cost	973	2,575	3,548
Accumulated depreciation	(810)	(1,386)	(2,196)
Net book value	163	1,189	1,352
At 31.1.2011			
Cost	891	2,309	3,200
Accumulated depreciation	(778)	(904)	(1,682)
Net book value	113	1,405	1,518

The freehold land and buildings of the Group were revalued by the directors on the open market value basis during the financial year, based on a comparison method of valuation carried out by an independent firm of professional valuers.

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

The surpluses arising from the above revaluations net of deferred taxation have been credited to the other comprehensive income and accumulated in equity under the revaluation reserve.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

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

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	
	2012 RM'000	2011 RM'000
Freehold land	6,147	2,624
Leasehold land	2,407	6,286
Buildings	18,542	11,014
Plant and machinery	13,272	5,563
	40,638	25,487

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

	THE GROUP	
	2012 RM'000	2011 RM'000
Freehold land	3,600	3,600
Leasehold land	6,286	6,286
Buildings	9,758	13,551
Plant and machinery	23,188	13,951
Forklift, tools and equipment and production accessories	929	1,019
Motor vehicles	777	490
Other assets	946	978
	45,484	39,875

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Plant and machinery	4,567	558	-	-
Motor vehicles	1,061	2,360	1,189	1,403
	5,628	2,918	1,189	1,403

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

7. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At cost:-				
Forklifts, tools and equipment and production accessories	8,506	7,730	-	-
Motor vehicles	236	107	765	4
Other assets	6,234	3,788	704	686
	14,976	11,625	1,469	690

8. PREPAID LEASE PAYMENTS

	THE GROUP	
	2012 RM'000	2011 RM'000
Leasehold land, at cost		
- as previously reported	-	6,076
- Effects of FRS 117	-	(6,076)
- as restated	-	-
Accumulated amortisation		
- as previously reported	-	481
- Effects of FRS 117	-	(481)
	-	-
	-	-

The Group adopted the amendments made to FRS 117 Leases in the previous financial year. The Group had reassessed and determined that the leasehold land of the Group was in substance a finance lease and had reclassified it as property, plant and equipment.

9. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At fair value:-				
At 1 February	7,117	7,117	3,561	3,561
Fair value adjustment	474	-	-	-
At 31 January	7,591	7,117	3,561	3,561

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

9. INVESTMENT PROPERTIES (CONT'D)

The investment properties comprise the following:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Leasehold land	2,561	2,561	1,211	1,211
Building	5,030	4,556	2,350	2,350
	7,591	7,117	3,561	3,561

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Properties that generate income:-				
Insurance	28	27	7	6
Quit rent and assessment	38	40	20	20

10. INTANGIBLE ASSET

	THE GROUP	
	2012 RM'000	2011 RM'000
Goodwill on consolidation	7,047	7,047
Accumulated impairment losses	(2,380)	(1,725)
	4,667	5,322
Accumulated impairment losses:-		
At 1 February	(1,725)	(1,725)
Addition during the financial year	(655)	-
At 31 January	(2,380)	(1,725)

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that additional impairment loss on goodwill has been provided for.

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

Growth rate	Between 4% to 10%
Gross margin	Between 22% to 23%
Discount rate	7.35%

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

11. INVENTORIES

	THE GROUP	
	2012 RM'000	2011 RM'000
At cost:-		
Raw materials	9,090	9,215
Work-in-progress	1,077	1,098
Finished goods	2,948	1,085
Others	4	23
	<hr/>	<hr/>
	13,119	11,421
At net realisable value:-		
Finished goods	262	267
	<hr/>	<hr/>
	13,381	11,688

12. TRADE RECEIVABLES

	THE GROUP	
	2012 RM'000	2011 RM'000
Trade receivables	19,470	20,574
Allowance for impairment losses	(2,028)	(5,593)
	<hr/>	<hr/>
	17,442	14,981
Allowance for impairment losses:-		
At 1 February	(5,593)	(5,546)
Addition during the financial year	(22)	(114)
Writeback during the financial year	12	15
Writeoff during the financial year	3,575	52
	<hr/>	<hr/>
At 31 January	(2,028)	(5,593)

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

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

	THE GROUP	
	2012 RM'000	2011 RM'000
RM equivalent of trade receivables denominated in:-		
Singapore Dollar	1,531	1,253
United States Dollar	456	289
	<hr/>	<hr/>

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Other receivables	3,852	41,851	2,837	12,801
Allowance for impairment losses	(22)	(6)	-	-
	3,830	41,845	2,837	12,801
Deposits	27,795	-	27,636	144
Prepayments	260	-	1	12
	31,885	41,845	30,474	12,957
Allowance for impairment losses:-				
At 1 February	(6)	(53)	-	-
Addition during the financial year	(22)	-	-	-
Writeback during the financial year	6	-	-	-
Writeoff during the financial year	-	47	-	-
At 31 January	(22)	(6)	-	-

Included in other receivables of the Group in the previous financial year was an amount of RM27,061,900 related to the sale proceeds from the disposal of properties, golf course and resorts which was subsequently received by the Group.

Included in other receivables of the Group and of the Company in the previous financial year was an amount of RM12,750,000 which represented the balance of the proceeds from the Private Placement. The amount was subsequently received by the Company.

Included in deposits of the Group and of the Company for the current financial year is an amount of RM27,100,000 which represents the deposit placed for the proposed acquisition of 400,000 ordinary shares in Harta Makmur Sdn. Bhd., a subsidiary of the Group as disclosed in Note 42(a) to the financial statements.

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2012 RM'000	2011 RM'000
Amount owing by subsidiaries	103,239	85,037
Allowance for impairment losses	(39,260)	(37,360)
	63,979	47,677
Allowance for impairment losses:-		
At 1 February	(37,360)	(34,560)
Addition during the financial year	(1,900)	(2,800)
At 31 January	(39,260)	(37,360)

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

	THE COMPANY	
	2012 RM'000	2011 RM'000
Amount owing to subsidiaries	(50,693)	(27,390)

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

15. AMOUNTS OWING BY/(TO) RELATED PARTIES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amount owing by:-				
- Trade balance	173	91	-	-
Allowance for impairment losses	(80)	(80)	-	-
	93	11	-	-
- Non-trade balance	361	359	314	296
	454	370	314	296
Amount owing to:-				
- Non-trade balance	(5,153)	(109)	(5,153)	(109)

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

The trade balance is subject to the normal credit terms ranging from 30 to 90 days. The amount owing is to be settled in cash.

The non-trade balances represent unsecured interest-free advances and payments made on behalf except for an amount owing to a related party of approximately RM5,000,000 which bore an effective interest rate of 8% per annum in the current financial year. The amounts owing are repayable on demand and are to be settled in cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rate of the fixed deposits at the end of the reporting period was 3.10% (2011 - 2.72%) per annum. The fixed deposits have maturity periods ranging from 90 to 365 days (2011 - 1 to 365 days).

17. SHARE CAPITAL

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

	2012		2011	
	Number of Shares '000	Share Capital RM '000	Number of Shares '000	Share Capital RM '000
Ordinary shares of RM0.50 each	2,000,000	1,000,000	2,000,000	1,000,000

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

17. SHARE CAPITAL (CONT'D)

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

	2012 Number of Shares '000	Share Capital RM '000	2011 Number of Shares '000	Share Capital RM '000
Ordinary shares of RM0.50 each				
At 1 February	107,988	53,994	89,235	44,617
Private Placement	1,300	650	5,000	2,500
Employees' share options exercised	1,226	613	2,546	1,273
Warrants exercised	3,661	1,831	987	494
Ipoh Land Acquisition	-	-	8,750	4,375
Acquisition of balance 10% shares in Tegas	-	-	1,470	735
At 31 January	114,175	57,088	107,988	53,994

18. SHARE PREMIUM

	THE GROUP/ THE COMPANY	
	2012 RM'000	2011 RM'000
At 1 February	22,913	1,965
Premium arising from:		
- Private Placement net of placement fees	1,339	10,136
- Employees' share options exercised	858	1,782
- Warrants exercised	922	240
- Ipoh Land Acquisition	-	7,525
- Acquisition of balance 10% shares in Tegas	-	1,265
At 31 January	26,032	22,913

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.

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19. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 February	9,469	22,334	35	35
Arising from the revaluation of properties, plant and machinery	13,866	-	-	-
Realisation of revaluation reserve	(1,098)	(12,865)	-	-
At 31 January	22,237	9,469	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.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

20. CAPITAL RESERVE

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

	THE GROUP/ THE COMPANY	
	2012 RM'000	2011 RM'000
At 1 February	9,902	10,142
Warrants exercised	(922)	(240)
At 31 January	8,980	9,902

21. EMPLOYEE SHARE OPTION RESERVE

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

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

The main features of the ESOS are as follows:-

- (i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 3 years on the date of the offer.
- (ii) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.
- (iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

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

DATE OF OFFER	EXERCISE PRICE	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
		AT 1.2.2011	GRANTED	EXERCISED	FORFEITED	AT 31.1.2012
26 MAY 2010	RM0.90	5,670,000	-	(1,226,000)	(38,000)	4,406,000

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

21. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

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

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

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

22. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum hire purchase payments:				
- not later than one year	1,659	1,024	324	425
- later than one year and not later than five years	4,615	1,378	874	967
- later than five years	45	94	41	83
	6,319	2,496	1,239	1,475
Less: Future finance charges	(847)	(277)	(175)	(204)
Present value of hire purchase payables	5,472	2,219	1,064	1,271

The net hire purchase payables are repayable as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current:				
- not later than one year	1,382	736	280	370
Non-current:				
- later than one year and not later than five years	4,055	1,394	750	832
- later than five years	35	89	34	69
Total non-current portion	4,090	1,483	784	901
	5,472	2,219	1,064	1,271

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

22. HIRE PURCHASE PAYABLES (CONT'D)

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.6% to 7.8% (2011 - 4.6% to 7.8%) per annum.

Included in the hire purchase payables is an amount of approximately RM116,000 (2011 - RM150,000) secured by a guarantee of the directors of certain subsidiaries.

23. TERM LOANS

	THE GROUP	
	2012 RM'000	2011 RM'000
Current portion:		
- repayable within one year (Note 28)	1,754	2,238
Non-current portion:		
- repayable between one to two years	1,541	1,780
- repayable between two to five years	3,665	5,668
- repayable after five years	958	1,127
Total non-current portion	6,164	8,575
	7,918	10,813

Details of the repayment terms are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP	
				2012 RM'000	2011 RM'000
1	12	80,000	December 2009	4,952	5,671
	24	100,000	December 2010		
	12	120,000	December 2012		
	12	140,000	December 2013		
	Until full settlement	170,000	December 2014		
2	180	16,877	March 2008	1,592	1,698
3	84	21,821	February 2005	-	221
4	72	35,434	June 2004	-	105
5	72	58,613	June 2004	-	174
6	10	75,000	August 2009	-	810
	11	210,000	June 2010		
	1	230,000	May 2011		
7	36	62,029	April 2010	845	1,493
8	60	4,037	January 2011	163	197
9	60	9,082	January 2011	366	444
				7,918	10,813

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

23. TERM LOANS (CONT'D)

- (a) Term loans 1 and 2 bore effective interest rates at the end of the reporting period ranging from 5.85% to 9.10% (2011 - 5.55% to 8.80%) per annum and are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements.
- (b) Term loans 7 to 9 bore effective interest rates at the end of the reporting period ranging from 6.50% to 8.10% (2011 - 6.25% to 7.80%) per annum and are secured by:-
- (i) legal charges over the leasehold land and buildings of certain subsidiaries and the holding company;
 - (ii) fixed and floating charges over the assets of certain subsidiaries;
 - (iii) a pledge of the fixed deposits of the Group;
 - (iv) a negative pledge on the assets of a subsidiary;
 - (v) a joint and several guarantee from a director of a subsidiary and a related party; and
 - (vi) a corporate guarantee of the Company.

24. DEFERRED TAX LIABILITIES

	THE GROUP	
	2012 RM'000	2011 RM'000 RESTATED
At 1 February	2,776	10,202
Recognised in other comprehensive income: - arising from the revaluation of property, plant and machinery	3,702	-
Recognised in profit or loss (Note 33)	(864)	(7,426)
At 31 January	5,614	2,776

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

	THE GROUP	
	2012 RM'000	2011 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances	1,858	2,175
Revaluation of property	2,555	4,135
Revaluation of plant and machinery	2,259	876
	6,672	7,186
Deferred tax assets:-		
Unutilised tax losses	(1,058)	(3,058)
Unabsorbed capital allowances	-	(1,102)
Others	-	(250)
	(1,058)	(4,410)
	5,614	2,776

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

25. 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	
	2012 RM'000	2011 RM'000
RM equivalent of trade payables denominated in:-		
United States Dollar	1,231	1,206
Euro	423	67

26. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Accrued quit rent	6,000	14,273	-	-
Accrued professional fees	600	975	-	176
Others	9,104	6,078	4,567	720
	15,704	21,326	4,567	896

27. AMOUNT OWING TO DIRECTORS

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

28. SHORT-TERM BORROWINGS

	THE GROUP	
	2012 RM'000	2011 RM'000
Secured:-		
Bills payable	10,192	11,358
Term loans (Note 23)	1,754	2,238
	11,946	13,596

The bills payable bore a weighted average interest rate of 4.4% (2011 - 4.4%) per annum at the end of the reporting period and are secured by:-

- (i) legal charges over the leasehold land and buildings of certain subsidiaries;
- (ii) a debenture incorporating fixed and floating charges over the assets of a subsidiary; and
- (iii) a corporate guarantee from a subsidiary and the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

29. BANK OVERDRAFTS

The bank overdrafts bore a weighted average interest rate of 7.98% (2011 - 7.1%) per annum at the end of the reporting period and are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements.

30. REVENUE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Sale of land	-	300	-	-
Sale of goods	76,595	65,520	-	-
Others	1,798	902	57	-
	78,393	66,722	57	-

31. (LOSS)/PROFIT BEFORE TAXATION

	Note	THE GROUP		THE COMPANY	
		2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Audit fee					
- for the financial year		168	160	45	42
- underprovision in the previous financial year		4	28	-	20
- other services		-	35	-	35
Bad debts recovered		(194)	-	-	-
Bad debts written off:-					
- trade receivables		34	-	-	-
- other receivables		23	-	-	-
Depreciation of property, plant and equipment		4,626	3,959	513	459
Deposit written off		3	-	-	-
Directors' fees	32	163	64	64	64
Directors' non-fee emoluments	32	867	958	-	-
Dividend income		(144)	-	(144)	-
Fair value gain on investment properties		(474)	-	-	-
(Gain)/Loss on disposal of:-					
- property, plant and equipment		(41)	(61)	-	-
- quoted investments		261	-	257	-
- a subsidiary		(143)	-	-	-
- land held for sale		-	19,024	-	-
Inventories written off		135	-	-	-
Interest expense:-					
- bills payable		620	621	-	-
- hire purchase		294	96	58	47
- others		660	537	636	516
- overdrafts		42	39	-	-
- term loans		262	474	-	-
Interest income		(350)	(651)	(84)	(39)
Impairment losses on:-					
- amount owing by subsidiaries		-	-	1,900	2,800
- goodwill		655	-	-	-
- investments in subsidiaries		-	-	-	646
- trade receivables		15	110	-	-
- other receivables		22	-	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

31. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Note	THE GROUP		THE COMPANY	
		2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Property, plant and equipment written off		-	208	-	96
Realised gain on foreign exchange		(242)	(207)	-	-
Rental expenses:-					
- premises		499	167	226	226
- equipment		32	60	10	-
- golf course		18	14	-	-
Rental income		(673)	(861)	(12)	(12)
Staff costs:-					
- salaries, wages and allowances		7,860	7,426	-	-
- defined contribution plan		693	695	-	-
- other benefits		2,054	2,178	-	-
- share options to employees		-	1,380	-	1,380
Waiver of debts (from)/to:-					
- trade payables		(318)	-	-	-
- lenders		-	(42,190)	-	(42,190)
- subsidiaries		-	-	-	37,620
Writeback of impairment loss on trade receivables		(12)	(15)	-	-
Writeback of compensation to bungalow lot purchasers and settlement of charges in respect of disposal of properties		-	(4,476)	-	-

32. DIRECTORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company (Note 31)				
- Executive:				
- Salaries, wages and allowances	713	732	-	-
- Defined contribution plan	93	102	-	-
- Other benefits	61	124	-	-
- Fee	66	-	-	-
- Non-Executive:				
- Fee	97	64	64	64
	1,030	1,022	64	64
Benefits-in-kind	35	28	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

32. 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	
	2012	2011
Executive directors:		
- RM100,000 – RM200,000	1	1
- RM200,001 – RM300,000	-	-
- RM300,001 – RM400,000	1	1
- RM400,001 – RM500,000	-	-
- RM500,001 – RM600,000	1	1
	3	3
Non-Executive directors:		
- Below RM50,000	6	6
	9	9

33. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
Continuing Operations				
Current tax expense:				
- for the financial year	380	358	-	-
- underprovision in the previous financial year	150	-	-	-
	530	358	-	-
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary differences	(676)	(7,426)	-	-
- overprovision in the previous financial year	(188)	-	-	-
	(864)	(7,426)	-	-
	(334)	(7,068)	-	-

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

33. INCOME TAX EXPENSE (CONT'D)

The reconciliation of income tax expense applicable to the (loss)/profit 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	
	2012 RM'000	2011 RM'000 RESTATED	2012 RM'000	2011 RM'000
(Loss)/Profit before taxation from:-				
- continuing operations	(7,773)	19,442	(4,450)	(2,928)
- discontinued operations	(269)	(259)	-	-
	(8,042)	19,183	(4,450)	(2,928)
Tax at the statutory tax rate of 25%	(2,011)	4,796	(1,113)	(732)
Tax effects of:-				
Non-taxable income	(523)	(34,775)	-	(1,167)
Non-deductible expenses	2,914	31,844	852	1,899
Claim on reinvestment allowances	(733)	-	-	-
Deferred tax assets not recognised during the financial year	974	150	261	-
Reversal of deferred tax in respect of properties disposed of	-	(8,149)	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(917)	(934)	-	-
(Over)/underprovision in the previous financial year				
- current tax	150	-	-	-
- deferred tax	(188)	-	-	-
	(334)	(7,068)	-	-

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM14,668,375 (2011 - RM17,619,375), and the following unutilised tax losses and unabsorbed capital allowances respectively available at the end of the reporting period to be carried forward for offset against future taxable business income:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Accelerated capital allowances	(482)	-	-	-
Impairment loss on amount owing by subsidiaries	-	-	1,900	2,800
Impairment loss on property, plant and equipment	(26)	-	-	-
Unabsorbed capital allowances	14,615	12,955	836	-
Unutilised tax losses	60,506	54,412	2,949	1,841
	74,613	67,367	5,685	4,641

No deferred tax assets are recognised on these items.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

34. DISCONTINUED OPERATIONS

In the previous financial year, as a result of the disposals of the Option Properties, the Group's resort and golf course operations had been discontinued and the results from the resorts and golf course operations presented separately on the consolidated statements of comprehensive income as discontinued operations.

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

	THE GROUP	
	2012 RM'000	2011 RM'000 RESTATED
Revenue	99	506
Other income	81	10
Expenses	(449)	(775)
Loss before taxation from discontinued operations	(269)	(259)
Income tax expense	-	-
Loss after taxation from discontinued operations	(269)	(259)

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

	THE GROUP	
	2012 RM'000	2011 RM'000 RESTATED
Audit fee		
- for the financial year	3	4
- underprovision in the previous financial year	-	2
Depreciation of property, plant and equipment	169	183
Impairment loss on trade receivables	7	4
Impairment loss on property, plant and equipment	124	-
Property, plant and equipment written off	65	25
Rental of equipment, buggies and turfmates	73	6
Staff costs:-		
- salaries, wages and allowances	14	296
- defined contribution plan	2	17
- other benefits	-	3
Gain on disposal of property, plant and equipment	(10)	(10)
Rental income	(100)	(273)
Writeback of impairment loss on other receivables	(6)	-

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

34. DISCONTINUED OPERATIONS (CONT'D)

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

	THE GROUP	
	2012 RM'000	2011 RM'000 RESTATED
Operating cash flows	(261)	(995)
Investing cash flows	14	(98)
Financing cash flows	244	1,078
Total cash flows	(3)	(15)

35. (LOSS)/EARNINGS PER SHARE

	THE GROUP	
	2012	2011 RESTATED
(Loss)/Profit from continuing operations attributable to shareholders (RM'000)	(4,897)	18,068
Loss from discontinued operations attributable to shareholders (RM'000)	(161)	(155)
(Loss)/Profit attributable to shareholders	(5,058)	17,913
Weighted average number of ordinary shares in issue ('000):-		
Issued ordinary shares at 1 February	93,877	89,235
Effect of new ordinary shares issued	15,538	4,642
Weighted average number of ordinary shares at 31 January	109,415	93,877
Basic (loss)/earnings per share (sen) for:-		
- continuing operations	(4.47)	19.25
- discontinued operations	(0.15)	(0.17)
	(4.62)	19.08
Weighted average number of ordinary shares in issue for basic earnings per share ('000):-	109,415	93,877
Effects of dilution:-		
- warrants	25,646	16
- employee share options	2,669	471
Weighted average number of ordinary shares for diluted earnings per share computation	137,730	94,364
Diluted (loss)/earnings per share (sen) for:-		
- continuing operations	(3.56)	19.15
- discontinued operations	(0.11)	(0.16)
	(3.67)	18.99

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost of property, plant and equipment purchased	(7,866)	(5,287)	(253)	(1,579)
Amount financed through hire purchase	4,669	2,032	163	1,293
Cash disbursed for purchase of property, plant and equipment	(3,197)	(3,255)	(90)	(286)

37. ACQUISITION OF A SUBSIDIARY

On 31 March 2011, KYM Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 100% of the equity interest comprising 2 ordinary shares of RM1.00 each in Austin Capital Sdn. Bhd. ("ACSB"), which is a dormant company incorporated under the Companies Act, 1965 for a cash consideration of RM2.00 only.

The fair values of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition have no material impact on the financial statements of the Group.

The acquired subsidiary has contributed the following results to the Group:-

	2012 RM'000
Revenue	-
Loss after taxation	(2)

38. DISPOSAL OF A SUBSIDIARY

On 13 January 2012, KYM Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of 810 ordinary shares of RM1.00 each, representing 81% of the issued and paid up capital of Austin Star Sdn. Bhd. ("ASSB") for a total cash consideration of RM2,000. As a result of the disposal, ASSB ceased to be a subsidiary of the Company.

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

	2012 RM'000
Equipment	75
Current assets	49
Current liabilities	(265)
Decrease in net assets of the Group	(141)

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

38. DISPOSAL OF A SUBSIDIARY (CONT'D)

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

	2012 RM'000
Equipment	75
Current assets	49
Current liabilities	(265)
<hr/>	
Fair value of net liabilities disposed	(141)
Gain on disposal of a subsidiary	143
<hr/>	
Net cash inflow for disposal of a subsidiary	2

39. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
		RESTATED		
Fixed deposits with licensed banks (Note 16)	285	1,087	-	1,000
Cash and bank balances	1,958	1,876	2	429
Bank overdrafts (Note 29)	(853)	(230)	-	-
<hr/>				
	1,390	2,733	2	1,429

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 5 to the financial statements;
- (ii) the directors who are the key management personnel;
- (iii) companies in which certain directors and/or persons connected to a director are common directors and/or substantial shareholders; and
- (iv) persons connected to a director of the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

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 COMPANY	
	2012	2011
	RM'000	RM'000
Interest expense charged by a subsidiary		
- KYM Industries (M) Sdn. Bhd.	481	514
Waiver of debts granted to subsidiaries:		
- Harta Makmur Sdn. Bhd.	-	30,543
- Polypulp Enterprises Sdn. Bhd.	-	7,077
Rental charged to a subsidiary:		
- KYM Industries (Johor) Sdn. Bhd.	12	12
Rental charged by a subsidiary:		
- Teguh Amalgamated Sdn. Bhd.	192	192
Food and beverage charged by a subsidiary:		
- Austin Star Sdn. Bhd.	-	2

(ii) Key management personnel

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits (Note 32)	1,030	1,022	64	64
Benefit-in-kind	35	28	-	-
Share-based payments	-	1,380	-	450

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

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:- (Cont'd)

(iii) Other related parties

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales to:				
- Unipulp Trading Sdn. Bhd. *	371	279	-	-
Rental charged by:				
- Tzel Properties Sdn. Bhd. #	70	43	34	34
Interest charged by:				
- Datin Millie Lee Siew Kim ^	45	-	45	-

^ - Wife of Dato' Lim Kheng Yew.

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

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

41. CONTINGENT LIABILITIES

	THE COMPANY	
	2012 RM'000	2011 RM'000
UNSECURED:		
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	17,273	20,815

Harta Makmur Sdn. Bhd. ("HMSB"), a 60% owned subsidiary of the Company, had entered into two sale and purchase agreements dated 11 June 2009 and 31 March 2010 respectively for the sale of Teluk Rubiah land to Vale International S.A. ("Vale"). HMSB had obtained an advance ruling from the Inland Revenue Board ("IRB") on 29 September 2009 regarding the tax treatment on the gains arising from the disposal. Notwithstanding the advance ruling obtained, HMSB did not agree with IRB's interpretation of the facts regarding the intended use of the various parcels of land as stated in the advance ruling. HMSB concludes that the land was planned to be a holiday resort and not a housing or commercial development. The IRB instead had accorded certain parcels of land as stocks and subjected them to income tax. HMSB has made further clarification of fact to IRB to justify that the land were for long term investment and therefore the resulting gain on disposal should be subjected to Real Property Gain Tax ("RPGT").

HMSB, based on the opinions obtained from its tax and legal advisors, does not agree with IRB's views and will continue to appeal to IRB. If the IRB's advance ruling applies, the estimated income tax exposure is approximately RM13 million. On the other hand, if RPGT applies, there will be no tax exposure. Accordingly, no provision for tax has been made in the financial statements in respect to the sale of the land to Vale.

Other than the above, there were no other significant contingent liabilities or contingent assets since the previous financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

42. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

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

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

The proposed acquisition has been completed on 17 April 2012.

(b) Joint Development Agreement Between PECO Industrial Development Sdn. Bhd. (“PIDSB”) and Perbadanan Kemajuan Negeri Perak (“PKNP”)

On 15 February 2012, PIDSB, a subsidiary of PEIH Holdings Sdn Bhd (“PEIH”) which in turn is an associate of KYM entered into a Joint Development Agreement (“JDA”) with PKNP for the reclamation of 3,400 acres of land at Bagan Datoh, Mukim Rungkup, Daerah Hilir Perak (“Project Land”) as part of the development of the Perak Eco Industrial Hub (“PECOH Project”).

PIDSB was incorporated pursuant to the Heads of Agreement dated 5 August 2011 between PKNP and PEIH in which PKNP or its appointed nominee shall hold twenty percent (20%) while PEIH shall hold eighty percent (80%) of the issued and paid up capital.

KYM has a 37.5% interest in its associate PEIH, pursuant to the Shareholders’ Agreement dated 31 May 2011.

(c) Private Placement

On 11 November 2011, the Company announced that it would undertake a private placement exercise of up to 5,000,000 new ordinary shares of RM0.50 each, representing 4.6% of the existing issued and paid-up share capital of the Company.

At the end of the reporting period, 1,300,000 new ordinary shares were issued via Private Placement as disclosed in the Directors’ Report.

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 end of the reporting period are as follows:-

	2012 RM	2011 RM
United States Dollar	3.10	3.10
Singapore Dollar	2.40	2.30
Euro	4.00	4.20

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

44. OPERATING SEGMENTS

	CONTINUING OPERATIONS					GROUP RM'000	DISCONTINUED OPERATIONS RM'000	TOTAL OPERATIONS RM'000
	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000			
2012								
Revenue	77,495	294	1,062	2,261	(2,719)	78,393	99	78,492
Results:								
Segment results (external)	5,047	(3,441)	(5,826)	(1,981)	(44)	(6,245)	(269)	(6,514)
Interest income	7	343	-	-	-	350	-	350
Interest expense	(1,170)	(697)	(7)	(4)	-	(1,878)	-	(1,878)
(Loss)/Profit before taxation	3,884	(3,795)	(5,833)	(1,985)	(44)	(7,773)	(269)	(8,042)
Income tax expense						334	-	334
Loss after taxation						(7,439)	(269)	(7,708)
Non-controlling interests						2,650	-	2,650
Loss for the financial year						(4,789)	(269)	(5,058)
Other Information:								
Segment assets	106,421	164,989	48,436	1,660	(153,886)	167,620	-	167,620
Unallocated assets						99	-	99
						167,719	-	167,719
Segment liabilities	43,524	72,468	50,702	36,615	(150,288)	53,021	-	53,021
Unallocated liabilities						5,805	-	5,805
						58,826	-	58,826
Bad debts written off	57	-	-	-	-	57	-	57
Capital expenditure	7,060	352	7	541	(94)	7,866	-	7,866
Depreciation of property, plant and equipment	3,745	524	189	168	-	4,626	169	4,795
Inventories written off	135	-	-	-	-	135	-	135

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

44. OPERATING SEGMENTS

	CONTINUING OPERATIONS					GROUP RM'000	DISCONTINUED OPERATIONS RM'000	TOTAL OPERATIONS RM'000
	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATIONS RM'000			
2011								
Revenue	66,183	-	890	2,362	(2,713)	66,722	506	67,228
Results:								
Segment results (external)	6,465	6,193	7,031	(2,531)	3,400	20,558	(269)	20,289
Interest income	5	656	-	(10)	-	651	10	661
Interest expense	(1,191)	(557)	-	(19)	-	(1,767)	-	(1,767)
Profit/(Loss) before taxation	5,279	6,292	7,031	(2,560)	3,400	19,442	(259)	19,183
Income tax expense						7,068	-	7,068
Profit/(Loss) after taxation						26,510	(259)	26,251
Non-controlling interests						(8,657)	319	(8,338)
Profit/(Loss) for the financial year						17,853	60	17,913
Other Information:								
Segment assets	86,675	150,165	43,869	1,470	(128,914)	153,265	-	153,265
Unallocated assets						60	-	60
						153,325	-	153,325
Segment liabilities	41,948	55,187	42,896	34,464	(122,116)	52,379	-	52,379
Unallocated liabilities						3,134	-	3,134
						55,513	-	55,513
Capital expenditure	2,998	1,498	167	372	-	5,035	252	5,287
Depreciation of property, plant and equipment	3,256	466	148	89	-	3,959	183	4,142

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

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45. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

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

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

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	EURO RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2012					
Financial Assets					
Other investments	-	-	-	1	1
Trade receivables	456	1,531	-	15,455	17,442
Other receivables, deposits and prepayments	-	-	-	31,885	31,885
Amount owing by related parties	-	-	-	454	454
Fixed deposits with licensed banks	-	-	-	285	285
Cash and bank balances	86	-	-	1,872	1,958
	542	1,531	-	49,952	52,025
Financial Liabilities					
Hire purchase payables	-	-	-	5,472	5,472
Term loans	-	-	-	7,918	7,918
Trade payables	1,231	-	423	5,369	7,023
Other payables and accruals	-	-	-	15,704	15,704
Amount owing to related parties	-	-	-	5,153	5,153
Amount owing to directors	-	-	-	705	705
Bills payable	-	-	-	10,192	10,192
Bank overdrafts	-	-	-	853	853
	1,231	-	423	51,366	53,020
Net financial assets/(liabilities)	(689)	1,531	(423)	(1,414)	(995)
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	1,414	1,414
Net Currency Exposure	(689)	1,531	(423)	-	419

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	EURO RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2011					
Financial Assets					
Other investments	-	-	-	6	6
Trade receivables	289	1,253	-	13,439	14,981
Other receivables, deposits and prepayments	-	-	-	41,845	41,845
Amount owing by related parties	-	-	-	370	370
Fixed deposits with licensed banks	-	-	-	1,087	1,087
Cash and bank balances	81	-	-	1,795	1,876
	370	1,253	-	58,542	60,165
Financial Liabilities					
Hire purchase payables	-	-	-	2,219	2,219
Term loans	-	-	-	10,813	10,813
Trade payables	1,206	-	67	4,601	5,874
Other payables and accruals	-	-	-	21,326	21,326
Amount owing to related parties	-	-	-	109	109
Amount owing to directors	-	-	-	450	450
Bills payable	-	-	-	11,358	11,358
Bank overdrafts	-	-	-	230	230
	1,206	-	67	51,106	52,379
Net financial assets/(liabilities)	(836)	1,253	(67)	7,436	7,786
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	(7,436)	(7,436)
Net Currency Exposure	(836)	1,253	(67)	-	350

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	THE GROUP	
	2012	2011
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on (loss)/profit after taxation		
<i>United States Dollar:-</i>		
- strengthened by 10%	(69)	(84)
- weakened by 10%	69	84
<i>Singapore Dollar:-</i>		
- strengthened by 10%	153	125
- weakened by 10%	(153)	(125)
<i>Euro:-</i>		
- strengthened by 10%	(42)	(7)
- weakened by 10%	42	7
Effects on equity		
<i>United States Dollar:-</i>		
- strengthened by 10%	(69)	(84)
- weakened by 10%	69	84
<i>Singapore Dollar:-</i>		
- strengthened by 10%	153	125
- weakened by 10%	(153)	(125)
<i>Euro:-</i>		
- strengthened by 10%	(42)	(7)
- weakened by 10%	40	7

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 16, 22, 23, 28, and 29 to the financial statements.

	THE GROUP	
	2012	2011
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on (loss)/profit after taxation		
Increase in 100 basis points ("bp")	(190)	(221)
Decrease in 100 bp	190	221
Effects on equity		
Increase in 100 bp	(190)	(221)
Decrease in 100 bp	190	221

(iii) Equity Price Risk

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk

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

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

Credit risk concentration profile

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

Exposure to credit risk

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

	THE GROUP	
	2012 RM'000	2011 RM'000
Malaysia	15,298	13,439
Singapore	1,760	1,253
Mauritius	384	289
	<hr/>	<hr/>
	17,442	14,981

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
2012			
- current	6,343	-	6,343
- 31 to 60 days	5,355	-	5,355
- 61 to 90 days	4,029	-	4,029
- 91 to 120 days	1,679	-	1,679
- more than 120 days	2,064	(2,028)	36
	19,470	(2,028)	17,442
2011			
- current	6,390	-	6,390
- 31 to 60 days	4,245	-	4,245
- 61 to 90 days	3,015	-	3,015
- 91 to 120 days	1,258	-	1,258
- more than 120 days	5,666	(5,593)	73
	20,574	(5,593)	14,981

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

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

Trade receivables that are past due but not impaired

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Trade receivables that are neither past due nor impaired

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

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2012						
Hire purchase payables	6.57	5,472	6,319	1,659	4,615	45
Term loans	8.10	7,918	11,533	2,344	8,177	1,012
Bills payable	4.40	10,192	10,192	10,192	-	-
Trade payables	-	7,023	7,023	7,023	-	-
Other payables and accruals	-	15,704	15,704	15,704	-	-
Amount owing to related parties	-	5,153	5,153	5,153	-	-
Amount owing to directors	-	705	705	705	-	-
Bank overdrafts	7.98	853	853	853	-	-
		53,020	57,482	43,633	12,792	1,057
2011						
Hire purchase payables	5.58	2,219	2,496	1,024	1,378	94
Term loans	8.10	10,813	11,688	2,419	8,051	1,218
Bills payable	4.40	11,358	11,358	11,358	-	-
Trade payables	-	5,874	5,874	5,874	-	-
Other payables and accruals	-	21,326	21,326	21,326	-	-
Amount owing to related parties	-	109	109	109	-	-
Amount owing to directors	-	450	450	450	-	-
Bank overdrafts	7.10	230	230	230	-	-
		52,379	53,531	42,790	9,429	1,312

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2012						
Hire purchase payables	5.25	1,064	1,239	324	874	41
Other payables and accruals	-	4,567	4,567	4,567	-	-
Amount owing to subsidiaries	-	50,693	50,693	50,693	-	-
Amount owing to related parties	8.00	5,153	5,153	5,153	-	-
Amount owing to directors	-	3	3	3	-	-
		61,480	61,655	60,740	874	41
2011						
Hire purchase payables	5.27	1,271	1,475	425	967	83
Other payables and accruals	-	896	896	896	-	-
Amount owing to subsidiaries	-	27,390	27,390	27,390	-	-
Amount owing to related parties	-	109	109	109	-	-
Amount owing to directors	-	3	3	3	-	-
		29,669	29,873	28,823	967	83

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

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

	THE GROUP	
	2012 RM'000	2011 RM'000
Hire purchase payables	5,472	2,219
Term loans	7,918	10,813
Bills payable	10,192	11,358
Bank overdrafts	853	230
	24,435	24,620
Less: Fixed deposits with licensed banks	(285)	(1,087)
Less: Cash and bank balances	(1,958)	(1,876)
	22,192	21,657
Total equity	108,893	97,812
Debt-to-equity ratio	0.20	0.22

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

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial Assets				
<u>Available-for-sale financial asset</u>				
Other investments	1	6	-	-
<u>Loans and receivables financial assets</u>				
Trade receivables	17,442	14,981	-	-
Other receivables and deposits	31,625	41,845	30,473	12,945
Amount owing by subsidiaries	-	-	63,979	47,677
Amount owing by related parties	454	370	314	296
Fixed deposits with licensed banks	285	1,087	-	1,000
Cash and bank balances	1,958	1,876	2	429
	51,764	60,159	94,768	62,347
Financial Liabilities				
<u>Other financial liabilities</u>				
Hire purchase payables	5,472	2,219	1,064	1,271
Term loans	7,918	10,813	-	-
Bills payable	10,192	11,358	-	-
Trade payables	7,023	5,874	-	-
Other payables and accruals	15,704	21,326	4,567	896
Amount owing to subsidiaries	-	-	50,693	27,390
Amount owing to related parties	5,153	109	5,153	109
Amount owing to directors	705	450	3	3
Bank overdrafts	853	230	-	-
	53,020	52,379	61,480	29,669

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

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

	2012		2011	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
THE GROUP				
Hire purchase payables	5,472	5,152	2,219	2,093
Term loans	7,918	6,573	10,813	8,946

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

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amounts of the long term bank loans and hire purchase payables approximated the fair values of these instruments. The fair values are determined by discounting the relevant cash flows using current interest rates for similar instruments at the end of the reporting period.
- (iii) The net fair value of the contingent liability of the unsecured corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries is estimated to be minimal as the Group is expected to fulfil its obligation.

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

	GROUP		COMPANY	
	2012 %	2011 %	2012 %	2011 %
Hire purchase payables	3.5	3.5	3.5	3.5
Term loans	7.9	7.9	-	-

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 January 2012, the Group has carried its quoted investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy.

Notes to the Financial Statements

For the Financial Year Ended 31 January 2012

46. COMPARATIVE FIGURES

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

	THE GROUP	
	AS RESTATED RM '000	AS PREVIOUSLY REPORTED RM '000
STATEMENTS OF FINANCIAL POSITION (EXTRACT):-		
Other receivables, deposits, and prepayments	41,845	41,512
Fixed deposits with licensed banks	1,087	1,420
STATEMENTS OF COMPREHENSIVE INCOME (EXTRACT):-		
Revenue	66,722	66,220
Cost of sales	(53,790)	(53,154)
Selling and distribution expenses	(3,017)	(3,005)
Administrative expenses	(10,193)	(9,990)
Other expenses	(22,684)	(22,504)
Finance costs	(1,767)	(1,760)
Income tax expense	7,068	8,297
Loss after taxation from discontinued operations	(259)	(795)
STATEMENTS OF CASH FLOWS (EXTRACT):-		
Net cash from operating activities	50,505	51,307
Net cash from investing activities	72,222	71,753
Net increase in cash and cash equivalents	2,615	2,948
Cash and cash equivalents at the end of the financial year	2,733	3,066

47. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits/(accumulated losses)				
- realised	3,531	5,117	(25,594)	(21,155)
- unrealised	(5,139)	(2,776)	-	-
At 31 January	(1,608)	2,341	(25,594)	(21,155)

List of Top 10 Properties

As at 31 January 2012

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
H.S.(D) 180352 PT No. 226083 Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,384	99 years leasehold expiring on 23.11.2107	25.10.2010	Residential, Commercial; Vacant	-	12,933,056
Lot No. 6917, Lot 6927 and PT No.4116 (Lot 2000), Mukim of Lumut, Daerah Manjung, Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(31.01.2008)	Residential, Commercial; Vacant	-	10,010,000
Lot No. PT 2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58958 Bandar Batu 26 Beranang District of Hulu Langat Selangor Darul Ehsan	11,460	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory building, offices and warehouse erected thereon.	20 years	8,384,000
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 Darul Ridzuan	13,760	99 years leasehold expiring on 07.06.2060	(27.05.2011)	Industrial land with factory building, office and warehouse built thereon.	19 years	6,026,441
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 & 6040)	1,200	Freehold	(11.05.2011)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	27 years	6,400,000
Lot No. PT 4 (Lot 7) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS (D) 58960 Bandar Batu 26 Beranang District of Hulu Langat, Selangor Darul Ehsan	36,420	99 years leasehold expiring on 09.10.2099	(02.06.2011)	Industrial land with factory building and warehouse erected thereon.	20 years	6,520,000
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 Johor Darul Takzim	8,093.7	60 years leasehold expiring on 22.9.2045	(06.06.2011)	Industrial land with factory building, offices and warehouse erected thereon.	24 years	3,561,364

List of Top 10 Properties

As at 31 January 2012

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
H.S.(M) 6598, PT 20484 H.S.(M) 6599, PT 20485 H.S.(M) 6600, PT 20486 Mukim Bentong, District of Bentong, Pahang Darul Makmur	5,797.8	99 years leasehold expiring on 9.2.2098	29.12.2010	Commercial, Residential - under development	-	3,910,210
PLO 9 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 60787 PTD No. 18692 Mukim of Senai-Kulai District of Johor Bahru Johor Darul Takzim	8,093.7	60 years leasehold expiring on 31.8.2042	(16.11.2011)	Industrial land with factory building, offices and warehouse erected thereon.	23 years	2,500,000
Lot 16 Persiaran Perindustrian Kanthan 1 Kanthan Industrial Estate Chemor Ipoh Held under PN 132850 Lot 198886 Mukim of Hulu Kinta District of Kinta, Perak Darul Ridzuan	7,527	60 years leasehold expiring on 10.02.2055	(27.05.2011)	Industrial land with single storey factory building erected thereon.	1 year	962,975

Analysis of Shareholdings

As at 31 May 2012

Class of Securities	:	Ordinary Shares of RM0.50 each
Authorised Share Capital	:	RM1,000,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each
Issued and fully Paid up Share Capital	:	RM58,201,344 comprising 116,402,688 ordinary shares of RM0.50 each
Voting Rights	:	1 vote per share
No. of Shareholders	:	1,846

Distribution of Shareholdings

Size of Shareholding	Number of Holders	Total Holdings	%
1 – 99	17	411	0.00
100 – 1,000	517	495,300	0.43
1,001 – 10,000	880	4,163,075	3.57
10,001 – 100,000	337	11,233,536	9.65
100,001 – 5,820,133	92	70,760,366	60.79
5,820,134 and above	2	29,750,000	25.56
Total	1,846	116,402,688	100.00

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 31 May 2012

Name	Direct	No. of Shares held		%
		%	Indirect	
Cheong Chan Holdings Sdn Bhd	22,000,000	18.90	-	-
Dato' Lim Kheng Yew	3,000,000	2.58	*38,970,093	33.48
Idaman Bina Makmur Sdn Bhd	7,750,000	6.66	-	-
Datin Millie Lee Siew Kim	-	-	*13,550,000	11.64

Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Idaman Bina Makmur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of his children pursuant to Section 134(12)(c) of the Companies Act, 1965.

* Deemed interest by virtue of her direct and indirect shareholding in KYM Sdn Bhd and Idaman Bina Makmur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Analysis of Shareholdings

As at 31 May 2012

Thirty Largest Shareholders

As at 31 May 2012

Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHEONG CHAN HOLDINGS SDN BHD	22,000,000	18.90
2. IDAMAN BINA MAKMUR SDN BHD	7,750,000	6.66
3. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	5,500,000	4.72
4. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR COUTTS & CO LTD	5,150,000	4.42
5. KYM SDN BHD	4,800,000	4.12
6. RENFIELD INVESTMENT LIMITED	4,191,000	3.60
7. IHSAN INDAH (M) SDN BHD	2,961,000	2.54
8. YAP CHEE LIT	2,587,000	2.22
9. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A.	2,500,000	2.15
10. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHENG YEW	2,500,000	2.15
11. MELISSA LIM SU LIN	2,020,000	1.74
12. TS CAPITAL SDN BHD	1,870,000	1.61
13. SAI YEE @ SIA SAY YEE	1,713,300	1.47
14. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR MERRILL LYNCH PIERCE FENNER & SMITH	1,700,000	1.46
15. LIM CHIN HUAT	1,298,900	1.12
16. LCH CAPITAL HOLDING SDN BHD	1,293,000	1.11
17. CHIA KING GUEK	1,200,000	1.03
18. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW AH ONN	1,188,100	1.02
19. LIM TZE THEAN	1,100,093	0.95
20. LOH TOH HEOH	1,079,500	0.93
21. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR KYM SDN BHD	1,000,000	0.86
22. HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	1,000,000	0.86
23. KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	1,000,000	0.86
24. LTT CAPITAL SDN BHD	1,000,000	0.86
25. LTT CAPITAL SDN BHD	1,000,000	0.86
26. MARATHON CAPITAL SDN BHD	1,000,000	0.86
27. MEL CAPITAL SDN BHD	1,000,000	0.86
28. TOH TUAN SUN	900,300	0.77
29. CHONG THIN CHOY	900,000	0.77
30. NG CHEE HUA	814,400	0.70
	84,016,593	72.18

Analysis of Warrantholdings

As at 31 May 2012

Number of Warrants 2010/2013 issued	:	40,567,250 Warrants
No. of Warrants Unexercised	:	34,741,650
Exercise Price	:	RM0.50
Number of Warrantholders	:	1,125

Distribution of Warrantholdings

As at 31 May 2012

Size of Shareholding	Number of Holders	Total Holdings	%
1 – 99	43	1,318	0.00
100 – 1,000	605	379,189	1.09
1,001 – 10,000	338	1,341,656	3.86
10,001 – 100,000	98	2,890,500	8.32
100,001 – 1,737,081	40	19,128,987	55.06
1,737,082 and above	1	11,000,000	31.66
Total	1,125	34,741,650	100.00

Thirty Largest Warrantholders

As at 31 May 2012

Name of Shareholders	No. of Warrants held	%
1. CHEONG CHAN HOLDINGS SDN BHD	11,000,000	31.66
2. LIM CHIN HUAT	1,625,500	4.68
3. RENFIELD INVESTMENT LIMITED	1,370,000	3.94
4. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHENG YEW	1,250,000	3.60
5. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR COUTTS & CO LTD	1,000,000	2.88
6. MELISSA LIM SU LIN	1,000,000	2.88
7. TS CAPITAL SDN BHD	1,000,000	2.88
8. LCH CAPITAL HOLDING SDN BHD	934,000	2.69
9. KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	800,000	2.30
10. MEL CAPITAL SDN BHD	800,000	2.30
11. LTT CAPITAL SDN BHD	750,000	2.16
12. SAI YEE @ SIA SAY YEE	627,900	1.81
13. SAI YEE @ SIA SAY YEE	593,000	1.71
14. KENANGA NOMINEES (ASING) SDN BHD EMMEL INC.	500,000	1.44
15. KENANGA NOMINEES (ASING) SDN BHD SHEPEL INC.	500,000	1.44
16. LIM TZE THEAN	500,000	1.44
17. MARATHON CAPITAL SDN BHD	500,000	1.44
18. LIM CHIN HUAT	466,000	1.34
19. MAGNITUDE NETWORK SDN BHD	387,636	1.12
20. VOON NAM KENG	380,600	1.10
21. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG MOY FAH	360,300	1.04
22. MARVIN YEE KOON FAI	300,000	0.86
23. OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KUWEI LAM	293,600	0.85

Analysis of Warrantholdings

As at 31 May 2012

Name of Shareholders	No. of Warrants held	%
24. OLIVE LIM SWEE LIAN	270,000	0.78
25. LIM KHENG YEW	251,601	0.72
26. SAI YEE @ SIA SAY YEE	239,000	0.69
27. TAN SONG HOOI	233,700	0.67
28. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG HAN WAN	218,600	0.63
29. WONG CHEN BOON	206,000	0.59
30. HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WYMIN	202,000	0.58
	<hr/>	
	28,559,437	82.21
	<hr/>	

Statement of Directors' Interest In Shares and Warrants

As at 31 May 2012

Name	Direct	Ordinary Shares		%
		%	Indirect	
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Lim Kheng Yew	3,000,000	2.58	38,970,093 [#]	33.48
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Dato' Chong Thin Choy	900,000	0.77	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	102,000	0.09	-	-
Chiam Tau Meng	-	-	-	-

Name	Direct	Warrants 2010/2013		%
		%	Indirect	
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Lim Kheng Yew	1,501,601	4.32	12,500,000 [#]	35.98
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	-	-	-	-
Dato' Chong Thin Choy	-	-	-	-
Datuk Mansor bin Masikon	-	-	-	-
Dato' Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	-	-	-	-
Chiam Tau Meng	-	-	-	-

Deemed interest by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Idaman Bina Makmur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and by virtue of his children pursuant to Section 134(12)(c) of the Companies Act, 1965.

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.

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Form of Proxy



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

Number of Shares Held	
-----------------------	--

I/We (NRIC No.:)
of
being a member of KYM Holdings Bhd. hereby appoint
..... (NRIC No.:)
of
or failing him (NRIC No.:)
of

as *my/our proxy to vote for *me/us and on *my/our behalf at the 30th Annual General Meeting of the Company to be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Friday, 27 July 2012 at 11:00 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' Seri Dr. Isahak bin Yeop Mohamad Shar		
4.	Re-election of Datuk Mansor bin Masikon		
5.	Re-election of Dato' Rahadian Mahmud bin Mohammad Khalil		
6.	Re-appointment of Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail		
7.	Re-appointment of Auditors		
8.	Authority to Allot and Issue Shares		
9.	Proposed Renewal of Shareholders' Mandate		

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

Dated this day of, 2012.

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. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 July 2012 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
3. 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.
4. 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.
5. 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)

Stamp

The Company Secretary
KYM HOLDINGS BHD.
(Co. No. 84303-A)
12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur

please fold along this line (2)

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