



**KYM HOLDINGS BHD.**

(Co. No.: 84303-A)

Annual Report 2015

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the 33rd 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 Tuesday, 21 July 2015 at 11.00 a.m. for the following purposes:-**

1. To receive the Financial Statements for the financial year ended 31 January 2015 together with the Reports of the Directors and Auditors thereon. **(NOTE 1)**
2. To approve the increase of Directors' Fees for financial year ended 31 January 2015. **(RESOLUTION 1)**
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 2)**
  - ii. Dato' Seri Ir Mohamad Othman bin Zainal Azim (Article 103) **(RESOLUTION 3)**
  - iii. Lee Ji Jin Darren (Article 94) **(RESOLUTION 4)**
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 5)**
5. As Special Business, to consider and if thought fit, pass with or without any modification, the following ordinary resolutions:

#### **Retention of Independent Non-Executive Directors**

"That approval be and is hereby given to the following Directors who would have served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by February of 2016, to continue to act as an Independent Non-Executive Director of the Company."

- i. Datuk Wira Rahadian Mahmud bin Mohammad Khalil **(RESOLUTION 6)**
- ii. Dato' Seri Ir Mohamad Othman bin Zainal Azim **(RESOLUTION 7)**
- iii. Dato' Mohd Azmi bin Othman **(RESOLUTION 8)**

#### **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 9)**

#### **Proposed Renewal of Existing 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 8 July 2014 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 26 June 2015 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed provided that the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 10)**

6. 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)  
Company Secretary

Kuala Lumpur  
26 June 2015

Notes:-

1. This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors’ Report and the Audited Financial Statements be laid before the Company’s at its Annual General Meeting. As such, this item is not a business which requires a resolution to be put to vote by shareholders.
2. 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.
3. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 14 July 2015 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor’s behalf.
4. 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.
5. 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.
6. 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

## (CONT'D)

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### Explanatory Notes to Special Business:

#### Retention of Independent Non-Executive Directors

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Dato' Seri Ir Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman would have served the Board as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by early 2016. The Board has recommended the three (3) Non-Executive Directors to continue to act as Independent Non-Executive Director based on the following justifications:

- (a) They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement of Bursa Securities and other criteria recommended by the Corporate Governance guide, and thus, they are able to provide check and balance and bring an element of objectivity to the Board;
- (b) They have vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion, exercise independent judgement and have the ability to act in the best interest of the Company;
- (c) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) They have continued to exercise independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company; and
- (e) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

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

The proposed resolution 9, 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, no shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 8 July 2014 which will lapse at the conclusion of the 33rd Annual General Meeting.

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 10, 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 26 June 2015 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 33rd Annual General Meeting of the Company.

## BOARD OF DIRECTORS

**DATO' SERI DR. ISAHAK  
BIN YEOP MOHAMAD SHAR**  
Non-Independent Non-Executive Chairman

**DATO' LIM KHENG YEW**  
Executive Director

**DATO' SERI IR. MOHAMAD OTHMAN  
BIN ZAINAL AZIM**  
Independent Non-Executive Director

**DATUK WIRA RAHADIAN MAHMUD  
BIN MOHAMMAD KHALIL**  
Independent Non-Executive Director

**DATO' MOHD AZMI BIN OTHMAN**  
Independent Non-Executive Director

**LEE JI JIN DARREN**  
Non-Independent Non-Executive Director

### CHIEF EXECUTIVE OFFICER

Lim Tze Thean

### AUDIT COMMITTEE

Dato' Seri Ir. Mohamad Othman  
bin Zainal Azim (Chairman)  
Dato' Mohd Azmi bin Othman  
Lee Ji Jin Darren

### NOMINATION & REMUNERATION COMMITTEE

Dato' Seri Dr. Isahak  
bin Yeop Mohamad Shar (Chairman)  
Dato' Seri Ir. Mohamad Othman bin  
Zainal Azim  
Dato' Mohd Azmi bin Othman

### OPTION COMMITTEE

Dato' Seri Ir. Mohamad Othman  
bin Zainal Azim (Chairman)  
Dato' Lim Kheng Yew

### COMPANY SECRETARY

Chee Min Er (MAICSA 7016822)

### REGISTERED OFFICE

12, Lorong Medan Tuanku Satu,  
50300 Kuala Lumpur  
Tel No. : 03-2692 2923  
Fax No.: 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  
Public Bank Berhad  
AmBank (M) Berhad  
Malayan Banking 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

### WEBSITE

[www.kym.com.my](http://www.kym.com.my)

## DIRECTORS' PROFILE

### **DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR**

Non-Independent  
Non-Executive Chairman  
*Malaysian*

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 66, 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.

Dato' Seri Dr. Isahak was appointed to the Board of KYM Holdings Bhd. on 2 October 2006 and assumed the position of Chief Executive Officer and Executive Chairman on 21 November 2006. Dato' Seri Dr. Isahak stepped down as a Chief Executive Officer on 20 May 2013 while holding the position as Executive Chairman of the Company. He was then re-designated to his current position on 1 August 2014. Dato' Seri Dr. Isahak is the Chairman of the Nomination & Remuneration Committee.

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' LIM KHENG YEW**

Executive Director  
*Malaysian*

Dato' Lim Kheng Yew, age 63, 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 104 of this Annual Report. He is the father of Mr Lim Tze Thean, the CEO and a substantial shareholder of the Company. His relationship with other substantial shareholders is set out in Page 104 of this Annual Report. He has no family relationship with any other Directors of the Company.

Save for the recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

**DATO' SERI  
IR. MOHAMAD OTHMAN  
BIN ZAINAL AZIM**  
Independent  
Non-Executive Director  
*Malaysian*

Dato' Seri Ir Mohamad Othman bin Zainal Azim, aged 60, 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 was appointed to the Board of KYM on 12 February 2007. He is the Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee of the Company.

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' Seri Ir. Mohamad Othman is also the Chief Operating Officer of the Project Monitoring Unit (PMU) in the Finance Ministry.

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 WIRA RAHADIAN  
MAHMUD BIN  
MOHAMMAD KHALIL**  
Independent  
Non-Executive Director  
*Malaysian*

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, aged 41, 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 Per maju Industries Berhad and Managing Director 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.



## DIRECTORS' PROFILE (CONT'D)

**DATO' MOHD AZMI  
BIN OTHMAN**  
Independent  
Non-Executive Director  
*Malaysian*

Dato' Mohd Azmi bin Othman, aged 47, 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 MajuPerak Holdings Berhad and several private limited companies.

He was appointed to the Board of KYM on 12 February 2007. He is also a member of the Audit Committee and the Nomination & 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 104 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.

**LEE JI JIN DARREN**  
Non-Independent  
Non-Executive Director  
*Malaysian*

Mr Lee Ji Jin Darren, aged 31, was appointed to the Board of KYM on 25 September 2014. He is also a member of the Audit Committee.

Mr Darren Lee completed his professional accountancy qualification in 2003 conferred by The Association of Chartered Certified Accountants, United Kingdom (ACCA) and currently is a fellow member of the said Association.

Mr Darren Lee started his career in early 2003 as an audit associate with Ernst & Young Malaysia and subsequently extended his international experience with Ernst & Young in the United Kingdom.

End of 2005, he joined the Deloitte office in Bermuda as Manager whereby he managed the entire audit process and advisory services for a portfolio of clients within the financial services industry specialising in investment management and reinsurance companies. He was also actively involved with Deloitte's internal and external valuation teams in the valuation of investment derivatives.

In 2009, he joined TSM Global Berhad (TSM) as Senior Manager in the Corporate Affairs Division and subsequently promoted to Head of Investments which duties include the assessment and valuation of potential investments, acquisition of companies, M&A synergization studies, relationship maintenance, new business initiatives, investor relations, due diligence, fund raising, capital assessments and strategy initiatives of the TSM group.

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 104 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.

**LIM TZE THEAN**  
Chief Executive Officer  
*Malaysian*

Mr Lim Tze Thean, aged 37, graduated from King's College, University of London with a BSc (Hons) in Computer Science with Management.

He was appointed as an Executive Officer of the KYM Group in 2012 and was appointed as a Chief Executive Officer on 20 May 2013.

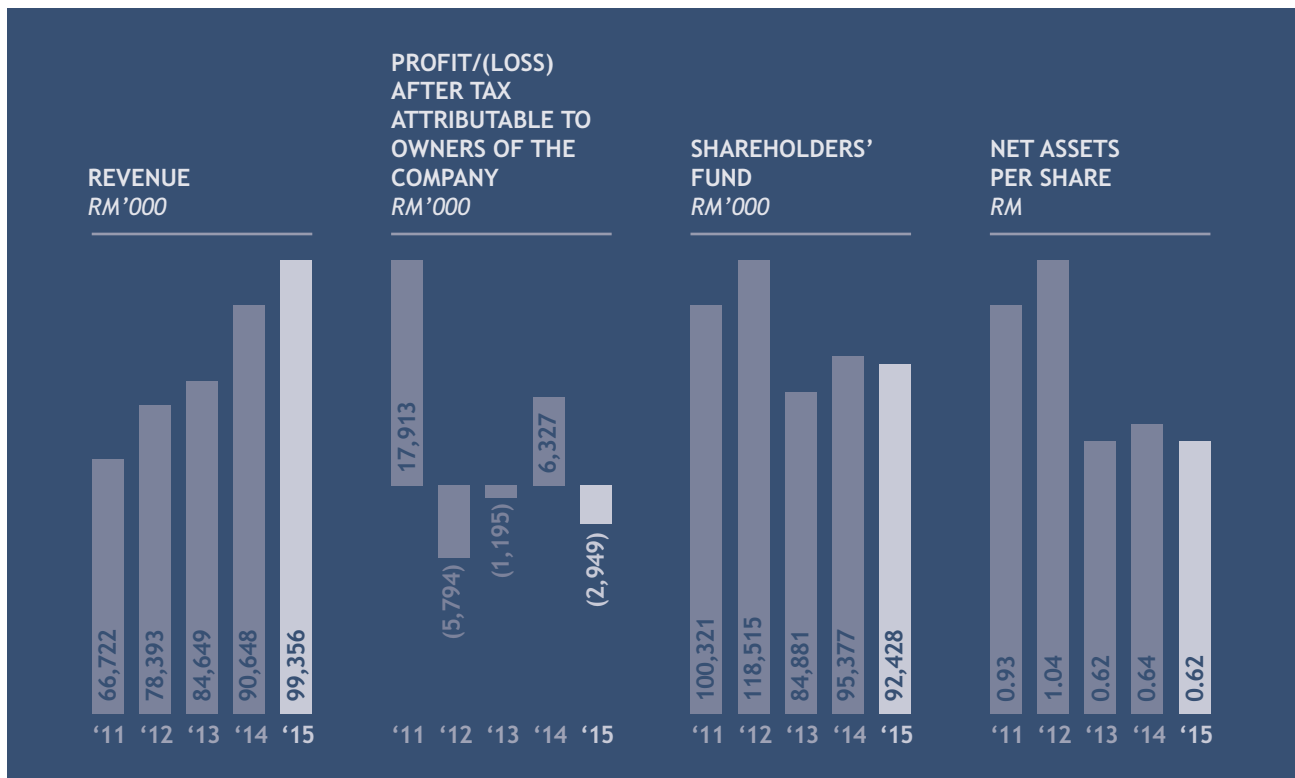
He has been with the KYM Group of Companies since 2001 and has held several senior positions in the Group as well as its subsidiaries in both the KYM Properties Division and the KYM Manufacturing Division. He also serves as an Executive Director of TSM Global Berhad and its subsidiaries where he has worked for more than ten years focusing on Malaysia's automotive and precision manufacturing industries.

He is the son of Dato' Lim Kheng Yew, the Executive Director and a substantial shareholder of KYM. Mr Lim Tze Thean is a substantial shareholder of KYM. His interest in the securities of KYM is set out in page 104 of this Annual Report.

Save for the related party transaction and recurrent related party transactions as disclosed in 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.

## 5 YEARS FINANCIAL HIGHLIGHTS

		2011	2012	2013	2014	2015
Revenue	RM'000	66,722	78,393	84,649	90,648	99,356
Profit/(Loss) Before Tax	RM'000	19,442	(8,599)	1,393	13,035	(3,367)
Profit/(Loss) After Tax Attributable to Owners of the Company	RM'000	17,913	(5,794)	(1,195)	6,327	(2,949)
Issued Share Capital	'000	107,988	114,176	137,166	149,890	149,890
Paid Up Capital	RM'000	53,994	57,088	68,583	74,945	74,945
Par Value per Share	RM	0.50	0.50	0.50	0.50	0.50
Shareholders' Fund	RM'000	100,321	118,515	84,881	95,377	92,428
Total Assets	RM'000	153,325	176,261	163,272	166,318	178,194
Total Borrowing	RM'000	24,620	24,435	44,394	40,946	42,087
Gearing Ratio	Times	0.25	0.21	0.52	0.43	0.46
Basic (Loss)/Earning Per Share Attributable to Shareholders	Sen	20.40	(5.29)	(0.97)	4.24	(1.97)
Net Assets Per Share	RM	0.93	1.04	0.62	0.64	0.62



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 2015.

### FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2015, the Group registered a revenue of RM99.4 million, an increase of approximately 10% compared to a revenue of RM90.6 million for the financial year ended 31 January 2014.

The Group reported a loss after tax of RM2.9 million for the financial year as compared to the profit after taxation and minority interest of RM4.3 million recorded in the previous year. The loss was mainly attributable to the changes in fair value of the Group's investment in PEIH Holdings Sdn Bhd amounting to a RM3.3 million write down for the financial year and the increase of RM13 million gain on fair value of investment property in the previous year.

The basic loss per share for this financial year stands at 1.97 sen as compared to the basic earnings per share of 4.24 sen for the previous year.

Shareholders' Fund for the current financial year reduced slightly by about RM2.9 million to RM92.43 million. Total borrowing for the financial year 2015 is increased slightly from RM40.9 million to RM42.1 million due to the investment in equipment to improve operating efficiency. Gearing ratio increased slightly from 0.43 times to 0.46 times, mainly due to the increase in borrowing.

# CHAIRMAN'S STATEMENT

## (CONT'D)

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### REVIEW OF OPERATIONS

The manufacturing segment reported a total turnover of RM99.4 million. The increase in turnover as compared to RM90.6 million in the previous year was attributable to higher sales from the industrial bags division. The construction sector registered a steady growth of 8.7% during the fourth quarter of 2014 following the strong growth momentum of the non-residential and residential subsectors. The Tapah plant increased our production capabilities significantly and enabled us to capitalize on the growth of the construction-related industry in Malaysia.

Profit before taxation for the manufacturing segment reduced from RM4.5 million to RM2.8 million for the current financial year, mainly due to the losses incurred in the corrugated carton division, higher manufacturing costs arising from the weakening of Ringgit Malaysia against US Dollar, the rising of labour costs after implementation of minimum wage order and margin compression.

### DIVIDEND

No dividend has been declared in respect of the financial year ended 31 January 2015.

### CORPORATE DEVELOPMENT

As announced on 3 November 2014, the Company and its subsidiaries had entered into a sale and purchase agreement respectively to dispose of two pieces of leasehold industrial land held in Mukim of Senai District of Kulajaya, State of Johor together with the factory buildings erected thereon for a total cash consideration of RM9 million ("Disposal of Properties"). The Disposal of Properties represents an opportunity for KYM Group to unlock the value of the non-core assets. The Disposal of Properties had been completed on 27 March 2015. The proceeds from the Disposal of Properties will be utilized to reduce our bank borrowing and improve our liquidity position to contribute towards expansion of the core manufacturing business.

### INDUSTRY TREND AND PROSPECTS

The growth of the industrial bags industry is expected to be driven by a resilient construction sector. Demand for industrial bags shall increase in tandem with the increase in the supply of cement and other building materials. The merger of the giants in cement industry Holcim Ltd and Lafarge SA would change the landscape of the industry globally as well as Malaysia.

The industrial bags segment expects competition in the ASEAN region due to the increased production capacity by the local players. In Malaysia, we shall face intense competition for market share and compression in profit margin. Our strong manufacturing capability is putting us in a better position to compete regionally. Our bags division has gained reputation for excellent quality both in Malaysia and abroad. As part of our quality improvement activities, we are implementing QCC activities to ensure delivery of consistent excellent quality products and services to our customers.

The corrugated carton industry continues to be challenging in view of the rising cost of raw materials due to the weakening of Ringgit Malaysia against the US Dollar and competitive selling prices.

The corrugated carton division will maintain its focus on enhancing production processes to meet the challenges of a highly competitive industry.

### 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**  
Non-Independent Non-Executive Chairman  
Date: 26 June 2015

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KYM is committed to progress to contribute to the development of our employees, environment, community and market place in sustainable and responsible manner.

## THE WORK PLACE

KYM recognizes that employees are important assets. We promote a diverse work environment where our employees can learn, grow and, most importantly, work safely. 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.

We are committed to integrating good environmental, health and safety practices at every level of our operations. Personal Protective Equipment (safety boots, ear plug and ear muff) is provided to all workers. We focus on creating a sustainable safety culture. A series of safety programs were carried out at the factories during the financial year to further improve our safety and health performance. These include:

1. Plant 5S and safety audit;
2. Supplier and Transporter Safety Briefing;
3. Fire fighting, evacuation and rescue training;
4. Forklift safety;
5. CPR;
6. Denggi Prevention

The Group provides PA and medical insurance coverage for both local workers and foreign workers. We arranged annual hearing tests for all workers that operate machines with high noise level and for those from the supporting departments. 38 workers underwent the hearing tests during the financial year.

Besides the festive dinner, KYM also organized fun activities such as sports game, zumba to promote healthy lifestyle of the employees and to bring our employees extra entertainment and relaxation. In addition, these activities shall serve as a way to build up teamwork and spirit as well as creating a harmonious working environment.

KYM promotes life long learning in the pursuit of personal development of our employees. During the financial year, we organised leadership training programs to disseminate corporate objective and formulate roadmap to achieve the Company long term goals. On-going education and training covering various topics are organised for employees at all levels to enhance their knowledge as well as to keep abreast with the latest developments in the industry and to further improve existing skillsets.

## THE ENVIRONMENT

KYM uses natural gas in some operations to reduce energy consumption thereby achieving savings of about 40% - 60% of the total cost of production. During the financial year, we upgraded our Waste Water Treatment Plants in Kanthan and Tapah Perak to a more efficient system in ensuring no affluent being released to the environment after treatment. Scheduled waste is disposed of 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.

All our plants have obtained certification on ISO 9001:2008 and BS EN ISO 9001:2008 for Quality Management System. We are compliant with local environment regulation and have no environmental incidents. We continue our improvement activities to increase efficiency and to reduce waste.

## THE COMMUNITY

We provide post graduate practical training or internship for local institute and/or local university students which are needed in completing their respective diploma and degrees. During the financial year, 3 students from the local university/institute underwent training at our Production and QA Departments.

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

# CORPORATE RESPONSIBILITY REPORT

## (CONT'D)

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### 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 source papers from suppliers who actively promote the use of recycled papers in the manufacture of paper rolls for the corrugated industry and from custodian certified paper mills who promote sustainable green energy. For paper producers from North America, they have to be certified by SFI (Sustainable Forest Initiative) and for European producers, the PEFC (Pan European Forest Certification). This is also in compliance with the requirements from our major MNC cement customers.

We introduce innovative products solutions and to assist customers in maintaining their competitive advantage with high-performance products and in cost-effective way. These high-performance products deliver top performance whenever high-speed filling processes are used.

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

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

### CONCLUSION

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

# CORPORATE GOVERNANCE STATEMENT

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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 and Recommendation of Malaysian Code of Corporate Governance 2012 (“Code”) during the financial year ended 31 January 2015.

## 1. CLEAR ROLES AND RESPONSIBILITIES

The Board Charter sets out the roles and responsibilities of the Board of KYM and powers between the Board and management, the different committees set up by the board, and between the chairman and CEO. The Board Charter is available on the Company’s website at [www.kym.com.my](http://www.kym.com.my).

The responsibilities of the Board are as follow:

- (a) Formulating and adopting a strategic plan for the Company and the Group;
- (b) Overseeing and evaluating the conduct of business of the Company and the Group;
- (c) Identifying significant risks and ensuring implementation of a proper risk management system to manage such risks;
- (d) Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate and social responsibility;
- (e) Reviewing the adequacy and the integrity of the management information and the internal control systems of the Company and the Group;
- (f) Establishing executive succession plan; and
- (g) Developing and implementing a shareholder communication policy for the Company to ensure effective communication with its shareholders and other stakeholders.

The Board of the Company retains ultimate authority over the day-to-day management of the Company, however, the Board delegates responsibility for the day-to-day management of the Company to the Executive Committee and/or the Chief Executive Officer (CEO). The Board oversees the performance of the management to ensure that the Group’s business is being properly managed.

Key matters such as approval of strategic corporate plans, annual budgets (including major capital expenditure, new ventures, material acquisitions and disposal of undertakings annual and quarterly results and changes to the management and control structure within Group including key policies and delegated authority limits, 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 Board has delegated certain responsibilities to the Board Committees namely Audit Committee, Nomination & Remuneration Committee, Option Committee that operate within clearly defined terms of references. The Chairman of the relevant Board Committee reports to the Board on key matters deliberated at their respective meetings and their recommendation thereon. Minutes of the Board Committee meetings are presented at each Board Meeting to keep the Board informed.

The Board Committee and CEO will execute the Board’s decision in accordance with the limit of authority as approved by the Board.

In performing their duty, our Directors observed ethical values based on the Code of Ethic for Company Directors’ Code of Ethics. The existing code of conduct for employees that is set out in the KYM Employee Handbook covers all aspects of the company business operations, such as conflict of interest, bribery and corruption, confidentiality of information, gratuity and dishonest conduct.

The Company promotes sustainability by providing quality and innovative products for its customers and keeping up with ethical, ecological, economic and social concerns.

All Directors are provided with reports and other relevant information at least five (5) days prior to the Board Meeting or board committee Meeting to enable the Directors to obtain further explanations. The CEO and other members of Senior Management attended the Board of Directors Meeting and board committee meeting by invitation to provide insight into business.

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.



# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

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The Directors have direct access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. Besides ensuring the compliances with laws, various statutory rules and other regulatory requirements that affecting the Group, the Company Secretary is responsible for advising the Directors the obligations in relation to the disclosure of interest in securities, disclosure of any conflict of interest in transaction and matters relating to corporate governance issues. The Company Secretary shall update the Board on any changes to statutory and regulatory requirements or governance practices concerning their duties and responsibilities.

The Company Secretary attends all Board and board committee meetings and ensure that meetings are properly convened, proceedings including resolutions are properly and accurately recorded and the statutory register is properly maintained at the registered office of the Company.

The Directors may seek independent advice should the need arise. The procedure for the Directors to seek independent advice is set out in the Board Charter.

## 2. STRENGTHEN COMPOSITION

The Nomination & Remuneration Committee comprises three (3) Non-Executive Directors of which majority are independent. The Chairman of the Nomination & Remuneration Committee is Dato' Seri Dr. Isahak bin Yeop Mohamad Shar.

The Nomination & Remuneration Committee met twice during the financial year to review the effectiveness of the Board as a whole and the committees of the Board, to address the changes in the Board composition and board committees, including the appointment of new director to fill the vacancy on the Audit Committee following the retirement of Mr Chiam Tau Meng as Independent Non-Executive Director on 8 July 2014.

The Nomination & Remuneration Committee also assesses the board effectiveness, the contribution and commitment of each Director annually. For the year under review, the Nomination & Remuneration Committee is of the view that the current board size, composition is optimum for the effective discharge of the Board's function.

During the recruitment processes, the CEO had been tasked to seek suitable candidates with specific accounting qualification and/or experience. The Nomination & Remuneration Committee assessed and interviewed the nominated candidate, taking into consideration the required specialization of the candidate and age diversity of the Board, before recommending to the Board for appointment.

The Board does not have a gender diversity policy or specific target for the appointment of female candidates in the recruitment of directors. The Nomination & Remuneration Committee gives due consideration to age, gender and experience when evaluating potential candidates for appointment on the Board.

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.

During the financial year, the Nomination & Remuneration Committee also reviewed the remuneration packages and benefits annually as extended to the Executive Director. The Executive Director does not participate in the decision making relating to their own remuneration.

The remuneration of the Board 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 Director. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The Executive Director and senior management's remuneration will depend on the performance of the Group and the achievement of the goals. 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.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The details of the remuneration of the Director of the Company for the financial year under review (including remuneration drawn from the subsidiaries) are as follows:

	Salary RM'000	Fees RM'000	Bonus & Allowances RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total RM'000
Executive	312	-	-	38	21	371
Non-Executives	-	67	16	-	-	83

The number of Directors whose total remuneration falls within the respective band is as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	5
RM50,001 - RM150,000	1	-
RM150,001 - RM250,000	1	-

### 3. REINFORCE INDEPENDENCE

As a general policy, the tenure for an Independent Director of the Company shall not exceed a cumulative term of 9 years. Datuk Wira Rahadian Mahmud bin Mohammad Khalil was appointed as Independent Director since 2 October 2006 and would have served for 9 years by October 2015. Both Dato' Seri Ir Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman who were appointed as Independent Directors on 12 February 2007 would have served for an accumulative term of 9 years by February 2016.

All the independent non-executive directors undertook an assessment of the independence based on the defined criteria of independence set out in the Main Market Listing Requirements of Bursa Securities and other criteria recommended by the Corporate Governance Guide. All three independent non-executive directors fulfilled the criteria of independence. The Board's view that Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Dato' Seri Ir Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman should be considered as independent:

- (a) They are able to provide check and balance and bring an element of objectivity to the Board;
- (b) They have vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion, exercise independent judgement and have the ability to act in the best interest of the Company;
- (c) They have continued to exercise independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company;
- (d) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

The Board is recommending to shareholders for approval to retain Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Dato' Seri Ir Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman as Independent Director at the forthcoming Annual General Meeting.

The positions of chairman and CEO are held by different individuals. The Chairman of the Board is responsible for the leadership, effectiveness and conduct of the Board while the CEO has overall responsibility over the business units and day-to-day management of the Company, organizational effectiveness and implementation of Board policies, strategies and decisions. On 1 August 2014, Dato' Seri Dr. Isahak bin Yeop Mohamad Shar retired from executive position and re-designated as Non-Independent Non-Executive Chairman of KYM. Although the Chairman of the Board of KYM is not an independent director, the Board comprises a majority of independent directors to ensure balance of power and authority on the Board.

# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

### 4. FOSTER COMMITMENT

#### BOARD MEETINGS

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the financial year, six (6) Board Meetings were held and the attendance of the Board members were as follows:

Name of Director	No. of Meeting Attended
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	6/6
Dato' Seri Ir. Mohamad Othman bin Zainal Azim	6/6
Dato' Lim Kheng Yew	6/6
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	4/6
Dato' Mohd Azmi bin Othman	5/6
Lee Ji Jin Darren (appointed on 25 September 2014)	2/2

Each Director does not hold more than five (5) directorships in public listed companies to ensure they have sufficient time to focus and discharge their roles and responsibilities effectively.

#### DIRECTORS' TRAINING

Training programmes attended by the Directors during the financial year are as follows:

Dato' Seri Ir Mohamad Othman bin Zainal Azim	- Advocacy Sessions on corporate disclosure for directors	3 March 2014
	- Risk Management & Internal Control Workshop for Audit Committee	28 May 2014
	- Post Workshop for Audit Committee "Risk Management & Internal Control"	30 October 2014
Dato' Mohd Azmi bin Othman	- Risk Management & Internal Control	28 May 2014
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	- Black Swan - Transformation of Risk	23 December 2014
Lee Ji Jin Darren	- Mandatory Accredited Program for Directors of Public Listed Companies	19 - 20 November 2014

In addition, the Directors are updated on the recent development in the area of statutory and regulatory requirements from briefings by the External Auditors, Company Secretary and Internal Auditors.

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### FINANCIAL REPORTING

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards.

The Audit Committee reviewed and recommended to the Board's approval of the Group's quarterly results and annual audited financial statements. Further details of the activities of the Audit Committee are set out in the Audit Committee Report.

#### 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 in accordance with applicable Malaysian Financial Reporting Standard, International Financial Reporting Standards, the

requirements of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2015, 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 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.

## EXTERNAL AUDITORS

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 21 to 23. 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.

During the financial year, KYM has not formalized the policy and procedures to assess the suitability and independence of the external auditors. The external auditors reported the details of provision of non-audit services, and any other matters that may reasonably be thought to have bearing on the external auditor's independence. Based on the amount of non-audit fee charged, the Audit Committee will assess whether the independence of the external auditors is impaired by the provision of such non-audit services to the Group. The external auditors implemented the audit partner rotation. The external audit engagement partner shall rotate at least once every 5 years. In addition, the Audit Committee obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

## 6. RECOGNISE AND MANAGE RISKS

### INTERNAL AUDIT FUNCTION

The Directors acknowledge their responsibility for maintaining the Group's system of internal control to safeguard shareholders' investment and the Company's assets. The outsourced internal audit function who reports directly to the Audit Committee, has carried out periodic internal audit visits to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's systems internal control.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

During the financial year under review, we have yet to formalize a Corporate Disclosure Policy and Procedures. The quarterly financial results is disseminated promptly and timely to enable shareholders to have an overview of the Group's performance and operations and make informed investment decisions.

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.

The Company's announcement, financial results, annual reports, circular to shareholders and board charter are published in the Company's website [www.kym.com.my](http://www.kym.com.my) to keep the shareholders and investors informed on the Group's performance.

# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

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### 8. STRENGTHEN RELATIONSHIPS BETWEEN COMPANY 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 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 participation 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.

All members present at each meeting have the rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions. The voting process at each meeting shall be by way of show of hands unless a poll is demanded. The Chairman may demand for a poll for substantive resolutions put forward at the shareholders' meeting, if so required.

### COMPLIANCE WITH THE CODE

The Board is satisfied that the company has, in all material aspects complied with the principles and recommendations of the Code during the financial year ended 31 January 2015 except where it was specifically stated otherwise.

The Corporate Governance Statement was approved by the Board of Directors on 18 May 2015.

## MEMBERS OF THE AUDIT COMMITTEE

Dato' Seri Ir Mohamad Othman bin Zainal Azim (Chairman)	-Independent Non-Executive Director
Dato' Mohd Azmi bin Othman	-Independent Non-Executive Director
Lee Ji Jin Darren (appointed w.e.f. 25 September 2014)	-Non-Independent Non-Executive Director

## TERMS OF REFERENCE

### Composition

1. The Audit Committee shall be appointed by the Board of Directors, from amongst its Directors. The Audit Committee shall comprise not fewer than 3 members of which:
  - (a) all members must be non-executive directors, with a majority of them being independent directors; and
  - (b) at least one member of the audit committee -
    - (i) must be a member of the Malaysian Institute of Accountants; or
    - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and -
      - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accounts Act 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
    - (iii) fulfills such other requirements as prescribed or approved by the Exchange.
  - (c) No alternate director shall be appointed as a member of the audit committee.
2. The members of the Audit Committee must elect a chairman among themselves who is an independent director.

### Duties And Responsibilities

The duties and responsibilities of the Audit Committee are:

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

# AUDIT COMMITTEE REPORT

## (CONT'D)

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

### Meetings

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

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

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

### Secretary

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

### Quorum

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

### ATTENDANCE OF MEETINGS

Five (5) Audit Committee Meetings were held during the financial year. The record of attendance of the Audit Committee members is as follows:

Name of Director	Attendance of Meetings
Dato' Seri Ir Mohamad Othman bin Zainal Azim	5/5
Dato' Mohd Azmi bin Othman	4/5
Lee Ji Jin Darren (appointed on 25 September 2014)	2/2

### ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee:

- 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;
- Reviewed the audit planning memorandum prepared by the External Auditors prior to the commencement of audit;
- Discussed with the External Auditors on new developments of accounting standards that are applicable to the Company's financial statements for financial year ended 31 January 2015 and the audit findings and accounting issues arising from their audit together with recommendations in respect of the findings;
- Reviewed the internal audit reports;
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control;
- 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;
- Met with the External Auditors without the presence of the Management.

## 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 in accordance with the approved internal audit plan.

During the financial year, audit review had been carried out in the following business processes/areas:

- Production Management
- Inventory Management
- Procurement and Distribution
- Sales and Collection

Matters that in the opinion of the Internal Auditors required ratification, improvement or attention by Management and the Audit Committee were highlighted to the Audit Committee.

The Internal Auditors and the SBU Heads were invited to attend the Audit Committee Meeting to 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.

The Chairman of the Audit Committee reported the significant findings highlighted by the Internal Auditors to the Board of Directors.

Cost incurred for the internal audit function in respect of the financial year ended 31 January 2015 is RM84,000.00.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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This Statement on Risk Management and Internal Control is made in accordance with the paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers (“the Guidance”), which requires Malaysian public listed companies to make a statement in their annual report concerning risk management and internal control system, as a Group.

The Board believes the practice of good corporate governance is an important continuous process. Hence, the Board endeavours to maintain an adequate risk management and internal control system that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

## BOARD RESPONSIBILITIES

The Board is committed in ensuring the existence of an appropriate risk management framework and sound, efficient and effective system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

There is an on going monitoring and reporting process to identify, assess and manage the Group's business risk that could have a potentially significant impact on the Group's profitability and long term business objectives.

The Chief Executive Officer will disseminate the Group's corporate objectives to members of management at their scheduled meetings. The Group's business objectives and corporate values are communicated and deliberated throughout the organization via its half yearly budgetary review, monthly management meetings and operational level meetings at each Strategic Business Unit.

All the Heads of the Strategic Business Units are responsible for managing the risks of their respective units. Significant business risks that have impacted or likely to impact each business unit are raised and discussed regularly during the monthly management meetings. Appropriate action plans and control procedures are implemented to mitigate the risks and issues identified. The Chief Executive Officer will closely monitor the business and operational risks and ensure that the Group's corporate objectives are met through their attendance at management meetings, as well as their review of relevant management and operational reports. Significant risks are escalated to the Board by the Chief Executive Officer at the scheduled board meetings.

## INTERNAL CONTROL STRUCTURE AND PROCESSES

The principle features of the Group internal control structure are summarised as follows:

- (1) An organisational structure has defined roles and responsibilities with appropriate reporting structure including proper approval and authorisation limit for approving expenses within the Group. The responsibilities and functions of the Board of Directors and each committee are set out in the board charter and terms of reference. The Board has delegated specific responsibilities to the relevant committees such as Audit Committee and Nomination & Remuneration Committee to implement and monitor the Board's policies and controls within the Group.
- (2) Policies, procedures and manuals, including ISO Quality Manuals, were documented to guide the achievement of operational objectives. These policies and procedures were subject to regular review and improvement to meet changes in business, operational and statutory needs.
- (3) The Group had adopted a comprehensive budgeting process wherein operating subsidiaries prepared budgets which were compiled by the Finance Department. Discussions were held between Management and the Heads of Strategic Business Units to ensure the budgets were attainable and realistic prior to presentation for the Board's approval. The financial budgets were reviewed half yearly.
- (4) The results of the business units are reported to the Group's management team on a monthly basis. Variances are analysed against the budget (for financial and operational targets) and reasons for shortfalls are identified and responded in a timely manner. Regular and timely reports were submitted to Management and the Board facilitated monitoring of performance against established targets.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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- (5) Management held monthly meetings with Heads of Strategic Business Unit to obtain operational updates and understand ground issues.

The Group's internal audit function is outsourced to an independent consultant to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The Internal Auditors appraises and contributes towards improving the Group's governance, 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 controls 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.

Areas for improvement identified during the course of the internal and statutory audits were brought to the attention of the Audit Committee through audit reports and discussed at Audit Committee meetings.

Management constantly monitors the gaps and issues highlighted by internal and external auditors and had shown commitment to improve on the current processes and internal controls.

## CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's risk management and system of internal control for the year under review and up to date of this Statement and is of the view that the risk management and system of internal control are satisfactory. During the year, there were no material losses caused by breakdown in internal controls. It should be appreciated that the system of internal control only provide reasonable assurance in managing business risks rather than eliminating them and there is no absolute assurance towards material misstatement or loss.

Management is accountable to the Board for implementing and monitoring the system of risk management and internal control and for providing assurance to the Board that it has done so. The Chief Executive Officer and the Financial Controller have given assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. Nevertheless, Management continues to take measures to enhance and strengthen the internal control environment and systems of risk management.

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 January 2015 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 processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems.

This statement was made in accordance with a resolution of the Board dated 18 May 2015.

## ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review:

- the Company did not enter into any share buyback transaction.
- KYM established an Employees Share Option Scheme involving up to fifteen per centum (15%) of the issued and paid-up capital of KYM (“ESOS”). During the financial year, no ESOS options were exercised.

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

	Since commencement of the Scheme on 16 May 2010			
	Aggregate ESOS Options Granted	Aggregate ESOS Options Exercised	Aggregate Options Forfeited/Lapsed	Aggregate ESOS Options Outstanding
Directors and chief executive	4,600,000	1,840,000	400,000	2,360,000
	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	-		30.69

No share options were granted to Directors and senior management pursuant to the ESOS during the financial year. None of the non-executive directors exercised the ESOS Options during the financial year.

- the Company did not sponsor any depository receipt 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

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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 2015.

### 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 for the financial year	(2,949)	(4,346)
Attributable to:-		
Owners of the Company	(2,949)	(4,346)
Non-controlling interests	(#)	-
Owners of the Company	(2,949)	(4,346)

Note:  
(#) represents (RM265).

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

**ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

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

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**EMPLOYEES' SHARE OPTION SCHEME**

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

The board of directors of the Company has on 13 May 2015 approved the extension of the duration of the ESOS for a further 5 years pursuant to the ESOS By-Laws of the Company. The expiry date of the ESOS is revised to 15 May 2020.

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

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 1.2.2014	Granted	Exercised	At 31.1.2015
26 May 2010	RM0.90	2,935,000	-	-	2,935,000

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

**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.

## DIRECTORS' REPORT (CONT'D)

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### CURRENT ASSETS

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

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

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

Other than the contingent liability disclosed in Note 39 to the financial statements, at the date of this report, there does not exist:-

- (a) 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
- (b) 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 except as disclosed in the financial statements.

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  
 Datuk Wira Rahadian Mahmud Bin Mohammad Khalil  
 Dato' Seri Ir. Mohamad Othman Bin Zainal Azim  
 Dato' Mohd Azmi Bin Othman  
 Lee Ji Jin Darren (Appointed on 25.9.2014)  
 Chiam Tau Meng (Retired on 8.7.2014)

**DIRECTORS' INTERESTS**

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

	Number Of Ordinary Shares Of RM0.50 Each			
	At 1.2.2014	Bought	Sold	At 31.1.2015
<i>Direct Interests In The Company</i>				
- Dato' Lim Kheng Yew	2,000,000	-	-	2,000,000
- Dato' Mohd Azmi Bin Othman	42,000	-	-	42,000
- Lee Ji Jin Darren	110,000	-	-	110,000

<i>Indirect Interest In The Company</i>				
- Dato' Lim Kheng Yew	53,750,000	-	-	53,750,000

	Number Of Options Over Ordinary Shares Of RM0.50 Each			
	At 1.2.2014	Granted	Exercised	At 31.1.2015
<i>Share Options Of The Company</i>				
- Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	760,000	-	-	760,000
- Dato' Lim Kheng Yew	1,000,000	-	-	1,000,000
- Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	300,000	-	-	300,000
- Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	300,000	-	-	300,000

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.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a director has substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Group or 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 share options granted to a director pursuant to the ESOS of the Company.



## **DIRECTORS' REPORT**

**(CONT'D)**

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### **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 44 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 18 May 2015

**Dato' Lim Kheng Yew**

**Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar**

## STATEMENT BY DIRECTORS

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We, Dato' Lim Kheng Yew and Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 36 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 January 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, 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 18 May 2015

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

## STATUTORY DECLARATION

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I, Dato' Lim Kheng Yew, I/C No. 510717-08-5137, being the director primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 36 to 101 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Dato' Lim Kheng Yew, I/C No. 510717-08-5137  
at Kuala Lumpur in the Federal Territory  
on this 18 May 2015

Dato' Lim Kheng Yew

Before me  
Datin Hajah Raihela Wanchik (No. W - 275)  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KYM HOLDINGS BHD. (Incorporated in Malaysia) Company No.: 84303-A

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## 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 2015 of the Group and of the Company, and the statements of profit or loss and other 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 36 to 100.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 January 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KYM HOLDINGS BHD. (Incorporated in Malaysia) Company No.: 84303-A (CONT'D)

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### 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 have been properly kept in accordance with the provisions of the Act.
- (b) 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.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out in Note 46 on page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

18 May 2015

Kuala Lumpur

**Cheong Tze Yuan**  
Approval No: 3034/04/16 (J)  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AT 31 JANUARY 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	27,284	27,284
Investments in associates	6	-	3,487	-	3,492
Other investments	7	186	2	184	-
Property, plant and equipment	8	62,135	65,875	158	528
Investment properties	9	48,220	47,085	4,500	4,000
Intangible asset	10	4,667	4,667	-	-
		115,208	121,116	32,126	35,304
<b>CURRENT ASSETS</b>					
Inventories	11	31,827	15,821	-	-
Trade receivables	12	22,030	17,805	-	-
Other receivables, deposits and prepayments	13	1,864	2,633	228	219
Amount owing by subsidiaries	14	-	-	60,464	61,128
Amount owing by related parties	15	164	182	-	-
Tax recoverable		2,136	590	27	21
Short-term investment	16	2,810	5,010	2,810	5,010
Fixed deposits with licensed banks	17	422	422	-	-
Cash and bank balances		1,733	2,739	877	108
		62,986	45,202	64,406	66,486
<b>TOTAL ASSETS</b>		<b>178,194</b>	<b>166,318</b>	<b>96,532</b>	<b>101,790</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	74,945	74,945	74,945	74,945
Share premium	19	35,436	35,436	35,436	35,436
Capital reserve	20	-	-	-	-
Employees' share option reserve	21	884	884	884	884
Accumulated losses		(18,837)	(15,888)	(80,844)	(76,498)
Equity attributable to owners of the Company		92,428	95,377	30,421	34,767
Non-controlling interests		(#)	-	-	-
<b>TOTAL EQUITY</b>		<b>92,428</b>	<b>95,377</b>	<b>30,421</b>	<b>34,767</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	22	321	1,420	118	286
Term loans	23	11,717	17,454	5,000	9,000
Deferred tax liabilities	24	10,692	10,718	132	110
		22,730	29,592	5,250	9,396

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

## STATEMENTS OF FINANCIAL POSITION

### AT 31 JANUARY 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CURRENT LIABILITIES</b>					
Trade payables	25	19,172	6,973	-	-
Other payables and accruals	26	12,153	10,878	735	394
Amount owing to subsidiaries	14	-	-	55,423	55,393
Amount owing to related parties	15	1,527	1,255	622	622
Amount owing to directors	27	135	135	-	-
Hire purchase payables	22	1,188	1,528	81	218
Provision for taxation		-	36	-	-
Short-term borrowings	28	23,684	17,554	4,000	1,000
Bank overdrafts	29	5,177	2,990	-	-
		<b>63,036</b>	<b>41,349</b>	<b>60,861</b>	<b>57,627</b>
<b>TOTAL LIABILITIES</b>		<b>85,766</b>	<b>70,941</b>	<b>66,111</b>	<b>67,023</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>178,194</b>	<b>166,318</b>	<b>96,532</b>	<b>101,790</b>

Note:

(#) represents (RM265).

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CONTINUING OPERATIONS</b>					
REVENUE	30	99,356	90,648	-	-
COST OF SALES		(86,948)	(77,029)	-	-
GROSS PROFIT		12,408	13,619	-	-
OTHER INCOME		2,520	15,220	912	661
		14,928	28,839	912	661
SELLING AND DISTRIBUTION EXPENSES		(5,210)	(4,123)	-	-
ADMINISTRATIVE EXPENSES		(5,982)	(7,835)	(579)	(595)
OTHER EXPENSES		(4,232)	(806)	(3,561)	(764)
FINANCE COSTS		(2,870)	(3,035)	(1,096)	(1,263)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(1)	(5)	-	-
(LOSS)/PROFIT BEFORE TAXATION	31	(3,367)	13,035	(4,324)	(1,961)
INCOME TAX EXPENSE	33	418	(3,746)	(22)	(62)
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(2,949)	9,289	(4,346)	(2,023)
<b>DISCONTINUED OPERATIONS</b>					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	34	-	(4,956)	-	-
(LOSS)/PROFIT AFTER TAXATION		(2,949)	4,333	(4,346)	(2,023)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(2,949)	4,333	(4,346)	(2,023)

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>(LOSS)/PROFIT AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		(2,949)	6,327	(4,346)	(2,023)
Non-controlling interests		(#)	(1,994)	-	-
		(2,949)	4,333	(4,346)	(2,023)
<b>TOTAL COMPREHENSIVE(EXPENSES)/</b>					
<b>INCOME ATTRIBUTABLE TO:-</b>					
Owners of the Company		(2,949)	6,327	(4,346)	(2,023)
Non-controlling interests		(#)	(1,994)	-	-
		(2,949)	4,333	(4,346)	(2,023)
<b>(LOSS)/EARNINGS PER SHARE (SEN)</b>					
	35				
<b>Basic:</b>					
- continuing operations		(1.97)	6.23		
- discontinued operations		-	(1.99)		
		(1.97)	4.24		
<b>Diluted:</b>					
- continuing operations		Not applicable	6.21		
- discontinued operations		Not applicable	(1.98)		
		Not applicable	4.23		

Note:

(#) represents (RM265).

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



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015

Note	← Non-Distributable →				Accumulated Losses 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	Capital Reserve RM'000	Employees' Share Option Reserve RM'000				
<b>THE GROUP</b>								
Balance at 1.2.2013	68,583	32,253	3,494	1,005	(20,454)	84,881	(202)	84,679
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	6,327	6,327	(1,994)	4,333
Contributions by and distributions to owners of the Company:-								
Employees' share options exercised	18/19/21	3	4	-	(1)	-	6	6
Employees' share options forfeited		-	-	-	(120)	120	-	-
Warrants exercised	18/19/20	6,359	3,179	(3,179)	-	-	6,359	6,359
Warrants lapsed	20	-	-	(315)	-	315	-	-
		6,362	3,183	(3,494)	(121)	435	6,365	6,365
Changes in ownership interests in a subsidiary		-	-	-	-	(2,196)	(2,196)	2,196
Total transactions with owners		6,362	3,183	(3,494)	(121)	(1,761)	4,169	6,365
Balance at 31.1.2014		74,945	35,436	-	884	(15,888)	95,377	95,377
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(2,949)	(2,949)	(#) (2,949)
Balance at 31.1.2015		74,945	35,436	-	884	(18,837)	92,428	(#) 92,428

Note:  
(#) represents (RM265).

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

	Note	← Non-Distributable →				Accumulated Losses RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Employees' Share Option Reserve RM'000		
<b>The Company</b>							
Balance at 1.2.2013		68,583	32,253	3,494	1,005	(74,910)	30,425
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(2,023)	(2,023)
Contributions by and distribution to owners of the Company:-							
Employees' share options exercised	18/19/21	3	4	-	(1)	-	6
Employees' share options forfeited		-	-	-	(120)	120	-
Warrants exercised	18/19/20	6,359	3,179	(3,179)	-	-	6,359
Warrants lapsed	20	-	-	(315)	-	315	-
Balance at 31.1.2014/1.2.2014		74,945	35,436	-	884	(76,498)	34,767
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(4,346)	(4,346)
Balance at 31.1.2015		74,945	35,436	-	884	(80,844)	30,421

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>					
(Loss)/Profit before taxation from:					
- continuing operations		(3,367)	13,035	(4,324)	(1,961)
- discontinued operations		-	(5,461)	-	-
Adjustments for:-					
Bad debts written off		9	#	6	-
(Deposit received forfeited)/Deposit forfeited		(10)	40	-	-
Depreciation of property, plant and equipment		4,975	5,039	247	355
Dividend income		(148)	(40)	(148)	(39)
Fair value gain on investment properties		(1,135)	(12,709)	(500)	(439)
Fair value gain on other investments		(#)	(1)	-	-
Gain on disposal of investment properties		-	(412)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(222)	1,524	(212)	-
Loss on disposal of other investments		-	#	-	-
Impairment losses on:-					
- investments in subsidiaries		-	-	-	400
- investments in associates		3,302	-	3,308	-
Interest expense		2,868	3,039	1,096	1,263
Interest income		(38)	(98)	(13)	(79)
Inventories written off		-	794	-	-
Share of results in associates		1	5	-	-
Property, plant and equipment written off		26	2,727	-	-
Waiver of debts from trade and other payables		(14)	(74)	-	(25)
Writeback of impairment loss on trade receivables		-	(11)	-	-
Operating profit/(loss) before working capital changes carried forward		6,247	7,397	(540)	(525)

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating profit/ (loss) before working capital changes brought forward		6,247	7,397	(540)	(525)
Increase in inventories		(16,006)	(3,762)	-	-
(Increase)/Decrease in trade and other receivables		(3,465)	2,956	(14)	2,678
Increase/(Decrease) in trade and other payables		13,498	(3,141)	341	(2,137)
Increase in amount owing by related parties		(7)	(116)	-	-
Decrease in amount owing by an associate		-	495	-	-
<b>CASH FROM/ (FOR) OPERATIONS</b>		<b>267</b>	<b>3,829</b>	<b>(213)</b>	<b>16</b>
Income tax refunded		6	221	-	80
Income tax paid		(1,196)	(3,977)	(6)	-
Interest paid		(2,868)	(3,039)	(1,096)	(1,263)
<b>NET CASH FOR OPERATING ACTIVITIES</b>		<b>(3,791)</b>	<b>(2,966)</b>	<b>(1,315)</b>	<b>(1,167)</b>
<b>CASH FLOW FROM/ (FOR) INVESTING ACTIVITIES</b>					
Proceeds from disposal of investment properties		-	8,657	-	-
Interest received		38	98	13	79
Dividend received		148	40	148	39
Proceeds from disposal of property, plant and equipment		368	568	357	-
Purchase of property, plant and equipment	36	(1,174)	(1,570)	(22)	(3)
Repayment from related parties		25	140	-	-
Increase in investment in an associate		-	(3,488)	-	(3,488)
Decrease/(Increase) in short-term investment		2,200	(5,010)	2,200	(5,010)
Placement of pledged fixed deposits		-	(12)	-	-
Repayment from subsidiaries		-	-	663	663
<b>NET CASH FROM/ (FOR) INVESTING ACTIVITIES</b>		<b>1,605</b>	<b>(577)</b>	<b>3,359</b>	<b>(7,720)</b>
Balance carried forward		(2,186)	(3,543)	2,044	(8,887)

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balance brought forward		(2,186)	(3,543)	2,044	(8,887)
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>					
Advances from/(Repayment to) related parties		272	(915)	-	(1,548)
Proceeds from share options exercised		-	6	-	6
Proceeds from warrants exercised		-	6,359	-	6,359
Repayment to directors		-	(77)	-	(3)
Repayment of bankers' acceptances		-	(482)	-	-
Net drawdown/(repayment) of bills payable		3,660	(816)	-	-
Repayment of hire purchase obligations		(1,672)	(1,535)	(305)	(259)
Repayment of term loans		(3,239)	(6,199)	(1,000)	-
Drawdown of term loans		692	-	-	-
Net drawdown/(repayment) of revolving credit		(720)	3,940	-	-
Advances from subsidiaries		-	-	30	3,913
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		<b>(1,007)</b>	<b>281</b>	<b>(1,275)</b>	<b>8,468</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,193)</b>	<b>(3,262)</b>	<b>769</b>	<b>(419)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>(251)</b>	<b>3,011</b>	<b>108</b>	<b>527</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>37</b>	<b>(3,444)</b>	<b>(251)</b>	<b>877</b>	<b>108</b>

Notes:

(#) represents (RM27).

# Amount below RM1,000.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015

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### 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 18 May 2015.

### 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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 : Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

The adoption of above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 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:-

##### (a) 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (b) 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.

##### (c) 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.

##### (d) 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.

##### (e) 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 judgement 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.

##### (f) 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.

##### (g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### (h) Fair Value Estimates for Investment Properties

The Group carries investment properties 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 investment properties would affect profit and/or equity.

##### (i) 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.

##### (j) 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.

##### (k) 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.

##### (l) 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.

#### 4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (a) Business Combinations

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 consideration 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.

##### (b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

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 of the Group.

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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 in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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.

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.

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) 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.

##### (b) 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 end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### 4.5 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) 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.

##### (i) 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.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (ii) Held-to-maturity Investments

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

##### (iii) 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.

Loans and receivables financial assets are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

##### (iv) 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 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

##### (iv) 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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

##### (b) Financial Liabilities

All financial liabilities are initially measured 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.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### (c) Equity Instruments

Increments classified as equity are measured at cost and are not measured subsequently. Incremental costs directly attributable to the issue of new ordinary 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.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statements 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. The cost of investments includes transaction costs.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost 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 the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statements of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influences ceases or when the investment is classified as held for sales. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

#### 4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less any accumulated impairment loss, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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 ranged from 45 to 91 years
Plant and machinery	6.7% - 20%
Forklifts, tools and equipment and production accessories	10% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%

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 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

#### 4.9 IMPAIRMENT

##### (a) 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 financial asset 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.

##### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

#### 4.11 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with this policy.

#### 4.12 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.

#### 4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with original maturity periods of three months or less.

During the current financial year, the Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows. This change has been applied retrospectively with an adjustment made against the opening balance of the cash and cash equivalents as at 1 February 2013.

#### 4.14 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset 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.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.15 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 embodying economic benefits 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. The unwinding of the discount is recognised as interest expense in profit or loss.

##### 4.16 EMPLOYEE BENEFITS

###### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in the profit or loss in the period in which the associated services are rendered by employees of the Group.

###### (b) 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.

###### (c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (share options).

At grant date, the fair value of the share options is recognised as an expense on a straightline method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital or share premium if new ordinary shares are issued.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.17 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits 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.

When investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets.

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.

#### 4.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.19 OPERATING LEASES

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments in the consolidated statements of financial position.

#### 4.20 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

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 for 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 statements of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

#### 4.21 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.

#### 4.22 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.22 RELATED PARTIES (CONT'D)

A party is related to an entity (referred to as the “reporting entity”) if (Cont'd):-

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

#### 4.23 CONTINGENT LIABILITIES

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

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

#### 4.24 REVENUE AND OTHER INCOME

**(a) Sale of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

**(b) Services**

Revenue is recognised upon rendering of services.

**(c) Interest Income**

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

**(d) Rental Income**

Rental income is recognised on an accrual basis.

**(e) Dividend Income**

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost:-		
At 1 February 2014/2013	75,590	77,630
Disposal during the financial year	-	(2,040)
At 31 January	75,590	75,590
Accumulated impairment losses	(48,306)	(48,306)
	27,284	27,284
Accumulated impairment losses:-		
At 1 February 2014/2013	(48,306)	(48,046)
Addition during the financial year	-	(400)
Write-off during the financial year	-	140
At 31 January	(48,306)	(48,306)

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

Name Of Subsidiary	Effective Equity Interest		Principal Activities
	2015	2014	
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment.
KYM Industries (Penang) Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant.
Teguh Amalgamated Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment.
KCP Carton Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Investment holding.
Panorama Industries Sdn. Bhd. <sup>(2)</sup>	100%	100%	Property investment.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
KYM Maju Sdn. Bhd.	100%	100%	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (Cont'd):-

Name Of Subsidiary	Effective Equity Interest		Principal Activities
	2015	2014	
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Dormant.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. <sup>(3)</sup>	100%	100%	Investment holding.
Harta Makmur Sdn. Bhd. <sup>*(4)</sup>	100%	100%	Property investment.
Teluk Rubiah Resorts Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Teluk Rubiah Country Club Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Suria Makmur Development Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Dormant.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. <sup>(6)</sup>	100%	100%	General construction.
KYM Development (Perak) Sdn. Bhd. <sup>(6)</sup>	100%	100%	Property development.
KYM Leisure Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant.
Austin Capital Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant.
KYM Maserba Sdn. Bhd. <sup>(7)</sup>	-	100%	Dormant.
KMG Assets Sdn. Bhd.	100%	100%	Providing management services.
Hasrat Meranti Sdn. Bhd.	100%	100%	Investment holding and manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Chemor) Sdn. Bhd. <sup>(8)</sup>	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Tapah) Sdn. Bhd. <sup>(8)</sup>	100%	100%	Manufacturing and sales of multi-wall industrial paper bags.
KYM Mineral Sdn. Bhd.	100%	100%	Dormant.

\* - The unquoted shares in this subsidiary have been pledged to licensed banks as security for banking facilities granted to the Company.

(1) - 100% interest held by KYM Industries (M) Sdn. Bhd.

(2) - 100% interest held by KYM Industries (Johor) Sdn. Bhd.

(3) - 100% interest held by Polypulp Enterprises Sdn. Bhd.

(4) - 60% and 40% interest held by Tegas Consolidated Sdn. Bhd. and the Company respectively

(5) - 100% interest held by Harta Makmur Sdn. Bhd.

(6) - 100% interest held by KYM Properties Sdn. Bhd.

(7) - 100% interest held by KYM Leisure Sdn. Bhd.. On 12 February 2014, KYM Maserba Sdn. Bhd. submitted an application to be struck off from the register of the Companies Commission of Malaysia pursuant to Section 308(1) of the Companies Act 1965.

(8) - 100% interest held by Hasrat Meranti Sdn. Bhd.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) The Company assessed the recoverable amount of the investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the investments is determined based on estimated fair value of the subsidiaries as at end of the reporting period.
- (b) The non-controlling interests information at the end of the reporting period are immaterial to the Group.

#### 6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost:-				
At 1 February 2014/2013	375	4	375	4
Addition during the financial year	-	371	-	371
	375	375	375	375
Quasi loans	3,117	3,117	3,117	3,117
Share of post acquisition losses	(6)	(5)	-	-
	3,486	3,487	3,492	3,492
Accumulated impairment losses	(3,302)	-	(3,308)	-
	184	3,487	184	3,492
Transfer to other investments (Note 7)	(184)	-	(184)	-
At 31 January	-	3,487	-	3,492

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

Name Of Associate	Effective Equity Interest		Principal Activities
	2015	2014	
	%	%	
PEIH Holdings Sdn. Bhd. ^	*	37.5	Investing holding.
PEIH Resources Sdn. Bhd. <sup>(1)</sup>	*	37.5	Dormant.
PECOH Industrial Development Sdn. Bhd. <sup>(1)</sup>	*	37.5	Land reclamation and development of an industrial hub.

^ - The associate was audited by other firm of chartered accountants.

<sup>(1)</sup> - Interest held by PEIH Holdings Sdn. Bhd.

\* - On June 2014, the interest shareholding in PEIH Holdings Sdn. Bhd. of the Group and of the Company was diluted from 37.50% to 18.75% and ceased its significant influence over the investment, hence this investment is classified under other investments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 6. INVESTMENTS IN ASSOCIATES (CONT'D)

- (a) Share of results of the associate is based on the unaudited financial statements of the associate.
- (b) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the associates. The quasi loans are stated at cost less accumulated impairment losses, if any.
- (c) The Group and the Company assessed the recoverable amount of the investments in associates and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the investment is derived from the net assets position of the associates at the date of dilution.
- (d) On the loss of significant influence, the Group and the Company measured the retained interest in accordance with MFRS 139 as an available-for-sale investment at deemed cost as its fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.
- (e) The summarised unaudited financial information of the associate, not adjusted for the percentage ownership held by the Group, is as follows:-

	The Group	
	2015	2014
	RM'000	RM'000
<b>Assets and liabilities</b>		
Total assets	-	1,589
Total liabilities	-	603
<hr/>		
<b>Results</b>		
Revenue	-	-
Loss for the financial period/year	(3)	(13)

### 7. OTHER INVESTMENTS

	The Group		The Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at fair value	2	2	-	-
Unquoted shares, at cost (Note 6)	184	-	184	-
	186	2	184	-

- (a) Investment in quoted shares of the Group are designated as financial assets at fair value through profit or loss and are measured at fair value.
- (b) Investment in unquoted shares of the Group and of the Company are designated as available-for-sale financial assets but are stated at net assets position of the investments as deemed cost at the date of dilution as its fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 8. 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
<b>The Group</b>								
<i>Net Book Value</i>								
At 1.2.2014	8,574	4,460	17,308	32,385	887	1,184	1,077	65,875
Additions	-	-	-	640	337	1	429	1,407
Disposals	-	-	-	-	-	(145)	(1)	(146)
Written off	-	-	-	-	-	(12)	(14)	(26)
Depreciation charge for the financial year	(118)	-	(319)	(3,432)	(482)	(398)	(226)	(4,975)
At 31.1.2015	8,456	4,460	16,989	29,593	742	630	1,265	62,135
At 1.2.2013	8,691	4,460	17,627	39,778	962	1,516	1,129	74,163
Additions	-	-	-	668	460	224	218	1,570
Disposals	-	-	-	(2,079)	-	(13)	-	(2,092)
Written off	-	-	-	(2,591)	(70)	(10)	(56)	(2,727)
Depreciation charge for the financial year	(117)	-	(319)	(3,391)	(465)	(533)	(214)	(5,039)
At 31.1.2014	8,574	4,460	17,308	32,385	887	1,184	1,077	65,875
<b>2015</b>								
Cost	9,087	4,460	18,666	38,848	2,356	2,601	5,548	81,566
Accumulated depreciation	(631)	-	(1,677)	(9,255)	(1,614)	(1,971)	(4,283)	(19,431)
Net book value	8,456	4,460	16,989	29,593	742	630	1,265	62,135
<b>2014</b>								
Cost	9,087	4,460	18,666	38,208	2,019	3,674	5,139	81,253
Accumulated depreciation	(513)	-	(1,358)	(5,823)	(1,132)	(2,490)	(4,062)	(15,378)
Net book value	8,574	4,460	17,308	32,385	887	1,184	1,077	65,875

Note:

# - Other assets comprise office equipment, furniture and fittings, renovation and electrical installation.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Other Assets* RM'000	Motor Vehicles RM'000	Total RM'000
<b>The Company</b>			
<i>Net Book Value</i>			
At 1.2.2014	122	406	528
Addition	22	-	22
Disposal	(#)	(145)	(145)
Depreciation charge for the financial year	(31)	(216)	(247)
At 31.1.2015	113	45	158
<i>Net Book Value</i>			
At 1.2.2013	148	732	880
Addition	3	-	3
Depreciation charge for the financial year	(29)	(326)	(355)
At 31.1.2014	122	406	528
<b>2015</b>			
Cost	1,013	1,181	2,194
Accumulated depreciation	(900)	(1,136)	(2,036)
Net book value	113	45	158
<b>2014</b>			
Cost	992	2,200	3,192
Accumulated depreciation	(870)	(1,794)	(2,664)
Net book value	122	406	528

Notes:

\* - Other assets consist of office equipment, furniture fittings and renovation.

(#) represents (RM344).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) 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	
	2015 RM'000	2014 RM'000
Freehold land	4,460	4,460
Leasehold land	8,456	8,573
Buildings	16,989	17,308
Plant and machinery	14,235	15,334
Motor vehicles	-	42
Other assets	118	87
	<u>44,258</u>	<u>45,804</u>

- (b) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plant and machinery	3,877	4,237	-	-
Motor vehicles	410	958	45	406
	<u>4,287</u>	<u>5,195</u>	<u>45</u>	<u>406</u>

- (c) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:-				
Forklifts, tools and equipment and production accessories	1,046	535	-	-
Motor vehicles	776	571	564	570
Other assets	974	988	765	753
	<u>2,796</u>	<u>2,094</u>	<u>1,329</u>	<u>1,323</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**9. INVESTMENT PROPERTIES**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At fair value:-				
At 1 February 2014/2013	47,085	42,821	4,000	3,561
Fair value adjustment	1,135	12,709	500	439
Disposal	-	(8,445)	-	-
<b>At 31 January</b>	<b>48,220</b>	<b>47,085</b>	<b>4,500</b>	<b>4,000</b>

(a) The investment properties of the Group and of the Company amounting to RM33,400,000 and RM4,500,000 (2014 - RM32,300,000 and RM4,000,000) respectively are pledged to financial institutions for credit facilities granted to the Company and certain subsidiaries.

(b) The investment properties comprise the following:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Leasehold land	42,866	42,385	1,800	1,600
Building	5,354	4,700	2,700	2,400
	48,220	47,085	4,500	4,000

(c) The following are recognised in profit or loss in respect of investment properties:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rental income	-	396	-	9
Direct operating expenses:				
- property that generate income	-	109	-	30
- property that not generate income	345	288	21	-

(d) As disclosed in Note 44 to the financial statements, the Company and its subsidiaries, Panorama Industries Sdn. Bhd. and KYM Industries (Johor) Sdn. Bhd., entered into conditional Sales and Purchase Agreements with two purchasers for the disposal of two investment properties for a cash consideration of RM4,500,000 each.

(e) Investment properties are stated at fair value which have been determined based on valuations performed by independent valuers at the end of the reporting date using the market value approach. Market value is an estimated amount for which property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and 2 during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 10. INTANGIBLE ASSET

	The Group	
	2015 RM'000	2014 RM'000
Goodwill on consolidation	7,047	7,047
Accumulated impairment loss	(2,380)	(2,380)
	4,667	4,667

- (a) The carrying amount of goodwill is allocated to Hasrat Meranti Sdn. Bhd. and its subsidiaries, a cash-generating unit.
- (b) The Group has assessed the recoverable amount of the goodwill and determined that no additional impairment loss on goodwill is required. The recoverable amount of a cash-generating unit is determined based on value-in-use approach, and this is derived from the present value of the future cash flows based on projections financial budgets approved by management covering a period of five years. The key assumptions used in the determination of the recoverable amounts are as follows:-

Gross margin	Between 14.5% and 14.8%
Growth rate	Between 3% and 6%
Discount rate	9.43%

- (i) Budgeted gross profit margin      The basis used to determine the value assigned to the budgeted gross profit margin is the gross profit margin achieved in the current financial year.
- (ii) Growth rate      Based on the expected projections of the manufacturing and sale of multi-wall industrial paper bags.
- (iii) Discount rate      The discount rate used is the pre-tax weighted average cost of capital of the Company obtained from Bloomberg as at 31 January 2015.

The Board of Directors believe that no reasonable change in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

#### 11. INVENTORIES

	The Group	
	2015 RM'000	2014 RM'000
At cost:-		
Raw materials	27,510	11,644
Work-in-progress	135	78
Finished goods	3,540	3,884
Consumables	506	-
	31,691	15,606
At net realisable value:-		
Finished goods	136	215
	31,827	15,821

#### Recognised in profit or loss

- Inventories recognised as cost of sales:-
- continuing operations
  - discontinued operations

67,589	59,911
-	1,567

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**12. TRADE RECEIVABLES**

	The Group	
	2015 RM'000	2014 RM'000
Trade receivables	23,905	19,699
Allowance for impairment losses	(1,875)	(1,894)
	22,030	17,805
Allowance for impairment losses:-		
At 1 February 2014/2013	(1,894)	(2,017)
Writeback during the financial year	-	11
Write-off during the financial year	19	112
At 31 January	(1,875)	(1,894)

(a) The Group's normal trade credit terms range from 14 to 180 days (2014 - 15 to 180 days).

(b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	603	1,019	83	78
Allowance for impairment losses	(11)	(11)	-	-
	592	1,008	83	78
Deposits	761	881	141	141
Prepayments	511	744	4	-
	1,864	2,633	228	219

The allowance for impairment losses is mainly in respect of other receivables in significant financial difficulties and have defaulted on payments.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015 RM'000	2014 RM'000
Amount owing by subsidiaries	105,096	105,908
Allowance for impairment losses	(44,632)	(44,780)
	60,464	61,128
Allowance for impairment losses:-		
At 1 February 2014/2013	(44,780)	(44,780)
Write-off during the financial year	148	-
At 31 January	(44,632)	(44,780)

	The Company	
	2015 RM'000	2014 RM'000
Amount owing to subsidiaries	(55,423)	(55,393)

- (a) The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.
- (b) The allowance for impairment losses is mainly in respect of subsidiaries in significant financial difficulties and have defaulted on payments.

#### 15. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Company	
	2015 RM'000	2014 RM'000
<u>Amount Owing By Related Parties</u>		
Trade balances	164	157
Non-trade balances	-	25
	164	182

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Amount Owing To Related Parties</u>				
Non-trade balances	(1,527)	(1,255)	(622)	(622)

- (a) Related parties refer to persons connected to a director and/or a key management personnel and companies in which certain directors and persons connected to a director and/or a key management personnel are common directors and/or have substantial financial interests.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 15. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)

- (b) The trade balances are subjected to the normal credit terms ranging from 30 to 90 days (2014 - 30 to 90 days).
- (c) The non-trade balances represent unsecured interest-free advances and payments made on behalf.
- (d) The amounts owing are repayable on demand and are to be settled in cash.

### 16. SHORT-TERM INVESTMENT

	The Group/The Company	
	2015 RM'000	2014 RM'000
Wholesale money market fund in Malaysia	2,810	5,010
Market value of short-term investment	2,832	5,012

Short-term investment is designated as fair value through profit or loss financial asset and is measured at fair value.

### 17. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rate of the fixed deposits at the end of the reporting period was 3.10% (2014 - 3.10%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2014 - 30 to 365 days).

### 18. SHARE CAPITAL

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

	2015		2014	
	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

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

	2015		2014	
	Number of Shares '000	Share Capital RM'000	Number of Shares '000	Share Capital RM'000
Ordinary shares of RM0.50 each				
At 1 February 2014/2013	149,890	74,945	137,165	68,583
Employees' share options exercised	-	-	6	3
Warrants exercised	-	-	12,719	6,359
At 31 January	149,890	74,945	149,890	74,945



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 19. SHARE PREMIUM

	The Group/The Company	
	2015	2014
	RM'000	RM'000
At 1 February 2014/2013	35,436	32,253
Premium arising from:		
- Employees' share options exercised	-	4
- Warrants exercised	-	3,179
At 31 January	35,436	35,436

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.

#### 20. CAPITAL RESERVE

A capital reserve was set up as a result of the statements of financial position restructuring exercise. The capital reserve was 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	
	2015	2014
	RM'000	RM'000
At 1 February 2014/2013	-	3,494
Warrants exercised	-	(3,179)
Warrants lapsed	-	(315)
At 31 January	-	-

#### 21. EMPLOYEES' SHARE OPTION RESERVE

The employees' 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 Employees' Share Option Scheme ("ESOS") of the Company 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 board of directors of the Company has on 13 May 2015 approved the extension of the duration of the ESOS for a further 5 years pursuant to the ESOS By-Laws of the Company. The expiry date of the ESOS is revised to 15 May 2020.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 21. EMPLOYEES' SHARE OPTION RESERVE (CONT'D)

- (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 Option Over Ordinary Shares Of RM0.50 Each			
		At 1.2.2014	Granted	Exercised	At 31.1.2015
26 May 2010	RM0.90	2,935,000	-	-	2,935,000

The ESOS granted expire on 15 May 2020 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase payments:				
- not later than one year	1,310	1,754	96	259
- later than one year and not later than five years	363	1,575	140	330
	1,673	3,329	236	589
Less: Future finance charges	(164)	(381)	(37)	(85)
Present value of hire purchase payables	1,509	2,948	199	504

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 22. HIRE PURCHASE PAYABLES (CONT'D)

The net hire purchase payables are repayable as follows:-

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Current</u>				
Not later than one year	1,188	1,528	81	218
<u>Non-Current</u>				
Later than one year and not later than five years	321	1,420	118	286
	1,509	2,948	199	504

Included in the hire purchase payables is an amount of approximately RM10,200 (2014 - RM50,000) secured by a guarantee of the directors of certain subsidiaries.

#### 23. TERM LOANS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Current</u>				
Not later than one year (Note 28)	6,427	3,237	4,000	1,000
<u>Non-Current</u>				
Later than one years and not later than two years	6,465	6,392	4,000	4,000
Later than two years and not later than five years	4,381	10,414	1,000	5,000
Later than five years	871	648	-	-
Total non-current portion	11,717	17,454	5,000	9,000
	18,144	20,691	9,000	10,000

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly/Quarterly* Instalment RM	Date Of Commencement Of Repayment	The Group		The Company	
				2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
1	180	16,877	March 2008	1,234	1,360	-	-
2	60	4,037	January 2011	39	82	-	-
3	60	9,082	January 2011	99	195	-	-
4	60	214,183	March 2013	7,097	9,054	-	-
5	10 quarters instalments	1,000,000*	January 2015	9,000	10,000	9,000	10,000
6	120	7,459	October 2014	675	-	-	-
				18,144	20,691	9,000	10,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 23. TERM LOANS (CONT'D)

- (a) Term loans 1 and 6 are secured in the same manner as the bills payable as disclosed in Note 28 to the financial statements.
- (b) Term loans 2 to 4 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; and
  - (iv) a corporate guarantee of the Company.
- (c) Term loan 5 is secured by:-
- (i) a legal charge over the leasehold land of a subsidiary;
  - (ii) legal charges over the building of a subsidiary; and
  - (iii) a Memorandum of Deposit over the unquoted shares of a subsidiary.

### 24. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 February 2014/2013	10,718	8,719	110	-
Recognised in profit or loss (Note 33):-				
- continuing operations	(26)	2,504	22	110
- discontinued operations	-	(505)	-	-
At 31 January	10,692	10,718	132	110

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	3,832	3,662	-	-
Revaluation arising from deemed cost property	1,204	1,224	-	-
Revaluation arising from deemed cost plant and machinery	1,311	1,368	-	-
Fair value changes of investment properties	6,019	6,101	132	110
	12,366	12,355	132	110
Deferred tax assets:-				
Allowance for impairment losses	(250)	(250)	-	-
Accrual for bonus	(80)	(98)	-	-
Unutilised tax losses	(433)	(303)	-	-
Unabsorbed capital allowances	(911)	(986)	-	-
	1,674	(1,637)	-	-
	10,692	10,718	132	110

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 25. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days (2014 - 30 to 90 days).

#### 26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Accrued quit rent	4,298	3,966	-	-
Accrued professional fees	-	300	-	-
Deposits received	739	29	360	-
Other payables	7,116	6,583	375	394
	12,153	10,878	735	394

#### 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		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Secured:-				
Revolving credit	3,220	3,940	-	-
Bills payable	14,037	10,377	-	-
Term loans (Note 23)	6,427	3,237	4,000	1,000
	23,684	17,554	4,000	1,000

The bills payable 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.

The revolving credit is secured by legal charges over the leasehold land and buildings of certain subsidiaries.

#### 29. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements.

#### 30. REVENUE

Revenue of the Group represents the invoiced value of goods sold less trade discounts and returns.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**31. (LOSS)/PROFIT BEFORE TAXATION**

	Note	The Group		The Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-					
Audit fee:					
- for the financial year		165	147	38	32
- (over)/underprovision in the previous financial year		(2)	(5)	1	-
Bad debts written off:					
- trade receivables		4	-	-	-
- other receivables		5	#	5	-
- a subsidiary		-	-	1	-
Depreciation of property, plant and equipment	8	4,975	4,622	247	355
(Deposit received forfeited)/ Deposit forfeited		(10)	40	-	-
Directors' fees	32	67	44	67	44
Directors' non-fee emoluments:	32				
- salaries and other benefits		312	492	-	-
- defined contribution plan		38	59	-	-
- benefits-in-kind		21	35	-	35
Dividend income		(148)	(40)	(148)	(39)
Fair value gain on investment properties	9	(1,135)	(13,039)	(500)	(439)
Fair value gain on other investments - quoted shares		(#)	(1)	-	-
(Gain)/Loss on disposal of:					
- investment properties		-	(412)	-	-
- property, plant and equipment		(222)	(4)	(212)	-
- other investments		-	#	-	-
Interest expense:					
- bills payable		622	573	-	-
- hire purchase		237	257	45	40
- overdrafts		230	203	-	-
- term loans		1,772	1,927	1,051	1,161
- others		7	75	-	62
Interest income		(38)	(98)	(13)	(79)
Impairment losses on:					
- investments in associates	6	3,302	-	3,308	-
- investments in subsidiaries	5	-	-	-	400
Realised gain on foreign exchange		(336)	(109)	-	-
Rental expenses:					
- premises		1,202	1,128	226	226
- equipment		35	28	15	24
Rental income		-	(417)	-	(25)
Staff costs:					
- salaries and other benefits		11,420	10,510	-	-
- defined contribution plan		860	765	-	-
- benefits-in-kind		44	55	-	-
Waiver of debts from trade and other payables		(14)	(39)	-	(25)
Writeback of impairment loss on trade receivables	12	-	(11)	-	-
Write-off property, plant and equipment	8	26	-	-	-

Notes:

# Amount below RM1,000.

(#) represents (RM27).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 32. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-Executive directors:				
- fee	67	44	67	44
Executive directors:				
- salaries and other benefits	312	492	-	-
- defined contribution plan	38	59	-	-
- benefits-in-kind	21	35	-	35
	371	586	-	35
	438	630	67	79

#### 33. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing Operations</b>				
Current tax expense:				
- for the financial year	-	1,293	-	-
- overprovision in the previous financial year	(392)	(51)	-	(48)
	(392)	1,242	-	(48)
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary differences	233	2,727	22	110
- overprovision in the previous financial year	(259)	(223)	-	-
	(26)	2,504	22	110
	(418)	3,746	22	62

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**33. INCOME TAX EXPENSE (CONT'D)**

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Discontinued Operations (Note 34)</b>				
Current tax expense:				
- underprovision in the previous financial year	-	#	-	-
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary differences	-	(505)	-	-
	-	(505)	-	-
Income tax expense for the financial year	(418)	3,241	22	62

Note:

# - Amount below RM1,000.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit before taxation from:				
- continuing operations	(3,367)	13,035	(4,324)	(1,961)
- discontinued operations	-	(5,461)	-	-
	(3,367)	7,574	(4,324)	(1,961)
Tax at the statutory tax rate of 25%	(842)	1,894	(1,081)	(490)
Tax effects of:-				
Non-taxable income	(461)	(418)	(188)	-
Non-deductible expenses	1,951	2,235	1,291	642
Deferred tax assets not recognised during the financial year	181	96	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(596)	(292)	-	(42)
Overprovision in the previous financial year:				
- current tax	(392)	(51)	-	(48)
- deferred tax	(259)	(223)	-	-
Income tax expense for the financial year	(418)	3,241	22	62



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 33. INCOME TAX EXPENSE (CONT'D)

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

Subject to agreement with the tax authorities, the Group and the Company have unabsorbed reinvestment allowances, 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	15,002	14,951	836	836
Unabsorbed reinvestment allowances	8,048	7,333	-	-
Unutilised tax losses	48,995	51,451	2,949	2,949
Accrual of bonus	40	8	-	-
	<b>72,085</b>	<b>73,743</b>	<b>3,785</b>	<b>3,785</b>

#### 34. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

In the previous financial year, the Group ceased its entire woven bags division in Perak and manufacturing operating segment in Johor. The results were presented separately on the consolidated statements of profit or loss and other comprehensive income as discontinued operations.

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

	The Group 2014 RM'000
Revenue	1,025
Other income	534
Expenses	(7,020)
Loss before taxation from discontinued operations	(5,461)
Income tax expense (Note 33)	505
Loss after taxation from discontinued operations	(4,956)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**34. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)**

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

	<b>The Group 2014 RM'000</b>
Audit fee	
- for the current year	11
- overprovision in the previous financial year	(1)
Depreciation of property, plant and equipment	417
Loss on disposal of property, plant and equipment	1,528
Hire purchase interest expense	4
Interest income	(#)
Inventories written off	794
Loss on fair value of investment property	330
Property, plant and equipment written off	2,727
Staff costs:	
- salaries and other benefits	255
- defined contribution plan	15
Rental income	(401)
Realised loss on foreign exchange	#
Waiver of debts from trade and other payables	(35)

Notes:

(#) represents (RM537).

# Amount below RM1,000.

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

	<b>The Group 2014 RM'000</b>
Net cash from operating activities	629
Net cash for investing activities	(53)
Net cash for financing activities	(300)
<b>Net cash from discontinued operations</b>	<b>276</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 35. (LOSS)/EARNINGS PER SHARE

	The Group	
	2015	2014
(Loss)/Earnings from continuing operations attributable to shareholders (RM'000)	(2,949)	9,289
Loss from discontinued operations attributable to shareholders (RM'000)	-	(2,962)
<b>Loss)/Earnings attributable to shareholders (RM'000)</b>	<b>(2,949)</b>	<b>6,327</b>
Weighted average number of ordinary shares in issue ('000):-		
Issued ordinary shares at 1 February 2014/2013	149,890	137,165
Effect of new ordinary shares issued	-	12,025
<b>Weighted average number of ordinary shares at 31 January</b>	<b>149,890</b>	<b>149,190</b>
Basic (loss)/earnings per share (sen) for:-		
- continuing operations	(1.97)	6.23
- discontinued operations	-	(1.99)
	<b>(1.97)</b>	<b>4.24</b>
Weighted average number of ordinary shares in issue for basic earnings per share ('000)		
Effects of dilution:		
- employees' share options ('000)		294
<b>Weighted average number of ordinary shares for diluted earnings per share computation ('000)</b>		<b>149,484</b>
Diluted earnings/(loss) per share (sen) for:-		
- continuing operations		6.21
- discontinued operations		(1.98)
		<b>4.23</b>

The diluted (loss)/earnings per share was not presented for the current financial year as there is an anti-dilutive effect arising from the assumed conversion of the Employees' Share Options.

#### 36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of property, plant and equipment purchased	1,407	1,570	22	3
Amount financed through hire purchase	(233)	-	-	-
<b>Cash disbursed for purchase of property, plant and equipment</b>	<b>1,174</b>	<b>1,570</b>	<b>22</b>	<b>3</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 37. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits with licensed banks	422	422	-	-
Cash and bank balances	1,733	2,739	877	108
Bank overdrafts (Note 29)	(5,177)	(2,990)	-	-
	(3,022)	171	877	108
Less: Deposits pledged to licensed banks	(422)	(422)	-	-
	(3,444)	(251)	877	108

### 38. RELATED PARTY DISCLOSURES

#### 38.1 Identities of related parties

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

- (a) its subsidiaries as disclosed in Note 5 to the financial statements;
- (b) the directors who are the key management personnel;
- (c) companies in which certain directors and/or persons connected to a director and/or a key management personnel are common directors and/or substantial shareholders; and
- (d) persons connected to a director of the Company.

38.2 Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with related parties during the financial year:-

#### (a) Subsidiaries

	The Company	
	2015 RM'000	2014 RM'000
Interest expense charged by a subsidiary - KYM Industries (M) Sdn. Bhd.	212	316
Rental charged to a subsidiary - KYM Industries (Johor) Sdn. Bhd.	-	9
Rental charged by a subsidiary - Teguh Amalgamated Sdn. Bhd.	192	192

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 38. RELATED PARTY DISCLOSURES (CONT'D)

38.2 Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with related parties during the financial year (Cont'd):-

(b) Key management personnel

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	1,655	1,708	67	44
Benefits-in-kind	64	90	-	35

(c) Other related parties

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales to:				
- Unipul Trading Sdn. Bhd. *	37	299	-	-
- J.K. Wire Harness Sdn. Bhd. #®	98	-	-	-
Rental charged by:				
- Tzel Properties Sdn. Bhd. ®	34	40	34	34
- Tzel Assets Sdn. Bhd. #®	1,084	542	-	-
Purchase plant and equipment from:				
- Unipul Trading Sdn. Bhd. *	40	-	-	-
Interest charged by:				
- Datin Millie Lee Siew Kim ^	-	2	-	2

^ - Wife of Dato' Lim Kheng Yew.

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

# - 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.

® - A company in which a key management personnel is a director and/or have substantial financial interests.

#### 39. CONTINGENT LIABILITY

	The Company	
	2015 RM'000	2014 RM'000
UNSECURED:		
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	26,149	23,171

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 40. 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:-

	2015 RM	2014 RM
United States Dollar	3.55	3.35
Singapore Dollar	2.64	2.62
Euro	4.25	4.57

### 41. SEGMENT INFORMATION

#### (a) OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units.

The following summary described the operations in each of the Groups' reportable segments:-

Manufacturing segment - manufacture and sale of multi-wall industrial paper bags and corrugated fibre boards and boxes.

Investment holding - investment in unquoted shares are held for capital gains.

Property segment - properties lease out for rental income or held for long-term capital appreciation.

Performance is measured based on segment (loss)/profit before taxation as included in the internal management reports that are reviewed by the Group's Executive Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### SEGMENT ASSETS

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Director. Segment total asset is used to measure return of assets of each segment.

#### SEGMENT LIABILITIES

Segment liabilities comprise operating liabilities and finance lease liabilities.

#### SEGMENT CAPITAL EXPENDITURE

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 41. SEGMENT INFORMATION (CONT'D)

#### (a) OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
<b>2015</b>					
<u>Revenue</u>					
External revenue	99,356	-	-	-	99,356
Inter-segment revenue	-	-	228	1,958	2,186
	99,356	-	228	1,958	101,542
Adjustments and eliminations					(2,186)
Consolidated revenue					99,356
<u>Results</u>					
Results before following adjustments	8,818	(211)	(470)	(1,727)	6,410
Interest income	22	13	3	-	38
Interest expense	(1,759)	(1,095)	(11)	(3)	(2,868)
Depreciation of property, plant and equipment	(4,512)	(247)	(190)	(26)	(4,975)
Other material non-cash income/(expenses):					
- gain on disposal of property, plant and equipment	10	212	-	-	222
- gain on fair value of investment properties	185	500	450	-	1,135
- impairment losses on investments in associates	-	(3,302)	-	-	(3,302)
- property, plant and equipment written off	-	-	(26)	-	(26)
Segment results	2,764	(4,130)	(244)	(1,756)	(3,366)
Share of results in associates					(1)
Loss before taxation					(3,367)
Income tax expense					418
Consolidated loss after taxation					(2,949)
<u>Assets</u>					
Segment assets	107,042	13,850	55,011	155	176,058
Unallocated asset:- Tax recoverable					2,136
Consolidated total assets					178,194
<u>Liabilities</u>					
Segment liabilities	56,499	10,559	7,710	306	75,074
Unallocated liability:- Deferred tax liabilities					10,692
Consolidated total liabilities					85,766
<u>Other Segment Items</u>					
Non-current assets other than financial instruments: - addition on property, plant and equipment	1,382	22	-	3	1,407

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

41. SEGMENT INFORMATION (CONT'D)

(a) OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Group RM'000
<b>2014</b>							
<u>Revenue</u>							
External revenue	90,648	-	-	-	90,648	1,025	91,673
Inter-segment revenue	-	-	300	1,957	2,257	-	2,257
	90,648	-	300	1,957	92,905	1,025	93,930
Adjustments and eliminations					(2,257)	-	(2,257)
Consolidated revenue					90,648	1,025	91,673
<u>Results</u>							
Results before following adjustments	10,349	166	(1,078)	(1,881)	7,556	339	7,895
Interest income	15	79	4	-	98	#	98
Interest expense	(1,761)	(1,263)	(7)	(4)	(3,035)	(4)	(3,039)
Depreciation of property, plant and equipment	(4,067)	(355)	(174)	(26)	(4,622)	(417)	(5,039)
Other material non-cash (expenses)/income:							
- gain/(loss) on disposal of property, plant and equipment	-	-	4	-	4	(1,528)	(1,524)
- gain/(loss) on fair value of investment properties	-	439	12,600	-	13,039	(330)	12,709
- property, plant and equipment written off	-	-	-	-	-	(2,727)	(2,727)
- inventories written off	-	-	-	-	-	(794)	(794)
Segment results	4,536	(934)	11,349	(1,911)	13,040	(5,461)	7,579
Share of results in associates					(5)	-	(5)
Profit/(Loss) before taxation					13,035	(5,461)	7,574
Income tax expense					(3,746)	505	(3,241)
Consolidated (loss)/profit after taxation					9,289	(4,956)	4,333



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 41. SEGMENT INFORMATION (CONT'D)

#### (a) OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
<b>2014</b>					
<u>Assets</u>					
Segment assets	91,894	14,862	55,310	175	162,241
Unallocated assets:-					
Investment in associates					3,487
Tax recoverable					590
Consolidated total assets					166,318
<u>Liabilities</u>					
Segment liabilities	41,130	11,519	7,197	341	60,187
Unallocated liabilities:-					
Deferred tax liabilities					10,718
Provision for taxation					36
Consolidated total liabilities					70,941
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
- addition on property, plant and equipment	1,558	3	8	1	1,570

Note:

# - Amount below RM1,000.

#### (b) GEOGRAPHICAL SEGMENTS

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The carrying values of segment assets are based on the geographical location of the assets.

Geographical Information	Revenue		Non-Current Assets Other Than Financial Instruments	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	78,600	69,451	115,022	121,114
Singapore	5,721	5,168	-	-
Mauritius	1,424	1,783	-	-
Thailand	13,611	11,990	-	-
Indonesia	-	2,256	-	-
	99,356	90,648	115,022	121,114

#### Major Customers

Revenue from one major customer, with revenue equal to or more than 10% of Group's revenue, amounted to RM13,610,595 (2014 - RM12,223,060) arising from sales by the manufacturing segment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 42. OPERATING LEASE COMMITMENT

The Group leases a factory under operating lease. The lease periodic periods commenced from March 2013 to February 2016 with an option to renew after that date up to a cumulative maximum of 15 years. Lease payments are increased by 15% every three periodic years.

The future minimum lease payments under the non-cancellable operating lease are as follows:-

	The Group	
	2015 RM'000	2014 RM'000
Not more than one year	1,084	1,084
Later than one year and not later than five years	90	1,174
	1,174	2,258

### 43. 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.

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES

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

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on sales and purchase transactions and balances that are denominated in foreign currencies. 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.

##### *Foreign currency exposure*

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2015</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	186	186
Trade receivables	1,104	1,249	-	19,677	22,030
Other receivables and deposits	-	-	-	1,353	1,353
Amount owing by related parties	-	-	-	164	164
Short-term investment	-	-	-	2,810	2,810
Fixed deposits with licensed banks	-	-	-	422	422
Cash and bank balances	377	-	-	1,356	1,733
	1,481	1,249	-	25,968	28,698

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign currency exposure (Cont'd)*

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2015</b>					
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	1,509	1,509
Term loans	-	-	-	18,144	18,144
Trade payables	6,776	-	8,554	3,842	19,172
Other payables and accruals	-	24	175	11,954	12,153
Amount owing to related parties	-	-	-	1,527	1,527
Amount owing to directors	-	-	-	135	135
Revolving credit	-	-	-	3,220	3,220
Bills payable	4,414	-	589	9,034	14,037
Bank overdrafts	-	-	-	5,177	5,177
	11,190	24	9,318	54,542	75,074
Net financial (liabilities)/assets	(9,709)	1,225	(9,318)	(28,574)	(46,376)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	28,574	28,574
<b>Net Currency Exposure</b>	<b>(9,709)</b>	<b>1,225</b>	<b>(9,318)</b>	<b>-</b>	<b>(17,802)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

**43. FINANCIAL INSTRUMENTS (CONT'D)**

**43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign currency exposure (Cont'd)*

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2014</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	2	2
Trade receivables	1,508	1,049	-	15,248	17,805
Other receivables and deposits	-	-	-	1,889	1,889
Amount owing by related parties	-	-	-	182	182
Short-term investment	-	-	-	5,010	5,010
Fixed deposits with licensed banks	-	-	-	422	422
Cash and bank balances	22	-	-	2,717	2,739
	1,530	1,049	-	25,470	28,049
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	2,948	2,948
Term loans	-	-	-	20,691	20,691
Trade payables	1,617	-	3,223	2,133	6,973
Other payables and accruals	258	25	137	10,458	10,878
Amount owing to related parties	-	-	-	1,255	1,255
Amount owing to directors	-	-	-	135	135
Revolving credit	-	-	-	3,940	3,940
Bills payable	1,397	-	439	8,541	10,377
Bank overdrafts	-	-	-	2,990	2,990
	3,272	25	3,799	53,091	60,187
Net financial (liabilities)/assets	(1,742)	1,024	(3,779)	(27,621)	(32,138)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	27,621	27,621
<b>Net Currency Exposure</b>	<b>(1,742)</b>	<b>1,024</b>	<b>(3,799)</b>	<b>-</b>	<b>(4,517)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) 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	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
<b><i>Effects On (Loss)/Profit After Taxation</i></b>		
United States Dollar:-		
- strengthened by 10%	(971)	(174)
- weakened by 10%	971	174
Singapore Dollar:-		
- strengthened by 10%	123	102
- weakened by 10%	(123)	(102)
Euro:-		
- strengthened by 10%	(932)	(380)
- weakened by 10%	932	380
<b><i>Effects On Equity</i></b>		
United States Dollar:-		
- strengthened by 10%	(971)	(174)
- weakened by 10%	971	174
Singapore Dollar:-		
- strengthened by 10%	123	102
- weakened by 10%	(123)	(102)
Euro:-		
- strengthened by 10%	(932)	(380)
- weakened by 10%	932	380

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) 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 Note 43.1 (c) to the financial statements.

##### *Interest rate risk sensitivity analysis*

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

	The Group	
	2015	2014
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
<b><i>Effects On (Loss)/Profit After Taxation</i></b>		
Increase in 100 basis points ("bp")	(406)	(380)
Decrease in 100 bp	406	380
<b><i>Effects On Equity</i></b>		
Increase in 100 bp	(406)	(380)
Decrease in 100 bp	406	380

The analysis of the Company is not presented as the sensitivity impact is immaterial.

###### (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 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) 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.

##### (i) Credit risk concentration profile

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

##### (ii) Exposure to credit risk

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

	The Group	
	2015 RM'000	2014 RM'000
Malaysia	19,645	15,248
Singapore	1,326	1,114
Mauritius	328	311
Thailand	700	1,034
Indonesia	31	98
	<hr/>	<hr/>
	22,030	17,805

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

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

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
<b>2015</b>			
Not past due	14,577	-	14,577
Past due:-			
- 61 to 90 days	6,133	-	6,133
- 91 to 120 days	1,320	-	1,320
- more than 120 days	1,875	(1,875)	-
	23,905	(1,875)	22,030
<b>2014</b>			
Not past due	11,986	-	11,986
Past due:-			
- 61 to 90 days	3,817	-	3,817
- 91 to 120 days	1,119	-	1,119
- more than 120 days	2,777	(1,894)	883
	19,699	(1,894)	17,805

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

*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.

*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 are deemed to have higher credit risk, are monitored individually.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

#### 43. FINANCIAL INSTRUMENTS (CONT'D)

##### 43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (c) 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
<b>2015</b>						
Hire purchase payables	6.54	1,509	1,673	1,310	363	-
Term loans	7.79	18,144	20,437	7,633	11,836	968
Bills payable	4.34	14,037	14,037	14,037	-	-
Trade payables	-	19,172	19,172	19,172	-	-
Other payables and accruals	-	12,153	12,153	12,153	-	-
Amount owing to related parties	-	1,527	1,527	1,527	-	-
Amount owing to directors	-	135	135	135	-	-
Revolving credit	5.74	3,220	3,220	3,220	-	-
Bank overdrafts	7.09	5,177	5,177	5,177	-	-
		75,074	77,531	64,364	12,199	968
<b>2014</b>						
Hire purchase payables	6.63	2,948	3,329	1,754	1,575	-
Term loans	8.31	20,691	24,224	4,740	18,764	720
Bills payable	4.40	10,377	10,377	10,377	-	-
Trade payables	-	6,973	6,973	6,973	-	-
Other payables and accruals	-	10,878	10,878	10,878	-	-
Amount owing to related parties	-	1,255	1,255	1,255	-	-
Amount owing to directors	-	135	135	135	-	-
Revolving credit	5.74	3,940	3,940	3,940	-	-
Bank overdrafts	7.43	2,990	2,990	2,990	-	-
		60,187	64,101	43,042	20,339	720

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) 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
<b>2015</b>					
Hire purchase payables	5.02	199	236	96	140
Term loan	8.35	9,000	9,939	4,626	5,313
Other payables and accruals	-	735	735	735	-
Amount owing to subsidiaries	-	55,423	55,423	55,423	-
Amount owing to related parties	-	622	622	622	-
		65,979	66,955	61,502	5,453
<b>2014</b>					
Hire purchase payables	5.20	504	589	259	330
Term loan	8.10	10,000	11,721	1,810	9,911
Other payables and accruals	-	394	394	394	-
Amount owing to subsidiaries	-	55,393	55,393	55,393	-
Amount owing to related parties	-	622	622	622	-
		66,913	68,719	58,478	10,241

43.2 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.2 CAPITAL RISK MANAGEMENT (CONT'D)

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

	The Group	
	2015 RM'000	2014 RM'000
Hire purchase payables	1,509	2,948
Term loans	18,144	20,691
Revolving credit	3,220	3,940
Bills payable	14,037	10,377
Bank overdrafts	5,177	2,990
	42,087	40,946
Less: Cash and bank balances	(1,733)	(2,739)
	40,354	38,207
Total equity (excluding non-controlling interests)	92,428	95,377
Debt-to-equity ratio	0.44	0.40

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 these requirements.

#### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Financial Assets</b>				
<u>Available-for-sale financial asset</u>				
Other investments				
- unquoted shares	184	-	184	-
<u>Loans and receivables financial assets</u>				
Trade receivables	22,030	17,805	-	-
Other receivables and deposits	1,353	1,889	224	219
Amount owing by subsidiaries	-	-	60,464	61,128
Amount owing by related parties	164	182	-	-
Fixed deposits with licensed banks	422	422	-	-
Cash and bank balances	1,733	2,739	877	108
	25,702	23,037	61,565	61,455
<u>Fair value through profit or loss</u>				
Short-term investment	2,810	5,010	2,810	5,010
Other investment - quoted shares	2	2	-	-
	2,812	5,012	2,810	5,010

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Financial Liabilities</b>				
<u>Other financial liabilities</u>				
Hire purchase payables	1,509	2,948	199	504
Term loans	18,144	20,691	9,000	10,000
Bills payable	14,037	10,377	-	-
Trade payables	19,172	6,973	-	-
Other payables and accruals	12,153	10,878	735	394
Amount owing to subsidiaries	-	-	55,423	55,393
Amount owing to related parties	1,527	1,255	622	622
Amount owing to directors	135	135	-	-
Revolving credit	3,220	3,940	-	-
Bank overdrafts	5,177	2,990	-	-
	75,074	60,187	65,979	66,913

#### 43.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates ranging from 3.96% to 7.56% (2014 - 3.88% to 8.10%) per annum. The discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2015</b>								
<u>Financial Asset</u>								
Other investments								
- quoted shares	2	-	-	-	-	-	2	2
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<hr/>								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,592	-	1,592	1,509
Term loans	-	-	-	-	18,144	-	18,144	18,144
<hr/>								
<b>2014</b>								
<u>Financial Asset</u>								
Other investments								
- quoted shares	2	-	-	-	-	-	2	2
<hr/>								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	3,090	-	3,090	2,948
Term loans	-	-	-	-	20,691	-	20,691	20,691

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

### 43. FINANCIAL INSTRUMENTS (CONT'D)

#### 43.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2015</b>								
<u>Financial Asset</u>								
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	214	-	214	199
Term loan	-	-	-	-	9,000	-	9,000	9,000
<b>2014</b>								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	528	-	528	504
Term loan	-	-	-	-	10,000	-	10,000	10,000

Note:

\* - The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

### 44. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- (a) On 3 November 2014, the Company and its subsidiaries, Panorama Industries Sdn. Bhd. and KYM Industries (Johor) Sdn. Bhd., entered into conditional Sale and Purchase Agreements with two purchasers for the disposal of two investment properties for a cash consideration of RM4,500,000 each ("the Disposal of Investment Properties").

The Disposal of Investment Properties was completed on 27 March 2015.

- (b) On 13 May 2015, the board of directors of the Company has approved the extension of the duration of the ESOS for a further 5 years pursuant to the ESOS By-Laws of the Company. The expiry date of the ESOS is revised to 15 May 2020.

### 45. COMPARATIVE FIGURES

The following 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
Consolidated Statements of Cash Flows (extract):-		
Net cash for investing activities	(577)	(565)
Net decrease in cash and cash equivalents	(3,262)	(3,250)
Cash and cash equivalents at beginning of the financial year	3,011	3,421
Cash and cash equivalents at end of the financial year	(251)	171

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2015 (CONT'D)

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

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

	The Group		The Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- realised	(107,109)	(104,632)	(82,992)	(78,169)
- unrealised	31,448	30,952	2,148	1,671
	(75,661)	(73,680)	(80,844)	(76,498)
Total share of accumulated losses of associates:				
- realised	-	(4)	-	-
- unrealised	-	(1)	-	-
	(75,661)	(73,685)	(80,844)	(76,498)
Less: Consolidated adjustments	56,824	57,797	-	-
At 31 January	(18,837)	(15,888)	(80,844)	(76,498)

## LIST OF TOP 10 PROPERTIES AS AT 31 JANUARY 2015

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
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	(13.03.2014)	Residential, Commercial; Vacant	-	14,820,000
PN 343148 Lot 392203 (Formerly H.S.(D) 180352 PT No. 226083) Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,394	99 years leasehold expiring on 23.11.2107	(13.03.2014)	Residential, Commercial; Vacant	-	12,000,000
Lot No. PT2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58958 Bandar Batu 26 Beranang District of Ulu Langat Selangor Darul Ehsan	11,461	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	23 years	8,104,863
PN 210047 Lot No. 6916 Mukim of Lumut District of Manjung Perak Darul Ridzuan	115,561	99 years leasehold expiring on 14.03.2089	(19.08.2013)	Residential; Vacant	-	12,400,000
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	13,777	60 years leasehold expiring on 07.06.2060	(27.05.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	22 years	7,415,625
Lot No. PT 4 (Lot 7) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58960 Bandar Batu 26 Beranang District of Ulu Langat Selangor Darul Ehsan	36,430	99 years leasehold expiring on 09.10.2099	(13.03.2014)	Industrial land with factory buildings and warehouse erected thereon	23 years	8,700,000
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 & 6040)	1,200	Freehold	(13.03.2014)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	30 years	6,400,000

**LIST OF TOP 10 PROPERTIES**  
AS AT 31 JANUARY 2015 (CONT'D)

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Building	Net Book Value (RM)
PLO 19 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 17036 PTD No. 8790 Mukim of Senai District of Kulaijaya Johor Darul Takzim	8,094	60 years leasehold expiring on 22.9.2045	(16.10.2013)	Industrial land with factory buildings, office and warehouse erected thereon	27 years	4,500,000
PLO 9 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 4681 PTD No. 18692 Mukim of Senai District of Kulaijaya Johor Darul Takzim	8,094	60 years leasehold expiring on 31.8.2042	(16.10.2013)	Industrial land with factory buildings, office and warehouse erected thereon	26 years	4,500,000
Lot 16 Persiaran Perindustrian Kanthan 3 Kanthan Industrial Estate Chemor, Ipoh Held under PN 132850 Lot 198886 Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	7,532	60 years leasehold expiring on 10.2.2055	(27.05.2011)	Industrial land with single storey factory building erected thereon	4 years	1,953,488



# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2015

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	: RM74,944,876.50 comprising 149,889,753 ordinary shares of RM0.50 each
Voting Rights	: 1 vote per share
No. of Shareholders	: 1,562

## Distribution of Shareholdings

Size of Shareholding	Number of Holders	Total Holdings	%
1 - 99	16	266	0.00
100 - 1,000	424	396,503	0.26
1,001 - 10,000	716	3,403,575	2.27
10,001 - 100,000	307	10,175,686	6.79
100,001 - 7,494,486	95	76,513,723	51.05
7,494,487 and above	4	59,400,000	39.63
<b>Total</b>	<b>1,562</b>	<b>149,889,753</b>	<b>100.00</b>

## Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 29 May 2015

Name	Direct	No. of Shares held		%
		%	Indirect	
Cheong Chan Holdings Sdn Bhd	30,000,000	20.01	-	-
Dato' Lim Kheng Yew	2,000,000	1.33	<sup>(1)</sup> 53,750,000	35.86
Idaman Bina Makmur Sdn Bhd	7,750,000	5.17	-	-
Datin Millie Lee Siew Kim	-	-	<sup>(2)</sup> 14,750,000	9.84
Lim Tze Thean	3,000,000	2.00	<sup>(3)</sup> 7,000,000	4.67

- (1) 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.
- (2) 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.
- (3) Deemed interest by virtue of his direct and indirect shareholding in KYM Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

## Directors' Interest In Shares

Name	No. of Shares held		Indirect	%
	Direct	%		
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Lim Kheng Yew	2,000,000	1.33	53,750,000 <sup>#</sup>	35.86
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	42,000	0.03	-	-
Lee Ji Jin Darren	110,000	0.07	-	-

- <sup>#</sup> 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.

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MAY 2015 (CONT'D)

### Thirty Largest Shareholders as at 29 May 2015

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	14.68
2. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	21,650,000	14.44
3. CHEONG CHAN HOLDINGS SDN BHD	8,000,000	5.34
4. IDAMAN BINA MAKMUR SDN BHD	7,500,000	5.17
5. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED	7,000,000	4.67
6. KYM SDN BHD	6,000,000	4.00
7. RENFIELD INVESTMENT LIMITED	3,960,000	2.64
8. KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	3,800,000	2.54
9. KENANGA NOMINEES (ASING) SDN BHD EMMEL INC	3,147,000	2.10
10. LIM TZE THEAN	3,000,000	2.00
11. MARATHON CAPITAL SDN BHD	3,000,000	2.00
12. MARK LIM TZE SEANG	3,000,000	2.00
13. MELISSA LIM SU LIN	3,000,000	2.00
14. YAP CHEE LIT	2,617,000	1.75
15. SAI YEE @ SIA SAY YEE	2,341,200	1.56
16. LIM CHIN HUAT	2,287,500	1.53
17. LCH CAPITAL HOLDING SDN BHD	2,227,000	1.49
18. LIM KHENG YEOW	2,000,000	1.33
19. TAN SUAN HUAT	1,770,000	1.18
20. LIM CHIN HUAT	1,764,900	1.18
21. M&A NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOY PIAU	1,185,400	0.79
22. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW AH ONN	1,111,500	0.74
23. LOH TOH HEOH	1,082,300	0.72
24. AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	1,000,000	0.67
25. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR KYM SDN BHD	1,000,000	0.67
26. LIM SOO HIEN	950,000	0.63
27. CHONG THIN CHOY	900,000	0.60
28. THAM KIN FOONG (JOHN)	818,700	0.55
29. MAGNITUDE NETWORK SDN BHD	775,273	0.52
30. AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WYMIN	751,800	0.50
	<b>119,889,573</b>	<b>79.99</b>

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# PROXY FORM



**KYM HOLDINGS BHD.**

(Co. No. 84303-A)

(Incorporated in Malaysia)

CDS Account No.	
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 33rd 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 Tuesday, 21 July 2015 at 11:00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	Approval of Directors' Fee		
2.	Re-election of Dato' Seri Dr. Isahak bin Yeop Mohamad Shar		
3.	Re-election of Dato' Seri Ir Mohamad Othman bin Zainal Azim		
4.	Re-election of Lee Ji Jin Darren		
5.	Re-appointment of Auditors		
6.	Retention of Datuk Wira Rahadian Mahmud bin Mohammad Khalil as Independent Non-Executive Director		
7.	Retention of Dato' Seri Ir Mohamad Othman bin Zainal Azim as Independent Non-Executive Director		
8.	Retention of Dato' Mohd Azmi bin Othman as Independent Non-Executive Director		
9.	Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965		
10.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
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 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 14 July 2015 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.

*please fold along this line (1)*

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Stamp

The Company Secretary

**KYM HOLDINGS BHD.**

(Co. No. 84303-A)

12 Lorong Medan Tuanku Satu  
50300 Kuala Lumpur

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