



KYM HOLDINGS BHD.

(Co. No.: 84303-A)

ANNUAL REPORT 2019

37TH

ANNUAL GENERAL MEETING

Thursday, 20 June 2019
11.00 a.m.

Company's Office at No. 12
Lorong Medan Tuanku Satu
50300 Kuala Lumpur

Our Vision

We aim to be a trusted global player in delivering industrial, property and construction solutions to an international and local clientele, playing an integral part in delivering Malaysia's ambitions of becoming a high-income, developed nation by the year 2020.

By being thoroughly committed to innovation, technology, human capital and sustainable development, we aim to be critical enablers to an environment in which businesses thrive and communities are enriched.

Our Mission

We strive for excellence in all that we do, leveraging best-in-class technology and processes to cost-efficiently deliver products and services of the highest quality and safety to our customers.

In doing so, we aim to always exceed expectations while maximising value for all our share- and stakeholders, all of the time.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of KYM Holdings Bhd. will be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Thursday, 20 June 2019 at 11.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2019 together with the Reports of the Directors and Auditors thereon. (Note 1)
2. To approve the payment of Directors' Fees of RM104,000 for financial year ended 31 January 2019 and the payment of Directors' benefits (excluding Directors' Fees) to Non-Executive Directors of up to an amount of RM19,550 from the date of 37th Annual General Meeting until the next Annual General Meeting. (Resolution 1)
3. To re-elect the following Directors retiring in accordance with the Company's Constitution:
 - i. Dato' Lim Kheng Yew (Article 81) (Resolution 2)
 - ii. Dato' Mohd Azmi Bin Othman (Article 81) (Resolution 3)
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)
5. As Special Business, to consider and if thought fit, pass with or without any modification, the following Resolutions:

Ordinary Resolution

Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

"That pursuant to Section 75 and 76 of the Companies Act, 2016, 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.

And that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

(Resolution 5)

Ordinary Resolution

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

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 3 July 2018 authorizing 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 29 May 2019 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 transaction are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favorable 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 340(2) of the Companies Act, 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); 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 6)

Ordinary Resolution

Retention of Datuk Seri Rahadian Mahmud Bin Mohammad Khalil as Independent Non-Executive Director

"That Datuk Seri Rahadian Mahmud Bin Mohammad Khalil be and is hereby retained as an Independent Non-Executive Director of the Company."

(Resolution 7)

Ordinary Resolution

Retention of Dato' Seri Ir. Mohamad Othman Bin Zainal Azim as Independent Non-Executive Director

"That Dato' Seri Ir. Mohamad Othman Bin Zainal Azim be and is hereby retained as an Independent Non-Executive Director of the Company."

(Resolution 8)

Ordinary Resolution

Retention of Dato' Mohd Azmi Bin Othman as Independent Non-Executive Director

"That Dato' Mohd Azmi Bin Othman be and is hereby retained as an Independent Non-Executive Director of the Company."

(Resolution 9)

- 6. To transact any other matter of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

CHEE MIN ER

(MAICSA 7016822)

Secretary

Kuala Lumpur

29 May 2019

Notice of Annual General Meeting

(Cont'd)

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. Save for an exempt authorised nominee as defined in the under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), a member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.
3. 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.
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. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 14 June 2019 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
6. 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, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

Explanatory Notes to the Agenda:

1. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. As such, this item is not a business which requires a resolution to be put to vote by shareholders.
2. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed resolution 5, 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 3 July 2018 which will lapse at the conclusion of the 37th 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.

Notice of Annual General Meeting (Cont'd)

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

The proposed resolution 6, 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 29 May 2019 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.

4. Retention of Independent Non-Executive Directors

The Nomination & Remuneration Committee and the Board have recommended the three (3) Non-Executive Directors to continue to act as Independent Non-Executive Director in accordance with Malaysian Code on Corporate Governance 2017 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;
- (c) They have been consistently providing independent judgement and unbiased view in decision making at the Board meeting;
- (d) They are free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company; and
- (e) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

Shareholders' approval for Ordinary Resolutions 7, 8 and 9 will be sought through a two-tier voting process.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to 8.27(2) of the Listing Requirements of Bursa Malaysia)

There is no individual standing for election as Director at the 37th AGM.

Corporate Information

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
Senior Independent Non-Executive Director

Datuk Seri 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

Lim Tze Thean
Executive Director / Chief Executive Officer

SECRETARY

Chee Min Er
(MAICSA 7016822)

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

REGISTERED OFFICE

12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur
Tel No.: 03-2692 2923
Fax No.: 03-2692 8382

AUDITORS

Crowe Malaysia PLT
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

Boardroom Share Registrars Sdn. Bhd.
(Formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel No.: 03-7841 8000
Fax No.: 03-7841 8008

WEBSITE

www.kym.com.my

Profile of Directors

Non-Independent Non-Executive Chairman

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR

Malaysian, aged 70

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, aged 70, was appointed to the Board of KYM Holdings Bhd. on 2 October 2006. He was the Chief Executive Officer and Executive Chairman of KYM from 2006 to 2013 before he re-designated to his current position on 1 August 2014. Dato' Seri Dr. Isahak is the Chairman of the Nomination & Remuneration Committee.

He graduated from University of Malaya in Bachelor of Arts (Sociology) in 1973 and received his Masters and Doctorate of Philosophy in Public Administration from University of Southern California in 1978 and 1990 respectively.

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.

Profile of Directors

(Cont'd)

Executive Director

DATO' LIM KHENG YEW

Malaysian, aged 67

Dato' Lim Kheng Yew, age 67, 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.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 118 of this Annual Report. He is the father of Mr Lim Tze Thean, an Executive Director and CEO of the Company. His relationship with other substantial shareholders is set out in Page 117 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.

Senior Independent Non-Executive Director

DATO' SERI IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

Malaysian, aged 64

Dato' Seri Ir. Mohamad Othman Bin Zainal Azim, aged 64, 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.

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

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

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

Profile of Directors

(Cont'd)

Independent Non-Executive Director

DATUK SERI
RAHADIAN
MAHMUD BIN
MOHAMMAD
KHALIL

Malaysian, aged 45

Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, aged 45, was appointed to the Board of KYM on 2 October 2006. He is the Group Managing Director of Magna Prima Berhad and Independent Non-Executive Chairman of AppAsia Berhad.

Datuk Seri Rahadian Mahmud was involved in the business of reforestation and in the construction and manufacturing sectors.

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.

Independent Non-Executive Director

DATO' MOHD AZMI
BIN OTHMAN

Malaysian, aged 51

Dato' Mohd Azmi Bin Othman, aged 51, 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. Dato' Mohd Azmi Bin Othman also sits on the Board of Royal Perak Golf Club Berhad.

He 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 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 118 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.

Profile of Directors

(Cont'd)

Non-Independent Non-Executive Director

LEE JI JIN DARREN

Malaysian, aged 36

Mr Lee Ji Jin Darren, aged 36, 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.

He 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 Investment which duties include the assessment and valuation of potential investment, acquisition of companies, M&A synergization studies, relationship maintenance, new business initiatives, investor relations, due diligence, fund raising, capital assessment 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 118 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.

Executive Director/ Chief Executive Officer

LIM TZE THEAN

Malaysian, aged 40

Lim Tze Thean, aged 40, was appointed as an Executive Officer of the KYM Group in 2012 and promoted to Chief Executive Officer on 20 May 2013. He was appointed to the Board of KYM Holdings Bhd. on 30 March 2017.

He graduated from King's College, University of London with a BSc (Hons) in Computer Science with Management.

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 a Chief Executive Officer 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 118 of this Annual Report.

Save for the 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.

Profile of Key Senior Management

DATO' LIM KHENG YEW

Executive Director

Malaysian, aged 67, Male

His profile is set out in Profile of Directors on Page 8.

MOK TUCK MENG

Managing Director, Multiwall Industrial Paper Sacks Division

Malaysian, aged 53, Male

Mok Tuck Meng graduated with B.Sc (Hons) in Mathematical Sciences and Management Studies from University Science Malaysia, Penang. He joined KYM Group in May 1990 and has held several positions as Executive in KYM Group. He was transferred to start the industrial bags business in June 1991 and was promoted to General Manager of the Multiwall Industrial Paper Sacks Division in May 1999.

He was appointed as a Managing Director of Hasrat Meranti Sdn Bhd in 2012.

LIM TZE THEAN

Executive Director / Chief Executive Officer

Malaysian, aged 40, Male

His profile is set out in Profile of Directors on Page 10.

LIM KHENG ENG

Managing Director, Corrugated Carton Division

Malaysian, aged 61, Male

Lim Kheng Eng started his career in Corrugated Carton Division in 1986 and worked through the ranks before he was promoted to General Manager for Corrugated Carton Division, Klang Valley on 10 September 1998. He was appointed as the Managing Director of KYM Industries (M) Sdn Bhd in 2014.

Lim Kheng Eng is a brother of Dato' Lim Kheng Yew, an Executive Director and a major shareholder of the Company.

TAN PENG AUN

Group Property Manager

Malaysian, aged 54, Male

Tan Peng Aun graduated with an Advance Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman University College, Malaysia. He started his career in KYM Group as a Group Corporate Finance Manager in 1993 and was appointed as the Group Property Manager in 2007. He has more than 25 years of working experience in various industries including paper packaging, general electrical trading, IT sector and property management and development.

CHEE MIN ER

Head of Corporate Communications & Administration

Company Secretary

Malaysian, aged 47, Female

Chee Min Er is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators. She joined KYM Group in December 1997 as the Company Secretary and was promoted to present position with an expanded role in May 2012. She leads the functions of corporate secretarial and corporate communications of the Group. She has more than 20 years of experience attending to corporate secretarial and compliance matters.

Except as otherwise stated in the individual Directors' Profile and Key Senior Management's Profile, none of the Key Senior Management Officers has:

1. any other directorship in public companies and listed issuers;
2. any family relationship with any director and/or major shareholder of the Company;
3. been convicted of any offences (excluding traffic offences) within the past 5 years; and
4. been subjected to any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

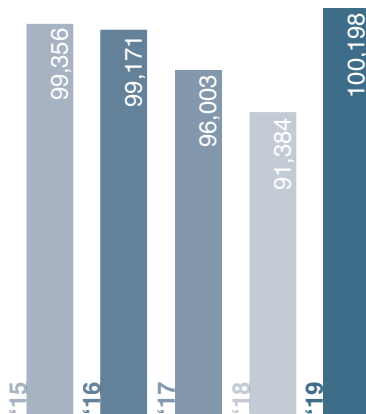
Five-Year Financial Highlights

		2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue		100,198	91,384	96,003	99,171	99,356
Profit/(Loss) Before Tax		4,714	(800)	660	(2,177)	(3,367)
Profit/(Loss) After Tax		3,552	(880)	635	(1,240)	(2,949)
Profit/(Loss) After Taxation Attributable to Owners of the Company		3,552	(880)	636	(1,240)	(2,949)
Paid up capital		110,381	110,381	110,381	74,945	74,945
Shareholders' Fund		94,567	91,015	91,895	91,188	92,428
Total Assets		173,137	164,974	149,437	155,128	178,194
Total Borrowing		37,834	41,905	25,102	32,455	42,087
Gearing ratio	Times	0.40	0.46	0.27	0.36	0.46
Basic Earnings/(Loss) Per Share						
Attributable to Shareholders	sen	2.37	(0.59)	0.42	(0.83)	(1.97)
Net Assets Per Share	RM	0.63	0.61	0.61	0.61	0.62

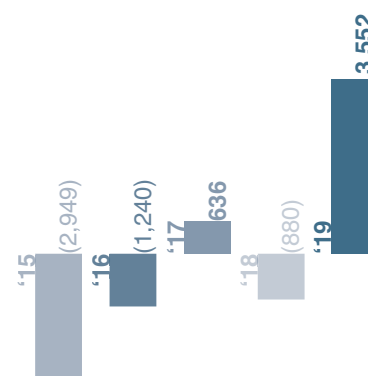
Notes:

Due to the implementation of the Companies Act 2016 effective from 31 January 2017, the credit of the Company's share premium account has become part of the share capital.

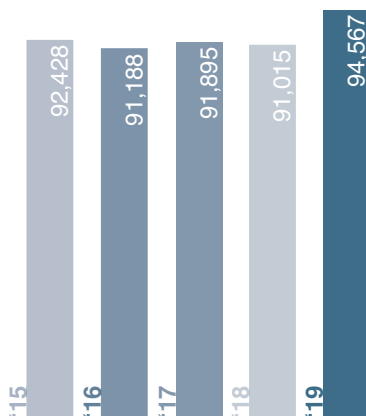
REVENUE RM'000



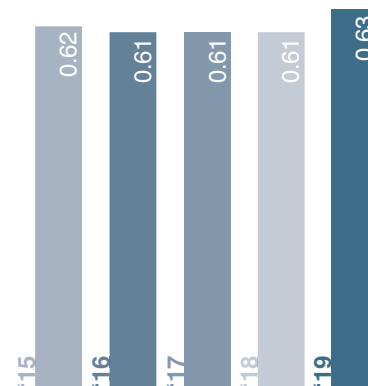
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000



SHAREHOLDERS' FUND RM'000



NET ASSETS PER SHARE RM'000



Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The manufacture and selling of high-quality industrial paper packaging products is the core business of the KYM Group. The Group's business objective is to make the best possible products for our customers using the best materials, in the best manner using the best technology and equipment with the best people.

During the past financial year, we continued our focus on our core business and grew the Multiwall Industrial Paper Packaging Division. Additionally, we focused on increasing the operational efficiencies of the Carton Box Division.

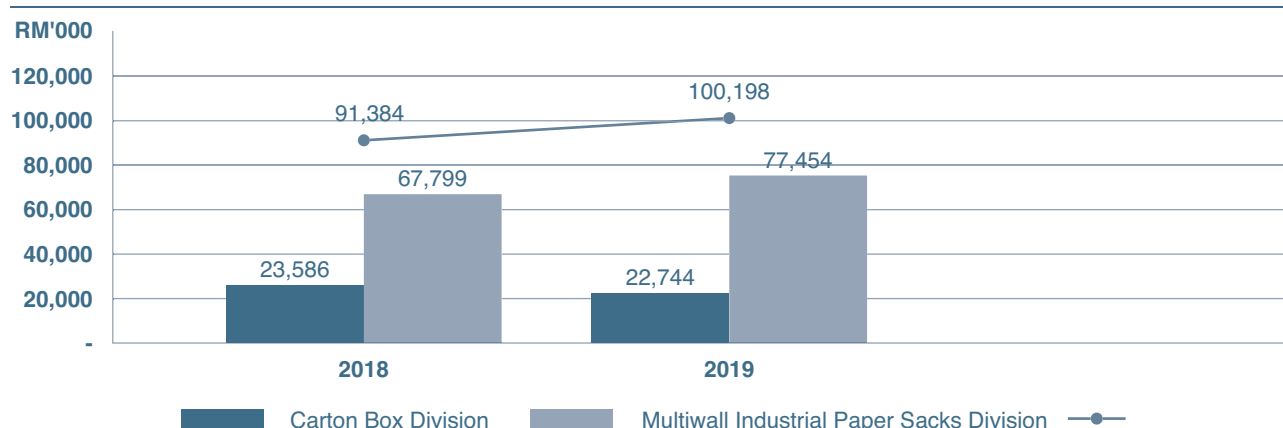
FINANCIAL RESULTS AND FINANCIAL CONDITION

	2019 RM'000	2018 RM'000	Y-O-Y RM'000	%
Revenue	100,198	91,384	8,814	10%
Finance Costs	(2,155)	(1,234)	-921	75%
Profit/(Loss) Before Tax ("PBT" or ("LBT"))	4,714	(800)	5,514	-689%
Profit/(Loss) After Tax ("PAT" or ("LAT"))	3,552	(880)	4,432	-504%
Shareholders' Equity	94,567	91,015	3,552	4%
Total Assets	173,137	164,974	8,163	5%
Borrowings	37,834	41,905	-4,071	-10%
Gearing Ratio (times)	0.40	0.46		

Revenue

Despite the challenging business environment in 2018, we are pleased to report that the KYM Group recorded its highest turnover surpassing RM100 million, representing a 10% increase from the RM91 million recorded in the previous financial year. The Group's total revenue was fully contributed by the Manufacturing segment. The increase in the total revenue was driven by the increase in sales volume and selling prices from the Multiwall Industrial Paper Sacks Division. The Multiwall Industrial Paper Sacks Division remains the largest contributor, accounting for 77% of the Group's total revenue, compared to 74% of the Group's total revenue last year.

Revenue by Segment



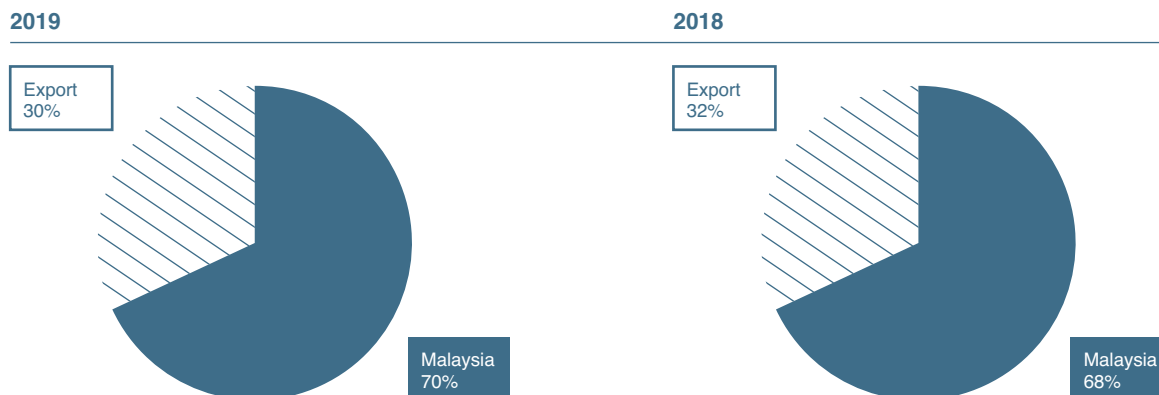
Despite weakening market condition in the local construction industry, the Multiwall Industrial Paper Sacks Division reported a 14% increase in revenue, mainly attributable to the additional supply of local cement bags and non-cement bags coupled with the upward adjustment in selling price for all products in line with the increase in paper costs. The Group managed to regain its market share in the local market and continued to grow its export market through competing using its high quality of paper sacks as well as product innovations.

Although the total revenue from the Carton Box Division declined slightly by 4% for the current financial year due to the reduced sales MT, the reduction was compensated by an upward adjustment in selling price in tandem with the increase in paper costs.

Management Discussion and Analysis

(Cont'd)

Segment revenue based on geographical location of customers:



The key export countries and their respective contribution to revenue for financial year under review are Singapore (17.8%), Thailand (7%) and Indonesia (4.2%). We continue to develop new exports market and has potential for further future growth.

Finance Costs

Finance Costs increased significantly this year, due to the increase in bank borrowings to finance the investment of new equipment for the Multiwall Industrial Paper Sacks Division.

Profit Before Tax

The Group reported a Profit Before Tax of RM4.714 million as compared to a Loss Before Tax of RM800,000 in the previous financial year, mainly attributable to the following:

- Gross profit margin of the manufacturing segment reduced marginally to 9% from 9.3% in previous financial year due to the rising major raw material cost. Paper cost for Multiwall Industrial Paper Sacks Division increased due to a 25% spike in paper price coupled with the weakening of Ringgit Malaysia against US Dollar and EURO during the financial year.
- Improvements in the Carton Box Division. Significant reduction of losses of RM3.913 million in the Carton Box Division was partly due to the absence of a one-off impairment losses on the property, plant and equipment amounting to RM2.5 million in previous financial year. During the financial year, the Carton Box Division focused on improving the quality of sales to its customer base as well as cost improvement activities to optimize operational efficiency.
- Cost of production and finance cost increased in Multiwall Industrial Paper Sacks Division as the newly invested machine which was fully commissioned in April 2018.
- Increase in Other Income arising from the mutual termination of the cooperation contract with Billerudkornas AB for the contract manufacture, sale and distribution of industrial sacks in Southeast Asia.

Total Assets

Total Assets increased by 5% -

- 26% increase in inventories in tandem with the increased revenue in Multiwall Industrial Paper Sack Division; and
- 28% increase in trade receivables in tandem with the increased revenue in Multiwall Industrial Paper Sack Division.

Liabilities

Group borrowings reduced by 10% or RM4 million from RM41.9 million at the end of the previous financial year to RM37.8 million due to complete satisfaction of a banking facility to finance the previous equipment purchases. As a result, the Group's gearing ratio improved slightly to about 0.40 times as at 31 January 2019 as compared to 0.46 times in the previous financial year.

Current liabilities increased to RM56.127 million from RM48.221 million was mainly due to the increase in trade payables and other payables in tandem with the increase in turnover.

Management Discussion and Analysis (Cont'd)

OPERATIONAL REVIEW

With an attention to quality that starts right from the sourcing of raw materials all the way to the delivery of our finished products, we take great pride in the knowledge that KYM products are of high quality, 100% safe, sustainable and robust.

Through the use of the latest technology by skilled people following our continuously improving process to properly utilise our high-grade materials, we produce superior quality industrial packaging products at competitive prices to meet our customer's requirements.

On 28 August 2018, the opening of our newly upgraded plant in Tapah and an additional state-of-the-art industrial paper sack line was officiated by Perak's Committee Chairman for Investment, Industry and Corridor Development, and State Executive Council Member, Dato' Seri Ir. Mohammad Nizar Jamaluddin. With the installation and commissioning of the new Windmoeller & Hoelscher line during the financial year, the total production capacity for the division's multiwall industrial sacks increased by 50% to 230 million paper sacks per annum from the current 150 million paper sacks per annum.

The Group will continue its marketing efforts to increase its exports in the Southeast Asia market as well as to open new markets to fully utilise the new line's capacity. During the financial year, export sales grew 3%.

The Group continues to work with key suppliers to continue to innovate our products to better serve our existing customers as well to develop new customers. Examples of the results of some of these new products are the Multiwall Industrial Paper Sacks Division's Top Deaeration system, the RainSafe Sack and the D-Sacks.

The Carton Box Division is producing results from the operational restructuring plan and the ongoing improvement activities. Losses reduced significantly from RM4.364 million in FY2018 to RM451,000 in FY2019. The Carton Box Division will focus on value added services to meet the requirements of its customers and continue the ongoing improvement activities to optimize operational efficiency and cost.

ANTICIPATED TREND OR RISKS

Overall, the operating environment remains challenging due to the volatility of the Ringgit Malaysia against the Euro and US Dollar as well as the global economic uncertainties which could compress the Group's profit margin. The Group is exposed to foreign currency risk on sales and purchase transactions and trade balances that are denominated in foreign exchange. 90% of the raw materials for the manufacturing of multiwall industrial paper sacks are imported.

The Group has taken proactive measures to mitigate the unexpected tight supply of paper by increasing its inventory to ensure timely delivery. With an expected paper shortage in the foreseeable future, we shall continue to be more vigilant in the procurement process to ensure we have sufficient material for our customers. We also procure paper from multiple sources to limit supply risk and overdependence on any single supplier.

THE OUTLOOK

The Group will continue to focus on growth activities with plan to increase its market share domestically as well as to increase regional sales to existing and new markets.

Following the completion of the capacity expansion of the Multiwall Industrial Paper Sacks Division during the financial year, the Group looks forward to widen its market reach in Southeast Asia to increase its sales volume with a more aggressive marketing strategies. We expect to enter new markets in Philippines, Indonesia, India and Vietnam.

With our higher quality products we also plan to introduce alternative packaging options from the market's current 2-ply 80gsm bags to our new 1-ply 120gsm bags using our production methods to ensure similar performance. This exercise is being done to support our customers cost reduction programs and to increase our market share both domestically and globally through product innovation and a continual focus on quality.

Efforts to divest non-core businesses and assets will also continue with an eye for the current market conditions for those assets.

DIVIDEND POLICY

At present, the Group's focus is to create and enhance shareholders' value in the long run. We shall re-invest the earnings to grow our business organically or inorganically. As such, the Group does not currently plan to adopt any dividend policy in the short term but will consider to distribute excess profits once earnings become more stable. This would be after taking into consideration the working capital requirements and planned capital expenditure in the future.

Sustainability Statement

ABOUT THIS STATEMENT

In line with the amendments to the Main Market Listing Requirements on sustainability reporting issued by Bursa Malaysia Securities Berhad, KYM Holdings Bhd. ("KYM" or "the Group") is proud to present our inaugural Sustainability Statement. This statement which presents the sustainability initiatives carried out during the period 1 February 2018 – 31 January 2019 has been prepared in accordance to the Global Reporting Initiative ("GRI") G4 Guidelines.

STATEMENT SCOPE AND BOUNDARY

This statement covers the Group's business operation of marketing and manufacturing of multiwall industrial paper sacks and corrugated carton boxes which includes its manufacturing factories in Selangor and Perak.

SUSTAINABILITY STRATEGY

Based on our Group's corporate vision statement, we have drawn out our sustainability strategy focusing on the three pillars of sustainability: economy, environment and society. In contributing to these pillars, we focus our efforts and resources on innovative technology, quality assurance and human capital development.

CORPORATE VISION

We aim to be a trusted global player in delivering industrial, property and construction solutions to an international and local clientele, playing an integral part in delivering Malaysia's ambitions of becoming a high-income, developed nation by the year 2020.

By being thoroughly committed to innovation, technology, human capital and sustainable development, we aim to be critical enablers to an environment in which businesses thrive and communities are enriched.

SUSTAINABILITY STRATEGY



ECONOMIC

To build financial strength and deliver sustainable shareholder returns.



ENVIRONMENTAL

To mitigate any negative environmental impact and conserve the surrounding environment.



SOCIAL

To foster a robust, diverse and capable workforce, and create a safe workplace.

Sustainability Statement (Cont'd)

SUSTAINABILITY GOVERNANCE STRUCTURE

We are cognisant of the importance of having a robust governance structure to ensure the seamless integration of sustainability initiatives within our business operations. To this end, we have established a sustainability governance structure comprising the Board of Directors ("BOD"), the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC").



While the SC monitors and reports the progress of implemented sustainability initiatives to the CEO, the CEO plays an advisory role to the SC, providing guidance and overseeing the Group's sustainability performance. The BOD, at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategy and related policies and initiatives within the Group.

The roles and responsibilities of the BOD, CEO and SC within the governance structure for sustainability are described below:

Roles and Responsibilities

BOD

- Reviews and approves the Group's sustainability strategy and related policies and initiatives
- Endorses the proposed sustainability initiatives and progress, and the annual sustainability statement

CEO

- Guides and advises the key departments on the development of sustainability strategies and initiatives
- Reports to the BOD on the proposed sustainability initiatives

SC

- Reports to the CEO on progress of the Group's sustainability efforts
- Presents the annual sustainability statement for review and comments
- Monitors data to evaluate the Group's sustainability progress
- Conducts management meetings with key departments to discuss the progress of sustainability-related initiatives and programmes

Sustainability Statement

(Cont'd)

Stakeholder Engagement

Our Key Stakeholder	Our Engagement With Them during the Reporting Period	Issues Raised
Investors	Annual General Meeting Annual Reports Company's website Press releases Press conference	Group's financial and business performance Business strategy
Employees	Town hall sessions Circulation of internal policies Management meetings Staff appraisals	Performance management Training and development programme Benefit and remuneration Occupational health and safety
Customers	Regular customers meeting Feedback sessions Customer Satisfaction Surveys Audit by Customers Community and networking events	Product quality and safety Customer-company relationship management Product innovation Business practices and ethics
Suppliers and Vendors	Evaluation and performance reviews Contract negotiation Open tenders	Transparent procurement practices Pricing of services Green sourcing of materials
Regulatory Agencies and Statutory Bodies	Governance compliance Labour practices Occupational safety and health Environmental management and compliance	Inspection/audit by local authority Compliance with Bursa Malaysia's requirements General meetings with managers and local regulators
Local Communities	Community engagement CSR programmes Press releases	Social Issues Impact of business operations Transparency and accountability Environmental impacts

Materiality Assessment

We have identified the sustainability matters that are mapped to the GRI indicator and material to our multiwall industrial paper sacks and corrugated carton boxes segments.

Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholder Group(s)
Corporate Governance	GRI General Standards Disclosures	Investors, Regulatory Agencies and Statutory Bodies
Financial Performance	GRI General Standards Disclosures	Investors, Suppliers and Vendors, Customers
Supply Chain Management	Procurement Practices	Suppliers, Vendors and Customers
Innovation	GRI General Standards Disclosures	Customers
Energy Efficiency	Energy	Local Communities
Sustainable Raw Materials	Supplier Environmental Assessment	Suppliers and Vendors, Customers
Waste Management	Effluents and Waste	Regulatory Agencies and Statutory Bodies
Wastewater and Effluent Management	Water	Local Communities
Regulatory Compliance	Emissions	Local Communities
Community Engagement	Effluents and Waste	Regulatory Agencies and Statutory Bodies
Quality Control and Quality Assurance	Product Service and Labelling	Customers
Labour Practices	Diversity and Equal Opportunity	Employees
Ethics and Integrity	Anti-Corruption	Shareholders/Investors
Customer Satisfaction	Product Service and Labelling	Suppliers and Vendors, Customers
Occupational Health and Safety	Occupational Health and Safety	Employees, Suppliers and Vendors
Products Services and Responsibility	Product Service and Labelling	Suppliers and Vendors, Customers
Training and Development	Training and Education	Employees
Employee Well-being	Diversity and Equal Opportunity	Employees

Sustainability Statement (Cont'd)



We continue to consider the key sustainability matters identified last year as relevant to KYM and along with 2 newly added focus on talent attraction, growth and retention as well as community engagement:

Economic	Sustainable and Innovative Products
Environmental	Sustainable Sourcing Waste Management Wastewater and Effluent Management Energy Efficiency
Social	Business Ethics and Compliance Occupational Health and Safety Employee Wellbeing Labour Practices Training and Development Engaging Our Customers and Product Services and Quality Systems Community Engagement

Our performance in FY2017 will be served as a baseline to guide us in strategising and setting our sustainable development objectives in the coming years.

Sustainability Statement

(Cont'd)

ECONOMIC

• Sustainable and Innovative Products

Innovation plays a vital role in the growth of KYM. We constantly find new ways to increase the efficiency of our business to improve profitability. We invest heavily on innovative technology and machinery as it leads to production efficiency and an increase in product quality.

With the state-of-the art machines, we increased raw material efficiency for multiwall industrial paper sacks i.e. minimise scrap and deliver the required lower basis-weight without compromising bag strength. We are working with major customers to reduce material consumption of their packaging. Our innovation also helps customers to improve sustainability work. The strength of our bags help generate a cleaner, healthier and safer working environment for our customers and higher efficiency in handling and transportation.

We partnered with major paper suppliers to strengthen our technical capabilities with new and innovative products for our customers and upskill our people of the Multiwall Industrial Paper Sacks Division.

Annual Customer Satisfaction Survey was carried out by the Carton Box Division to assess the effectiveness of delivery, price, quality, certification and services.

ENVIRONMENTAL

It is our Group's mission to continuously play our part in the conservation and protection of our environment. We are committed to minimise our environmental footprint by operating our manufacturing factories sustainably.

Based on the list of environmental matters in the Global Reporting Index (GRI) that are applicable to KYM Group, we will be prioritising the following key environmental matters that are pertinent to our business and stakeholder.

• Sustainable Sourcing

We manage our procurement practices responsibly and maintain transparency across our supply chain. Our preference to engage local suppliers over non-local suppliers, encourages local businesses and plays a role in contributing to the local economy. However, there are some limitations on local procurement with regard to sustainable raw material as we only procure from certified paper mills that source wood and fibre from sustainably managed forests which are not available in Malaysia.

We are committed to adopting green procurement practices as part of our business in the industrial paper sacks and corrugated carton boxes industry. By integrating environmentally sound decisions into the supply-chain management of our manufacturing process, we are able to produce packaging that is sustainable and of low environmental impact.

Multiwall Industrial Paper Sacks

It is important to source sustainable raw materials from certified suppliers. 90% of our raw material for the manufacturing of multi-wall industrial paper sacks, Sack Kraft paper are certified under the Programme for the Endorsement of Forest Certification ("PEFC") or the Forest Stewardship Council ("FSC"). Both PEFC and FSC provide certification of forests that are managed sustainably. This ensures that the material sourced has not been harvested illegally, or in violation of traditional or civil rights, or in a way that threatens high biodiversity conservation value areas.

During the FY2019, a supply agreement with a world leading provider of primary fibre based packaging materials was signed for a sustainable procurement of major raw material i.e. high quality sack kraft paper for our industrial sacks manufacturing in the next 5 years.

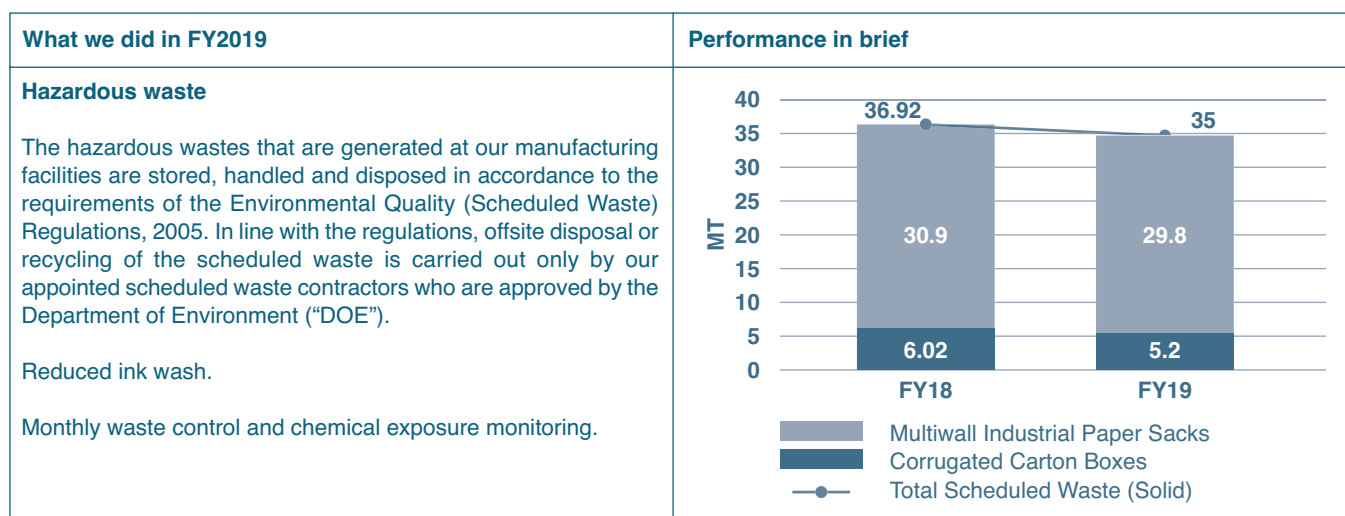
Corrugated Carton Boxes

KYM's corrugated carton boxes are made from 100% recycled material and therefore uses considerably less energy than producing new products from raw material. 100% of the raw material for the Corrugated Carton Boxes division is sourced from local certified paper mills with ROHS Compliance. The corrugated carton boxes produced are recyclable which means we reduce the quantity of waste material to the landfill. The cardboard material we utilise is biodegradable and therefore we can reduce our impact to the soil and groundwater.

Sustainability Statement (Cont'd)

Waste Management

We strive to reduce our waste disposal to the landfill and are committed to ensure compliance with the local regulations.



Wastewater and Effluent Management

<p>Our manufacturing factory in Perak has its own wastewater treatment plant to treat effluent before discharge into the river. We conduct monthly monitoring by engaging an independent third party certified laboratory to analyse the quality of the final discharge released from our treatment plant. This to ensure compliance to the Standard B limits stipulated in the Environmental Quality (Industrial Effluent) Regulations, 2009.</p>	<p>The wastewater treatment plant at our manufacturing factory in Selangor was temporary shut down for five (5) months, pending system's upgrade. No irregularities were found in the system. During the shutdown, we limited the water usage, reduced wastewater and disposed of the waste substance to government licensed waste disposal units.</p>
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Energy Efficiency

High energy consumption results in an increase in greenhouse gas emissions. KYM has established an Energy and Water Conservation Policy to reduce energy consumption and generate savings at our corporate office and manufacturing facilities. We continued to implement our energy conservation initiatives to reduce consumption, control and monitor electricity bills and retrofitting of existing appliances with energy-efficient systems.

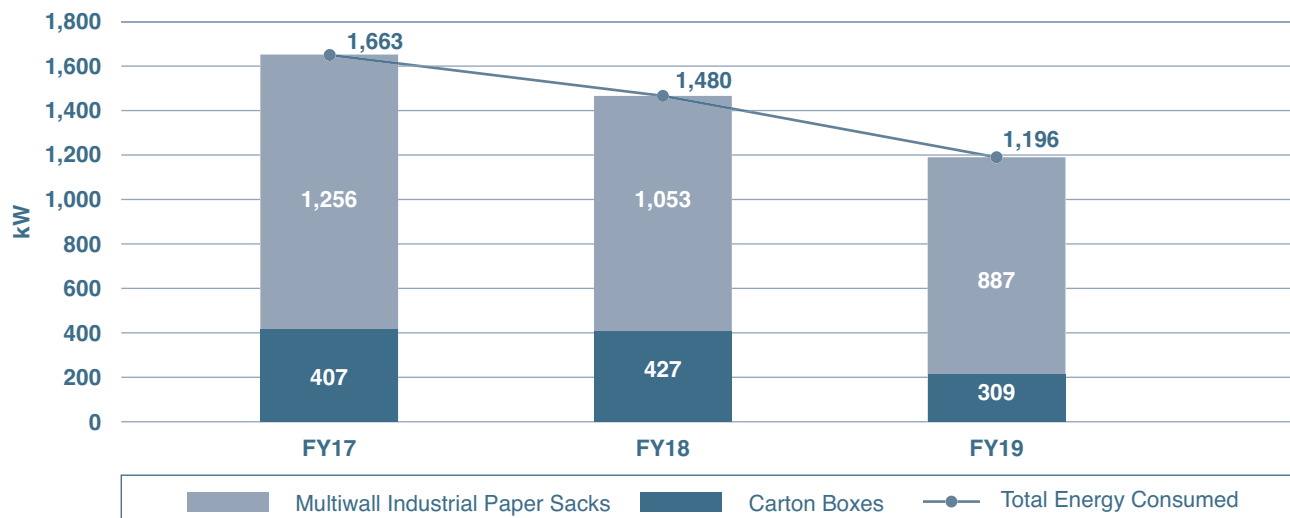
What we did in FY2019

ELECTRICITY USE REDUCTION	<ul style="list-style-type: none"> Continued the machine preventive maintenance to reduce wear and tear that might affect high energy consumption Continued the monthly energy saving campaign All lights and machines to be switched off when it is not running or during work-breaks The last person(s) to leave the production floor must ensure all switches to machines and supporting equipment are switched off Machines to be switched off by supervisors if they are idle for more than 10 minutes All office equipment to be switched on standby mode if not in use Air-conditioners to be switched off if the room is vacant for more than 20 minutes Alternate drying process for waste intervally with manual drying under sunlight
CONTROL AND MONITORING	<ul style="list-style-type: none"> Monthly monitoring and recording of electricity consumption to evaluate our consumption practices
ENERGY EFFICIENCY	<ul style="list-style-type: none"> Fully replaced existing high bay light with LED high bay lighting 150W Runs water waste treatment by filter press with small scale energy induction Replaced the compressor for machines with screw type air compressor

Sustainability Statement

(Cont'd)

Performance in brief



The Carton Box Division recorded 28% reduction in electricity consumption as compared to the FY2017 baseline.

2020-2021 Targets

- Launch eco program to improve energy efficiency at the head office and all Strategic Business Units (SBU)
- Document Digitisation program to reduce paper usage

SOCIAL

• Business Ethics and Compliance

KYM is committed to ensuring a high standard of corporate governance by adhering to the principles and recommendations set out by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and MMLR issued by Bursa Malaysia.

KYM's Whistleblowing Policy was established to provide all directors and employees of KYM Group a platform to raise concerns or disclose any wrongdoing that may adversely impact the Group without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.

Anti-corruption is further emphasised by Hasrat Meranti Sdn Bhd's Business Relationships Policy which states business transactions are to be conducted in a fair and transparent manner. Employees are encouraged to report any misdeeds or unfair transactions. We do not condone any collusion agreements made between our employees and the supplier to secure business transaction. Suppliers that are found to have infringed the Policy will be blacklisted or terminated.

We are establishing an appropriate anti-corruption policy and procedure including awareness training for all concerned at the subsidiaries level.

As a responsible Group, we comply with all the relevant laws and regulations set by government and the local authority. We go beyond compliance by practising sustainable manufacturing practices and adhering to stringent regulations. We committed to full compliance of Restriction of Hazardous Substances (RoHS) Directive. Our food packaging products are made from high quality food grade paperboard.

• Our People

At KYM, a positive work environment is created where our employees can learn, grow and most importantly, work safely. To this end, we have developed people-centric policies and practices, so as to create a supportive and safe environment, conducive both for work and professional growth.

Sustainability Statement

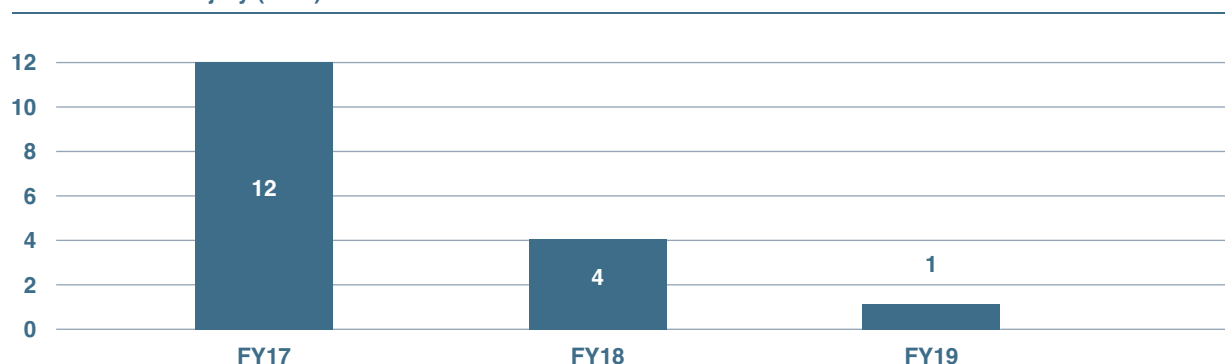
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• Occupational Health and Safety

Our Safety & Health Policy sets out our commitment to manage health and safety at the workplace. The Policy aims to achieve a zero-accident rate at our manufacturing facilities. To manage occupational, safety and health issues, we have established an Emergency Response Team and Occupational Health, Safety & Environment ("OHSE") Committee at our manufacturing facilities in Perak and Selangor respectively.

<i>Our Performance</i>		
ZERO fatalities	92% reduction in lost time injury against the FY2017 baseline	411 consecutive days with accident free in the carton boxes division as of 14 May 2019

No. of Lost time Injury (case)



During the financial year, the Group continuously educate its employees by conducting series of health and safety-related trainings for both management and non-management staff. 1,026 training hours are related to occupational health, safety and environment training programme provided are summarised below:

- External training on EHS modules
- Activities and programme of EHS
- PPE training
- Chemical handling training
- Fire Drill
- Job Safety & Product Safety – Sanitation Requirements;
- Basic Operators' Safety Training
- Industrial Accident Prevention Programme

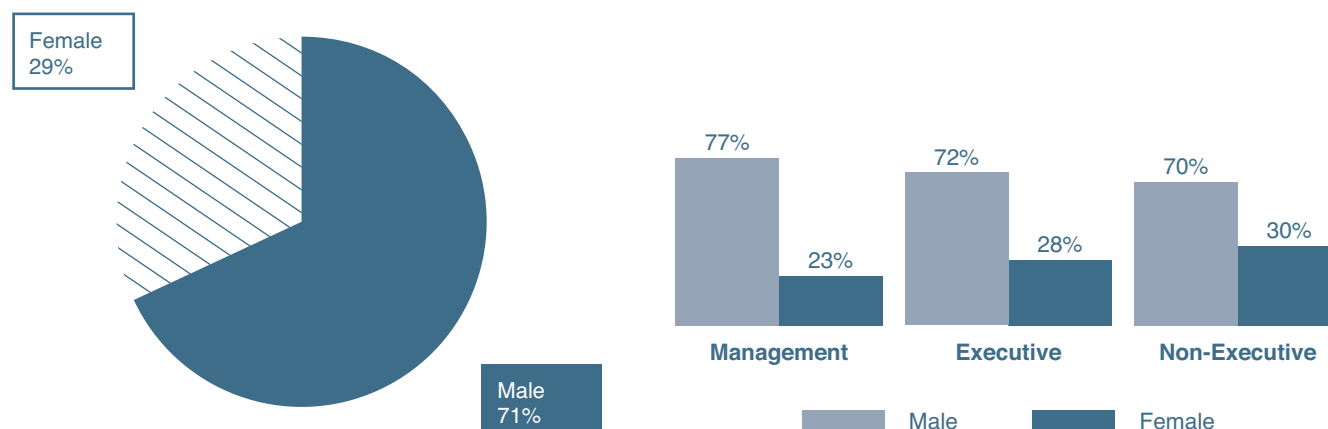
• Employee Diversity

The Group has a workforce of 242 employees, of which the Multiwall Industrial Paper Sacks Division accounts for the highest proportion of workers (68% of the Group's total headcount). KYM embraces diversity in the workforce. Our employees are hired based on merit and credibility and we do not condone any form of discrimination based on race, age or gender. While male employees constitute 71% of the workforce, female employees constitute 29%. (FY2018: Male employees 79% and female employees 21%).

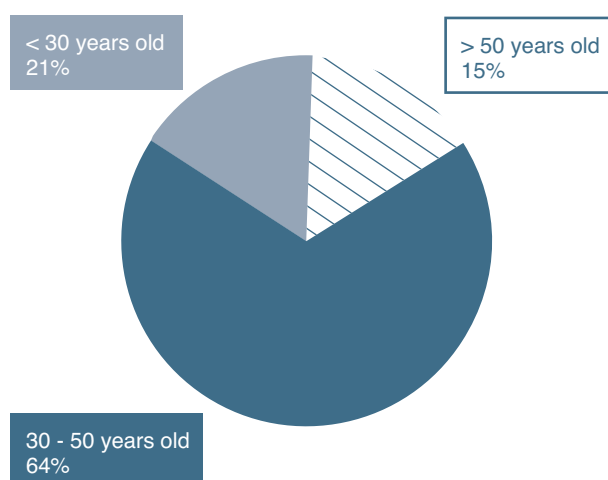
Sustainability Statement

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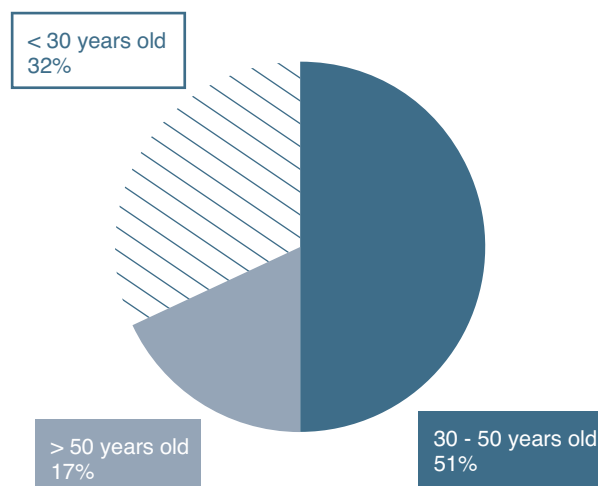
EMPLOYEE BREAKDOWN BY GENDER



EMPLOYEE BREAKDOWN BY AGE (FY2019)



EMPLOYEE BREAKDOWN BY AGE (FY2018)



As for our age group, we have a decline of younger workforce in our Group, a decrease of 11% in population of age 30 years old and below, as compared to FY2018.

• Fair Employment Practices

We comply with the requirements of the Employment Act, 1955 and the Minimum Wages Order 2018. Child labour is strictly prohibited in our business operation as we do not employ anyone below the age of 18.

Collective bargaining is a key means through which employers and trade unions can establish fair wages and working conditions. KYM protects workers' rights by allowing them to participate in decision making in areas which are of vital interest to them such as wages, allowance, sick leave, annual leave, etc. Approximately 85% of KYM's workers are covered under the Collective Bargaining Agreement.

Sustainability Statement

(Cont'd)

• Training and Development

Our employees are an important asset. We attract and retain talent by investing heavily in training and development as we believe the business efficiency, product quality and productivity of KYM hinges on the skill proficiency and competency of our employees. Yearly assessment was carried out to identify training needs of the employees.

Number of people directly employed	Training and Development	Total Hours of Training
242	RM116,000	4,293 hours

In addition, we are committed in developing our talent for the long term. Our key management personnel attended leadership trainings or programmes such as Taipan Masterclass to further strengthen our people's leadership capabilities and to accelerate on the leadership growth.

• Employee Engagement

Keeping our employees motivated and enthusiastic about the work they do, is important in our efforts towards ensuring employee well-being. We rewarded those who perform their tasks and assigned jobs with excellence. Best Staff Awards were given in recognition of our employees' positive contributions.

Long-Service Awards were given out in recognition of employees for their tenure within the organisation. In 2018, we continued the practice of having annual appreciation dinners and monthly birthday celebration for employees to thank them for their efforts. Team building activities were organised to create teamwork and bonding among employees.

2020-2021 Targets

- Improve our talent recruitment and talent retention strategy and focus our resources to groom young talent
- Encourage employee participation in CSR programmes

• Our Customers

Customer satisfaction is a top priority for us and in order to gauge customer satisfaction levels, we conduct a customer satisfaction survey annually. The survey covers various aspects of our business, including delivery time, price, product and service quality. By garnering customer feedback regularly we are able to make improvements, where needed and meet the expectations of our customers.

An important measure to ensure customers get consistent, good quality products and services, which in turn brings many business benefits, is to abide by stringent quality control and quality management principles. Our efforts in this direction have earned us International Organisation for Standardisation (ISO) Quality Management System certifications.

Our division involved in the manufacturing and printing of multiwall industrial paper sacks, Hasrant Meranti Sdn Bhd is ISO 9001:2015 certified and the certification is valid till 30 January 2020. Additionally, our division involved in the manufacturing of corrugated carton boxes, KYM Industries (M) Sdn Bhd is ISO 9002: 2016 certified. In order to be certified and maintain the ISO certifications our divisions are regularly audited by an independent certification body.

• Community Engagement

The Group continues to do its best to support and help strengthen the local communities through job creations and volunteer works. During the financial year, our employees from the Carton Boxes Division participated in Gotong-Royong and blood donation campaign organised by the local community in Beranang, Selangor.

Conclusion

This statement describes our sustainability initiatives and our approach to addressing the material sustainability matters that are embedded in the Group's value chain. Moving forward we will continue to progress in our journey towards sustainability, in a focused and meaningful way to build a better tomorrow for our future generation.

Corporate Governance Overview Statement

The Board of Directors of KYM is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices of the Company under the leadership of the Board during the financial year ended 31 January 2019. This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2017 (MCCG).

This overview statement is prepared in compliance with the Bursa Malaysia Main Market Listing Requirements and is to be read in conjunction with the CG Report 2019 of the Company which is available at www.kym.com.my.

As at 31 January 2019, KYM applied 22 out of the total 32 recommended practices in the MCCG. The Board noted the gap and identified a few areas to be focused on to achieve a higher standard of corporate governance practice.

A summary of the CG practices of KYM as well as the Board's key focus areas and its future priorities in relation to the CG practices are as described below.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

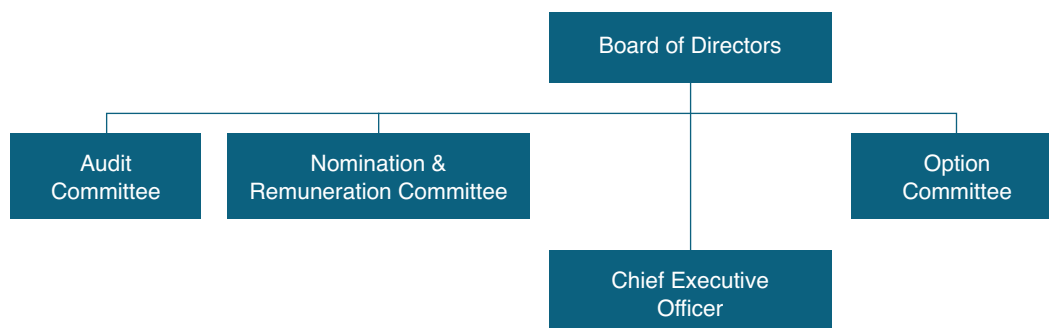
The role of the Board of the Company is to provide strategic guidance to the Company and effective oversight of its management for the benefit of Shareholders and other stakeholders.

The roles and responsibilities of the Board which are stated in the Board Charter are as follows:

- Promoting together with senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- Reviewing and adopting strategic plan of the Group;
- Overseeing the conduct of business of the Group;
- Identifying significant risks and ensuring implementation of a proper risk management system to manage such risks.;
- Reviewing the adequacy and the integrity of the management information and the internal control systems of the Company and the Group.;
- Establishing executive succession plan;
- Developing and implementing a shareholder communication policy for the Group.

The Board Charter is available at KYM's website www.kym.com.my.

The Board has delegated specific responsibilities to three board committees namely Audit Committee, Nomination & Remuneration Committee and Option Committee that operate within clearly defined terms of references.



The Board delegates the day-to-day management of KYM's business to the Chief Executive Officer (CEO). The matters reserved for the collective decision of the Board are listed in the Board Charter.

The roles of the Chairman and CEO of KYM remain separate and distinct. The positions of the Chairman and CEO are held by different individuals. The respective responsibilities of the Chairman and CEO is clearly set out in the Board Charter. The Board Charter also sets out the roles and responsibility of the Executive Director(s), individual Directors and Senior Independent Director.

Corporate Governance Overview Statement (Cont'd)

The Board has formalised a Whistleblowing Policy to provide all Directors and employees of the KYM Group a platform to raise concerns or disclose any wrongdoing that may adversely impact the Group without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.

The Board is supported by a qualified and competent Company Secretary who assists the Board in fulfilling its fiduciary duties, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices of the KYM Group.

The Company Secretary updates the Board on any changes to statutory and regulatory requirements or governance practices concerning their duties and responsibilities.

All Directors are provided with reports and other relevant information in a timely manner, prior to the Meeting of Board or Board Committee to enable the Directors to obtain further explanations. The CEO and other members of Senior Management attended the Board and Board Committee Meetings by invitation to provide insight into business.

During the financial year, five (5) Board of Directors' Meeting were held and the Directors' attendance are as follows:

Name of Director	Attendance
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	5/5
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	5/5
Dato' Lim Kheng Yew	5/5
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	2/5
Dato' Mohd Azmi Bin Othman	4/5
Lee Ji Jin Darren	5/5
Lim Tze Thean	5/5

External advisers are invited to attend meetings to provide professional views, advice and explanation on specific items on the meeting agenda, if any.

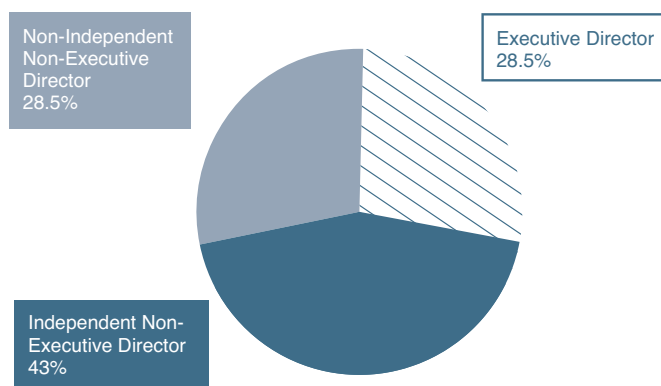
The Directors may seek independent advice should the need arise. The procedure for the Directors to seek independent advice is set out in the Board Charter.

Upon conclusion of the meeting, the minutes of the meeting are circulated in the timely manner.

II Board Composition

The Board recognises that an effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the Company's objectives and strategic goals.

Designation

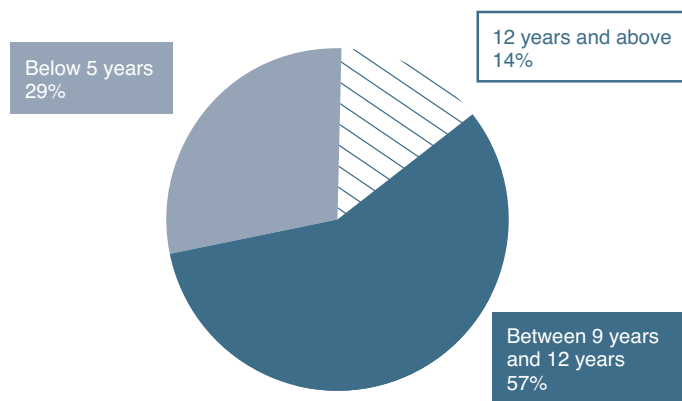


Currently, the Board has seven (7) members of which three (3) Directors or 43% of the Board members are independent.

Corporate Governance Overview Statement

(Cont'd)

Years of Service in the Company



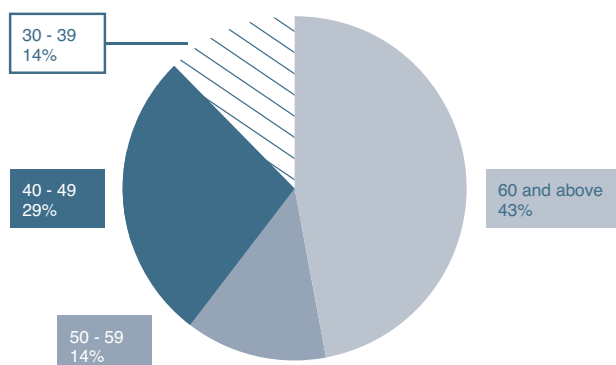
Board Skills Matrix



Race/Ethnic



Age of the Directors



Corporate Governance Overview Statement (Cont'd)

The Board noted on the departure of Practice 4.1 for having at least half of the Board comprises independent directors. The Board identified the criteria and attributes of potential candidates for appointment as additional Independent Directors. The existing board members or Management has been tasked to identify candidates based on the criteria and the gap as set out by the Board and Nomination & Remuneration Committee ("NRC") taking into consideration of the Group's business strategy, with due regard for diversity in skills, experience, age and gender, for consideration. Skill focus should be on developing strategies that give a competitive edge in the core business and as well as the ability to execute the said strategy.

The CEO and/or the relevant Board member(s) who have a better understanding of the strategy and needs of the Company, will commence the search process utilising external sources such as industry networks or business forum. The shortlisted candidates will be recommended for interview and assessment by the NRC.

During the financial year, the CEO has approached several potential candidates including a female candidate based on the criteria set out by the Board and NRC. However, no candidates were shortlisted and nominated for consideration by the NRC.

The Board does not have a gender diversity policy or specific target for the appointment of female candidates in the recruitment of Directors. The Board and NRC takes into consideration the current diversity in the age, gender, relevant skills and expertise when evaluating potential candidates for appointment to the Board.

The NRC consists of three (3) members. The members and the details of attendance at the NRC Meeting during the financial year are as follows:

Name of Director	Designation	Number of Meeting Attended
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	Chairman, Non-Independent Non-Executive Director	2/2
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	Member, Senior Independent Non-Executive Director	2/2
Dato' Mohd Azmi Bin Othman	Member, Independent Non-Executive Director	2/2

The terms of reference of the NRC is published on the Company's website www.kym.com.my.

During the financial year, the NRC carried out the annual assessment of the effectiveness of the Board and Board Committee based on the agreed evaluation process, criteria to be used and the evaluation method. The NRC also carried out the following assessment internally with the assistance of the Company Secretary:

- a) assessment of the Board skills gap;
- b) assessment of the independence of independent director;
- c) assessment of the Audit Committee as a whole;
- d) assessment of the retiring Directors who were/are standing for re-election at the 36th AGM and forthcoming 37th AGM; and
- e) assessment of the remuneration packages of the Executive Directors.

Structured questionnaires were prepared taking into consideration the major roles performed by the Board. Further details on the activities of the NRC is set out in the CG Report.

The results of the assessment indicated that the performance of the Board and the Board Committee during the financial year has been good. The Board was able to discharge its duties professionally and effectively as well as uphold the governance standards in their conduct. Nevertheless, the Board agreed to enhance the training needs of the Directors.

Corporate Governance Overview Statement

(Cont'd)

The annual evaluation of the independence of the independent directors revealed that all three (3) Independent Directors have been exercising independence and due care as an independent director during the financial year. They have been consistently providing independent judgement and unbiased view in decision making at board meetings. Although all three (3) Independent Directors have served the Board beyond 12 years, the NRC and the Board recommended to the Shareholders to approve the retention of Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman as Independent Directors through a two-tier voting process.

The continuous education programmes attended by the Directors during the financial year are as follows:

Datuk Seri Rahadian Mahmud Bin Mohammad Khalil

- Updates to Listing Requirements by Epsilon Advisory Services Sdn Bhd

Lee Ji Jin Darren

- Communicating What Analysts Want
- ACCA 2018: Navigating the Future World of Finance
- Mid-Year Outlook 2018 - Looking through the turbulence
- Post Budget Seminar 2019

Lim Tze Thean

- Monthly CEO Trainings by Vistage Malaysia
- Corporate Governance Briefing Session: MCCG Reporting & CG Guide
- 2019 Budget Tax Conference
- YPO Disruption Security
- Taipan Masterclass 2018
- Entrepreneurs' Organizations Strategy Summit

III Remuneration

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors needed to run the Company effectively, taking into consideration the role, workload and responsibilities.

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 Directors. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors and senior management's remuneration will depend on the performance of the Group, the achievement of the goals, the performance of the individual and the prevailing market practice.

The remuneration for Non-Executive Directors is based on a fixed fee, with the Chairman of the Board and Chairman of the Audit Committee receiving higher amount in recognition of their additional responsibilities. Fees payable to Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting. The individuals concerned abstain from discussions of their own remuneration.

Corporate Governance Overview Statement (Cont'd)

The details of the remuneration of the Directors of the Group and of the Company for the financial year under review (including remuneration drawn from the subsidiaries) on a name basis are as follows:

	The Company		The Group						
	Fee RM'000	Allowance RM'000	Fee RM'000	Salary RM'000	Bonus RM'000	Allowance RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total RM'000
Executive:									
Dato' Lim Kheng Yew	-	-	-	135	12	-	18	-	165
Lim Tze Thean	-	-	-	273	23	-	36	-	332
Non Executives:									
Dato' Seri Dr Isahak Bin Yeop Mohamad Shar	60	5	60	-	-	5	-	-	65
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	14	4	14	-	-	4	-	-	18
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	10	1	10	-	-	1	-	-	11
Dato' Mohd Azmi Bin Othman	10	4	10	-	-	4	-	-	14
Lee Ji Jin Darren	10	4	10	-	-	4	-	-	14
TOTAL	104	18	104	-	-	18	-	-	789

Due to the highly competitive paper packaging industry and the challenges in talent management and retention in the Group, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) to be sensitive and would not be in the best interest of the Group.

PRINCIPLE B – EFFECTIVE AUDIT & RISK MANAGEMENT

I Audit Committee

The Audit Committee comprises a majority of Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim. During the financial year, the Terms of Reference of the Audit Committee has been amended to include a cooling period of at least two years before a former key audit partner can be appointed as a member of the Audit Committee according to the Practice 8.2.

The Audit Committee conducted an annual assessment of the External Auditors in accordance with the Company's External Auditors Appointment and Independence Policy to assess the suitability and independence of the external auditor. Further details on the composition of the AC and about the external auditors will be set out in the Audit Committee Report.

The NRC carried out an annual assessment of the Audit Committee and was satisfied that the Audit Committee carried out their duties in accordance with the terms of reference. Details of the NRC activities are disclosed in the CG Report.

II Risk Management and Internal Control Framework

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee is responsible to assist the Board in ensuring the adequacy and effectiveness of internal control. The Audit Committee will evaluate the adequacy and review the effectiveness of the risk management and internal control process. Each strategic business unit is responsible for identifying, assessing, measuring and managing the risks in their respective area.

The Board has established a risk management and internal control system that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group. In this respect, the key features of the Group's risk management framework are set out in Statement on Risk Management and Internal Control on pages 36 to 38 of this Annual Report.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

The Company recognises the significance of being transparent and accountable to its stakeholders. Therefore the Company maintains an active and constructive communication medium that enables the Board and Management to communicate effectively with investors and the public generally.

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 Company's website www.kym.com.my is a key communication channel for the Company to connect with its shareholders, investors and the general public. The Company's announcement, financial results, annual reports, circular to shareholders and press statements are published in the Company's website to keep the shareholders and investors informed on the Group's performance.

Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website.

II Conduct of General Meetings

The Annual General Meeting ("AGM") remains the primary platform for dialogue with shareholders. Save for the Notice for the forthcoming 37th AGM which the notice is given to the shareholders less than 28 days prior to the meeting, KYM has been giving notice for an AGM at least 28 days prior to the AGM since 2016. However, the Company complied with the minimum 21 days of Notice for AGM in accordance with Section 316 of the Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Securities.

At the 36th AGM of the Company held on 3 July 2018, six (6) out of seven (7) members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 36th AGM in an orderly manner. Although the Chairman of the Audit Committee, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim was absent at the 36th AGM, the other Audit Committee members were present to respond to questions addressed to the Audit Committee. All the shareholders or proxies were given every opportunity to ask questions and seek clarification on the business and performance of the Group.

The Board will endeavor to consistently apply the following practices and achieve higher standards of corporate governance:

1. Notice for an AGM be given to the shareholders at least 28 days prior to the meeting; and
2. All directors attend General Meetings.

COMPLIANCE STATEMENT

This Statement was reviewed and approved by the Board on 14 May 2019.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Dato' Seri Ir. Mohamad Othman Bin Zainal Azim (Chairman)	- Senior Independent Non-Executive Director
Dato' Mohd Azmi Bin Othman	- Independent Non-Executive Director
Lee Ji Jin Darren (Fellow of Association of Chartered Certified Accountants, United Kingdom)	- Non-Independent Non-Executive Director

The composition of the Audit Committee ("AC") during the financial year complied with the Listing Requirements of Bursa Malaysia Securities Berhad.

The term of office and the performance of the AC as a whole was evaluated by the Nomination & Remuneration Committee ("NRC"). The NRC is satisfied that the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference of the AC.

MEETING AND ATTENDANCE

The AC held five (5) meetings during the financial year. The attendance of the AC members is shown below:-

Name of Director	Attendance
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim (Senior Independent Non-Executive Director)	5/5
Dato' Mohd Azmi Bin Othman (Independent Non-Executive Director)	5/5
Lee Ji Jin Darren (Non-Independent Non-Executive Director)	5/5

The Group's CEO was invited to all AC meetings to provide further clarifications on the operations of the Group, the risk management and internal control systems. The Accounts Assistant Manager attended all meetings of the AC to present all financial results and to clarify any issues relating to financial reporting. The Director of the engagement team of the outsourced internal audit function and the SBU Head of the respective auditees were invited to present the internal audit report, provide clarifications on the audit findings highlighted by the internal auditors in the internal audit report and update the status of the proposed action plans by the Management.

Minutes of each AC meeting are recorded and tabled for confirmation and approval at the following meeting and subsequently presented to the Board for notation. The AC Chairman also conveys to the Board key matters deliberated at the AC meetings and matters of significant concerns as and when raised by the external or internal auditors.

ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the AC during the financial year were summarised as follows:

Financial Reporting

- The AC reviewed the unaudited quarterly financial results and audited financial statements of the Group with an aim in ensuring that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016 and other statutory requirements. In reviewing the interim financial report, the Accounts Assistant Manager provided explanations on the analysis of the quarterly results and major variances. The CEO briefed on the Group's business operations, factors affecting the Group's performance and market outlook;
- The AC received assurance that appropriate accounting policies had been adopted and applied consistently;
- The AC discussed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements; and
- At the Board Meetings, the Chairman of the AC briefed the Board on the significant accounting issues raised in respect of the interim financial report or financial statements and presented the recommendations of the AC for Board's approval.

Audit Committee Report

(Cont'd)

External Auditors

- The AC had on 22 March 2018, reviewed and deliberated with the External Auditors, the audit findings and accounting issues in respect of their financial audit for the financial year ended 31 January 2018. In the aforesaid meeting, the External Auditors identified Goodwill Impairment as key audit matter which had been presented in the Independent Auditors' Report for year ended 31 January 2018.
- The External Auditors had on 22 March 2018, provided a written assurance to the AC confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- The AC had, at the same meeting, reviewed the non-audit services rendered by the External Auditors during the financial year. The non-audit services rendered by the External Auditors and its network firms were mainly the annual review of the Statement of Risk Management and Internal Control and tax compliances. The total fees incurred by the Group for non-audit services rendered by Crowe Malaysia PLT and its network firms during the financial year ended 31 January 2018 were RM70,100. Considering the nature and scope of the non-audit service, the Audit Committee was of the opinion the independence of the External Auditors is not impaired by the provision of such non-audit services to the Group.
- The AC had on 8 May 2018, discussed with the External Auditors on the final draft of the audited financial statements of the Company for the financial year ended 31 January 2018. The External Auditors was of the opinion that the Company's audited financial statements gave a true and fair view of the financial position of the Company and its group in accordance with the MFRSs, IFRSs and requirements of the Companies Act, 2016.
- At the meeting held on 18 December 2018, the AC reviewed and discussed with the External Auditors the Group's audit plan prior to the commencement of audit for financial year ended 31 January 2019 ("2019 APM"). The 2019 APM outlines the audit approach, areas of audit emphasis, audit engagement team, audit timeline and proposed audit fees. The External Auditors performed enquiries on matters required under the International Standards on Auditing ("ISA") and updated the AC with the new and latest changes in accounting standards and interpretations. The AC, upon due deliberation, approved the 2019 APM for implementation in accordance with the audit timeline.
- The AC assessed the performance, suitability and independence of the External Auditors in accordance with the External Auditors Appointment and Independence Policy and based on the quality of work of the audit team, sufficiency of resources, the AC's communication with the External Auditors during the interaction and private session with the lead engagement partner and engagement team, as well as the observations and feedback from the personnel of KYM who has substantial dealing with the engagement team during the financial year.

The AC was completely satisfied with the performance of the external audit team who has demonstrated independence, objectivity and professional skepticism and the suitability of Crowe Malaysia PLT as a firm and recommended to the Board the re-appointment of Crowe Malaysia PLT as External Auditors for the financial year ended 31 January 2019.

Crowe Malaysia PLT was re-appointed as the External Auditors at the 36th Annual General Meeting held on 3 July 2018.

- During the financial year, the AC had one private discussion with the External Auditors on 22 March 2018, without the presence of the CEO and Management. During the private session with the External Auditors, Management's attitude toward financial reporting, the proficiency and adequacy of people in the accounts/finance departments of the respective operating subsidiaries and issues arising from the final audit were raised.
- On 29 March 2019, the AC had a private discussion with the External Auditors without the presence of the CEO and Management. The AC raised questions relating to Management's attitude towards the financial reporting and towards the internal control, adequacy and competency of the staff of the accounts/finance departments of the respective operating subsidiaries and the corporate office.
- The AC had on 14 May 2019 undertaken an annual assessment of the performance, suitability and independence of the External Auditors in accordance with the External Auditors Appointment and Independence Policy. Crowe Malaysia PLT's performance was rated using four points scale on the quality of work of the audit team, sufficiency of resources, the AC's communication with the External Auditors during the interaction and private session with the lead engagement partner and engagement team. The AC also took into consideration the observations and feedback from the personnel of KYM who has substantial dealing with the engagement team during the financial year.

The AC was satisfied with the performance of the external audit team who has demonstrated independence, objectivity and professional skepticism and the suitability of Crowe Malaysia PLT as a firm. The AC recommended to the Board for approval the appointment of Crowe Malaysia PLT as External Auditors for the financial year ending 31 January 2020.

The Board at its Board Meeting held on 14 May 2019 approved the AC's recommendation and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors to be tabled at the 37th Annual General Meeting.

Audit Committee Report (Cont'd)

Internal Auditors

- During the financial year, the outsourced internal audit function prepared an audit plan for 2018/2019 based on the risk management policy and the risk profile of KYM Group.
- The key audit areas identified for 2018/2019 were as follows:
 - Financial Authority Limit Review - Procurement
 - Credit Control;
 - Sales and Collection
 - Production; and
 - Inventory Management
- Two (2) internal audit reports outlining the weaknesses, audit recommendations and the management action plan were reviewed and discussed at the AC Meetings held on 27 September 2018 and 18 December 2018. The observations are broken down by sub-processes and implementation priority. Observations that are classified as Moderate or High Priority will be highlighted to the AC.

Related Party Transactions

- The AC reviewed the recurrent related party transactions ("RRPT") entered pursuant to the Shareholders' Mandate at every scheduled meetings to ensure that the transactions were not favorable to the related parties than those generally available to the public and not detrimental to the minority shareholders.

Others

- On 14 May 2019, the AC reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for inclusion in the 2019 annual report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent external party, Axcelasia Columbus Sdn. Bhd. which reports directly to the AC. Further information on the resources and independence of the engagement team of the outsourced internal audit function is provided in the CG Report in accordance with Practice 10.2 of the MCCG. The Internal Auditors whose principal responsibility is to evaluate and improve the effectiveness of risk management, control and governance processes. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the internal audit plan that is approved by the AC annually.

Two (2) audit reviews covering the Financial Authority Limit Review focusing on Procurement and the following business processes were conducted during the financial year:-

- Credit Control; and
- Sales and Collection

Two (2) observations which were classified as Moderate Priority were raised in relation to Credit Control which implementation of action must commence within the next six (6) months from the date of the report.

The Internal Audit Reports were reviewed by the AC and the relevant management personnel were made responsible for the corrective actions.

The Internal Auditors conducted follow-up assessment on the internal audit observations highlighted in previous audit report and presented the results of the follow-up assessment to the AC. The AC discussed and followed up on the status of the Management Action Plans in relation to the audit findings to ensure the Management has taken appropriate actions to address the weaknesses highlighted by the internal auditors within the proposed timeline.

The AC Chairman reported the significant findings highlighted by the Internal Auditors to the Board of Directors after each AC meeting.

Cost incurred for the internal audit function in respect of the financial year ended 31 January 2019 is RM63,000.00.

This Report was reviewed and approved by the Board on 14 May 2019.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control, which 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”), outlines the nature and scope of the Group’s internal control and risk management for financial year ended 31 January 2019.

BOARD RESPONSIBILITIES

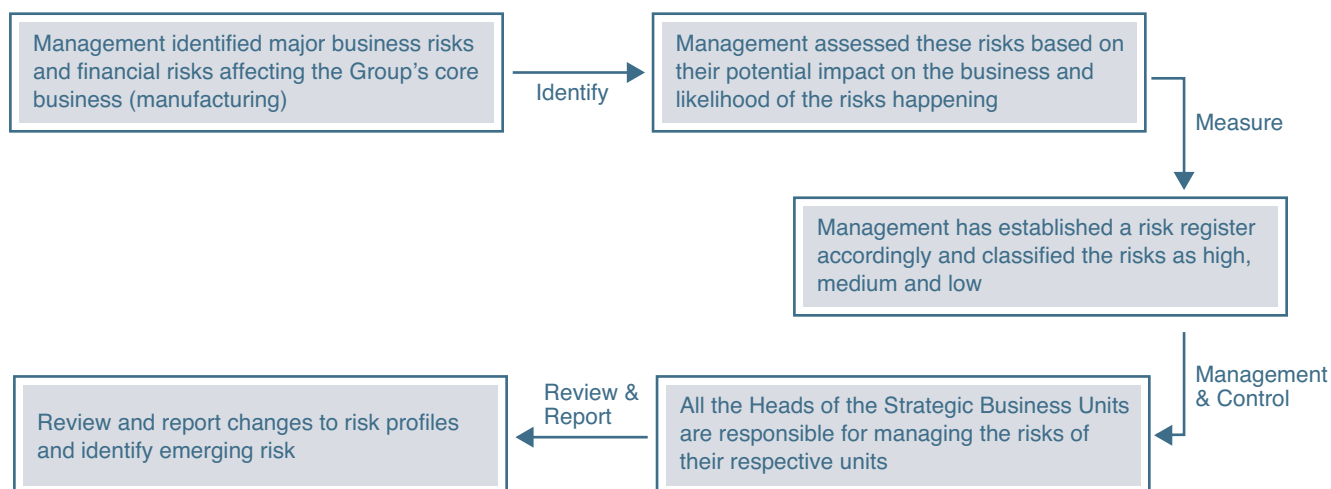
The Board is responsible for maintaining an effective governance, sound risk management framework and system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders’ investment and the Group’s assets. The Audit Committee supports the Board in reviewing the adequacy and effectiveness of the Group’ risk management and internal control system. Notwithstanding 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.

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 Board received assurance from the CEO 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.

RISK MANAGEMENT

The existing risk management framework is designed to advance the development and implementation of modern management practices and to support innovation throughout KYM’s operational and business activities.

Board of Directors	Oversight of governance, risk management framework and system of internal control
Audit Committee	Evaluates the adequacy and effectiveness of the risk management and internal control system
Management	Owner of the risk shall identify, assess and measure key risk areas; implement and monitor the system of risk management and internal control



Management will perform separate risk assessment on new business proposals or major investments. Key risk areas will be highlighted and appropriate action plans will be prepared to address the key risks prior to the submission to the Board for consideration.

The Audit Committee with the assistance of the Internal Auditors, Axcelasia Columbus Sdn Bhd reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. 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. Further details are set out in the Audit Committee Report.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL STRUCTURE AND PROCESSES

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

(1) Responsibility And Authority Limits

- An organisational structure has defined roles and responsibilities with appropriate limits of authority. 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 in accordance with their respective terms and reference. Matters reserved for the Board's decision are clearly set out in the Board Charter which is published in the Company's website. The Board delegates responsibility for the day-to-day management of the Company to the CEO.
- Different authority limits are set for different categories of managers for the procurement of capital expenditure and approval of general and operational expenses. Similarly, cheque signatories and authority limits are clearly defined and enforced.
- The Limits of Authority and the categories of transactions is reviewed periodically to determine the relevance and applicability of existing authority levels.

(2) Strategic Planning and Monitoring

- The CEO will disseminate the Group's corporate objectives and corporate values deliberated at the Board Meeting to members of management at their scheduled monthly management meetings. 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 CEO will closely monitor the business and operational risks and ensure that the Group's corporate objectives are met through his attendance at management meetings, as well as the review of relevant management and operational reports. Significant risks are escalated to the Board by the CEO at the scheduled board meetings.
- The annual budgeting process is one of our key control activities. All operating subsidiaries prepare their respective budgets and business plan which will be reviewed by the Senior Management before tabling to the Board for deliberation and approval. The actual performance versus the approved financial budgets are reviewed by the Board half yearly. Financial performance variances are presented to the Board on quarterly basis.
- Management holds monthly meetings with Heads of Strategic Business Unit to review the performance of the business units, to discuss and resolve issues or challenges faced with regard to operational and administrative matters. Variances are analysed against the budget (for financial and operational targets) and reasons for shortfalls are identified and responded in a timely manner.

(3) Policies and Standard Operating Procedures

- The Group has set in place policies and standard operating procedures for its key business processes and business units. In addition, the manufacturing subsidiaries that implement ISO 9001:2008 Quality Management System benefit from the improved risk management and operational effectiveness and efficiency as the standard provides guidance and tools to the subsidiaries to ensure their products or services meet a certain level of quality; that is, they are reliable, safe, consistent, meet customer expectations, continuously improve and comply with the law. Audit of the QMS is carried out regularly to ensure continual improvement of the effectiveness. These policies and procedures are subject to review and improvement to meet changes in business, operational and statutory needs.

Statement on Risk Management and Internal Control

(Cont'd)

(4) Assurance Compliance

- The Internal Audit function provides an independent, objective assurance on the areas of operations reviewed, and advises on the best practices that will improve and add value to the Group's internal control. Audit reports together with findings, management's response and corrective actions are presented by the Internal Auditors 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.
- Management constantly monitors the gaps and issues highlighted by internal and external auditors and has shown commitment to improve on the current processes and internal controls.

(5) Conduct of Employees

- As part of the preventive anti-fraud measures, the Group has in place a Code of Conduct for employees that is communicated to all staff to govern the standard of ethics and good conducts.
- A Whistleblowing Policy was formalised to provide an avenue to all directors and employees of the Group to raise concerns or disclose any wrong doing that may adversely impact the Group without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.

REVIEW BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report for the financial year ended 31 January 2019, 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.

BOARD'S 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. During the year, there were no material losses caused by breakdown in internal controls. Where weaknesses were noted, Management has taken appropriate actions to address them. Based on inquiry, information and assurances received from the CEO, the Board is of the view that the risk management and system of internal control are satisfactory.

The Board will continue to develop and improve on its risk management practices which are consistent with good corporate governance.

This statement was made in accordance with a resolution of the Board dated 14 May 2019.

Additional Compliance Information

1. STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION 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 Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Securities.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2019, 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.

2. EMPLOYEES SHARE OPTION SCHEME

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 under review, no ESOS options were exercised.

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

	← Aggregate ESOS Options Granted	Since commencement of the Scheme on 16 May 2010 Aggregate ESOS Options Exercised	Aggregate ESOS 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	-	29.75	

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.

Additional Compliance Information

(Cont'd)

3. NON-AUDIT FEES

The details of fees paid/payable to the external auditors or a firm affiliated with the auditors' firm during the financial year is set out below:

	The Group RM	The Company RM
Audit Fees	180,150	47,500
Non-Audit Services	70,100	13,000

4. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group involving the interest of Directors and major shareholders that were still subsisting at the end of the financial year ended 31 January 2019 or since the end of the previous financial year.

5. UTILISATION OF PROCEEDS

The company did not raise proceeds from any corporate exercise during the financial year.

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

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.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	3,552	(5,366)
Attributable to:-		
Owners of the Company	3,552	(5,366)
Non-controlling interests	(*)	-
	3,552	(5,366)

Note:

(*) represents (RM165)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the 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.

EMPLOYEE SHARE OPTION SCHEME

The Employee 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 had 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 ESOS will be expiring on 15 May 2020.

The details of the ESOS are disclosed in Note 17 to the financial statements.

Directors' Report (Cont'd)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, 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

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.

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 in which this report is made.

Directors' Report

(Cont'd)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar
 Dato' Lim Kheng Yew
 Datuk Seri Rahadian Mahmud Bin Mohammad Khalil
 Dato' Seri Ir. Mohamad Othman Bin Zainal Azim
 Dato' Mohd Azmi Bin Othman
 Lee Ji Jin Darren
 Lim Tze Thean

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lim Kheng Ee @ Lim Kheng Yee
 Lim Kheng Eng
 Mok Tuck Meng
 Tan Peng Aun

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 of the Company and its related corporations during the financial year are as follows:-

	At 1.2.2018	Number of Ordinary Shares		At 31.1.2019
		Bought	Sold	
<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
Lim Tze Thean	3,300,000	302,000	-	3,602,000
<i>Indirect Interests in the Company</i>				
Dato' Lim Kheng Yew*	50,750,000	4,650,000	(7,750,000)	47,650,000
Lim Tze Thean [#]	7,000,000	-	-	7,000,000

* Deemed interested by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd and KYM Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and by virtue of the shareholding of his spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

[#] Deemed interested by virtue of his direct and indirect shareholding in KYM Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

	Number of Options over Ordinary Shares			
	At 1.2.2018	Granted	Exercised	At 31.1.2019
<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 Seri 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 8 of the Companies Act 2016.

Directors' Report (Cont'd)

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 remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 certain directors have substantial financial interests as disclosed in Note 40 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 certain directors pursuant to the ESOS of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 36 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM10 million and RM13,890 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the directors dated 14 May 2019

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

Statement By Directors

Pursuant To Section 251(2) of The Companies Act 2016

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 50 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 14 May 2019

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

Statutory Declaration

Pursuant To Section 251(1)(b) of The Companies Act 2016

I, Dato' Lim Kheng Yew, MIA Membership Number: CA 1820, 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 50 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Lim Kheng Yew, NRIC Number: 510717-08-5137
at Kuala Lumpur
in the Federal Territory
on this 14 May 2019

Before me

Dato' Lim Kheng Yew

Lai Din (No. W 668)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

To The Members of KYM Holdings Bhd. (Incorporated In Malaysia) Company No: 84303 - A

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial position as at 31 January 2019 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Goodwill Impairment

Refer to Note 9 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
<p>The Group has goodwill of approximately RM4.7 million arising from the acquisition of Hasrat Meranti Sdn. Bhd. and its subsidiaries, a cash generating unit.</p> <p>The goodwill arising from the cash generating unit ("CGU") of which the recoverable amount is determined by the value-in-use model, requires judgement on the part of management in identifying and then valuing the CGU.</p> <p>The value-in-use model used to assess the risk of impairment is based on assumptions including revenue forecasts, gross and operating margins and discount rates.</p> <p>We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rates and terminal value.</p>	<p>Our procedures included, among others:-</p> <p>(a) Making enquiries of and challenging the management on the key assumptions made, which included the following:-</p> <p>(i) the achievability of the business plan; and</p> <p>(ii) sales growth, profit margins, discount rates and terminal value;</p> <p>(b) Performing sensitivity analysis on key assumptions and agreeing with management's conclusion that reasonable possible changes to the assumptions would require the goodwill to be impaired; and</p> <p>(c) Assessing the adequacy of disclosure of goodwill in the financial statements.</p>

Independent Auditors' Report

To The Members of KYM Holdings Bhd. (Incorporated In Malaysia) Company No: 84303 - A (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

To The Members of KYM Holdings Bhd. (Incorporated In Malaysia) Company No: 84303 - A (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

14 May 2019

Kuala Lumpur

Ngiam Mia Teck
03000/07/2020 J
Chartered Accountant

Statements Of Financial Position

At 31 January 2019

		The Group		The Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	27,284	27,284
Other investments	6	1	1	-	-
Property, plant and equipment	7	65,767	69,554	33	54
Investment properties	8	41,520	41,622	-	-
Intangible asset	9	4,667	4,667	-	-
		111,955	115,844	27,317	27,338
CURRENT ASSETS					
Inventories	10	30,325	24,014	-	-
Trade receivables	11	20,481	16,036	-	-
Other receivables, deposits and prepayments	12	2,204	4,114	236	323
Amount owing by subsidiaries	13	-	-	31,384	37,535
Current tax assets		2,706	2,297	-	-
Short-term investment	14	12	11	12	11
Fixed deposits with licensed banks	15	1,301	1,271	-	-
Cash and bank balances		4,153	1,387	555	81
		61,182	49,130	32,187	37,950
TOTAL ASSETS		173,137	164,974	59,504	65,288
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	110,381	110,381	110,381	110,381
Employee share option reserve	17	853	853	853	853
Revaluation reserve	18	72	72	-	-
Accumulated losses		(16,738)	(20,290)	(81,723)	(76,357)
Equity attributable to owners of the Company		94,568	91,016	29,511	34,877
Non-controlling interests		(1)	(1)	-	-
TOTAL EQUITY		94,567	91,015	29,511	34,877
NON-CURRENT LIABILITIES					
Hire purchase payables	19	11,263	14,944	-	-
Term loans	20	859	1,096	-	-
Deferred tax liabilities	21	10,321	9,698	-	-
		22,443	25,738	-	-

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

Statements Of Financial Position

At 31 January 2019 (Cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CURRENT LIABILITIES					
Trade payables	22	23,484	16,501	-	-
Other payables and accruals	23	6,215	5,023	432	442
Amount owing to subsidiaries	13	-	-	29,197	29,497
Amount owing to related parties	24	588	755	364	472
Amount owing to a director	25	77	77	-	-
Current tax liability		51	-	-	-
Hire purchase payables	19	4,036	3,997	-	-
Short-term borrowings	26	16,662	16,078	-	-
Bank overdrafts	27	5,014	5,790	-	-
		56,127	48,221	29,993	30,411
TOTAL LIABILITIES		78,570	73,959	29,993	30,411
TOTAL EQUITY AND LIABILITIES		173,137	164,974	59,504	65,288

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 2019

		The Group		The Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
REVENUE	28	100,198	91,384	-	-
COST OF SALES	29	(91,167)	(82,873)	-	-
GROSS PROFIT		9,031	8,511	-	-
OTHER INCOME	30	8,789	5,442	1,110	1,081
		17,820	13,953	1,110	1,081
SELLING AND DISTRIBUTION EXPENSES	31	(4,067)	(3,964)	-	-
ADMINISTRATIVE EXPENSES	32	(6,173)	(5,879)	(790)	(658)
OTHER EXPENSES	33	(709)	(3,676)	(21)	(36)
FINANCE COSTS	34	(2,155)	(1,234)	(72)	(124)
NET IMPAIRMENT (LOSSES)/GAIN ON FINANCIAL ASSETS	35	(2)	-	(5,593)	25
PROFIT/(LOSS) BEFORE TAXATION		4,714	(800)	(5,366)	288
INCOME TAX EXPENSE	37	(1,162)	(80)	-	-
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		3,552	(880)	(5,366)	288
PROFIT/(LOSS) AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,552	(880)	(5,366)	288
Non-controlling interests		(*)	(^)	-	-
		3,552	(880)	(5,366)	288
EARNINGS/(LOSS) PER SHARE (SEN)	38				
Basic		2.37	(0.59)		
Diluted		2.37	(0.59)		

Note:

(*) represents (RM165)

(^) represents (RM174)

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

Statements of Changes In Equity

For The Financial Year Ended 31 January 2019

The Group	Share Capital RM'000	Employee Share Option Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of The Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1.2.2017	110,381	853	72	(19,410)	91,896	(1)	91,895
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(880)	(880)	(^)	(880)
Balance at 31.1.2018/1.2.2018	110,381	853	72	(20,290)	91,016	(1)	91,015
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	3,552	3,552	(*)	3,552
Balance at 31.1.2019	110,381	853	72	(16,738)	94,568	(1)	94,567

Notes:

(*) represents (RM165)

(^) represents (RM174)

Statements of Changes In Equity

For The Financial Year Ended 31 January 2019 (Cont'd)

	Share Capital RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
The Company				
Balance at 1.2.2017	110,381	853	(76,645)	34,589
Profit after taxation/Total comprehensive income for the financial year	-	-	288	288
Balance at 31.1.2018/1.2.2018	110,381	853	(76,357)	34,877
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(5,366)	(5,366)
Balance at 31.1.2019	110,381	853	(81,723)	29,511

Statements of Cash Flows

For The Financial Year Ended 31 January 2019

	The Group		The Company	
Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	4,714	(800)	(5,366)	288
Adjustments for:-				
Bad debts written off	27	-	-	14
Depreciation of property, plant and equipment	5,088	4,456	21	22
Deposit forfeited	-	45	-	-
Dividend income	(2)	(4)	(1,002)	(1,004)
Fair value loss/(gain) on investment properties	102	(42)	-	-
Fair value loss on quoted investment	*	@	-	-
Gain on disposal of other investments	-	(#)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(20)	22	-	(35)
Impairment losses on amount owing by subsidiaries	-	-	5,593	-
Impairment losses on property, plant and equipment	-	2,489	-	-
Impairment losses on trade receivables	2	-	-	-
Inventories written off	54	-	-	-
Gain on return of used equipment to a supplier	-	(9)	-	-
Interest expense	2,155	1,234	72	124
Interest income	(30)	(19)	(^)	(13)
Reversal of allowance for impairment loss on amount owing by subsidiaries	-	-	-	(25)
Reversal of over-accrued quit rent	-	(3,827)	-	-
Waiver of amount owing to a related party	(108)	-	(108)	-
Operating profit/(loss) before working capital changes carried forward	11,982	3,545	(790)	(629)

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

Statements of Cash Flows

For The Financial Year Ended 31 January 2019 (Cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Operating profit/(loss) before working capital changes brought forward		11,982	3,545	(790)	(629)
Increase in inventories		(6,365)	(4,422)	-	-
(Increase)/Decrease in trade and other receivables		(2,564)	5,033	86	(1)
Increase/(Decrease) in trade and other payables		8,175	3,342	(10)	19
Decrease in amount owing by subsidiaries		-	-	409	596
(Decrease)/Increase in amount owing to related parties		(59)	185	-	-
CASH FROM/(FOR) OPERATIONS		11,169	7,683	(305)	(15)
Income tax refunded		221	189	-	-
Income tax paid		(1,118)	(836)	-	-
Interest paid		(2,155)	(1,199)	(72)	(124)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		8,117	5,837	(377)	(139)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of other investments		-	1	-	-
Interest received		30	19	^	13
Dividend received		2	4	1,002	1,004
Proceeds from disposal of property, plant and equipment		29	35	-	35
Purchase of property, plant and equipment	39(a)	(994)	(5,342)	-	-
Placement of fixed deposits with licensed banks		(30)	(1,004)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(963)	(6,287)	1,002	1,052
Balance carried forward		7,154	(450)	625	913

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

Statements of Cash Flows

For The Financial Year Ended 31 January 2019 (Cont'd)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance brought forward		7,154	(450)	625	913
CASH FLOWS FOR					
FINANCING ACTIVITIES					
Net drawdown/(repayment) of bills payable		4,095	(2,928)	-	-
Repayment of hire purchase obligations		(3,958)	(234)	-	(6)
Repayment of term loans		(491)	(3,662)	-	(1,000)
Net (repayment)/drawdown of bankers' acceptances		(3,107)	2,986	-	-
Repayment of revolving credit		(150)	(1,080)	-	-
Repayment to a subsidiary		-	-	(150)	(1,080)
NET CASH FOR FINANCING ACTIVITIES	39(b)	(3,611)	(4,918)	(150)	(2,086)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,543	(5,368)	475	(1,173)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(4,392)	976	92	1,265
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39(c)	(849)	(4,392)	567	92

Notes:

* represents RM85

@ represents RM130

represents RM46

^/(^ represents RM167/(RM167)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in 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 14 May 2019.

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.

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 2016 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)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

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 other than the new classification of financial assets under MFRS 9 which is disclosed in Note 45.3 to the financial statements. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

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)

MFRS 16 Leases

MFRS 17 Insurance Contracts

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Amendments to References to the Conceptual Framework in MFRS Standards

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

Effective Date

1 January 2019

1 January 2021

1 January 2019

1 January 2020

1 January 2019

Deferred

1 January 2020

1 January 2019

1 January 2019

1 January 2020

1 January 2019

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

The adoption of the 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 except as follows:-

- (a) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as disclosed 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. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining property size, location, market trends and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) 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. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 11 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 12 and 13 to the financial statements.

(h) 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 expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax assets and current tax liability as at the reporting date are as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Current tax assets	2,706	2,297
Current tax liability	51	-

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

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.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) 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.

(c) 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.

4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when accessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(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.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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.

(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 9 (2018 – MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 in profit or loss immediately.

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.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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 assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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 statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at 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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 31 January 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 February 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss 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 was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the 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.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

Leasehold land	Over the lease period ranged from 45 to 91 years
Buildings	2%
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%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 31 January 2018

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 February 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

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

4.9 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.10 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

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 the accounting policy for property up to date of change in use.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

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

4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.13 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in 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 (knowns as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line 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 if new ordinary shares are issued.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets 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 the related tax benefits will be realised.

Where 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 at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 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 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.

4.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.18 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.

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risk of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.20 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Dividend Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	75,590	75,590
Accumulated impairment losses	(48,306)	(48,306)
	27,284	27,284

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which the principal place of business is in Malaysia, are as follows:-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2019	2018	
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment.
KYM Industries (Penang) Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant.
Teguh Amalgamated Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment.
KCP Carton Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Dormant.
Panorama Industries Sdn. Bhd. ⁽²⁾	100%	100%	Dormant.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
KYM Maju Sdn. Bhd. [^]	-	100%	Dormant.
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Dormant.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. ⁽³⁾	100%	100%	Investment holding.
Harta Makmur Sdn. Bhd. ⁽⁴⁾	100%	100%	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd. ⁽⁵⁾	100%	100%	Dormant.
Teluk Rubiah Country Club Sdn. Bhd. ⁽⁵⁾	100%	100%	Dormant.
Suria Makmur Development Sdn. Bhd. ⁽⁵⁾	100%	100%	Dormant.
Hasrat Meranti Capital Sdn. Bhd. [^]	-	100%	Dormant.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. ⁽⁶⁾	100%	100%	Dormant.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which the principal place of business is in Malaysia, are as follows (Cont'd):-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2019	2018	
KYM Development (Perak) Sdn. Bhd. ⁽⁶⁾	100%	100%	Property investment.
KYM Leisure Sdn. Bhd. ⁽⁶⁾	100%	100%	Dormant.
Austin Capital Sdn. Bhd. ^{# (6)}	100%	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. ⁽⁷⁾	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Tapah) Sdn. Bhd. ⁽⁷⁾	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
KYM Mineral Sdn. Bhd. [^]	-	100%	Dormant.

— The Board of Directors had passed a resolution in the previous financial year to strike off this company. Consequently, the subsidiary has submitted the strike off application documents to Suruhanjaya Syarikat Malaysia during the financial year.

^ — The subsidiary has been struck off during the current financial year.

(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 Hasrat Meranti Sdn. Bhd.

(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.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

6. OTHER INVESTMENTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted shares, at fair value	1	1	-	-
Unquoted shares, at fair value (2018 - at cost)	*	184	*	184
Allowance for impairment losses	-	(184)	-	(184)
	*	-	*	-
	1	1	-	-

Note:

* represents RM2

Equity Investments at Fair Value Through Profit or Loss

- (a) At 1 February 2018, the Group designated its investments in unquoted shares to be measured at fair value through profit or loss because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at cost.
- (b) The fair value of each investment in unquoted shares of the Group and of the Company is RM1 respectively.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Forklifts, Tools and Equipment and Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Capital Work-in-Progress RM'000	Total RM'000
2019									
<i>Carrying Amount</i>									
At 1.2.2018	4,460	8,103	15,055	16,437	911	465	771	23,352	69,554
Additions	-	-	-	259	480	409	162	-	1,310
Disposal	-	-	-	(9)	-	-	-	-	(9)
Transfer	-	-	-	23,352	-	-	-	(23,352)	-
Depreciation charges for the financial year	-	(118)	(341)	(3,817)	(421)	(172)	(219)	-	(5,088)
At 31.1.2019	4,460	7,985	14,714	36,222	970	702	714	-	65,767
2018									
<i>Carrying Amount</i>									
At 1.2.2017	4,460	8,220	15,396	22,684	860	604	944	-	53,168
Additions	-	-	-	62	442	-	72	23,352	23,928
Disposals	-	-	-	(533)	(23)	-	(31)	-	(587)
Impairment	-	-	-	(2,489)	-	-	-	-	(2,489)
Return to supplier	-	-	-	-	(10)	-	-	-	(10)
Depreciation charges for the financial year	-	(117)	(341)	(3,287)	(358)	(139)	(214)	-	(4,456)
At 31.1.2018	4,460	8,103	15,055	16,437	911	465	771	23,352	69,554

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

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

	Forklifts, Tools and Equipment									
	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Work-in-Progress RM'000	Total RM'000	
The Group										
2019										
At Cost	4,460	9,087	17,518	56,760	4,131	1,547	5,866	-	-	99,369
Accumulated Depreciation	-	(1,102)	(2,804)	(19,207)	(3,161)	(845)	(5,152)	-	-	(32,271)
Accumulated Impairment	-	-	-	(1,331)	-	-	-	-	-	(1,331)
Carrying Amount	4,460	7,985	14,714	36,222	970	702	714	-	-	65,767
2018										
At Cost	4,460	9,087	17,518	33,275	3,651	1,165	5,711	23,352	-	98,219
Accumulated Depreciation	-	(984)	(2,463)	(15,507)	(2,740)	(700)	(4,940)	-	-	(27,334)
Accumulated Impairment	-	-	-	(1,331)	-	-	-	-	-	(1,331)
Carrying Amount	4,460	8,103	15,055	16,437	911	465	771	23,352	-	69,554

Note:

Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

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

	Motor Vehicles RM'000	Other Assets* RM'000	Total RM'000
The Company			
<i>Carrying Amount</i>			
At 1.2.2018	^	54	54
Depreciation charges for the financial year	-	(21)	(21)
At 31.1.2019	^	33	33
<i>Carrying Amount</i>			
At 1.2.2017	^	76	76
Depreciation charges for the financial year	-	(22)	(22)
At 31.1.2018	^	54	54
2019			
At Cost	274	1,039	1,313
Accumulated Depreciation	(274)	(1,006)	(1,280)
Carrying Amount	^	33	33
2018			
At Cost	274	1,039	1,313
Accumulated Depreciation	(274)	(985)	(1,259)
Carrying Amount	^	54	54

Notes:

* Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.

^ represents RM1.

- (a) In the previous financial year, the Group had assessed the recoverable amount of property, plant and equipment in the production line of corrugated fibre boards and boxes, and recognised an impairment loss in "Other Expenses" line item of statements of profit or loss and other comprehensive income as the recoverable amount is lower than the carrying amount.

In the previous financial year, the Group recognised impairment losses of:

- RM1,158,176 from the corrugating fibre boards division. The recoverable amount was determined based on fair values less costs to sell approach and is within level 2 of the fair value hierarchy; and
- RM1,330,734 from the printing corrugated boxes division. The recoverable amount was determined based on value-in-use method and is within level 3 of the fair value hierarchy.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

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

- (b) Included in the total carrying amount 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	
	2019 RM'000	2018 RM'000
Freehold land	4,460	4,460
Leasehold land	6,036	6,132
Buildings	10,463	10,721
Plant and machinery	-	10,937
Production accessories	-	4
Other assets	-	95
	20,959	32,349

- (c) Included in the total carrying amount of property, plant and equipment at the end of the reporting period are the following assets acquired under hire purchase terms:-

	The Group	
	2019 RM'000	2018 RM'000
Plant and machinery	22,183	-
Motor vehicles	662	413
Capital work-in-progress	-	23,352
	22,845	23,765

8. INVESTMENT PROPERTIES

	The Group	
	2019 RM'000	2018 RM'000
At fair value:-		
At 1 February 2018/2017	41,622	41,262
Addition	-	360
Fair value loss	(102)	-
At 31 January	41,520	41,622

- (a) The investment properties comprise the following:-

	The Group	
	2019 RM'000	2018 RM'000
Leasehold land	39,220	39,220
Building	2,300	2,402
	41,520	41,622

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

8. INVESTMENT PROPERTIES (CONT'D)

- (b) Included in the total carrying amount of the investment properties at the end of the reporting period pledged to financial institutions for credit facilities granted to the Company and certain subsidiaries are as follows:-

	The Group	
	2019 RM'000	2018 RM'000
Investment properties	14,340	14,442

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

	The Group	
	2019 RM'000	2018 RM'000
Rental income	320	200
Direct operating expenses from the investment properties that did not generate income	300	324

- (d) Investment properties are stated at fair value which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and others. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

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

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

9. INTANGIBLE ASSET

	The Group	
	2019 RM'000	2018 RM'000
Goodwill on consolidation	6,392	6,392
Accumulated impairment loss	(1,725)	(1,725)
	4,667	4,667

- (a) The carrying amount of goodwill is allocated to Hasrat Meranti Sdn. Bhd. and its subsidiaries, a cash-generating unit.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

9. INTANGIBLE ASSET (CONT'D)

- (b) The Group has assessed the recoverable amount of goodwill allocated and determined that no additional impairment loss on goodwill is required. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from cash-generating unit computed based on the projections of 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 9.6% and 10.3%
Growth rate	Between 3.3% and 23.5%
Discount rate	5.53%

- | | |
|----------------------------------|---|
| (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. There is no growth rate in perpetuity to arrive at terminal value. |
| (iii) Discount rate (pre-tax) | The discount rate used is the pre-tax weighted average cost of capital of the Company obtained from Bloomberg at the end of reporting period. |

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

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.

10. INVENTORIES

	The Group	
	2019 RM'000	2018 RM'000
Raw materials	24,197	18,124
Work-in-progress	266	180
Finished goods	4,192	4,053
Consumables	1,670	1,657
	30,325	24,014
Recognised in profit or loss:-		
Inventories recognised as cost of sales	74,398	67,634
Inventories written off	54	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

11. TRADE RECEIVABLES

	The Group	
	2019 RM'000	2018 RM'000
Trade receivables	21,262	16,872
Allowance for impairment losses	(781)	(836)
	20,481	16,036
Allowance for impairment losses:-		
At 1 February 2018/2017	(836)	(836)
Addition during the financial year	(2)	-
Write-off during the financial year	57	[^]
At 31 January	(781)	(836)

The Group's normal trade credit terms range from 14 to 180 days (2018 - 14 to 180 days).

Note:

[^] represents RM105.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables:-				
Third parties	140	809	62	133
GST recoverable	321	1,699	-	19
	461	2,508	62	152
Deposits	1,116	1,111	140	140
Prepayments	627	495	34	31
	2,204	4,114	236	323

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Amount owing by subsidiaries	56,648	57,206
Allowance for impairment losses	(25,264)	(19,671)
	<hr/> 31,384	<hr/> 37,535
Allowance for impairment losses:-		
At 1 February 2018/2017	(19,671)	(20,135)
Addition during the financial year	(5,593)	-
Reversal during the financial year	-	25
Write-off during the financial year	-	439
At 31 January	<hr/> (25,264)	<hr/> (19,671)

	The Company	
	2019	2018
	RM'000	RM'000
Amount owing to subsidiaries	(29,197)	(29,497)

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

14. SHORT-TERM INVESTMENT

	The Group/The Company	
	2019	2018
	RM'000	RM'000
Wholesale money market fund	12	11
Market value of short-term investment	<hr/> 12	<hr/> 11

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

15. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rate of the fixed deposits at the end of the reporting period was 2.97% (2018 - 2.77%) per annum. The fixed deposits have maturity periods ranging from 1 month to 3 years (2018 - 1 month to 3 years).

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

16. SHARE CAPITAL

	2019 Number of Shares ('000)	2018 Number of Shares ('000)	2019 RM'000	2018 RM'000
Issued and Fully Paid-Up				
Ordinary Shares	149,890	149,890	110,381	110,381

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

17. EMPLOYEE SHARE OPTION RESERVE

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

The Employee Share Option Scheme ("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 ESOS will be expiring on 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 ordinary 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 ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.
- (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 ordinary shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

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			
		At 1.2.2018	Granted	Exercised	At 31.1.2019
26 May 2010	RM0.90	2,843,000	-	-	2,843,000

The ESOS granted will be expiring on 15 May 2020 and are exercisable if the employee remains in service during the term of the ESOS.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

17. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

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 (%)	-

18. REVALUATION RESERVE

The revaluation reserve represented the surplus arising from a transfer of an owner-occupied building to an investment property and is not distributable by way of cash dividends.

19. HIRE PURCHASE PAYABLES

	The Group 2019 RM'000	2018 RM'000
Minimum hire purchase payments:		
- not later than one year	4,644	4,856
- later than one year and not later than five years	12,137	16,391
	16,781	21,247
Less: Future finance charges	(1,482)	(2,306)
Present value of hire purchase payables	15,299	18,941
Analysed by:-		
Current liabilities	4,036	3,997
Non-current liabilities	11,263	14,944
	15,299	18,941

Included in the hire purchase payables of the Group is an amount of RM32,080 (2018 - RM56,140) which is secured by a guarantee of the directors of certain subsidiaries. Another amount of RM14,849,640 (2018 - RM18,621,956) is at a floating interest rate which is secured by a pledge of the fixed deposits of a subsidiary and a corporate guarantee of the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

20. TERM LOANS

	The Group	
	2019 RM'000	2018 RM'000
Current liabilities (Note 26)	233	487
Non-current liabilities	859	1,096
	1,092	1,583

The term loans of the Group are secured in the same manner as the bills payable as disclosed in Note 26 to the financial statements.

21. DEFERRED TAX LIABILITIES

	The Group	
	2019 RM'000	2018 RM'000
At 1 February 2018/2017	9,698	9,765
Recognised in profit or loss (Note 37)	623	(67)
At 31 January	10,321	9,698

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

Deferred tax liabilities:-		
Accelerated capital allowances	3,715	2,947
Revaluation arising from deemed cost property	1,034	1,065
Revaluation arising from deemed cost plant and machinery	363	609
Fair value changes of investment properties	6,076	5,824
Revaluation arising from a transfer of owner-occupied building to an investment property	-	23
	11,188	10,468
Deferred tax assets:-		
Allowance for impairment losses	(240)	(240)
Accrual for bonus	(48)	(84)
Unutilised tax losses	(465)	(391)
Unabsorbed capital allowances	(114)	(55)
	(867)	(770)
	10,321	9,698

22. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days (2018 - 30 to 90 days).

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	2,581	2,796	228	228
GST payable	-	67	-	-
Sales and service tax payable	861	-	-	-
	3,442	2,863	228	228
Deposits received	271	19	-	-
Accruals	2,502	2,141	204	214
	6,215	5,023	432	442

24. AMOUNT OWING TO RELATED PARTIES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount owing to related parties	588	755	364	472

- (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.
- (b) The amount owing is non-trade in nature, unsecured interest-free advances and payments made on behalf.
- (c) The amount owing is repayable on demand and is to be settled in cash.

25. AMOUNT OWING TO A DIRECTOR

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

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

26. SHORT-TERM BORROWINGS

	The Group	
	2019 RM'000	2018 RM'000
Secured:-		
Revolving credit	1,100	1,250
Bankers' acceptances	453	3,560
Bills payable	14,876	10,781
Term loans (Note 20)	233	487
	16,662	16,078

The bills payable, bankers' acceptances and revolving credit are secured by:-

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

27. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 26 to the financial statements except for an amount of RM1,948,040 (2018 - RM430,496) which is additionally secured by a pledge of the fixed deposits of a subsidiary.

28. REVENUE

The revenue represents sales of goods which was recognised at a point in time.

29. COST OF SALES

	The Group	
	2019 RM'000	2018 RM'000
Included in cost of sales are:-		
Staff costs:		
- salaries and other benefits	5,966	6,013
- defined contribution plan	402	339
Depreciation of property, plant and equipment	4,580	3,981
Carriage inwards	1,093	1,018
Gain on return of used equipment to supplier	-	(9)
Rental of factory	1,784	1,142
Electricity and water	1,103	1,030
Upkeep of property, plant and equipment	1,058	796
Inventories written off	54	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

30. OTHER INCOME

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included in other income are:-				
Dividend income	2	4	1,002	1,004
Interest income	30	19	^	13
Waiver of amount owing to a related party	108	-	108	-
Fair value gain on investment properties	-	42	-	-
Gain on disposal of property, plant and equipment	20	35	-	35
Gain on disposal of other investments	-	*	-	-
Rental income	324	520	-	-
Reversal of over-accrued quit rent	-	3,827	-	-
Termination fee	7,360	-	-	-

Notes:

* represents RM46

^ represents RM167

31. SELLING AND DISTRIBUTION EXPENSES

	The Group	
	2019	2018
	RM'000	RM'000
Included in selling and distribution expenses are:-		
Staff costs:		
- salaries and other benefits	922	790
- defined contribution plan	89	79
Carriage outwards	2,795	2,811

32. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Included in administrative expenses are:-				
Auditors' remuneration:				
- audit fees:				
- current financial year	180	173	48	53
- underprovision in the previous financial year	8	-	-	-
- non-audit fees	6	6	6	6
Rental of:				
- premises	34	34	226	226
- equipment	21	21	20	20
- hostel	33	34	-	-
Staff costs:				
- salaries and other benefits	2,646	2,721	-	-
- defined contribution plan	330	276	-	-
- compensation expenses	-	2	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

33. OTHER EXPENSES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits forfeited	-	45	-	-
Depreciation of property, plant and equipment	508	475	21	22
Impairment losses on property, plant and equipment	-	2,489	-	-
Fair value loss on investment properties	102	-	-	-
Fair value loss on quoted investment	*	^	-	-
Loss on disposal of property, plant and equipment	-	57	-	-
Bad debts written off	27	-	-	14
Realised loss on foreign exchange	72	610	-	-
	709	3,676	21	36

Notes:

* represents RM85

^ represents RM130

34. FINANCE COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expenses of:				
- hire purchase payables	866	65	-	1
- term loans	225	331	72	123
- overdrafts	240	209	-	-
- bankers' acceptances	90	49	-	-
- bills payable	728	572	-	-
- others	6	8	-	-
	2,155	1,234	72	124

35. NET IMPAIRMENT (LOSSES)/GAIN ON FINANCIAL ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses during the financial year:				
- Additions under MFRS 9 (Notes 11 and 13)	(2)	-	(5,593)	-
Reversal of impairment losses (Note 13)	-	-	-	25
	(2)	-	(5,593)	25

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

36. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Directors of the Company</u>				
Non-Executive directors:				
- fee	104	104	104	104
Executive directors:				
- salaries and other benefits	443	391	-	-
- defined contribution plan	54	47	-	-
	497	438	-	-
	601	542	104	104
<u>Directors of the Subsidiaries</u>				
Executive directors:				
- salaries and other benefits	1,061	1,038	-	-
- defined contribution plan	160	136	-	-
	1,221	1,174	-	-
	1,822	1,716	104	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM16,964 (2018 - RM28,644).

37. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax:				
- for the current financial year	544	147	-	-
- overprovision in the previous financial year	(5)	-	-	-
	539	147	-	-
Deferred tax (Note 21):				
- relating to origination and reversal of temporary differences	990	18	-	-
- overprovision in the previous financial year	(367)	(85)	-	-
	623	(67)	-	-
	1,162	80	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

37. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before taxation	4,714	(800)	(5,366)	288
Tax at the statutory tax rate of 24%	1,131	(192)	(1,288)	69
Tax effects of:-				
Non-taxable income	-	(918)	(241)	(265)
Non-deductible expenses	1,002	882	1,529	190
Tax incentive	(480)	-	-	-
Effects of differential in tax rate on fair value adjustment of investment properties*	105	-	-	-
Deferred tax assets not recognised during the financial year	52	763	-	6
Temporary differences relating to deferred tax liabilities arising from the fair value changes of investment property	-	22	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(276)	(392)	-	-
Overprovision in the previous financial year:				
- current tax	(5)	-	-	-
- deferred tax	(367)	(85)	-	-
Income tax expense for the financial year	1,162	80	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

* The Finance Act 2018 announced the change in the Real Property Gains Tax rate from 5% to 10% on disposal of properties held for more than 5 years with effect from 1 January 2019.

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Accelerated capital allowances	(3,426)	(3,320)	-	-
Unabsorbed capital allowances	17,896	17,989	836	836
Unabsorbed reinvestment allowances	9,036	9,036	-	-
Unutilised tax losses	42,937	43,615	1,292	1,292
Accrual of bonus	2	57	-	-
	66,445	67,377	2,128	2,128

The unutilised tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

38. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the financial year, by the weighted average number of ordinary shares outstanding during the financial year.

Dilutive earnings/(loss) per share is calculated by dividing earnings/(loss) for the financial year by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflect the earnings/(loss) and share data used in the computation of basic and dilutive earnings/(loss) per share for the financial year ended 31 January:

	The Group	
	2019	2018
Earnings/(Loss) attributable to shareholders (RM'000)	3,552	(880)
Weighted average number of ordinary shares ('000)	149,890	149,890
Basic earnings/(loss) per share (sen)	2.37	(0.59)
Diluted earnings/(loss) per share (sen)	2.37	(0.59)

The diluted earnings/(loss) per share of the Group in both financial years is the same as basic earnings/(loss) per share as the assumed conversion from the exercise of Employee Share Options would be anti-dilutive.

39. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2019	2018
	RM'000	RM'000
Cost of property, plant and equipment purchased	1,310	23,928
Amount financed through hire purchase (Note 39(b))	(316)	(18,586)
Cash disbursed for purchase of property, plant and equipment	994	5,342

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Hire Purchase Payables RM'000	Term Loans RM'000	Revolving Credit RM'000	Bankers' Acceptances RM'000	Bills Payable RM'000	Total RM'000
2019						
At beginning of the financial year	18,941	1,583	1,250	3,560	10,781	36,115
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	-	9,080	56,746	65,826
Repayment of borrowings principal	(3,958)	(491)	(150)	(12,187)	(52,651)	(69,437)
	(3,958)	(491)	(150)	(3,107)	4,095	(3,611)
<u>Non-cash Changes</u>						
New hire purchase (Note 39(a))	316	-	-	-	-	316
At end of the financial year	15,299	1,092	1,100	453	14,876	32,820
2018						
At beginning of the financial year	554	5,245	2,330	574	13,709	22,412
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	-	4,644	63,572	68,216
Repayment of borrowings principal	(234)	(3,662)	(1,080)	(1,658)	(66,500)	(73,134)
	(234)	(3,662)	(1,080)	2,986	(2,928)	(4,918)
<u>Non-cash Changes</u>						
Finance charges accrued and recognised in profit or loss	35	-	-	-	-	35
New hire purchase (Note 39(a))	18,586	-	-	-	-	18,586
	18,621	-	-	-	-	18,621
At end of the financial year	18,941	1,583	1,250	3,560	10,781	36,115

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Hire Purchase Payables RM'000	Term Loans RM'000	Amount Owing to a Subsidiary RM'000	Total RM'000
The Company				
2019				
At beginning of the financial year	-	-	1,250	1,250
<u>Changes in Financing Cash Flows</u>				
Cash flows	-	-	(150)	(150)
At end of the financial year	-	-	1,100	1,100
2018				
At beginning of the financial year	6	1,000	2,330	3,336
<u>Changes in Financing Cash Flows</u>				
Cash flows	-	-	(1,080)	(1,080)
Repayment of borrowing principal	(6)	(1,000)	-	(1,006)
	(6)	(1,000)	(1,080)	(2,086)
At end of the financial year	-	-	1,250	1,250

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits with licensed banks	1,301	1,271	-	-
Short-term investment	12	11	12	11
Cash and bank balances	4,153	1,387	555	81
Bank overdrafts	(5,014)	(5,790)	-	-
	452	(3,121)	567	92
Less:-				
Fixed deposits pledged to licensed banks	(1,301)	(1,271)	-	-
	(849)	(4,392)	567	92

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

40. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Related Party Transactions

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

(i) Subsidiaries

	The Company	
	2019	2018
	RM'000	RM'000
Dividend income received from a subsidiary - Hasrat Meranti Sdn. Bhd.	1,000	1,000
Interest expense charged by a subsidiary - KYM Industries (M) Sdn. Bhd.	72	110
Rental charged by a subsidiary - Teguh Amalgamated Sdn. Bhd.	192	192

(ii) Key management personnel

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	2,087	2,004	104	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM16,964 (2018 - RM28,644).

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

40. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions (Cont'd)

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

(iii) Other related parties

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Rental charged by:				
- Tzel Properties Sdn. Bhd. *@	34	34	34	34
- Tzel Assets Sdn. Bhd. **@	1,784	1,142	-	-
Rental deposit paid to:				
- Tzel Assets Sdn. Bhd. **@	-	350	-	-
Support fee charge to:				
- Symphony Straits Sdn. Bhd. *@	265	265	-	-
Maintenance fee charged by:				
- Uni Residences Sdn Bhd *	4	-	-	-
Advances from:				
- West River Capital Sdn. Bhd. **@	1,500	-	-	-
Interest charged by:				
- West River Capital Sdn. Bhd. **@	72	-	-	-

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

- A company in which Dato' Lim Kheng Yew is a director.

@ - A company in which Lim Tze Thean has interests and/or is a director of the Company.

41. SEGMENT INFORMATION - 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 Group's reportable segments:-

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

Investment holding segment - investment in quoted and 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 profit/(loss) 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.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

41. SEGMENT INFORMATION - OPERATING SEGMENTS (CONT'D)

SEGMENT ASSETS

The total of segment asset is measured based on all assets (including goodwill) of a segment other than tax-related assets, 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 other than tax-related liabilities.

SEGMENT CAPITAL EXPENDITURE

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

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2019					
<u>Revenue</u>					
External revenue	100,198	-	-	-	100,198
Inter-segment revenue	-	-	228	2,004	2,232
	100,198	-	228	2,004	102,430
Adjustments and eliminations					(2,232)
Consolidated revenue					100,198
<u>Results</u>					
Results before following adjustments	20,247	(6,020)	(917)	(1,281)	12,029
Interest income	29	1	-	-	30
Interest expense	(2,080)	(72)	(3)	-	(2,155)
Depreciation of property, plant and equipment	(4,902)	(21)	(162)	(3)	(5,088)
Fair value loss on investment properties	(102)	-	-	-	(102)
Profit/(loss) before taxation	13,192	(6,112)	(1,082)	(1,284)	4,714
Income tax expense					(1,162)
Consolidated profit after taxation					3,552

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

41. SEGMENT INFORMATION - OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2019					
<u>Assets</u>					
Segment assets	112,690	5,865	51,477	399	170,431
Unallocated asset:-					
Current tax assets					2,706
Consolidated total assets					173,137
<u>Liabilities</u>					
Segment liabilities	65,064	803	2,066	265	68,198
Unallocated liabilities:-					
Current tax liability					51
Deferred tax liabilities					10,321
Consolidated total liabilities					78,570
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
- addition on property, plant and equipment	1,300	-	7	3	1,310
2018					
<u>Revenue</u>					
External revenue	91,384	-	-	-	91,384
Inter-segment revenue	-	-	228	1,828	2,056
	91,384	-	228	1,828	93,440
Adjustments and eliminations					(2,056)
Consolidated revenue					91,384
<u>Results</u>					
Results before following adjustments	5,774	(227)	(834)	(1,180)	3,533
Interest income	5	14	-	-	19
Interest expense	(1,107)	(124)	(3)	-	(1,234)
Depreciation of property, plant and equipment	(4,268)	(23)	(163)	(2)	(4,456)
Impairment loss on property, plant and equipments	(2,489)	-	-	-	(2,489)
Other material non-cash income:					
- reversal of over accrued quit rent	-	-	3,827	-	3,827
(Loss)/Profit before taxation	(2,085)	(360)	2,827	(1,182)	(800)
Income tax expense					(80)
Consolidated profit after taxation					(880)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

41. SEGMENT INFORMATION - OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2018					
<u>Assets</u>					
Segment assets	105,198	5,499	51,655	325	162,677
Unallocated asset:- Current tax assets					2,297
Consolidated total assets					164,974
<u>Liabilities</u>					
Segment liabilities	61,279	918	1,781	283	64,261
Unallocated liability:- Deferred tax liabilities					9,698
Consolidated total liabilities					73,959
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
- addition on property, plant and equipment	23,915	-	5	8	23,928

42. SEGMENT INFORMATION - 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	70,153	62,072	111,954	115,843
Singapore	17,878	20,536	-	-
Mauritius	160	29	-	-
Thailand	6,984	8,362	-	-
Philippines	167	95	-	-
Brunei	574	90	-	-
Indonesia	4,227	-	-	-
Hong Kong	-	200	-	-
Vietnam	55	-	-	-
	100,198	91,384	111,954	115,843

Major Customers

Revenue from one major customer, with revenue equal to or more than 10% of Group's revenue, amounted to RM11,243,756 (2018 – RM25,784,300) arising from sales by the manufacturing segment.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

43. CAPITAL COMMITMENT

	The Group 2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	230	-

44. OPERATING LEASE COMMITMENT

The Group leases a building and a factory under operating lease. The lease period for the factory commenced from March 2013 to February 2016 with an option to extend up to a cumulative maximum period of 15 years. On 2 February 2016, the tenancy agreement was automatically renewed for a further term of three (3) years commencing on 1 March 2016 until 28 February 2019. The lease period for the building commenced from 1 January 2018 to 31 December 2020 with an option to extend up to a cumulative maximum period of 15 years.

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

	The Group 2019 RM'000	2018 RM'000
Not more than one year	790	1,784
Later than one year and not later than five years	642	1,432
	1,432	3,216

45. FINANCIAL INSTRUMENTS

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

45.1 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 transactions and balances that are denominated in foreign currencies. The currencies giving rise to this risk are primarily United States Dollar, Euro, Singapore Dollar and Thai Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Thai Baht RM'000	Ringgit Malaysia RM'000	Total RM'000
2019						
Financial Assets						
Other investments	-	-	-	-	1	1
Trade receivables	3,378	2,853	-	422	13,828	20,481
Other receivables	-	-	-	-	140	140
Short-term investment	-	-	-	-	12	12
Fixed deposits with licensed banks	-	-	-	-	1,301	1,301
Cash and bank balances	2,011	-	-	-	2,142	4,153
	5,389	2,853	-	422	17,424	26,088
Financial Liabilities						
Hire purchase payables	-	-	-	-	15,299	15,299
Term loans	-	-	-	-	1,092	1,092
Trade payables	16,344	-	3,810	-	3,330	23,484
Other payables and accruals	-	-	144	-	4,939	5,083
Amount owing to related parties	-	-	-	-	588	588
Amount owing to a director	-	-	-	-	77	77
Revolving credit	-	-	-	-	1,100	1,100
Bills payable	4,004	-	2,000	-	8,872	14,876
Bankers' acceptances	-	-	-	-	453	453
Bank overdrafts	-	-	-	-	5,014	5,014
	20,348	-	5,954	-	40,764	67,066
Net financial (liabilities)/assets	(14,959)	2,853	(5,954)	422	(23,340)	(40,978)
Less:						
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	-	23,340	23,340
Net Currency Exposure	(14,959)	2,853	(5,954)	422	-	(17,638)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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	Thai Baht RM'000	Ringgit Malaysia RM'000	Total RM'000
2018						
Financial Assets						
Other investments	-	-	-	-	1	1
Trade receivables	1,373	1,309	-	106	13,248	16,036
Other receivables	-	-	-	-	809	809
Short-term investment	-	-	-	-	11	11
Fixed deposits with licensed banks	-	-	-	-	1,271	1,271
Cash and bank balances	6	-	-	-	1,381	1,387
	1,379	1,309	-	106	16,721	19,515
Financial Liabilities						
Hire purchase payables	-	-	-	-	18,941	18,941
Term loans	-	-	-	-	1,583	1,583
Trade payables	1,678	-	10,954	-	3,869	16,501
Other payables and accruals	-	-	288	-	4,649	4,937
Amount owing to related parties	-	-	-	-	755	755
Amount owing to a director	-	-	-	-	77	77
Revolving credit	-	-	-	-	1,250	1,250
Bills payable	753	-	852	-	9,176	10,781
Bankers' acceptances	-	-	-	-	3,560	3,560
Bank overdrafts	-	-	-	-	5,790	5,790
	2,431	-	12,094	-	49,650	64,175
Net financial (liabilities)/assets	(1,052)	1,309	(12,094)	106	(32,929)	(44,660)
Less:						
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	-	32,929	32,929
Net Currency Exposure	(1,052)	1,309	(12,094)	106	-	(11,731)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019 RM'000	2018 RM'000
<i>Effects on Profit/(Loss) After Taxation</i>		
<i>United States Dollar:-</i>		
- strengthened by 10%	(1,496)	(105)
- weakened by 10%	1,496	105
<i>Singapore Dollar:-</i>		
- strengthened by 10%	285	131
- weakened by 10%	(285)	(131)
<i>Euro:-</i>		
- strengthened by 10%	(595)	(1,209)
- weakened by 10%	595	1,209
<i>Thai Baht:-</i>		
- strengthened by 10%	42	11
- weakened by 10%	(42)	(11)

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 long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 45.1 (c) to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2019 RM'000	2018 RM'000
<i>Effects on Profit/(Loss) After Taxation</i>		
<i>Increase in 100 basis points ("bp")</i>	(374)	(416)
<i>Decrease in 100 bp</i>	374	416

The Company does not have any borrowings and hence, no sensitivity analysis is presented.

(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 risk by maintaining a portfolio of equities with different risk profiles. The Group's exposure to equity price risk at the end of the reporting period would have an immaterial impact on the profit/(loss) after taxation. As such, sensitivity analysis is not disclosed.

(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. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by a customer (2018 - a customer) which constituted approximately 10% (2018 - 18%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2019 RM'000	2018 RM'000
Malaysia	13,828	13,248
Singapore	3,343	2,042
Thailand	1,049	648
Brunei	113	90
Mauritius	41	8
Philippines	84	-
Indonesia	2,023	-
	20,481	16,036

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Current (not pass due)	10,006	-	10,006
31 to 60 days not past due	6,102	-	6,102
61 to 90 days not past due	3,184	-	3,184
More than 90 days past due	1,970	(781)	1,189
	21,262	(781)	20,481

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2018			
Not past due	11,163	-	11,163
Past due:-			
- less than 3 months	4,805	-	4,805
- 3 to 6 months	125	(57)	68
- more than 6 months	779	(779)	-
	16,872	(836)	16,036

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company			
2019			
Low credit risk	3,995	-	3,995
Credit impaired	52,653	(25,264)	27,389
	56,648	(25,264)	31,384

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

The movements in the loss allowances are disclosed in Note 13 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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 Interest 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
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Hire purchase payables	4.84	15,299	16,781	4,644	12,137	-
Term loans	5.90	1,092	1,264	292	893	79
Bills payable	4.60	14,876	14,876	14,876	-	-
Trade payables	-	23,484	23,484	23,484	-	-
Other payables and accruals	-	5,083	5,083	5,083	-	-
Amount owing to related parties	-	588	588	588	-	-
Amount owing to a director	-	77	77	77	-	-
Revolving credit	6.03	1,100	1,100	1,100	-	-
Bankers' acceptances	5.06	453	453	453	-	-
Bank overdrafts	6.99	5,014	5,014	5,014	-	-
		67,066	68,720	55,611	13,030	79
2018						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Hire purchase payables	5.10	18,941	21,248	4,857	16,391	-
Term loans	6.19	1,583	1,822	562	1,097	163
Bills payable	4.81	10,781	10,781	10,781	-	-
Trade payables	-	16,501	16,501	16,501	-	-
Other payables and accruals	-	4,937	4,937	4,937	-	-
Amount owing to related parties	-	755	755	755	-	-
Amount owing to a director	-	77	77	77	-	-
Revolving credit	6.03	1,250	1,250	1,250	-	-
Bankers' acceptances	4.75	3,560	3,560	3,560	-	-
Bank overdrafts	7.13	5,790	5,790	5,790	-	-
		64,175	66,721	49,070	17,488	163

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2019				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	432	432	432
Amount owing to subsidiaries	-	29,197	29,197	29,197
Amount owing to related parties	-	364	364	364
Financial guarantee contracts in relation to corporate guarantees extended to suppliers for purchase made by subsidiaries*	-	-	32,710	32,710
		29,993	62,703	62,703
2018				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	442	442	442
Amount owing to subsidiaries	-	29,497	29,497	29,497
Amount owing to related parties	-	472	472	472
Financial guarantee contracts in relation to corporate guarantees extended to suppliers for purchase made by subsidiaries*	-	-	37,107	37,107
		30,411	67,518	67,518

Note:-

* The contractual undiscounted cash flows represent the amounts owing to suppliers by subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

45.2 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 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT (CONT'D)

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

	The Group	
	2019 RM'000	2018 RM'000
Hire purchase payables	15,299	18,941
Term loans	1,092	1,583
Bankers' acceptances	453	3,560
Revolving credit	1,100	1,250
Bills payable	14,876	10,781
Bank overdrafts	5,014	5,790
	37,834	41,905
Less: Cash and bank balances	(4,153)	(1,387)
Less: Short-term investment	(12)	(11)
	33,669	40,507
 Total equity (excluding non-controlling interests)	 94,568	 91,016
 Debt-to-equity ratio	 0.36	 0.45

There was no change in the Group's approach to capital management during the financial year.

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group RM'000	2019 The Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investment	12	12
Other investments	1	-
	13	12
 <u>Amortised Cost</u>		
Trade receivables	20,481	-
Other receivables	140	62
Amount owing by subsidiaries	-	31,384
Fixed deposits with licensed banks	1,301	-
Cash and bank balances	4,153	555
	26,075	32,001

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group RM'000	2019 The Company RM'000
Financial Liability		
<u>Amortised Cost</u>		
Hire purchase payables	15,299	-
Term loans	1,092	-
Bankers' acceptances	453	-
Bills payable	14,876	-
Trade payables	23,484	-
Other payables and accruals	5,083	432
Amount owing to subsidiaries	-	29,197
Amount owing to related parties	588	364
Amount owing to a director	77	-
Revolving credit	1,100	-
Bank overdrafts	5,014	-
	67,066	29,993
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Short-term investment	11	11
Other investments	1	-
	12	11
<u>Loans and Receivables Financial Assets</u>		
Trade receivables	16,036	-
Other receivables	809	133
Amount owing by subsidiaries	-	37,535
Fixed deposits with licensed banks	1,271	-
Cash and bank balances	1,387	81
	19,503	37,749

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group RM'000	2018 The Company RM'000
Financial Liability		
<u>Other Financial Liabilities</u>		
Hire purchase payables	18,941	-
Term loans	1,583	-
Bankers' acceptances	3,560	-
Bills payable	10,781	-
Trade payables	16,501	-
Other payables and accruals	4,937	442
Amount owing to subsidiaries	-	29,497
Amount owing to related parties	755	472
Amount owing to a director	77	-
Revolving credit	1,250	-
Bank overdrafts	5,790	-
	64,175	30,411

45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group RM'000	2019 The Company RM'000
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	2	2
<u>Amortised Cost</u>		
Net gains/(losses) recognised in profit or loss	99	(5,593)
Financial Liability		
<u>Amortised Cost</u>		
Net (losses)/gains recognised in profit or loss	(2,217)	36

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	The Group RM'000	2018 The Company RM'000
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	4	4
<u>Loans and Receivables Financial Assets</u>		
Net (losses)/gains recognised in profit or loss	(624)	17
Financial Liability		
<u>Financial Liabilities Measured at Amortised Cost</u>		
Net gains/(losses) recognised in profit or loss	2,581	(117)

45.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	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		
The Group								
2019								
<u>Financial Assets</u>								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	^	-	-	-	-	^	^
Short-term investment	-	12	-	-	-	-	12	12
<u>Financial Liabilities</u>								
Hire purchase payables:								
- fixed rate	-	-	-	-	457	-	457	449
- floating rate	-	-	-	-	14,850	-	14,850	14,850
Term loans	-	-	-	-	1,092	-	1,092	1,092

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

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		
2018								
<u>Financial Assets</u>								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	-	-	-	-	-	*	-
Short-term investment	-	11	-	-	-	-	11	11
<u>Financial Liabilities</u>								
Hire purchase payables:								
- fixed rate	-	-	-	-	329	-	329	319
- floating rate	-	-	-	-	18,622	-	18,622	18,622
Term loans	-	-	-	-	1,583	-	1,583	1,583

The Company

2019

<u>Financial Assets</u>								
Other investments:								
- unquoted	-	^	-	-	-	-	^	^
Short-term investment	-	12	-	-	-	-	12	12

2018

<u>Financial Assets</u>								
Other investments:								
- unquoted	-	-	-	-	-	-	*	-
Short-term investment	-	11	-	-	-	-	11	11

Note:

^ represents RM2

* In the last financial year, the fair value of the Group and of the Company's investment in unquoted shares with nil carrying amount was not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2019 (Cont'd)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.
- (iii) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of term loans and certain hire purchase payable that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant cash flows using current market interest rates for similar instruments ranging from 4.59% to 6.54% (2018 - 4.46% to 6.23%).

46. COMPARATIVE FIGURES

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

	The Group	
	As Previously Reported RM'000	As Restated RM'000
Consolidated Statement of Cash Flows (Extract):-		
Net cash from operating activities	5,652	5,837
Net cash for financing activities	(4,733)	(4,918)

	The Company	
	As Previously Reported RM'000	As Restated RM'000
Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Other income	1,106	1,081
Net impairment gain on financial assets	-	25

Statement of Cash Flows (Extract):-

Net cash for operating activities	(735)	(139)
Net cash from investing activities	900	1,052
Net cash for financing activities	(1,338)	(2,086)

Analysis of Shareholdings

As at 30 April 2019

The total number of issued shares of the Company stands at 149,889,753, with voting rights of one vote per ordinary share.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	22	418	0.00
100 – 1,000	403	367,400	0.25
1,001 – 10,000	807	4,127,026	2.75
10,001 – 100,000	397	13,560,286	9.05
100,001 – 7,494,486	88	74,334,623	49.59
7,494,487 and above	2	57,500,000	38.36
Total	1,719	149,889,753	100.00

SUBSTANTIAL SHAREHOLDERS

As registered in the Register of Substantial Shareholders as at 30 April 2019

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	⁽¹⁾ 47,650,000	31.79
Datin Millie Lee Siew Kim	4,650,000	3.10	⁽²⁾ 7,000,000	4.67
Lim Tze Thean	3,650,000	2.44	⁽²⁾ 7,000,000	4.67

⁽¹⁾ Deemed interest by virtue of his interest in Cheong Chan Holdings Sdn Bhd and KYM Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and by virtue of the shareholding of his spouse and children pursuant to Section 59(11)(c) of the Companies Act, 2016.

⁽²⁾ Deemed interest by virtue of her/his interest in KYM Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
1. Cheong Chan Holdings Sdn Bhd	30,000,000	20.01
2. HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse	27,500,000	18.35
3. HSBC Nominees (Asing) Sdn Bhd Exempt An For The Hong Kong And Shanghai Banking Corporation Limited	7,300,000	4.87
4. KYM Sdn Bhd	7,000,000	4.67
5. Millie Lee Siew Kim	4,650,000	3.10
6. Kenanga Nominees (Asing) Sdn Bhd Cantal Capital Inc.	3,800,000	2.54
7. Kenanga Nominees (Asing) Sdn Bhd Emmel Inc.	3,300,000	2.20
8. Chong Thin Choy	3,199,000	2.13
9. Lim Tze Thean	3,000,000	2.00
10. Mark Lim Tze Seang	3,000,000	2.00

Analysis of Shareholdings

As at 30 April 2019 (Cont'd)

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
11. Melissa Lim Su Lin	3,000,000	2.00
12. Yap Chee Lit	2,617,000	1.75
13. Sai Yee @ Sia Say Yee	2,580,200	1.72
14. Renfield Investment Limited	2,450,000	1.63
15. Lim Kheng Yew	2,000,000	1.33
16. Tan Suan Huat	1,770,000	1.18
17. M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Soh Choh Piau	1,323,000	0.88
18. Kenanga Nominees (Asing) Sdn Bhd Resonate Capital Limited	1,300,000	0.87
19. Loh Toh Heoh	1,082,300	0.72
20. Lau Tiam Aik	1,070,100	0.71
21. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamad Razman Bin Rahim	1,000,000	0.67
22. Wong Hon Tatt	955,400	0.64
23. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Ah Onn	917,500	0.61
24. Olive Lim Swee Lian	840,000	0.56
25. Magnitude Network Sdn Bhd	775,273	0.52
26. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Wymin	751,800	0.50
27. HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Lim Tze Thean	650,000	0.43
28. Zamri bin Mohamad	630,000	0.42
29. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teoh Boon Hock	620,200	0.41
30. Naqwa Roweena Binti Abdul Rahman	523,700	0.35
	119,605,473	79.77

DIRECTORS' INTEREST IN SHARES

Name	Direct	Ordinary Shares %	Indirect	%
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	47,650,000 ⁽¹⁾	31.79
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	42,000	0.03	-	-
Lee Ji Jin Darren	110,000	0.07	-	-
Lim Tze Thean	3,650,000	2.44	7,000,000 ⁽²⁾	4.67

⁽¹⁾ Deemed interest by virtue of his interest in Cheong Chan Holdings Sdn Bhd and KYM Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and by virtue of the shareholding of his spouse and children pursuant to Section 59(11)(c) of the Companies Act, 2016.

⁽²⁾ Deemed interest by virtue of his interest in KYM Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

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.

List of Properties

As at 31 January 2019

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	Net Book Value (RM)
PN 210048 Lot No. 6917, PN 210061 Lot 6927, and HSD 489 PT No. 4116 Mukim of Lumut District of Manjung Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(13.11.2018)	Residential, Commercial; Vacant	-	14,820,000
PN 210047 Lot No. 6916 Mukim of Lumut District of Manjung Perak Darul Ridzuan	115,561	99 years leasehold expiring on 14.03.2089	(13.11.2018)	Residential, Vacant	-	12,400,000
PN 343148 Lot No. 392203 Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,400	99 years leasehold expiring on 23.11.2017	(13.11.2018)	Residential, Commercial; Vacant	-	12,000,000
Lot 7 Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	36,430	99 years leasehold expiring on 09.10.2099	(13.11.2018)	Industrial land with factory buildings and warehouse erected thereon	27 years	9,000,000
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate 31200 Chemor, 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	26 years	6,756,458
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur	1,200	Freehold	(13.11.2018)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	34 years	6,400,000
Lot No. PT2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang 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	27 years	5,667,274
Lot 16 Persiaran Perindustrian Kanthan 3 Kanthan Industrial Estate 31200 Chemor 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	8 years	1,758,140

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 37th Annual General Meeting of the Company to be held at the Company's Office at No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 20 June 2019 at 11:00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	Payment of Directors' Fees and Directors' Benefits to Non-Executive Directors		
2.	Re-election of Dato' Lim Kheng Yew		
3.	Re-election of Dato' Mohd Azmi Bin Othman		
4.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
5.	Authority To Allot And Issue Shares Pursuant To Sections 75 and 76 of the Companies Act, 2016		
6.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	Retention of Datuk Seri Rahadian Mahmud Bin Mohammad Khalil as Independent Non-Executive Director		
8.	Retention of Dato' Seri Ir Mohamad Othman Bin Zainal Azim as Independent Non-Executive Director		
9.	Retention of Dato' Mohd Azmi Bin Othman as Independent Non-Executive Director		

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, 2019.

.....
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. Save for an exempt authorised nominee as defined in the under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), a member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.
3. 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.
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. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 14 June 2019 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
6. 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, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

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Affix
Stamp

The Company Secretary

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

12, Lorong Medan Tuanku Satu,
50300 Kuala Lumpur

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