



**KYM HOLDINGS BHD.**

(Co. No.: 84303-A)

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Annual Report

2007

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*form of proxy*

## notice of annual general meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-Fifth Annual General Meeting of KYM Holdings Bhd. will be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Tuesday, 31 July 2007 at 10:00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2007 together with the Reports of the Directors and Auditors thereon.

**RESOLUTION 1**

2. To approve the payment of Directors' Fees for financial year ended 31 January 2007.

**RESOLUTION 2**

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

- i. Datuk Mansor bin Masikon (Article 103)

**RESOLUTION 3**

- ii. Dato' Seri Dr. Isahak bin Yeop Mohamad Shar (Article 94)

**RESOLUTION 4**

- iii. Dato' Rahadian Mahmud bin Mohammad Khalil (Article 94)

**RESOLUTION 5**

- iv. Dato' IR. Mohamad Othman bin Zainal Azim (Article 94)

**RESOLUTION 6**

- v. Tuan Haji Mohd Azmi bin Othman (Article 94)

**RESOLUTION 7**

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

**RESOLUTION 8**

## notice of annual general meeting

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

### RESOLUTION 9

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

#### Ordinary Resolution 1

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

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

### RESOLUTION 10

#### Ordinary Resolution 2

##### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and a New Mandate for Additional 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 26 July 2006 authorising the Company and its subsidiaries ("KYM Group") to enter into any of the recurrent transactions of a revenue or trading nature of the Group as set out in Section 2 of the Circular to Shareholders dated 9 July 2007 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed And That authority be further given to the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as specified in the said Circular to Shareholders provided that the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

## notice of annual general meeting

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

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

whichever is earlier,

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

### RESOLUTION 11

#### **Special Resolution**

#### **Proposed Amendments to Articles of Association of the Company**

"That the Articles of Association of the Company be and is hereby amended in the manner as set out in Appendix I of the Circular to Shareholder dated 9 July 2007."

### RESOLUTION 12

## notice of annual general meeting

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

By Order of the Board

**CHEE MIN ER**  
(MAICSA 7016822)  
Secretary

Kuala Lumpur  
9 July 2007

*Notes:-*

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

## notice of annual general meeting

### **Explanatory Notes to Special Business:**

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

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

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

The proposed resolution 11, 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 2.1 of the Circular to Shareholders dated 9 July 2007 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.

#### Proposed Amendments to Articles of Association of the Company

The proposed resolution 12, if approved, will give authority for the Company to amend the Company's Articles of Association to be consistent with the recent amendments to the Listing Requirements and other prevailing statutory and regulatory requirements. Further information on the Proposed Amendments is set out in the Circular to Shareholders dated 9 July 2007 enclosed together with the Annual Report.

### **Statement Accompanying Notice of Annual General Meeting**

Pursuant to Paragraph 8.28 of the Listing Requirements of Bursa Malaysia Securities Berhad, additional information in respect of the particulars of the directors who are standing for re-election, attendance of directors at board meetings are set out on pages 9,11,12,13 & 18 of this annual report.

#### Date, Time and Venue of the Annual General Meeting

Tuesday, 31 July 2007 at 10:00 a.m.

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



# corporate information

## **BOARD OF DIRECTORS**

Dato' Seri Dr. Isahak Bin Yeop  
Mohamad Shar

*Executive Chairman  
and Chief Executive Officer*

Dato' Chong Thin Choy

*Managing Director*

Dato' Lim Kheng Yew

*Executive Director*

Dato' Abdul Rahman Bin Haji Ismail

*Independent Non-Executive Director*

Datuk Mansor Bin Masikon

*Independent Non-Executive Director*

Dato' IR. Mohamad Othman

Bin Zainal Azim

*Independent Non-Executive Director*

Dato' Rahadian Mahmud Bin

Mohammad Khalil

*Independent Non-Executive Director*

Mohd Azmi Bin Othman

*Independent Non-Executive Director*

## **SECRETARY**

Chee Min Er (MAICSA 7016822)

## **REGISTERED OFFICE**

12 Lorong Medan Tuanku Satu  
50300 Kuala Lumpur

Tel : 03-2692 2923

Fax : 03-2692 8382

## **AUDITORS**

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

## **PRINCIPAL BANKERS**

CIMB Bank Berhad

United Overseas Bank (Malaysia)  
Berhad

RHB Investment Bank Berhad  
(Formerly Known As RHB Sakura  
Merchant Bankers Berhad)

## **SHARE REGISTRAR**

Symphony Share Registrar Sdn Bhd  
Level 26 Menara Multi-Purpose  
Capital Square  
No. 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur

Tel : 03-2721 2222

Fax : 03-2721 2530

## **STOCK EXCHANGE**

Bursa Malaysia Securities  
Berhad, Main Board

# profile of the board of directors

01

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

02

**Dato' Lim Kheng Yew***Executive Director*

03

**Dato' Abdul Rahman  
Bin Haji Ismail***Independent Non-Executive Director*

04

**Datuk Mansor Bin Masikon***Independent Non-Executive Director*

05

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

06

**Dato' Chong Thin Choy***Managing Director*

07

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

08

**Mohd Azmi Bin Othman***Independent Non-Executive Director*

## profile of the board of directors

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

*Executive Chairman and Chief Executive Officer*

*Malaysian*

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 58, graduated from University of Malaya in Bachelor of Arts (Sociology) in 1973. He received his Masters and Doctorate of Philosophy in Public Administration from University of Southern California in 1978 and 1990 respectively.

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

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

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

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

## profile of the board of directors

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### DATO' LIM KHENG YEW

*Executive Director*

*Malaysian*

Dato' Lim Kheng Yew, age 56, was appointed to the Board on 12 August 1992. Dato' Lim Kheng Yew is a Fellow 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 an Executive Director of Juan Kuang (M) Industrial Berhad. He was appointed as a member of the Audit Committee of the Company on 21 November 2006.

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

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholdings in the Company and subsidiary companies are disclosed in page 93 of this Annual Report. He has no family relationship with any other Director and/or major shareholder of the Company. 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.

## profile of the board of directors

### DATO' ABDUL RAHMAN BIN HAJI ISMAIL

*Independent Non-Executive Director*

*Malaysian*

Dato' Abdul Rahman bin Haji Ismail, age 78, was appointed to the Board since 8 January 1996. He was formerly a Deputy Inspector General of Police. Presently, he is also a Director of United U-Li Corporation Berhad and Juan Kuang (M) Industrial Berhad.

He is the Chairman of the Audit Committee, ESOS Committee and Remuneration Committee of the Company.

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

### DATUK MANSOR BIN MASIKON

*Independent Non-Executive Director*

*Malaysian*

Datuk Mansor bin Masikon, age 63, is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). He was appointed to the Board on 25 June 2003. Datuk Mansor has extensive experience in the insurance industry. He served as Chief Executive Officer of several insurance companies. He was the Chairman of the General Insurance Association of Malaysia. He was a member of Parliament Malaysia from 1995 till 1999.

He is also a member of the Audit Committee of the Company.

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

## profile of the board of directors

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### DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

*Independent Non-Executive Director*

*Malaysian*

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

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

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

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

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### DATO' CHONG THIN CHOY

*Managing Director*

*Malaysian*

Dato' Chong Thin Choy, age 46, was appointed to the Board on 14 December 2005. He was appointed as a Executive Director on 19 May 2006 and subsequently re-designated as a Managing Director on 22 March 2007.

He is a degree holder with a BBA (London) and is one of the found member of Idaman Ikhlas Sdn Bhd, an established construction firm in Kuala Lumpur with a PKK Class "A" licence. He has more than 17 years of experience in property development, construction and quarrying business. He is also a director of several private limited companies.

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

## profile of the board of directors

### DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

*Independent Non-Executive Director*

*Malaysian*

Dato' IR Mohamad Othman bin Zainal Azim, aged 53, 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 is formerly the Chief Executive Officer of Putrajaya Holdings Sdn Bhd, a developer of Federal Government Administrative Centre, Putrajaya and the largest urban development project in the country. He is a director of several private limited companies.

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

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

### MOHD AZMI BIN OTHMAN

*Independent Non-Executive Director*

*Malaysian*

Mohd Azmi bin Othman, aged 39, graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia, sitting as a Disciplinary Committee member of the Bar Council. He is a director of several private limited companies.

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

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

# chairman's statement

" Dear Shareholders,

Firstly, I wish to convey my appreciation to the Board of Directors for their confidence in appointing me as the Executive Chairman of the Group.

On behalf of the Board of Directors and Staff of the Group, I would also like to thank the Directors of the Company who have resigned during the year, namely Y. Bhg Dato' Wan Malek bin Ibrahim and Tuan Haji Abdul Razak bin Dato' Dawood for their invaluable guidance and contribution to the Group. Our special thanks goes to Y. Bhg Dato' Lim Kheng Yew who resigned as the Managing Director but remain as a Director of the Group. His 4 years of tireless effort as the Managing Director has brought the Company to a respected level as it is presently.

At the same time, I would like to welcome the new members to the Board namely Y. Bhg Dato' Rahadian Mahmud bin TYT Tun Mohammad Khalil, Y. Bhg Dato' IR. Mohamad Othman bin Zainal Azim and Tuan Haji Mohd Azmi bin Othman who joined us during the year.

I would also like to congratulate Y. Bhg Dato' Chong Thin Choy on his conferment of the Darjah Indera Mahkota Pahang (DIMP) by the DYMM Sultan Pahang which carries the title Dato' as well as his appointment as the Managing Director of the Group.

I look forward to working with the new and current Board members to plot the way forward for the Group with the objective of bringing the Group to greater heights and a better future.

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 January 2007. "

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



**FINANCIAL HIGHLIGHTS**

For the financial year ended 31 January 2007, the Group registered a turnover of RM70.638 million, a slight decrease of 3.27% compared to RM73.031 million for the financial year ended 31 January 2006. The lower turnover for the Group was mainly due to the marginally lower sales registered by the Manufacturing Division.

The result of operations for this financial year showed a loss before taxation of RM7.89 million which is a slight improvement against the previous financial year result from operations of a loss of RM9.551 million. This is attributed to the continuing effort of the Management to control and reduce the costs.

I wish to highlight that an extraordinary gain of RM38.246 million was contributory to last year's result. If this extraordinary gain is excluded, it would have recorded an operating loss attributable to shareholders of RM9.551 million.

Earnings per share improved to a loss of 6.6 sen against the previous year's loss per share of 35.4 sen, whereas the net asset per ordinary share remained at 73 sen.

**DIVIDEND**

No dividend has been declared in respect of the financial year ended 31 January 2007.

**CORPORATE DEVELOPMENT**

On 30 April 2007, KYM has disposed of 49% equity interest in one of its wholly-owned subsidiary, PPI Bags Sdn Bhd (363475-A). This disposal is an on-going process by the Company to increase its potential to compete more effectively in their market.

The Company is still in the process of negotiating for new terms for its bank borrowings totaling RM160 million with its Bankers. I believe we are in the advance stages of coming to an agreement and would announce the new terms as soon as it is available.

## chairman's statement

### PROSPECTS

The packaging industry remains very competitive for the year ahead. We have set fresh targets for the Manufacturing Division for the year with the objective of producing positive results. I have pleasure to inform that two of the manufacturing subsidiaries has already produce positive results. I hope that the continuing focus by the respective subsidiaries to produce better results will be forthcoming.

In our Property Division, the Company has engaged an international professional consultant to come up with an update on the Master Plan for the development of Teluk Rubiah as well as the re-positioning of the marketing plans and strategies. For the coming year, we are looking forward to the implementation of certain improvements at Teluk Rubiah. We are planning to increase the number of rooms and a new club house for golfers as well as launching a commercial development and golf club membership. I hope that with these improvements, the results of operation of the resort will improve.

The Group is currently pursuing several development projects with the intention to further diversify and improve the earning base. I look forward to announcing the successful outcome of the above proposals in due course.

### ACKNOWLEDGEMENT

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

**Y. BHG DATO' SERI DR. ISAHAK  
BIN YEOP MOHAMAD SHAR**

Executive Chairman

Date: 9 July 2007

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

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles of the Code and the extent of compliance with the Best Practices of the Code during the financial year ended 31 January 2007.

## **BOARD OF DIRECTORS**

### **Composition and Balance**

As at the date of this Report, the Board comprises an Executive Chairman, a Managing Director, one (1) Executive Director and five (5) independent non-Executive Directors. The directors, with different backgrounds and specializations, bring with them a wide range of business, industrial and financial experience to lead the Company. Brief background descriptions of each Director are set out on pages 9 to 13.

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# corporate governance statement

During the financial year, Dato' Seri Dr Isahak bin Yeop Mohamad Shar was appointed as the Executive Chairman cum Chief Executive Officer of the Company while Dato' Lim Kheng Yew, the former Managing Director was re-designated as an Executive Director. Dato' Chong Thin Choy was appointed as a Managing Director of the Company on 22 March 2007.

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

The non-Executive Directors play a supporting role to contribute knowledge and experience when formulating the strategic plans for and analyzing the strategic decisions faced by the Company. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision-making process. On 12 February 2007, two Independent Directors namely Dato' IR. Mohamad Othman Bin Zainal Azim and Encik Mohd Azmi Bin Othman were appointed to strengthen the Board composition.

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

## corporate governance statement

### Board Responsibilities

The Board retains full and effective control of the Company. The responsibility of the Board includes formulating and adopting a strategic plan and reviewing the Company's internal control systems for the company. Certain key matters such as approval of annual and quarterly results, acquisitions and disposals, borrowings, as well as material agreements, major capital expenditure and budgets are reserved for the Board. The Board has delegated certain responsibilities to the Board Committees that operate within clearly defined terms of references. Currently, the Board Committee comprises Executive Committee, Remuneration Committee and Audit Committee. The respective Committee reports to the Board on matters considered and their recommendation thereon.

### Board Meetings

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

Name of Director	No. of Meeting Attended
Dato' Seri Dr Isahak Bin Yeop Mohd Shar ( <i>Appointed on 2 October 2006</i> )	2/2
Dato' Wan Malek Bin Ibrahim ( <i>Resigned on 24 May 2007</i> )	6/6
Dato' Abdul Rahman Bin Haji Ismail	6/6
Dato' Lim Kheng Yew	5/6
Datuk Mansor Bin Masikon	5/6
Dato' Chong Thin Choy	6/6
Dato' Rahadian Mahmud Bin Mohammad Khalil ( <i>Appointed on 2 October 2006</i> )	2/2
Lim Kheng Chye ( <i>Resigned on 21 November 2006</i> )	4/4
Haji Abdul Razak Bin Dato' Dawood ( <i>Resigned on 16 January 2007</i> )	5/6
Dato' IR. Mohamad Othman Bin Zainal Azim ( <i>Appointed on 12 February 2007</i> )	-
Mohd Azmi Bin Othman ( <i>Appointed on 12 February 2007</i> )	-

### Supply of Information

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

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

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

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

**Directors' Training**

As of the date of this statement, all the newly appointed Directors have duly complied with the Listing Requirements in relation to the Mandatory Accreditation Programme. The Board of Directors shall from time to time evaluate and determine the training needs of the Directors to further enhance their skills and knowledge.

**Appointments to the Board and Re-election**

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

During the financial year, the Remuneration Committee had evaluated and recommended four new appointees who were subsequently appointed as additional members to the Board. The appointment process was transparent and consistent with the Articles of Association of the Company. The Company Secretary has ensured that the appointment was properly made and all legal and regulatory obligations were accordingly met.

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

## corporate governance statement

### DIRECTORS' REMUNERATION

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

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

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

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

	Salary and other emoluments (RM)	Bonuses (RM)	Fees (RM)	Meeting Allowance (RM)
Executive Directors	306,000	-	3,000	1,000
Non-Executive Directors	-	-	51,000	18,000

The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	2	5
RM50,001- RM100,000	-	-
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	1	-

**SHAREHOLDERS****Relationships with Investors and Shareholders**

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders' interests to the shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases.

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

**Annual General Meeting**

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

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

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

## corporate governance statement

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

##### Statement Of Directors' Responsibilities In Respect Of Audited Financial Statements

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

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2007, the Directors have adopted appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the applicable approved accounting standards have been followed.

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

#### Internal Controls

The Statement on Internal Control is set out on pages 28 to 30 of the Annual Report.

#### Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 24 to 27. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.



**OTHER INFORMATION**

During the financial year under review:

- ◆ the Company did not enter into any share buyback transaction.
- ◆ no options, warrant or convertible securities were exercised and the Company did not issue any warrants convertible securities.
- ◆ the Company did not sponsor any ADR or GDR programme.
- ◆ there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.
- ◆ There were no non-audit fees incurred for services rendered by the external auditors or a firm affiliated with the auditors' firm during the financial year.
- ◆ there were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.
- ◆ there were no profit guarantees given by the Company.
- ◆ the Company did not undertake any activities in relation to Corporate Social Responsibility.
- ◆ save for those transactions entered pursuant to the Shareholder Mandate for Recurrent Related Party Transactions, there were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year:
- ◆ the Group has undertaken to revalue all its land and buildings every 5 years to reflect the current market value of assets in its accounts.

## COMPOSITION

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

## MEMBERS OF THE AUDIT COMMITTEE

Dato' Abdul Rahman Bin Haji Ismail	- Chairman, Independent Non-Executive Director
Dato' Lim Kheng Yew	- Member, Executive Director
Datuk Mansor Bin Masikon	- Member, Independent Non-Executive Director
Dato' IR Mohamad Othman	- Member, Independent Non-Executive Director
Bin Zainal Azim ( <i>appointed on 22 March 2007</i> )	

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# audit committee report

## DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are:

1. To review the following and report the same to the board of directors of the Company:
  - (a) With the external auditors, the audit plan;
  - (b) With the external auditors, its audit report;
  - (c) The assistance given by the Company's officers to the external auditors;
  - (d) The quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant adjustments arising from the audit;
    - (iii) the going concern assumption;
    - (iv) significant and unusual events; and
    - (v) compliance with accounting standards and other legal requirements;
  - (e) Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (f) The external auditor's management letters and management response;

## audit committee report

- (g) Any letter of resignation from the Company's external auditors;
- (h) Whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
- (i) The internal audit function:
  - (i) Review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (ii) Review the internal audit programme, processes, the results of the internal audit programme, processes or investigations, undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (iii) With the external auditors, its evaluation of the system of internal controls;
  - (iv) Consider major findings of internal investigations and management's response;
  - (v) Review any appraisal or assessment of the performance of members of the internal audit function;
  - (vi) Approve any appointment or termination of internal audit staff members; and
  - (vii) Note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 2. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- 3. To recommend the nomination of a person or persons as external auditors;
- 4. Other functions as may be agreed to by the Audit Committee and the Board of Directors.

### Meetings

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

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

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

## audit committee report

### Secretary

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

### Quorum

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

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

Name	No. of meetings attended
Dato' Abdul Rahman Bin Haji Ismail	7/7
Haji Abdul Razak Bin Dato' Dawood (Resigned on 16 January 2007)	5/7
Lim Kheng Chye (Resigned on 21 November 2006)	5/5
Datuk Mansor Bin Masikon	7/7
Dato' Lim Kheng Yew (appointed on 21 November 2006)	2/2

### ACTIVITIES OF THE AUDIT COMMITTEE

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

Prior to the commencement of the audit of the Group Financial Statements, the Audit Committee reviewed the audit plan prepared by the External Auditors, Messrs Horwath. The External Auditors also updated the Audit Committee on new developments of accounting standards in the New FRS Regime that are applicable to the Company's financial statements for financial year ended 31 January 2007. The representatives of the external auditors were also present at the meeting to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.

## audit committee report

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

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

### **INTERNAL AUDIT FUNCTION**

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

During the financial year, the Internal Auditors undertook the audit review based on the Internal Audit Plan that has been approved by the Audit Committee and carried out investigation and special review at the request of the Management and the Audit Committee.

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

## INTRODUCTION

Pursuant to 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of KYM Holdings Berhad ("KYM") Group is pleased to provide the following Statement on Internal Control of the Group as guided by the Bursa Securities's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance") which outlines the nature and state of the internal controls of the Group during the financial year.

## BOARD RESPONSIBILITIES

The Board acknowledges that it is ultimately responsible for the Group's systems of internal control and for reviewing the adequacy and integrity of the internal control systems to ensure that shareholders' interests and the Group's assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and integrity of the internal control system has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the internal control system through reports it receives from independent reviews conducted by the internal audit function, the external auditors and management.

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# statement on internal control

As there are inherent limitations in any system on internal controls, such internal control system put into effect by Management can only manage rather than eliminate all the risks that may impede the achievement of the Group's business objectives or goals. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. In addition, in devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal controls.

## RISK MANAGEMENT

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

## statement on internal control

### **RISK MANAGEMENT***(cont'd)*

All the Heads of the Strategic Business Units are responsible for managing the risks of their respective units. Significant business risks encountered by each business unit will be 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 Executive Directors will closely monitor the business and operational risks and ensure that the Group's corporate objectives are met through their attendance at management meetings, as well as their review of relevant management and operational reports. Significant risks are escalated to the Board by the Executive Directors at their periodic meetings.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks.

### **INTERNAL AUDIT FUNCTION**

During the financial year ended 31 January 2007, the outsourced internal audit function conducted reviews in accordance with the internal audit plan approved by the Audit Committee. The results of internal audit reviews together with recommendations for improvement are presented to the Audit Committee at their quarterly meetings. The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

## statement on internal control

### OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

- The Board receives and reviews quarterly reports on the Group's business operations on a periodic basis;
- The results of the business units are reported to the Group's management team and Executive Committee on a monthly basis. Variances are analysed against budget (for financial and operational targets) and reasons for shortfalls are identified and responded in a timely manner.
- The Executive Directors closely monitors the day-to-day affairs of the Group through their attendance at management meetings as well as their review of performance and operational reports.
- Appropriate responses or amendments to the Group's policies are tabled to the Board for approval.
- The internal audit function reports directly to the Audit Committee.
- Clear lines of responsibilities and authority limits of all departments.
- Clearly documented policies are detailed in the ISO Operating Procedure Manuals.
- Staff at all levels are given on-going training to ensure that they possess the necessary knowledge and skills to implement effective actions.

### ASSURANCE

The Board is conscious of the fact that the systems of internal control and risk management practices must continuously evolve to support the Company's operations and changing business environment. As such, reviews of controls procedures will be continuously be carried out to ensure the ongoing adequacy and effectiveness of the system of internal controls.



# financial statements

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## 32> 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 2007.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation for the financial year		
Attributable to:-		
Equity holders of the Company	(5,372)	(3,118)
Minority interests	(869)	-
	(6,241)	(3,118)

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

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

### **CURRENT ASSETS**

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

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

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 4(b) to the financial statements.

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 40 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

#### ITEMS OF AN UNUSUAL NATURE

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

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

#### DIRECTORS

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

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR (APPOINTED ON 2.10.2006)  
 DATO' WAN MALEK BIN IBRAHIM (RESIGNED ON 24.5.2007)  
 DATO' LIM KHENG YEW  
 DATO' ABDUL RAHMAN BIN HAJI ISMAIL  
 DATUK MANSOR BIN MASIKON  
 DATO' CHONG THIN CHOY  
 DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL (APPOINTED ON 2.10.2006)  
 DATO'IR. MOHAMAD OTHMAN BIN ZAINAL AZIM (APPOINTED ON 12.2.2007)  
 MOHD AZMI BIN OTHMAN (APPOINTED ON 12.2.2007)  
 LIM KHENG CHYE (RESIGNED ON 21.11.2006)  
 HAJI ABDUL RAZAK BIN DATO' DAWOOD (RESIGNED ON 16.1.2007)

Pursuant to Article 103 of the Articles of Association of the Company, Datuk Mansor Bin Masikon retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Dato' Abdul Rahman Bin Haji Ismail, who is over the age of seventy years old, retires at the forthcoming annual general meeting. A resolution is being proposed for his re-appointment as a director under Section 129(6) of the Act to hold office until the conclusion of the next annual general meeting of the Company.

Pursuant to Article 94 of the Articles of Association of the Company, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Rahadian Mahmud Bin Mohammad Khalil, Dato' Ir. Mohamad Othman Bin Zainal Azim and Mohd Azmi Bin Othman who were appointed since the last annual general meeting, retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## 35> directors' report

### DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.2.2006	BOUGHT	SOLD	AT 31.1.2007
<b>THE COMPANY</b>				
<b><i>DIRECT INTERESTS</i></b>				
- DATO' LIM KHENG YEW	3,003,193	-	-	3,003,193
<b><i>INDIRECT INTERESTS</i></b>				
- DATO' LIM KHENG YEW	26,028,055	-	-	26,028,055
- DATO' WAN MALEK BIN IBRAHIM	9,214,285	-	-	9,214,285

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

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

**SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE**

The significant event of the Group subsequent to the balance sheet date is disclosed in Note 41 to the financial statements.

**AUDITORS**

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 24 MAY 2007**

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

**Dato' Chong Thin Choy**

## 37> statement by directors

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We, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar and Dato' Chong Thin Choy, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 39 to 92 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2007 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 24 MAY 2007**

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

**Dato' Chong Thin Choy**

## statutory declaration

I, Chin Kong Yaw, I/C No. 591126-05-5275, being the officer primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 39 to 92 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
Chin Kong Yaw, I/C No. 591126-05-5275,  
at Kuala Lumpur in the Federal Territory  
on this 24 May 2007

**Chin Kong Yaw**

Before me

Mohd Radzi Bin Yasin (No. W. 327)  
Commissioner for Oaths  
Kuala Lumpur

## 38> report of the auditors

We have audited the financial statements set out on pages 39 to 92. The preparation of the financial statements is the responsibility of the Company's directors.

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

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

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company at 31 January 2007 and their results and cash flows for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to Note 4(b) and Note 22 to the financial statements on the basis of preparation of the financial statements. The directors are of the opinion that the restructuring of certain banking facilities will be concluded successfully and that the Group will continue to receive financial support from its shareholders, bankers, and creditors and that future profitable operations can be achieved.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

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

### **Horwath**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
24 May 2007

### **Lee Kok Wai**

Approval No: 2760/06/08 (J)  
Partner



## 39> balance sheets

at 31 January 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	35,180	34,180
Other investments	7	6	6	-	-
Land held for property development	8	188,123	179,366	-	-
Property, plant and equipment	9	70,309	68,638	930	6,405
Investment properties	10	3,943	-	4,047	-
Intangible asset	11	4,667	3,610	-	-
Amount owing by subsidiaries	12	-	-	180,967	168,153
		267,048	251,620	221,124	208,738
CURRENT ASSETS					
Property development costs	13	2,417	2,771	-	-
Inventories	14	7,551	10,081	-	-
Trade receivables	15	17,342	16,250	-	-
Other receivables, deposits and prepayments	16	1,851	1,559	170	182
Amount owing by subsidiaries	12	-	-	7,141	5,664
Tax recoverable		125	106	-	-
Fixed deposits with licensed banks	17	350	652	154	150
Cash and bank balances		935	1,743	49	42
		30,571	33,162	7,514	6,038
TOTAL ASSETS		297,619	284,782	228,638	214,776

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

## 40> balance sheets

at 31 January 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	81,135	81,135	81,135	81,135
Share premium	19	35,803	35,803	35,803	35,803
Revaluation reserve	20	31,794	27,125	35	1,025
Accumulated losses		(103,707)	(100,240)	(78,102)	(75,974)
		45,025	43,823	38,871	41,989
MINORITY INTERESTS		14,381	15,250	-	-
TOTAL EQUITY		59,406	59,073	38,871	41,989
NON-CURRENT LIABILITIES					
Hire purchase payables	21	1,450	1,179	480	-
Term loans	22	12,601	14,013	-	-
Deferred tax liabilities	23	17,694	17,321	-	-
		31,745	32,513	480	-
CURRENT LIABILITIES					
Trade payables	24	7,258	9,233	-	-
Other payables and accruals	25	9,218	9,183	1,607	1,425
Amount owing to subsidiaries	12	-	-	20,406	19,410
Hire purchase payables	21	745	518	112	-
Provision for taxation		3	19	-	-
Short-term borrowings	26	188,988	173,983	167,162	151,952
Bank overdrafts	27	256	260	-	-
		206,468	193,196	189,287	172,787
TOTAL LIABILITIES		238,213	225,709	189,767	172,787
TOTAL EQUITY AND LIABILITIES		297,619	284,782	228,638	214,776

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

## 41> income statements

for the financial year ended 31 January 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
REVENUE	28	<b>70,638</b>	73,031	-	-
COST OF SALES		<b>(61,505)</b>	(66,198)	-	-
GROSS PROFIT		<b>9,133</b>	6,833	-	-
OTHER INCOME	29	<b>1,725</b>	39,438	<b>431</b>	573
		<b>10,858</b>	46,271	<b>431</b>	573
SELLING AND DISTRIBUTION EXPENSES		<b>(4,090)</b>	(4,234)	-	-
ADMINISTRATIVE EXPENSES		<b>(3,974)</b>	(4,283)	<b>(541)</b>	(694)
OTHER EXPENSES	30	<b>(1,753)</b>	(2,200)	<b>(290)</b>	(2,487)
FINANCE COSTS	31	<b>(8,931)</b>	(7,948)	<b>(2,718)</b>	(456)
(LOSS)/PROFIT BEFORE TAXATION	32	<b>(7,890)</b>	27,606	<b>(3,118)</b>	(3,064)
INCOME TAX EXPENSE	34	<b>1,649</b>	93	-	-
(LOSS)/PROFIT AFTER TAXATION		<b>(6,241)</b>	27,699	<b>(3,118)</b>	(3,064)
ATTRIBUTABLE TO:-					
Equity holders of the Company		<b>(5,372)</b>	28,695	<b>(3,118)</b>	(3,064)
Minority interests		<b>(869)</b>	(996)	-	-
		<b>(6,241)</b>	27,699	<b>(3,118)</b>	(3,064)
BASIC (LOSS)/ EARNINGS PER SHARE (SEN)	35	<b>(6.6)</b>	35.4		

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

## 42> statements of changes in equity

for the financial year ended 31 January 2007

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SHAREHOLDERS' EQUITY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
<b>THE GROUP</b>								
Balance at 1.2.2005		81,135	35,803	27,253	(129,063)	15,128	16,246	31,374
Realisation of revaluation reserve #	20	-	-	(128)	128	-	-	-
Profit after taxation for the financial year		-	-	-	28,695	28,695	(996)	27,699
Balance at 31.1.2006/1.2.2006		81,135	35,803	27,125	(100,240)	43,823	15,250	59,073
Effects of adopting FRS 3	44	-	-	-	1,057	1,057	-	1,057
Effects of adopting FRS 140	44	-	-	(735)	735	-	-	-
Balance at 31.1.2006/ 1.2.2006 (as restated)		81,135	35,803	26,390	(98,448)	44,880	15,250	60,130
Revaluation surplus #		-	-	5,517	-	5,517	-	5,517
Realisation of revaluation reserve #	20	-	-	(113)	113	-	-	-
Loss after taxation for the financial year		-	-	-	(5,372)	(5,372)	(869)	(6,241)
Balance at 31.1.2007		81,135	35,803	31,794	(103,707)	45,025	14,381	59,406
<b>THE COMPANY</b>								
Balance at 1.2.2005		81,135	35,803	1,049	(72,934)	-	-	45,053
Realisation of revaluation reserve #	20	-	-	(24)	24	-	-	-
Loss attributable to shareholders		-	-	-	(3,064)	-	-	(3,064)
Balance at 31.1.2006/ 1.2.2006		81,135	35,803	1,025	(75,974)	-	-	41,989
Effects of adopting FRS 140	44	-	-	(990)	990	-	-	-
Balance at 31.1.2006/ 1.2.2006 (as restated)		81,135	35,803	35	(74,984)	-	-	41,989
Loss attributable to shareholders		-	-	-	(3,118)	-	-	(3,118)
Balance at 31.1.2007		81,135	35,803	35	(78,102)	-	-	38,871

# - represents net gain not recognised in the income statements.

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

## 43> cash flow statements

for the financial year ended 31 January 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		<b>(7,890)</b>	27,606	<b>(3,118)</b>	(3,064)
Adjustments for:-					
Allowance for diminution in value in quoted investment		-	2	-	-
Allowance for doubtful debts		<b>190</b>	361	<b>170</b>	-
Bad debts written off		-	196	-	1,998
Depreciation of property, plant and equipment		<b>4,131</b>	4,650	<b>120</b>	178
Development costs written off		<b>615</b>	-	-	-
Equipment written off		<b>2</b>	-	-	-
Impairment loss on investment in a subsidiary		-	-	-	310
Interest expense		<b>8,912</b>	7,765	<b>15,879</b>	13,837
Deposit forfeited		<b>(8)</b>	-	-	-
Gain on disposal of subsidiaries		-	(38,246)	-	-
Net gain on disposal of plant and equipment		<b>(231)</b>	(282)	<b>(71)</b>	(150)
Interest income		<b>(26)</b>	(28)	<b>(13,166)</b>	(13,423)
Waiver of debts		<b>(754)</b>	(9)	-	-
Writeback of allowance for doubtful debts		<b>(22)</b>	(199)	-	-
Writeback of provision for construction costs		<b>(374)</b>	-	-	-
Operating profit/(loss) before working capital changes carried forward		<b>4,545</b>	1,816	<b>(186)</b>	(314)

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

## 44> cash flow statements

for the financial year ended 31 January 2007 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit/(loss) before working capital changes brought forward		<b>4,545</b>	1,816	<b>(186)</b>	(314)
Decrease/(Increase) in inventories		<b>2,530</b>	(670)	-	-
(Increase)/Decrease in trade and other receivables		<b>(1,552)</b>	2,272	<b>12</b>	-
(Decrease)/Increase in trade and other payables		<b>(804)</b>	(234)	<b>182</b>	(34)
Increase in property development costs		<b>(261)</b>	(1,643)	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>4,458</b>	1,541	<b>8</b>	(348)
Income tax refunded		<b>9</b>	51	-	-
Income tax paid		<b>(62)</b>	-	-	-
Interest paid		<b>(2,428)</b>	(2,368)	<b>(669)</b>	(768)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>1,977</b>	(776)	<b>(661)</b>	(1,116)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Repayment from/(Advances to) subsidiaries		-	-	<b>936</b>	(589)
Interest received		<b>26</b>	28	<b>4</b>	6
Proceeds from disposal of plant and equipment		<b>235</b>	627	<b>71</b>	151
Additional investment in a subsidiary		-	-	<b>(1,000)</b>	-
Land and development costs incurred		<b>(31)</b>	(305)	-	-
Purchase of plant and equipment	36	<b>(1,120)</b>	(40)	<b>(312)</b>	(1)
Net cash outflow, on disposal of subsidiaries	37	-	(2)	-	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(890)</b>	308	<b>(301)</b>	(433)
<b>Balance carried forward</b>		<b>1,087</b>	(468)	<b>(962)</b>	(1,549)

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

## 45> cash flow statements

for the financial year ended 31 January 2007 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Balance brought forward		<b>1,087</b>	(468)	<b>(962)</b>	(1,549)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net drawdown of bills payable		<b>897</b>	2,534	-	-
Repayment of hire purchase obligations		<b>(576)</b>	(387)	<b>(23)</b>	-
Drawdown of term loans		-	2,500	-	-
Repayment of term loans		<b>(2,514)</b>	(2,921)	-	-
Advances from subsidiaries		-	-	<b>996</b>	1,220
NET CASH (FOR)/FROM FINANCING ACTIVITIES		<b>(2,193)</b>	1,726	<b>973</b>	1,220
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		<b>(1,106)</b>	1,258	<b>11</b>	(329)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<b>2,135</b>	877	<b>192</b>	521
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	<b>1,029</b>	2,135	<b>203</b>	192

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

## 46> notes to the financial statements

for the financial year ended 31 January 2007

### 1. GENERAL INFORMATION

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 May 2007.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. FINANCIAL RISK MANAGEMENT POLICIES

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

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The foreign currencies giving rise to this risk are disclosed in Note 42 to the financial statements. The Group's foreign currency transactions and balances are substantially denominated in United States Dollar and Singapore Dollar.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

##### (ii) Interest Rate Risk

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

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

##### (iii) Price Risk

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

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



## 47> notes to the financial statements

for the financial year ended 31 January 2007

### 3. FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

#### (b) Credit Risk

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

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

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

#### (c) Liquidity and Cash Flow Risks

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

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

### 4. BASIS OF ACCOUNTING

#### (a) Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and are in compliance with applicable MASB approved accounting standards in Malaysia for Entities Other Private Entities and the provisions of the Companies Act, 1965.

In the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board which are relevant to its operations and effective for financial periods beginning on or after 1 January 2006.

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Group and the Company except for:-

- (a) FRS 3 - Business Combinations; and
- (b) FRS 140 - Investment Property

The effects of adopting the above FRS on the accounting policies are disclosed in the Notes 5(e) and 5(n) to the financial statements, respectively and the effects on the opening balances are disclosed in Note 44 to the financial statements.

## 48> notes to the financial statements

for the financial year ended 31 January 2007

### 4. BASIS OF ACCOUNTING (cont'd)

#### (a) Basis of Preparation (cont'd)

FRS 117 - Leases and FRS 124 - Related Party Disclosures have been issued and are effective for financial periods beginning on or after 1 October 2006 and will be effective for the Group and the Company's financial statements for the financial year ending 31 January 2008.

FRS 6 - Exploration for and Evaluation of Mineral Resources has been issued and is effective for the financial periods beginning on or after 1 January 2007. This standard is not relevant to the Group and the Company's operations.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by the MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

#### (b) Going Concern

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

- (i) net current liabilities of approximately RM175,897,000;
- (ii) accumulated losses of approximately RM103,707,000; and
- (iii) certain banking facilities of approximately RM167,162,000 were past due upon the indulgence given by the lenders. The Company is in the process of negotiating with the lenders to restructure the term loans into 7-year term loans. No repayments were made for these term loans and there was no demand for payments by the lenders during the financial year. These term loans have been reclassified as current liabilities in the financial statements.

The financial statements are prepared on a going concern basis as the directors are of the opinion that the banking facilities restructuring exercise will be successful and that the Group will continue to receive financial support from its shareholders, bankers and creditors, and that future profitable operations can be achieved.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates and Judgements

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

## 49> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

##### (ii) Income Taxes

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

##### (iii) Impairment of Assets

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

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

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

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

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

## 50> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (v) Allowance for Doubtful Debts of Receivables

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

##### (vi) Revaluation of Properties and Plant and Machinery

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

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

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

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

#### (b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company has become a party to the contractual provisions of the instruments.

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

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

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

## 51> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Functional and Foreign Currency

##### (i) Functional and Presentation Currency

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

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

##### (ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

#### (d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 January 2007.

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

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

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

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

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

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

## 52> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Goodwill on Consolidation

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

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

Prior to 1 February 2006, negative goodwill was retained in the consolidated balance sheet and was netted off against goodwill. With the adoption of FRS 3 -Business Combinations, if, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 February 2006 of approximately RM1.057 million was derecognised with a corresponding decrease in accumulated losses.

#### (f) Investments

##### (i) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

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

##### (ii) Other Investments

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

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

## 53> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (g) Land Held For Property Development

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

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

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

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

#### (h) Property Development Costs

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

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

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the income statement are determined by reference to the stage of completion of development activity at the balance sheet date.

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

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

#### (i) Progress Billings/Accrued Billings

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

## 54> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Property, Plant and Equipment

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

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

Leasehold land	Over the lease periods of 50 to 99 years
Buildings	2%
Plant and machinery	6.7% - 10%
Forklifts, tools and equipment and production accessories	10% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%
Chalets	2% - 20%
Golf course, club house, driving range and related development expenditure	2% - 10%
Golf equipment and accessories	20%

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

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

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

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



## 55> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

#### (k) Impairment of Assets

The carrying value of assets other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

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

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

#### (l) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(j) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

#### (m) Revaluation Reserve

Surpluses arising from the revaluation of properties and plant and machinery are credited to the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

The net increase arising from revaluation of the properties, if adjusted, is credited to a revaluation reserve. A net decrease, to the extent that it is not supported by any previous revaluation is charged to the income statement.

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

## 56> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (n) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Prior to 1 February 2006, all investment properties were classified as properties and were stated at valuation. Upon the adoption of FRS 140 - Investment Property, investment properties are now classified separately and are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement; and all attributable revaluation reserve relating to that investment property is accounted for as a transfer to equity.

The change in this accounting policy has been applied prospectively as allowed under the transitional provisions of FRS 140.

The effects of the change on the opening balances as at 1 February 2006 are disclosed in Note 44 to the financial statements.

#### (o) Inventories

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

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

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

#### (p) Amount Owing By/To Contract Customers

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

#### (q) Receivables

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

## 57> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (r) Cash and Cash Equivalents

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

#### (s) Equity Instruments

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

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

#### (t) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

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

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

#### (u) Payables

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

#### (v) Provisions

##### (i) General Provisions

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

##### (ii) Provision for Liquidated and Ascertained Damages

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

## 58> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (w) Employee Benefits

##### (i) Short-Term Benefits

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

##### (ii) Defined Contribution Plans

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

#### (x) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

## 59> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (y) Segmental Information

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

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

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

#### (z) Revenue Recognition

##### (i) Sale of Goods

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

##### (ii) Property Development

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

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

##### (iii) Sale Of Completed Properties

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

##### (iv) Construction Contracts

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

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

##### (v) Services

Revenue is recognised upon rendering of services.

## 60> notes to the financial statements

for the financial year ended 31 January 2007

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (z) Revenue Recognition (cont'd)

##### (vi) Resort Operations

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

##### (vii) Recreational and Sports Operations

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

##### (viii) Interest Income

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

##### (ix) Rental Income

Rental income is recognised on an accrual basis.

### 6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares:		
- at cost	38,997	37,997
- surplus on revaluation of investment in a subsidiary	493	493
	<b>39,490</b>	38,490
Accumulated impairment losses		
At 1 February 2006/2005	(4,310)	(4,000)
Addition during the financial year	-	(310)
At 31 January	<b>(4,310)</b>	(4,310)
	<b>35,180</b>	34,180

## 61> notes to the financial statements

for the financial year ended 31 January 2007

### 6. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

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

Name of Company	Effective Equity Interest		Principal Activities
	2007	2006	
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Anabatic Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment
KYM Industries (Penang) Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant
Teguh Amalgamated Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment
KCP Carton Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Panorama Industries Sdn. Bhd. <sup>(2)</sup>	100%	100%	Property investment
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant
PPI Bags Sdn. Bhd.	100%	100%	Manufacturing and sale of industrial woven bags
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding
Tegas Consolidated Sdn. Bhd. * <sup>(3)</sup>	90%	90%	Investment holding
Harta Makmur Sdn. Bhd. <sup>(4)</sup>	54%	54%	Property investment and development
Teluk Rubiah Resorts Sdn. Bhd. <sup>(5)</sup>	54%	54%	Resort operator
Teluk Rubiah Country Club Sdn. Bhd. <sup>(5)</sup>	54%	54%	Provide recreational and sport facilities and operating a golf course
Suria Makmur Development Sdn. Bhd. <sup>(5)</sup>	54%	54%	Property development
Enchant Delight Sdn. Bhd. <sup>(5)</sup>	54%	54%	Dormant

## 62> notes to the financial statements

for the financial year ended 31 January 2007

### 6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2007	2006	
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding
KYM Properties Sdn. Bhd.	100%	100%	Property management
KYM Built Sdn. Bhd. <sup>(6)</sup>	100%	100%	General construction
KYM Development (Perak) Sdn. Bhd. * <sup>(6)</sup>	100%	100%	Property development
KYM Leisure Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant
KYM Maserba Sdn. Bhd. <sup>(7)</sup>	100%	100%	Dormant
KMG Assets Sdn. Bhd.	100%	100%	Providing management services
KYM Industries (Ipoh) Sdn. Bhd.	100%	100%	Dormant
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags
Ireson Perniagaan Sdn. Bhd.	100%	100%	Property investment
KYM 2000 Sdn. Bhd.	100%	100%	Dormant

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

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



## 63> notes to the financial statements

for the financial year ended 31 January 2007

### 7. OTHER INVESTMENTS

	THE GROUP	
	2007 RM'000	2006 RM'000
Shares quoted in Malaysia:-		
At cost	8	8
Allowance for diminution in value	(2)	(2)
	6	6
At market value	5	4

### 8. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2007 RM'000	2006 RM'000
Long leasehold land held for development		
- At cost	97,423	97,423
Development expenditure		
- At cost		
At 1 February 2006/2005	81,943	73,959
Incurred during the financial year	8,757	7,984
At 31 January	90,700	81,943
	188,123	179,366

Interest expense of RM8,726,000 (2006 - RM7,679,000) was capitalised under land held for development during the financial year.

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

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

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

## 64> notes to the financial statements

for the financial year ended 31 January 2007

### 9. PROPERTY, PLANT AND EQUIPMENT

	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
THE GROUP									
Net book value									
at 1.2.2006	3,565*	8,278*	20,698*	17,771	1,328	305	14,985	-	66,930*
Additions	-	-	-	563	517	823	282	9	2,194
Transfer	-	-	(2,235)	-	-	-	-	-	(2,235)
Disposals	-	-	-	-	-	-	(4)	-	(4)
Written off	-	-	-	-	-	-	(2)	-	(2)
Depreciation charge for the financial year	-	(128)	(441)	(2,208)	(663)	(109)	(582)	-	(4,131)
Revaluation surplus	-	-	-	7,557	-	-	-	-	7,557
Net book value at 31.1.2007	3,565	8,150	18,022	23,683	1,182	1,019	14,679	9	70,309
At 31.1.2007									
Cost	-	-	-	-	10,034	2,294	10,097	9	22,434
Valuation	3,565	8,676	19,509	23,683	-	-	13,982	-	69,415
Accumulated depreciation	-	(526)	(1,487)	-	(8,852)	(1,275)	(9,400)	-	(21,540)
Net book value	3,565	8,150	18,022	23,683	1,182	1,019	14,679	9	70,309
At 31.1.2006									
Cost	-	-	-	48,173	9,736	1,848	10,175	-	69,932
Valuation	3,925	9,976	22,072	-	-	-	13,982	-	49,955
Accumulated depreciation	-	(476)	(1,248)	(30,402)	(8,408)	(1,543)	(9,172)	-	(51,249)
Net book value	3,925	9,500	20,824	17,771	1,328	305	14,985	-	68,638

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

65> **notes to the financial statements**  
for the financial year ended 31 January 2007

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

ANALYSIS OF OTHER ASSETS

THE GROUP	OFFICE EQUIPMENT, FURNITURE AND FITTINGS, RENOVATION AND ELECTRICAL INSTALLATION RM'000	CHALETS RM'000	GOLF COURSE, CLUB HOUSE, DRIVING RANGE AND RELATED DEVELOPMENT EXPENDITURE RM'000	GOLF EQUIPMENT AND ACCESSORIES RM'000	TOTAL OTHER ASSETS RM'000
Net book value at 1.2.2006	1,527	3,400	10,053	5	14,985
Additions	282	-	-	-	282
Disposals	(4)	-	-	-	(4)
Written off	(2)	-	-	-	(2)
Depreciation charge for the financial year	(400)	(73)	(107)	(2)	(582)
Net book value at 31.1.2007	1,403	3,327	9,946	3	14,679
At 31.1.2007					
Cost	9,107	12	7	971	10,097
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(7,704)	(300)	(428)	(968)	(9,400)
Net book value	1,403	3,327	9,946	3	14,679
At 31.1.2006					
Cost	8,838	12	7	1,318	10,175
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(7,311)	(227)	(321)	(1,313)	(9,172)
Net book value	1,527	3,400	10,053	5	14,985

## 66> notes to the financial statements

for the financial year ended 31 January 2007

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

THE COMPANY	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	OFFICE EQUIPMENT FURNITURE FITTINGS AND RENOVATION RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Net book value at 1.2.2006	*	*	2,283	72	3	2,358*
Additions	-	-	-	167	760	927
Transfer	-	-	(2,235)	-	-	(2,235)
Depreciation charge for the financial year	-	-	(48)	(41)	(31)	(120)
Net book value at 31.1.2007	-	-	-	198	732	930
At 31.1.2007						
Cost	-	-	-	406	806	1,212
Accumulated depreciation	-	-	-	(208)	(74)	(282)
Net book value	-	-	-	198	732	930
At 31.1.2006						
Cost	-	-	-	239	46	285
Valuation	360	1,300	5,063	-	-	6,723
Accumulated depreciation	-	(90)	(303)	(167)	(43)	(603)
Net book value	360	1,210	4,760	72	3	6,405

\* - The opening balances were restated after incorporating the effects of adopting FRS 140 - Investment Properties, as disclosed in Note 44 to the financial statement.

The freehold land, leasehold land, buildings, chalets, golf course, club house and driving range of the Group were revalued by the directors on the open market value basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers.

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

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

## 67> notes to the financial statements

for the financial year ended 31 January 2007

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

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Freehold land	2,624	2,977	-	352
Leasehold land	3,431	3,260	466	254
Buildings	11,283	13,085	1,607	3,341
Plant and machinery	16,126	-	-	-
Chalets	5,275	5,558	-	-
Golf course, club house, driving range and related development expenditure	9,812	9,920	-	-
	<b>48,551</b>	<b>34,800</b>	<b>2,073</b>	<b>3,947</b>

Included in leasehold land of the Group is a short leasehold land with a net book value (at valuation) of RM2,355,000 (2006 – RM2,416,242).

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

	THE GROUP	
	2007 RM'000	2006 RM'000
Freehold land	-	3,565
Leasehold land	2,055	3,282
Buildings	11,576	15,338
Plant and machinery	23,157	7,032
Forklift, tools and equipment and production accessories	1,155	-
Motor vehicles	268	136
Other assets	987	1,062
	<b>39,198</b>	<b>30,415</b>

## 68> notes to the financial statements

for the financial year ended 31 January 2007

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

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Plant and machinery	2,557	2,251	-	-
Motor vehicles	958	159	737	-
	<b>3,515</b>	2,410	<b>737</b>	-

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:-				
Building	-	52	-	-
Plant and machinery	-	9,625	-	-
Forklifts, tools and equipment and production accessories	7,375	6,977	-	-
Office equipment, furniture and fittings and motor vehicles	5,408	4,437	1,194	1,272
Other assets	2,319	2,589	-	-
	<b>15,102</b>	23,680	<b>1,194</b>	1,272

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

- a conditional Sale and Purchase Agreement with Ascotsun Sdn. Bhd. ("ASB"), a company in which Dato' Lim Kheng Yew and a person connected to him have substantial financial interests, for the disposal of a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 101 PT4100, in the Mukim of Lumut, District of Manjung, State of Perak for a total cash consideration of RM3,574,812; and
- an Option Agreement with ASB to grant ASB an option to purchase a piece of vacant leasehold land held under Qualified Title HS(D) Dgs. 102 PT4105, in the Mukim of Lumut, District of Manjung, State of Perak at a purchase price of RM804,648.

The above agreements have yet to be completed at the balance sheet date.

## 69> notes to the financial statements

for the financial year ended 31 January 2007

### 10. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At fair value:-				
At 1 February 2006/2005				
Freehold land and building	486	-	486	-
Leasehold land and building	1,222	-	3,561	-
	1,708*	-	4,047*	-
Leasehold building transferred from property, plant and equipment	2,235	-	-	-
At 31 January	3,943	-	4,047	-

\* - The opening balances were restated after incorporating the effects of adopting FRS 140 - Investment Property, as disclosed in Note 44 to the financial statements.

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Properties that generate income:-				
Insurance	2	-	24	-
Quit rent and assessment	3	-	23	-
Properties that did not generate income:-				
Insurance	19	-	-	-
Quit rent and assessment	23	-	-	-

## 70> notes to the financial statements

for the financial year ended 31 January 2007

### 11. INTANGIBLE ASSET

	THE GROUP	
	2007 RM'000	2006 RM'000
Goodwill on consolidation	6,392	6,392
Impairment loss	(1,725)	(1,725)
	<b>4,667</b>	4,667
Negative goodwill		
At 1 February 2006/2005	(1,057)	(1,057)
Effects of adopting FRS 3: - derecognition of negative goodwill	1,057	-
At 31 January	-	(1,057)
	<b>4,667</b>	3,610

As a result of the adoption of FRS 3 - Business Combinations, under the transitional provisions of FRS 3, negative goodwill which arose from the acquisition of subsidiaries before FRS 3 became effective was derecognised with a corresponding decrease in accumulated losses.

### 12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2007 RM'000	2006 RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	180,967	168,153
Allowance for doubtful debts		
At 1 February 2006/2005	-	(32,300)
Written off during the financial year	-	32,300
At 31 January	-	-
	<b>180,967</b>	168,153

The amount owing is unsecured and bears interest at rates ranging from 8.0% to 9.0% (2006 - 8.5% to 9.0%) per annum at the balance sheet date. The amount owing is not expected to be repaid within twelve months after the balance sheet date.



71> **notes to the financial statements**  
for the financial year ended 31 January 2007

**12. AMOUNT OWING BY/(TO) SUBSIDIARIES** (cont'd)

	<b>THE COMPANY</b>	
	<b>2007</b> <b>RM'000</b>	<b>2006</b> <b>RM'000</b>
CURRENT:-		
Amount owing by subsidiaries	<b>39,611</b>	37,964
Allowance for doubtful debts		
At 1 February 2006/2005	<b>(32,300)</b>	(32,300)
Addition during the financial year	<b>(170)</b>	-
At 31 January	<b>(32,470)</b>	(32,300)
	<b>7,141</b>	5,664
CURRENT:-		
Amount owing to subsidiaries	<b>20,406</b>	19,410

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

**13. PROPERTY DEVELOPMENT COSTS**

	<b>THE GROUP</b>	
	<b>2007</b> <b>RM'000</b>	<b>2006</b> <b>RM'000</b>
Development costs		
At 1 February 2006/2005	<b>2,771</b>	1,128
Incurred during the financial year	<b>261</b>	1,643
Written off during the financial year	<b>(615)</b>	-
At 31 January	<b>2,417</b>	2,771

## 72> notes to the financial statements

for the financial year ended 31 January 2007

### 14. INVENTORIES

	THE GROUP	
	2007 RM'000	2006 RM'000
At cost:-		
Raw materials	4,638	6,784
Goods-in-transit	171	89
Work-in-progress	870	1,063
Finished goods	1,022	1,316
Completed bungalow lots	825	825
Others	25	4
	<b>7,551</b>	<b>10,081</b>

None of the inventories is stated at net realisable value.

### 15. TRADE RECEIVABLES

	THE GROUP	
	2007 RM'000	2006 RM'000
Trade receivables	22,433	21,177
Allowance for doubtful debts		
At 1 February 2006/2005	(4,927)	(4,765)
Additions during the financial year	(190)	(361)
Writeback during the financial year	22	199
Written off during the financial year	4	-
At 31 January	<b>(5,091)</b>	<b>(4,927)</b>
	<b>17,342</b>	<b>16,250</b>

The normal trade credit terms of trade receivables range from 30 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

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

73> **notes to the financial statements**  
for the financial year ended 31 January 2007

**15. TRADE RECEIVABLES** (*cont'd*)

	<b>THE GROUP</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
RM equivalent of trade receivables denominated in:-		
Singapore Dollar	<b>648</b>	599
United States Dollar	<b>198</b>	201

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	<b>1,857</b>	1,565	<b>170</b>	182
Allowance for doubtful debts	<b>(6)</b>	(6)	-	-
	<b>1,851</b>	1,559	<b>170</b>	182

**17. FIXED DEPOSITS WITH LICENSED BANKS**

Included in the fixed deposits with licensed banks of the Group is an amount of RM196,000 (2006 - RM502,000) pledged to licensed banks for banking facilities granted to certain subsidiaries.

The weighted average interest rate of the fixed deposits at the balance sheet date was 3.1% (2006 - 3.0%) per annum. The fixed deposits have maturity periods ranging from 7 to 365 days (2006 - 7 to 365 days).

**18. SHARE CAPITAL**

	<b>THE COMPANY</b>			
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>NUMBER OF SHARES</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
ISSUED AND FULLY PAID-UP	<b>81,135</b>	81,135	<b>81,135</b>	81,135

## 74> notes to the financial statements

for the financial year ended 31 January 2007

### 19. SHARE PREMIUM

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

### 20. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 February 2006/2005	<b>26,390*</b>	27,253	<b>35*</b>	1,049
Arising from the revaluation of plant and machinery	<b>5,517</b>	-	-	-
Realisation of revaluation reserve	<b>(113)</b>	(128)	-	(24)
At 31 January	<b>31,794</b>	27,125	<b>35</b>	1,025

\* - The opening balances were restated after incorporating the effects of adopting FRS 140 - Investment Property, as disclosed in Note 44 to the financial statements.

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

75> **notes to the financial statements**  
for the financial year ended 31 January 2007

**21. HIRE PURCHASE PAYABLES**

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum hire purchase payments:				
- not later than one year	<b>876</b>	634	<b>138</b>	-
- later than one year and not later than five years	<b>1,596</b>	1,285	<b>528</b>	-
	<b>2,472</b>	1,919	<b>666</b>	-
Future finance charges	<b>(277)</b>	(222)	<b>(74)</b>	-
Present value of hire purchase payables	<b>2,195</b>	1,697	<b>592</b>	-
Current:				
- not later than one year	<b>745</b>	518	<b>112</b>	-
Non-current:				
- later than one year and not later than five years	<b>1,450</b>	1,179	<b>480</b>	-
	<b>2,195</b>	1,697	<b>592</b>	-

The hire purchase payables bore effective interest rates at the balance sheet date of between 4.7% to 8.4% (2006 - 4.7% to 9.2%) per annum.

Included in the hire purchase payables is an amount of RM42,000 (2006 - Nil) secured by way of a corporate guarantee from the Company.

## 76> notes to the financial statements

for the financial year ended 31 January 2007

### 22. TERM LOANS

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current portion:				
- repayable within one year (Note 26)	169,617	155,509	167,162	151,952
Non-current portion:				
- repayable between one to two years	2,921	5,940	-	-
- repayable between two to five years	9,388	7,876	-	-
- repayable after five years	292	197	-	-
Total non-current portion	12,601	14,013	-	-
	182,218	169,522	167,162	151,952

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

TERM LOAN	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP		THE COMPANY	
				2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
1.	-	-	*	28,114	25,578	28,114	25,578
2.	-	-	*	7,705	6,984	7,705	6,984
3.	-	-	*	131,343	119,390	131,343	119,390
4.	20	100,000	September 2006	7,443	8,159	-	-
	12	130,000	May 2008				
	12	180,000	May 2009				
	24	200,000	May 2010				
5.	84	21,821	February 2005	1,044	1,208	-	-
6.	72	79,617	June 2004	2,803	3,558	-	-
7.	72	48,076	June 2004	1,686	2,137	-	-
8.	72	49,798	March 2006	2,080	2,508	-	-
				182,218	169,522	167,162	151,952

\* These term loans were past due upon the indulgence given by the lenders. The Company is in the process of negotiating with the lenders to restructure the term loans into 7-year term loans. No repayments were made for these term loans and there was no demand for payments by the lenders during the financial year. These term loans have been reclassified as current liabilities in the financial statements.

## 77> notes to the financial statements

for the financial year ended 31 January 2007

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### 22. TERM LOANS *(cont'd)*

Term loans 1, 2 and 3 bear a weighted average interest rate of 8.5% (2006 - 8.5%) per annum at the balance sheet date and are secured as follows:-

- (i) by way of legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;
- (ii) by a debenture incorporating fixed and floating charges over the assets of the Company and certain subsidiaries; and
- (iii) by a pledge over the unquoted shares of the investments in certain subsidiaries.
- (iv) by a pledge over the quoted shares belonging to a third party; and
- (v) by a pledge over the Company's shares belonging to a company in which a former director has a substantial financial interest.

Term loans 4 and 5 bear a weighted average interest rate at 9.23% (2006 - 8.25%) per annum at the balance sheet date and are secured in the same manner as the bills payable disclosed in Note 26 to the financial statements.

Term loans 6 to 8 bear an effective interest rate at 6.75% (2006 - 6.75%) per annum at the balance sheet date and are secured as follows:-

- (i) by way of legal charges over a piece of leasehold land and building of a subsidiary;
- (ii) by way of fixed and floating charges over the assets of a subsidiary; and
- (iii) by a corporate guarantee from the Company.

## 78> notes to the financial statements

for the financial year ended 31 January 2007

### 23. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 February 2006/2005	17,321	17,396	-	-
Arising from the revaluation of plant and machinery	2,040	-	-	-
Recognised in the income statements (Note 34)	(1,667)	(75)	-	-
At 31 January	17,694	17,321	-	-

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	3,046	3,398	251	549
Revaluation of property	19,910	20,798	365	388
Revaluation of plant and machinery	2,040	-	-	-
	24,996	24,196	616	937
Deferred tax assets:-				
Allowance for doubtful debts	(270)	(280)	-	-
Unabsorbed capital allowances	(4,360)	(3,394)	(226)	(241)
Unutilised tax losses	(2,672)	(3,201)	(390)	(696)
	(7,302)	(6,875)	(616)	(937)
	17,694	17,321	-	-

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unabsorbed capital allowances	9,413	14,076	-	-
Unutilised tax losses	41,062	38,110	1,741	701
Others	289	-	-	-
	50,764	52,186	1,741	701



79> **notes to the financial statements**  
for the financial year ended 31 January 2007

**24. TRADE PAYABLES**

The normal credit terms of trade payables range from 30 to 90 days.

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

	<b>THE GROUP</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
RM equivalent of trade payables denominated in:-		
United States Dollar	<b>632</b>	1,350

**25. OTHER PAYABLES AND ACCRUALS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposit received for the disposal of land	<b>2,222</b>	2,222	-	-
Import duties	<b>248</b>	680	-	-
Others	<b>6,748</b>	6,281	<b>1,607</b>	1,425
	<b>9,218</b>	9,183	<b>1,607</b>	1,425

Included in other payables and accruals of the Group is an amount of RM414,000 (2006 - Nil) owing to a company in which a person connected to Dato' Lim Kheng Yew has a substantial financial interest.

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

**26. SHORT-TERM BORROWINGS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Secured:-				
Bills payable	<b>19,371</b>	18,474	-	-
Term loans (Note 22)	<b>169,617</b>	155,509	<b>167,162</b>	151,952
	<b>188,988</b>	173,983	<b>167,162</b>	151,952

## 80> notes to the financial statements

for the financial year ended 31 January 2007

### 26. SHORT-TERM BORROWINGS *(cont'd)*

The bills payable bore a weighted average interest rate of 5.7% (2006 - 5.0%) per annum at the balance sheet date and are secured as follows:-

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

### 27. BANK OVERDRAFTS

The bank overdrafts bore a weighted average interest rate of 8.1% (2006 - 8.1%) per annum at the balance sheet date and are secured in the same manner as the bills payable disclosed in Note 26 to the financial statements.

### 28. REVENUE

Revenue of the Group comprises the following:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Sale of goods	69,153	71,927
Others	1,485	1,104
	<b>70,638</b>	73,031

The disposal of subsidiaries in the previous financial year had no significant effect on the revenue of the Group.

### 29. OTHER INCOME

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Gain on disposal of subsidiaries	-	38,246	-	-
Waiver of debts	754	9	-	-
Writeback of provision for construction costs	374	-	-	-

## 81> notes to the financial statements

for the financial year ended 31 January 2007

### 30. OTHER EXPENSES

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Allowance for doubtful debts	190	361	170	-
Bad debts written off	-	196	-	1,998
Depreciation on property, plant and equipment	939	929	120	178
Development costs written off	615	-	-	-
Impairment loss on investment in a subsidiary	-	-	-	310
Import duties	-	680	-	-

The current financial year's taxation of the Group relates to taxation for certain subsidiaries.

### 31. FINANCE COSTS

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense	(8,912)	(7,765)	(15,879)	(13,837)
Interest income receivable from subsidiaries	-	-	13,162	13,417

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

## 82> notes to the financial statements

for the financial year ended 31 January 2007

### 32. (LOSS)/PROFIT BEFORE TAXATION

In addition to those disclosed in Notes 29, 30 and 31 to the financial statements, the (loss)/profit before taxation is arrived at after charging/(crediting) the following:-

	Note	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Allowance for diminution in value in quoted investment		-	2	-	-
Audit fee					
- for the financial year		100	89	12	12
- overprovision in the previous financial years		(7)	-	-	-
Depreciation of property, plant and equipment		3,192	3,721	-	-
Directors' fee	33	54	50	54	50
Directors' non-fee emoluments	33	306	210	-	-
Equipment written off		2	-	-	-
Rental		613	560	240	300
Staff costs		10,717	11,303	-	-
Deposit forfeited		(8)	-	-	-
(Gain)/Loss on foreign exchange - realised		(36)	11	-	-
Interest income		(26)	(28)	(4)	(6)
Net gain on disposal of plant and equipment		(231)	(282)	(71)	(150)
Rental income		(953)	(793)	(356)	(401)
Writeback of allowance for doubtful debts		(22)	(199)	-	-

### 33. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company:				
- Executive:				
- Fee	3	-	3	-
- Salaries and other emoluments	306	210	-	-
- Non-Executive:				
- Fee	51	50	51	50
	360	260	54	50

## 83> notes to the financial statements

for the financial year ended 31 January 2007

### 33. DIRECTORS' REMUNERATION (cont'd)

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

	THE COMPANY	
	2007	2006
Executive directors:		
- Below RM50,000	2	1
- RM100,001 - RM200,000	2	1
	4	2
Non-Executive directors:		
- Below RM50,000	5	5
	9	7

### 34. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	12	12	-	-
- under/(over)provision in the previous financial years	6	(30)	-	-
	18	(18)	-	-
Deferred tax expense (Note 23):				
- relating to origination and reversal of temporary differences	(1,697)	(80)	-	-
- underprovision in the previous financial years	30	5	-	-
	(1,667)	(75)	-	-
	(1,649)	(93)	-	-

The current financial year's taxation of the Group relates to taxation for certain subsidiaries.

During the current financial year, the statutory tax rate was reduced from 28% to 27%.

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM20,575,000 (2006 - RM19,922,000) available at the balance sheet date to be carried forward for offset against future taxable business income.

## 84> notes to the financial statements

for the financial year ended 31 January 2007

### 34. INCOME TAX EXPENSE (cont'd)

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(Loss)/Profit before taxation	(7,890)	27,606	(3,118)	(3,064)
Tax at the statutory tax rate of 27% (2006 - 28%)	(2,130)	7,730	(842)	(858)
Tax effects of:-				
Differential in tax rates	(4)	(5)	-	-
Non-taxable gains	(114)	(10,717)	(12)	-
Non-deductible expenses	1,940	1,904	867	937
Deferred tax assets not recognised during the financial year	542	1,337	-	-
Utilisation of deferred tax assets not recognised in the previous financial years	(1,919)	(317)	(13)	(79)
Under/(Over)provision in the previous financial years:				
- current tax	6	(30)	-	-
- deferred tax	30	5	-	-
	(1,649)	(93)	-	-

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

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

	THE GROUP	
	2007	2006
(Loss)/Profit attributable to shareholders (RM'000)	(5,372)	28,695
Number of ordinary shares in issue ('000)	81,135	81,135
Basic (loss)/earnings per share (sen)	(6.6)	35.4

## 85> notes to the financial statements

for the financial year ended 31 January 2007

### 36. PURCHASE OF PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of plant and equipment purchased	(2,194)	(1,962)	(927)	(1)
Amount financed through hire purchase	1,074	1,922	615	-
Cash disbursed for the purchase of plant and equipment	(1,120)	(40)	(312)	(1)

### 37. DISPOSAL OF SUBSIDIARIES

In the previous financial year, Eco Ribuan Sdn. Bhd. ("ERSB"), a 100% owned subsidiary of the Company allotted 98 new ordinary shares of RM1 each at par. The Company subscribed for 16 new ordinary shares of RM1 each at par, and the balance of the 82 new ordinary shares was subscribed by a third party.

Upon the completion of the aforesaid subscription, the Company's shareholding in ERSB was reduced from 100% to 18%. Consequently, ERSB and its subsidiary, Merit Wisdom Sdn. Bhd., ceased to be subsidiaries of the Company. The reduction of the Group's interest in ERSB has been treated as a disposal.

The effects of the Company's dilution in the subsidiaries on the financial results of the Group for the financial year were as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Other income	-	34,297
Administrative expenses	-	(20)
Finance costs	-	(2,028)
Profit before taxation	-	32,249
Income tax expense	-	35
Increase in net profit of the Group	-	32,284

## 86> notes to the financial statements

for the financial year ended 31 January 2007

### 37. DISPOSAL OF SUBSIDIARIES *(cont'd)*

The effects of the Company's dilution in the subsidiaries on the financial position of the Group at the current balance sheet date were as follows:-

	THE GROUP	
	2007	2006
	RM'000	RM'000
Quoted investments	-	(7,630)
Cash and cash equivalents	-	(2)
Trade and other payables	-	45,880
Increase in net assets of the Group	-	38,248

The details of the net assets, goodwill and cash flow related to the disposal of the subsidiaries were as follows:-

	THE GROUP	
	2007	2006
	RM'000	RM'000
Quoted investments	-	7,630
Cash and cash equivalents	-	2
Trade and other payables	-	(45,880)
Fair value of net liabilities disposed	-	(38,248)
Goodwill on consolidation	-	2
Gain on disposal of subsidiaries	-	38,246
Proceeds from disposal	-	-
Cash and bank balances of subsidiaries disposed of	-	(2)
Net cash outflow on disposal of subsidiaries	-	(2)



## 87> notes to the financial statements

for the financial year ended 31 January 2007

### 38. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	350	652	154	150
Cash and bank balances	935	1,743	49	42
Bank overdrafts (Note 27)	(256)	(260)	-	-
	<b>1,029</b>	<b>2,135</b>	<b>203</b>	<b>192</b>

Included in cash and bank balances of the Group in the previous financial year was an amount of RM203,234 which represented cash maintained under the Housing Development accounts in accordance with Section 7A of the Housing Development (Control and Licensing) Act, 1966.

### 39. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2007 RM'000	2006 RM'000
Interest income charged to subsidiaries:		
- Harta Makmur Sdn. Bhd.	10,502	9,255
- Eco Ribuan Sdn. Bhd.	-	2,028
- Polypulp Enterprises Sdn. Bhd.	2,537	2,134
- Teguh Amalgamated Sdn. Bhd.	123	-
Rental charged to a subsidiary:		
- KYM Industries (Johor) Sdn. Bhd.	338	338
Rental charged by a subsidiary:		
- Teguh Amalgamated Sdn. Bhd.	240	300
Property transferred to a subsidiary:		
- Ireson Perniagaan Sdn Bhd	2,235	-

## 88> notes to the financial statements

for the financial year ended 31 January 2007

### 40. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
UNSECURED:				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	34,725	36,304
Customs duties under dispute *	2,318	2,005	-	-
	<b>2,318</b>	<b>2,005</b>	<b>34,725</b>	<b>36,304</b>

\* - On 5 November 2004, Jabatan Kastam Diraja Malaysia, Johor ("Kastam Malaysia") issued a Notice of Demand to KYM Industries (Johor) Sdn. Bhd. ("KYMJ"), a subsidiary, for a claim of import duties amounting to approximately RM3,947,000 under the Customs Act, 1967. The claim was in respect of sales made by the subsidiary in previous years.

On 28 December 2004, KYMJ made an appeal to Kastam Malaysia on the said Notice of Demand. Subsequently, Kastam Malaysia revised the claim of import duties to approximately RM2,925,000.

On 14 December 2005, KYMJ made a second appeal to Kastam Malaysia on the said Notice of Demand, as based on the directors' estimation, the import duties would be approximately RM920,000. As at the date of this report, KYMJ is still awaiting the outcome of the appeal.

Notwithstanding the above, payments of approximately RM240,000 and RM431,550, were made by KYMJ in the previous and current financial years, respectively. The balance of RM248,450 has been provided for as a liability in the financial statements.

\* - On 3 May 2006, Kastam Malaysia issued a Notice of Demand to KYMJ for a claim of import duties amounting to approximately RM313,000 under the Customs Act, 1967. The claim was in respect of sales made by KYMJ in the previous year. On 17 May 2006 and 13 June 2006, respectively, KYMJ made an appeal to Kastam Malaysia and based on the directors' estimation, no import duties should be imposed on KYMJ. As such, no provision is made in this respect in the financial statements for the current financial year.

As at the date of this report, KYMJ is still awaiting the outcome of the appeal.

### 41. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 30 April 2007, the Company disposed of a 49% equity interest comprising 1,960,000 ordinary shares of RM1 each of a wholly owned subsidiary, PPI Bags Sdn. Bhd., for a total cash consideration of RM1 to an individual.

## 89> notes to the financial statements

for the financial year ended 31 January 2007

### 42. FOREIGN EXCHANGE RATES

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

	2007 RM'000	2006 RM'000
United States Dollar	3.50	3.80
Singapore Dollar	2.23	2.23

### 43. SEGMENTAL REPORTING

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

## 90> notes to the financial statements

for the financial year ended 31 January 2007

### 43. SEGMENTAL REPORTING (cont'd)

	INVESTMENT					
	MANUFACTURING	HOLDING	PROPERTY	OTHERS	ELIMINATIONS	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2006</b>						
Revenue	75,610	-	763	2,649	(5,991)	73,031
Results:						
Segment results (external)	(2,132)	(4,187)	(1,252)	92	4,787	(2,692)
Gain on disposal of subsidiaries	-	38,246	-	-	-	38,246
Finance costs	(1,685)	(2,590)	(66)	(1,579)	(2,028)	(7,948)
Profit before taxation						27,606
Taxation						93
Profit after taxation						27,699
Minority interests						996
Net profit attributable to shareholders						28,695
Other Information:						
Segment assets	91,509	227,193	196,966	21,172	(252,164)	284,676
Unallocated assets						106
						284,782
Segment liabilities	61,990	201,041	162,182	28,889	(245,733)	208,369
Unallocated liabilities						17,340
						225,709
Capital expenditure	1,946	1	6	9	-	1,962
Depreciation and amortisation	4,034	178	133	305	-	4,650

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

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

## 91> notes to the financial statements

for the financial year ended 31 January 2007

### 44. EFFECTS ARISING FROM THE ADOPTION OF NEW AND REVISED FRS

The Group has applied FRS 3 and FRS 140 in accordance with the transitional provisions of these standards. The changes in the accounting policies have no impact on amounts reported for the financial year ended 31 January 2006 or prior periods. The changes have been accounted for by restating the following opening balances of the Group and of the Company as at 1 February 2006:-.

	AT 1.2.2006 RM'000	EFFECTS OF FRS 3 RM'000	EFFECTS OF FRS 140 RM'000	AS RESTATE RM'000
<b>THE GROUP</b>				
BALANCE SHEET (EXTRACT):-				
Property, plant and equipment	68,638	-	(1,708)	66,930
Investment properties	-	-	1,708	1,708
Intangible asset	3,610	1,057	-	4,667
Revaluation reserve	27,125	-	(735)	26,390
Accumulated losses	(100,240)	1,057	735	(98,448)
<b>THE COMPANY</b>				
BALANCE SHEET (EXTRACT):-				
Property, plant and equipment	6,405	-	(4,047)	2,358
Investment properties	-	-	4,047	4,047
Revaluation reserve	1,025	-	(990)	35
Accumulated losses	(75,974)	-	990	(74,984)

### 45. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

#### (a) Quoted Investments

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

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

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

## 92> notes to the financial statements

for the financial year ended 31 January 2007

### 45. FAIR VALUES OF FINANCIAL INSTRUMENTS *(cont'd)*

#### (b) Amounts Owing By/To Subsidiaries

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

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

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

#### (d) Long-Term Borrowings

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

#### (e) Contingent Liabilities

##### (i) Corporate guarantee

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

	NOTE	THE GROUP		THE COMPANY	
		NOMINAL AMOUNT RM'000	NET FAIR VALUE RM'000	NOMINAL AMOUNT RM'000	NET FAIR VALUE RM'000
At 31.1.2007					
Contingent liabilities	40	-	-	34,725	*
At 31.1.2006					
Contingent liabilities	40	-	-	34,725	*

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

##### (ii) Customs duties under dispute

It is not practicable to estimate the fair value of this contingent liability reliably due to the uncertainties of timing, costs, and eventual outcome.

## 93> analysis of shareholdings

### Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 31 May 2007

Name	No. of Shares Held		% Of Issued Capital
	Direct	Indirect	
Cheong Chan Holdings Sdn Bhd	22,294,600	-	27.48
Dato' Lim Kheng Yew	3,003,193	#26,028,055	35.78
Ultra-Link Resources Sdn Bhd	9,214,285	-	11.36
Dato' Wan Malek bin Ibrahim	-	*9,214,285	11.36

# Deemed interested by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.

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

### Statement Of Directors' Interests In The Company And Related Corporations as at 31 May 2007

Name	No. of shares held		Total Interest (%)
	Direct (%)	Indirect (%)	
Dato' Lim Kheng Yew	3,003,193 (3.70)	#26,028,055 (32.08)	35.78
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-
Dato' Chong Thin Choy	-	-	-
Dato' Abdul Rahman bin Haji Ismail	-	-	-
Datuk Mansor bin Masikon	-	-	-
Dato' IR. Mohamad Othman Bin Zainal Azim	-	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-
Mohd Azmi Bin Othman	-	-	-

# Deemed interested by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.

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.

## 94> analysis of shareholdings

### Statistics of Shareholders (as at 31 May 2007)

Class of Securities	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM1,000,000,000 divided into 1,000,000,000 Ordinary Shares of RM1.00 each
Issued and fully Paid Up	:	RM81,134,500.00
Share Capital		
Voting Rights	:	1 vote per share
No. of Shareholders	:	1,873

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	9	217	0.00
100 - 1,000	774	754,071	0.93
1,001 - 10,000	872	3,506,994	4.32
10,001 - 100,000	179	5,000,312	6.16
100,001 - 4,056,724	36	34,948,306	43.08
4,056,725 and above	3	36,924,600	45.51
<b>Total</b>	<b>1,873</b>	<b>81,134,500</b>	<b>100.00</b>

### THIRTY LARGEST SHAREHOLDERS (as at 31 May 2007)

Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1. Cheong Chan Holdings Sdn Bhd	22,294,600	27.48
2. UOBM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ultra Link Resources Sdn Bhd)	10,360,000	12.77
3. Wong Chee Choon	4,270,000	5.26
4. Ong Har Hong	3,983,000	4.91
5. Lim Eng Huat	2,768,500	3.41
6. KYM Sdn Bhd	2,733,455	3.37
7. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Kheng Yew)	2,500,000	3.08
8. Renfield Investment Limited	2,500,000	3.08
9. Wong Hok Yim	2,453,500	3.02
10. Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Ching Ching)	2,296,000	2.83
11. Melissa Lim Su Lin	2,020,000	2.49
12. Ihsan Indah (M) Sdn Bhd	1,974,000	2.43
13. Lim Tze Thean	1,010,000	1.24



## 95> analysis of shareholdings

### THIRTY LARGEST SHAREHOLDERS (as at 31 May 2007) (cont'd)

Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
14. Marathon Capital Sdn Bhd	1,000,000	1.23
15. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ravindran Navaratnam)	950,000	1.17
16. Ultra-Link Resources Sdn Bhd	854,285	1.05
17. Kenanga Nominees (Asing) Sdn Bhd (Cantal Capital Inc.)	800,000	0.99
18. Magnitude Network Sdn Bhd	775,273	0.96
19. Chew Boon Seng	745,500	0.92
20. Lim Kheng Yew	503,193	0.62
21. HSBC Nominees (Asing) Sdn Bhd (Exempt An For Credit Suisse)	500,000	0.62
22. Macro Herald Sdn Bhd	500,000	0.62
23. Tan Han Chuan	434,000	0.53
24. Ong Huey Peng	423,500	0.52
25. Navasham Holdings Sdn Bhd	315,000	0.39
26. Mel Capital Sdn Bhd	315,000	0.39
27. Macro Herald Sdn Bhd	300,000	0.37
28. Mel Capital Sdn Bhd	300,000	0.37
29. Lim Siew Aik	290,500	0.36
30. Kenanga Nominees (Asing) Sdn Bhd (Emmel Inc.)	250,000	0.31
	<b>70,419,306</b>	<b>86.79</b>

## 96> list of properties

as at 31 January 2007

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
11 Jalan Banang 3 Taman Johor Industrial Estate 81200 Johor Bahru Held under HS(D) No. 7221 MLO Lot No. 3673 Mu kim of Tebrau District of Johor Bahru State of Johor	743.2	Freehold	(31.01.2003)	Industrial land with single storey semi-detached building erected thereon.	21 years	485,274
PLO 9 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 60787 PTD No. 18692 Mu kim of Senai-Kulai District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 31.8.2042	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	18 years	3,549,602
PLO 15 Senai Industrial Estate Senai Held under HS(D) 64314 PTD No. 8778 Mu kim of Senai-Kulai District of Johor Bahru State of Johor	12,140.5	60 years leasehold expiring on 11.1.2043	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	13 years	3,457,579
PLO 19 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 124979 PTD No. 8790 Mu kim of Senai-Kulai District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 22.9.2045	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	19 years	3,481,818
Lot No. PT 2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58958 Bandar Batu 26 Beranang District of Hulu Langat Selangor	11,460	99 years leasehold expiring on 9.10.2099	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	15 years	4,366,612

## 97> list of properties

as at 31 January 2007

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
Lot No. PT 4 (Lot 7) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS (D) 58960 Bandar Batu 26 Beranang District of Hulu Langat Selangor	36,420	99 years leasehold expiring on 09.10.2099	(31.01.2003)	Industrial land with factory building and warehouse erected thereon.	15 years	7,032,698
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 & 6040)	1,200	Freehold	(31.01.2003)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	22 years	5,989,200
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate Chemor Ipoh Held under PN 149338 Lot 198895 Mukim of Hulu Kinta District of Kinta, Perak	13,760	99 years leasehold expiring on 07.06.2060	(31.01.2003)	Industrial land with factory building office and warehouse built thereon.	14 years	5,417,222
H.S. (D) Dgs:- 80-84, No. P.T. 4087-4091 86-89, No. P.T. 4093-4096 94-95, No. P.T. 4097-4098 96-98 & 100, No. P.T. 4101-4104 99, No. P.T. 4099 102-104, No. P.T. 4105-4107 107-108 & 112, No. P.T. 4108-4110 109-111 & 113, No. P.T. 4111-4114 489, No. P.T. 4116 90-91, No. P.T. 15612 - 15613 92-93, No. 15614-15615 105-106, No. P.T. 15616-15617  34 titles all in the Mukim of Lumut, Daerah Manjung	5,139,917	99 years leasehold expiring on 14.03.2089	(19.09.2002)	Partially developed:- Golf course, Chalets & Bungalow lots	-	203,813,871

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# form of proxy



**KYM HOLDINGS BHD.**

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

Number of Shares Held

I/We ..... (NRIC No.: ..... )  
of .....  
being a member of KYM Holdings Bhd. here by appoint .....  
..... (NRIC No.: ..... )  
of .....  
or failing him ..... (NRIC No.: ..... )  
of .....  
as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Tuesday, 31 July 2007 at 10:00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fee		
3.	Re-election of Datuk Mansor bin Masikon		
4.	Re-election of Dato' Seri Dr. Isahak bin Yeop Mohamad Shar		
5.	Re-election of Dato' Rahadian Mahmud bin Mohammad Khalil		
6.	Re-election of Dato' IR. Mohamad Othman bin Zainal Azim		
7.	Re-election of Tuan Haji Mohd Azmi bin Othman		
8.	Re-appointment of Dato' Abdul Rahman bin Haji Ismail		
9.	Re-appointment of Auditors		
10.	Authority to Allot and Issue Shares		
11.	Proposed Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		
12.	Proposed Amendments to Articles of Association		

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 ....., 2007.

.....  
Signature of Member/Common Seal

## Notes:

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

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Stamp

The Company Secretary

**KYM HOLDINGS BHD.**

(Co. No.: 84303-A)

12, Lorong Medan Tuanku Satu,  
50300 Kuala Lumpur

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