KYM HOLDINGS BHD.

(Co. No.: 84303-A)

Annual Report 2013

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st 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, 30 July 2013 at 11.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2013 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 2013. **RESOLUTION 2**

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

   i. Dato' Ir Mohamad Othman bin Zainal Azim (Article 103) **RESOLUTION 3**
   ii. Dato' Mohd Azmi bin Othman (Article 103) **RESOLUTION 4**

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

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

   Ordinary Resolution 2
   Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 27 July 2012 authorising the Company and its subsidiaries ("KYM Group") to enter into any of the recurrent transactions of a revenue or trading nature of the Group as set out in Section 2.2 of the Circular to Shareholders dated 8 July 2013 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 a new shareholders' mandate be and is hereby granted 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.

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

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

whichever is earlier,

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate." **RESOLUTION 7**

Special Resolution
Proposed Amendments to the Articles of Association of the Company

"That the amendments to the Articles of Association of the Company as set out in Appendix A of the annual report be and are hereby approved." **RESOLUTION 8**

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

By Order of the Board

CHEE MIN ER
(MAICSA 7016822)
Secretary

Kuala Lumpur
8 July 2013

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.

2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 24 July 2013 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.

3. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.

4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

Explanatory Notes to Special Business:

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

The proposed resolution 6, if approved, will authorise the Directors to issue shares (other than bonus or rights issue) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next Annual General Meeting of the Company.

As at the date of Notice, no shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 July 2012 which will lapse at the conclusion of the 31st Annual General Meeting.

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

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

The proposed resolution 7, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 8 July 2013 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 the Articles of Association of the Company

The proposed resolution 8, if approved, will enable the Company to align the Articles of Association of the Company with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

No individual is seeking election at the forthcoming 31st Annual General Meeting of the Company.

Proposed Amendments to the Articles of Association of the Company

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
Article 2 (Definition)	"New provision"	"Share Issuance Scheme" means a scheme involving a new issuance of shares to the employees
Article 4(b)	Allotment of Shares No director shall participate in an issue of shares to employees unless shareholders in general meeting have approved of the specific allotment to be made to such director;	Allotment of Shares No director shall participate in a Share Issuance Scheme unless shareholders in general meeting have approved of the specific allotment to be made to such director;
Article 83	How votes may be given and who can act as proxy Subject and without prejudice to any of the rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative on any question on a show of hands, every person present who is a member or a proxy or attorney or duly authorised representative shall have one vote, and on a poll, every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds or represents. A proxy or attorney or duly authorised representative need not be a member of the Company.	How votes may be given and who can act as proxy Subject and without prejudice to any of the rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative on any question on a show of hands, every person present who is a member or a proxy or attorney or duly authorised representative shall have one vote, and on a poll, every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds or represents. A proxy or attorney or duly authorised representative need not be a member of the Company. **There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.**
Article 87	Instrument appointing proxy to be in writing A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. A member may appoint more than two proxies to attend at the same meeting. 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 PROVIDED that in the case of a vote on any question by a show of hands, only one (1) of the proxies so appointed shall be entitled to vote.	Instrument appointing proxy to be in writing A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. A member ~~may~~ **shall not be entitled to** appoint more than two **(2)** proxies to attend and vote at the same meeting. Where a member appoints two proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy PROVIDED that in the case of a vote on any question by a show of hands, only one (1) of the proxies so appointed shall be entitled to vote.

APPENDIX A
(Cont'd)

Proposed Amendments to the Articles of Association of the Company

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
Article 87A	Appointment of more than one proxy Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.	Appointment of ~~more than one~~ **multiple** proxy Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account", there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar
Executive Chairman

Dato' Lim Kheng Yew
Executive Director

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

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

Dato' Mohd Azmi Bin Othman
Independent Non-Executive Director

Chiam Tau Meng
Independent Non-Executive Director

Dato' Chong Thin Choy
Managing Director
(Resigned on 20 May 2013)

Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail
Independent Non-Executive Director
(Resigned on 20 May 2013)

Datuk Mansor bin Masikon
Independent Non-Executive Director
(Resigned on 20 May 2013)

CHIEF EXECUTIVE OFFICER

Lim Tze Thean

SECRETARY

Chee Min Er (MAICSA 7016822)

REGISTERED OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301, Petaling Jaya,
Selangor
Tel No. : 03-78418000
Fax No.: 03-78418008

WEBSITE

www.kym.com.my

DIRECTORS' PROFILE

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR

Executive Chairman
Malaysian

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 64, 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 a Chief Executive Officer and Executive Chairman on 21 November 2006. On 20 May 2013, Dato' Seri Dr. Isahak stepped down as a Chief Executive Officer of KYM to concentrate his role as an Executive Chairman of KYM.

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

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

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

DATO' LIM KHENG YEW

Executive Director
Malaysian

Dato' Lim Kheng Yew, age 61, was appointed to the Board on 12 August 1992. Dato' Lim Kheng Yew is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently, he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also a Director of TSM Global Berhad and Edaran Berhad.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 116 of this Annual Report. He has no family relationship with any other Director of the Company. Save for the related party transactions and recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

Independent Non-Executive Director
Malaysian

Dato' Ir Mohamad Othman bin Zainal Azim, aged 58, graduated with Bachelor of Science (Hons) in Civil Engineering from University of Southampton, United Kingdom. He received his Master of Science in Engineering from University of Birmingham, United Kingdom in 1987.

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

He was appointed to the Board of KYM on 12 February 2007. He is also the Chairman of the Audit Committee and the Nomination & Remuneration Committee of the Company.

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

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Independent Non-Executive Director
Malaysian

Dato' Rahadian Mahmud bin Mohammad Khalil, aged 39, is involved mainly in the business of reforestation and in the construction and manufacturing sectors.

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

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

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

DIRECTORS' PROFILE
(Cont'd)

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

Dato' Mohd Azmi bin Othman, aged 45, graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia, sitting as a Disciplinary Committee member of the Bar Council. He is a director of several private limited companies.

He was appointed to the Board of KYM on 12 February 2007. He is also a member of the Nomination & Remuneration Committee and 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. His shareholding in the Company is set out in Page 116 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

CHIAM TAU MENG
Independent Non-Executive Director
Malaysian

Mr Chiam Tau Meng, aged 59, was appointed an Independent Non-Executive Director of KYM on 27 April 2009. He is also a member of the Audit Committee and the Nomination & Remuneration Committee.

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

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

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

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

CEO'S PROFILE

LIM TZE THEAN
Chief Executive Officer
Malaysian

Lim Tze Thean, aged 36, graduated from King's College, University of London with a BSc (Hons) in Computer Science with Management.

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

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

He is the son of Dato' Lim Kheng Yew, the Executive Director and a substantial shareholder of KYM. Mr Lim Tze Thean is a substantial shareholder of KYM. His interest in the securities of KYM is set out in page 114 of this Annual Report.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 January 2013.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2013, the Group registered a revenue of RM88.9 million, an increase of 13.4% compared to a revenue of RM78.4 million for the financial year ended 31 January 2012.

Loss for the financial year was RM1.2 million as compared to the loss after taxation and minority interest of RM5.8 million recorded in the previous year. The reduction in losses was mainly contributed by the improved performance of the Manufacturing Division.

The basic loss per share for this financial year stands at 0.97 sen as compared to the loss per share of 5.29 for the previous year.

Shareholders' Fund for the current financial year reduced by RM33.6 million to RM84.9 million, mainly due to the accounting effects in regards to the acquisition of the remaining 40% shareholding in Harta Makmur Sdn Bhd not owned by Tegas Consolidated Sdn Bhd for a total cash consideration of RM41 million, resulting from the adoption of MFRS 10. Total borrowing for the financial year 2013 increased from RM24.4 million to RM44.4 and gearing ratio increased from 0.21 times to 0.52 times, mainly due to the borrowing incurred for capital expenditure.

REVIEW OF OPERATIONS

Manufacturing Segment

The manufacturing segment comprising the corrugated carton business and industrial bags business continues to show improvement in its financial performance, registering a profit before tax of RM5.8 million for this financial year on the back of the total turnover of RM88.5 million. The increase in turnover as compared to RM77.5 million in the previous year was attributable to higher sales from the Industrial Bags Division. Profit before taxation increased from RM3.9 million to RM5.8 million for the current financial year, mainly due to the increased revenue of the Industrial Bags Division following the rapid growth of construction related activities and lower cost of raw materials.

The significant excess capacity and consolidation of the players in the local corrugated carton industry had increased competition. We are continuing improvement activities to improve the efficiency and productivity to remain competitive.

Other Segment

The Property Division recorded a total turnover of RM1.2 million with loss before tax of RM1.3 million for this financial year as compared to loss before tax of RM6.7 million in the previous year. During the financial year, the Group had carried out a group wide streamlining and refocusing exercise entailing divesting the non-productive assets to concentrate our resources and efforts on the manufacturing business and on selected development projects.

CORPORATE DEVELOPMENT

On 11 November 2011, the Company undertook a private placement exercise of up to 5,000,000 new ordinary shares of RM0.50 each representing 4.6% of the existing issued and paid-up share capital of the Company ("Private Placement"). 1,300,000 new ordinary shares were issued under Private Placement at RM1.53 and the remaining 3,700,000 new ordinary shares have not been placed out. The extension of time granted by Bursa Securities to the Company to complete the implementation of the Private Placement has lapsed on 14 June 2013.

The 40,567,250 free Warrants 2010/2013 ("Warrant") issued on 19 February 2010 in conjunction with the financial position restructuring exercise, on the basis of one free Warrant for every two existing ordinary shares held in KYM expired on 18 February 2013 ("Expiry Date"). 96.89% of the total Warrants were exercised and 1,260,585 Warrants were lapsed and expired on the Expiry Date and had been removed from the Official List of Bursa Securities with effect from 19 February 2013.

DIVIDEND

No dividend has been declared in respect of the financial year ended 31 January 2013.

PROSPECTS

Manufacturing Segment

The Malaysia economy is expected to sustain its growth momentum into the second half of the year while economic activity in emerging ASEAN nations remain robust. Barring any unforeseen circumstances, the overall outlook for the Manufacturing Division is positive. We are continuously optimistic that the performance of our core Carton and Industrial Bags business will continue to improve and continue to be the main contributor to the Group.

The Carton Division will continue all improvement activities to improve its competitive edge in by focusing on enhancing production processes including cost controls to cushion the impact of the rising cost of raw materials and to meet the challenges of a highly competitive industry.

The Industrial Bags Division has embarked on capacity expansion by investing into new state of the art machine to respond to the increased demand for cement bags in the local market and export market. The construction of the new factory in Tapah, Perak to facilitate the expansion of the production of cement bags has been completed in February 2013. The new Tapah plant has commenced operations in March 2013 and is expected to contribute to the future profitability of the Group with better quality of products and services. We are taking steps to implement various programs including internal reorganization to improve operation and cost efficiencies.

Other Segment

PECOH Industrial Development Sdn Bhd ("PIDSB"), a subsidiary of PEIH Holdings Sdn Bhd ("PEIH") which in turn is an associated company of KYM has on 15 February 2012 entered into a Joint Development Agreement with PKNP for the reclamation of 3,400 acres of land at Bagan Datoh, Mukim Rungkup, Daerah Hilir Perak ("Project Land") as part of the development of the Perak Eco Industrial Hub ("PECOH Project"). PIDSB is currently in the midst of finalizing the detailed layout plan. Due to the size of the PECOH Project which requires a longer gestation period, we do not expect this project to contribute to the Group's earning in the immediate term.

ACKNOWLEDGEMENT

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

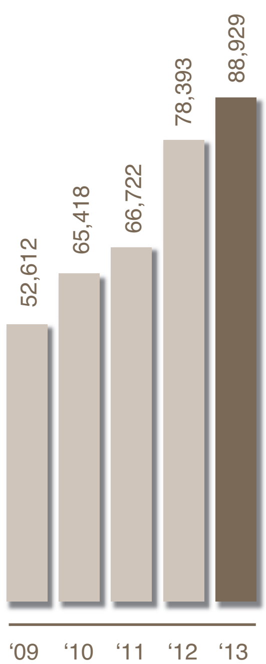
Lastly, I wish to express my gratitude to my fellow Directors, Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail, Dato Chong Thin Choy and Datuk Mansor bin Masikon who resigned on 20 May 2013. I wish them well in all their future undertakings.

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

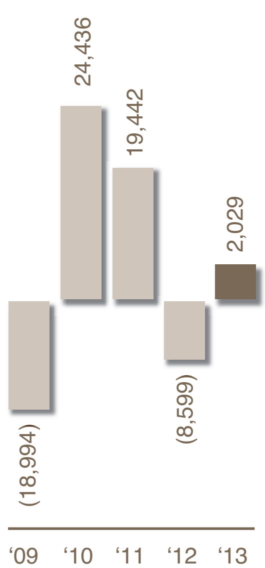
Date: 8 July 2013

5 YEARS FINANCIAL HIGHLIGHTS

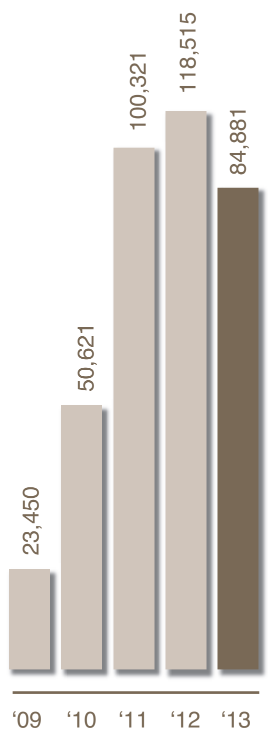
	2009	2010	2011	2012	2013
Revenue (RM'000)	52,612	65,418	66,722	78,393	88,929
Profit/(Loss) Before Tax (RM'000)	(18,994)	24,436	19,442	(8,599)	2,029
Profit/(Loss) After Tax (RM'000)	(18,614)	29,109	26,251	(8,534)	(1,565)
Profit/(Loss) After Taxation Attributable to Owners of the Company (RM'000)	(14,075)	19,870	17,913	(5,794)	(1,195)
Shareholders' Fund (RM'000)	23,450	50,621	100,321	118,515	84,881
Total Assets (RM'000)	277,124	298,446	153,325	176,261	163,272
Total Borrowing (RM'000)	209,359	189,108	24,620	24,435	44,394
Gearing Ratio (Times)	8.93	3.74	0.25	0.21	0.52
Basic (Loss)/Earning Per Share Attributable to Shareholders (sen)	(17.00)	24.50	20.40	(5.29)	(0.97)
Net Assets Per Share (RM)	0.29	0.57	0.93	1.04	0.62



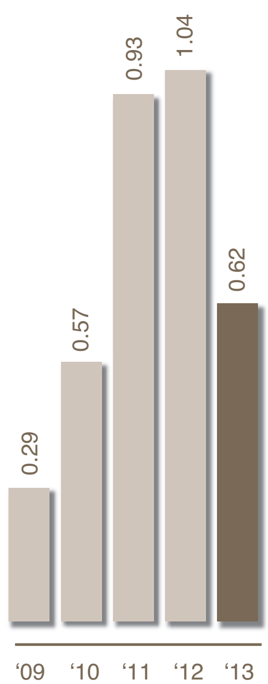
REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



NET ASSETS PER SHARE (SEN)

CORPORATE SOCIAL RESPONSIBILITY

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

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

THE WORK PLACE

KYM recognizes that employees are important assets. We promote a diverse work environment where our employees can learn, grow and, most importantly, work safely. We offer competitive package to our staff and incentives to those who meet the targets set by the individual department or division. We apply fair labour practices and also arrange internal and or external training programs for all levels of staff from time to time and as and when required. 3,599 training hours were completed by all level of staff in the past financial year, of which 1,560 hours were related to safety and health.

We are committed to provide a healthy and safe working environment for all our staff. Personal Protective Equipment (safety boots, ear plug and ear muff) is provided to all workers. A proper health and safety management system has been put in place and is subject to the audit of Jabatan Keselamatan dan Kesihatan Pekerja. We have increased the awareness program on safety and health and employed a Safety Officer to oversee the implementations. We invested in billboards and provided trainings to drive forklifts, firefighting techniques and classroom trainings on OSHAS. We have replaced obsolete machines and repaired existing machines to ensure its operations are not a hazard to workers. During the financial year, we reported zero safety incidents and work injuries.

The Group provided PA and medical insurance coverage for both local workers and foreign workers. We arranged annual hearing tests for all workers that operate machines with high noise level and for those from the supporting departments. 41 workers underwent the hearing tests during the financial year.

We are taking steps to further improve wellbeing of our employees and their family. Besides the festive dinner, KYM also organizes other recreational activities such as sports game to promote healthy lifestyle of the employees.

THE ENVIRONMENT

KYM has converted the use of fuel oil with natural gas in some operations to reduce energy consumption thereby achieving savings of about 40% - 60% of the total cost of production. We have switched to Hot Roll System from Waste Water Treatment Plant to ensure waste water and ink slugs are disposed properly. Scheduled waste is disposed of to the vendors registered with Kualiti Alam Sekitar. Air Monitoring Test is conducted every six (6) months to ensure certain level of cleanliness needed is maintained. Workers are not allowed to throw away chemical waste into drains or dustbins.

Improvement activities to increase efficiency and to reduce waste are on-going. All our subsidiaries have obtained certification on ISO 9001:2008 for Quality Management System.

THE COMMUNITY

The recent inception of Hasrat Meranti (Tapah) Sdn Bhd has created jobs in Tapah, Perak. We also provide post graduate practical training for local college and/or local university students which are needed in completing their respective diploma and degrees. During the financial year, 2 practical students underwent training at our QA and Accounts Departments.

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

THE MARKET PLACE

The Group is committed to ensuring that manufacturing processes, and especially procurement, are environmentally responsible. We aim to produce sustainable packaging for our customers, not only today but for a long time to come. We take into account the good environmental practices when purchasing the supplies and help the suppliers understand our purchasing policy through on site visits, suppliers purchasing charters and suppliers audit. We source papers from suppliers who actively promote the use of recycled papers in the manufacture of paper rolls for the corrugated industry and from custodian certified paper mills who promote sustainable green energy. For paper producers from North America, they have to be certified by SFI (Sustainable Forest Initiative) and for European producers, the PEFC (Pan European Forest Certification). This is also in compliance with the requirements from our major MNC cement customers.

We introduce innovative products solutions and to assist customers in maintaining their competitive advantage with high-performance products and in cost-effective way. In December 2012, we have invested in a state-of-the-art-technology to increase our production capacity to meet the increased demands of customers and to improve the overall cost position.

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

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

CONCLUSION

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

CORPORATE GOVERNANCE STATEMENT

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

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles and Recommendation of Malaysian Code of Corporate Governance 2012 during the financial year ended 31 January 2013.

1. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control of the Company. The responsibilities of the Board include formulating and adopting a strategic plan and reviewing the Company's internal control systems for the company. Key matters such as approval of annual and quarterly results, acquisitions and disposals, borrowings, as well as material agreements, major capital expenditure and budgets are reserved for the Board. All proposals for acquisitions and or disposals and matters that are critical to the Group are deliberated extensively at the meeting before appropriate actions are undertaken.

The Board oversees the performance of the management to ensure that the Group's business is being properly managed.

The Board has delegated certain responsibilities to the Board Committees that operate within clearly defined terms of references. Currently, the Board Committee comprises Executive Committee, Audit Committee, Nomination & Remuneration Committee and Option Committee. The Chairman of the relevant Board Committee reports to the Board on key matters deliberated at their respective meetings and their recommendation thereon. Minutes of the Board Committee meetings are presented at each Board Meeting to keep the Board informed.

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

The Executive Directors and CEO are responsible for the day-to-day management of the business and operations of the Group.

Management presents the strategic plan and annual financial budget of the Group for the ensuing year for the Board's review and approval. The Board deliberates the budget and takes into consideration of the market outlook, raw material cost trend and other external factors. The budget will be reviewed in the mid of financial year and compared with the actual performance year-to-date.

During the financial year, the Board has not formalized a board charter. The Board recognized the importance of a board charter and will take steps to establish a board charter that sets out the board's strategic intent and outlines the board's roles and responsibilities and powers between the board and management, the different committees set up by the board, and between the chairman and CEO.

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

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

Directors have direct access to the advice and services of the Company Secretary and may seek independent advice should the need arise. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharge of its functions.

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

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

2. STRENGTHEN COMPOSITION

During the financial year, the Board comprised an Executive Chairman, a Managing Director, an Executive Director and 6 Independent Non-Executive Director. On 20 May 2013, Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail, Dato' Chong Thin Choy and Datuk Mansor bin Masikon resigned as Directors of the Company. Their resignations were part of the board restructuring exercise carried out as part of the Groupwide streamlining and refocusing activities being carried out by the KYM Group of companies.

As at the date of Statement, the Board comprises 6 Directors of which a majority are Independent Non-Executive Directors to ensure balance of power and authority on the board. Brief background descriptions of each Director are set out on pages 8 to 10.

The Board is helmed by an Executive Chairman who is primarily responsible for the working of the Board and to ensure that all relevant issues are on the agenda. Dato' Ir Mohamad Othman bin Zainal Azim has been identified as the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by the shareholders or stakeholders.

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.

The Nomination & Remuneration Committee comprises 3 Independent Non-Executive Directors.

<u>Terms of reference of the Nomination & Remuneration Committee</u>

1. Members of the committee shall be appointed by the board. The committee shall be made up of at least 3 members, all of whom shall be non-executive directors and a majority of whom are independent.
2. Only members of the committee have the right to attend committee meetings.
3. Nomination & Remuneration Committee is responsible for the following:

    - Make recommendations to the board on new candidates for appointment to the Board;
    - Make recommendation to the board, candidates to fill the seats on board committees;
    - Review effectiveness of the Board as a whole and the committees of the Board annually;
    - Evaluate the performance and assess the contribution of each individual Director;
    - Review policies and make recommendations to the Board on remuneration packages and benefits annually as extended to the Executive Directors.
    - Ensure that the compensation offered is appropriate with the responsibilities, in line with market practice, and based on performance.

The Nomination & Remuneration Committee reviewed the board size and composition and recommended candidates to fill the vacancy on the board committees. The Nomination & Remuneration Committee is satisfied that the current board size and composition is optimum for the effective discharge of the Board's function.

APPOINTMENTS TO THE BOARD AND RE-ELECTION

During the recruitment processes, the Nomination & Remuneration Committee assesses the required mix of skills and specializations of the candidates which director should bring to the Board before recommending to the Board for appointment. The Nomination & Remuneration Committee also assesses the board effectiveness, the contribution and commitment of each Director annually.

The Board does not have a gender diversity policy or specific target for the appointment of female candidates in the recruitment of directors. However, the Board recognizes the contribution that women could bring to the Board. Should there be a suitable female candidate, due consideration would be given.

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

DIRECTORS' REMUNERATION

The Nomination & 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.

Remuneration of the Non-Executive Directors commensurate with their level of responsibilities undertaken by them. 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 remuneration of the Board is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Directors. The criteria for the scheme is dependent on the financial performance of the Group.

The details of the remuneration of the Directors of the Company for the financial year under review is set out in the audited financial statements on page 80.

3. REINFORCE INDEPENDENCE

The Board shall assess the independence of all non-executive directors based on the criteria set out in the Main Market Listing Requirements of Bursa Securities. MCCG 2012 recommended that the tenure of an independent director to be capped at nine years. KYM Group benefited from the long serving directors who have relevant business knowledge and experience. Nevertheless, Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail and Datuk Mansor bin Masikon being the independent directors who have respectively served the Company for more than 17 years and 10 years had decided not to continue to serve on the Board.

On 20 May 2013, Dato' Seri Dr. Isahak bin Yeop Mohamad Shar relinquished his position as a CEO of KYM to focus on his role and responsibilities as the chairman of the Company. On the even date, Mr Lim Tze Thean was appointed as the new CEO of the Company. With that, the positions of chairman and CEO are held by different individuals.

4. FOSTER COMMITMENT

BOARD MEETINGS

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the financial year, five (5) Board Meetings were held and the attendance of the Board members were as follows:

Name of Director	No. of Meeting Attended
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	5/5
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail (Resigned on 20 May 2013)	4/5
Dato' Chong Thin Choy (Resigned on 20 May 2013)	5/5
Dato' Lim Kheng Yew	5/5
Datuk Mansor bin Masikon (Resigned on 20 May 2013)	4/5
Dato' Rahadian Mahmud bin Mohammad Khalil	5/5
Dato' Ir. Mohamad Othman Bin Zainal Azim	4/5
Dato' Mohd Azmi Bin Othman	5/5
Chiam Tau Meng	4/5

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

DIRECTORS' TRAINING

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

During the financial year, all the Directors attended the in-house briefing pertaining to Malaysia Code on Corporate Governance 2012.

Other trainings attended by the Directors during the financial year are as follows:

Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	• Competition Act 2010: Key Features and Implications
Dato' Rahadian Mahmud bin Mohammad Khalil	• Business Sustainability - Making Difference in Performance

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

As included in the Terms of References, the responsibilities of the Audit Committee included the review of financial statements and quarterly results. The Audit Committee comprises an Independent Director who is a member of MIA. Furthermore, the Audit Committee is updated regularly the changes in financial reporting standards which are applicable to the Company and ensured that the Company's financial statements comply with applicable financial reporting standards.

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 21 to 23. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

6. RECOGNISE AND MANAGE RISKS

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

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company practices to release all announcements, material and price sensitive information in a timely manner to Bursa Securities. 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.

The Company's announcement, financial results, annual reports are also published in the Company's website www.kym.com.my to keep the shareholders and investors informed on the Group's performance. The Company is considering revamping its website to establish a dedicated section for corporate governance.

8. STRENGTHEN RELATIONSHIPS BETWEEN COMPANY AND SHAREHOLDERS

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view in accordance with applicable Malaysian Financial Reporting Standard, International Financial Reporting Standards, the requirements of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2013, the Directors have adopted appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the applicable approved accounting standards have been followed.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent any fraud as well as any other irregularities.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Dato' Ir Mohamad Othman bin Zainal Azim (Chairman)	- Independent Non-Executive Director (*appointed as the Chairman on 20 May 2013*)
Mr Chiam Tau Meng	- Independent Non-Executive Director
Dato' Mohd Azmi bin Othman	- Independent Non-Executive Director (appointed on 20 May 2013)
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail	- Independent Non-Executive Director (Chairman) (resigned on 20 May 2013)
Datuk Mansor bin Masikon	- Independent Non-Executive Director (resigned on 20 May 2013)

ATTENDANCE OF MEETINGS

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

Name of Director	Attendance of Meetings
Tan Sri Dato' Wira Abdul Rahman bin Haji Ismail *(Resigned w.e.f. 20 May 2013)*	4/5
Datuk Mansor bin Masikon *(Resigned w.e.f. 20 May 2013)*	4/5
Dato' Ir Mohamad Othman bin Zainal Azim	4/5
Chiam Tau Meng	4/5
Dato' Mohd Azmi bin Othman *(Appointed w.e.f. 20 May 2013)*	-*

* Appointed as a member of the Audit Committee subsequent to the financial year ended 31 January 2013.

TERMS OF REFERENCE

Composition

1. The Audit Committee shall be appointed by the Board of Directors, from amongst its Directors. The Audit Committee shall comprise not fewer than 3 members of which:

   (a) all members must be non-executive directors, with a majority of them being independent directors; and
   (b) at least one member of the audit committee -
      (i) must be a member of the Malaysian Institute of Accountants; or
      (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and -
         (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accounts Act 1967; or
         (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
      (iii) fulfills such other requirements as prescribed or approved by the Exchange.
   (c) No alternate director shall be appointed as a member of the audit committee.

2. The members of the Audit Committee must elect a chairman among themselves who is an independent director.

AUDIT COMMITTEE REPORT
(Cont'd)

Duties And Responsibilities

The duties and responsibilities of the Audit Committee are:

1. To review the following and report the same to the board of directors of the Company:

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

2. to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

3. to recommend the nomination of a person or persons as external auditors;

4. other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meetings

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

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

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

Secretary

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

Quorum

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

ACTIVITIES OF THE AUDIT COMMITTEE

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

Prior to the commencement of the audit of the Group Financial Statements, the Audit Committee reviewed the audit plan prepared by the External Auditors, Messrs Crowe Horwath. The External Auditors also updated the Audit Committee on new developments of accounting standards that are applicable to the Company's financial statements for financial year ended 31 January 2013. The representatives of the external auditors were also present at the meeting to brief the Audit Committee on their audit findings and accounting issues arising from their audit together with recommendations in respect of the findings. The Audit Committee had met with the External Auditors without the presence of the Management twice for financial year ended 31 January 2013.

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

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

INTERNAL AUDIT FUNCTION

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

During the financial year, the Internal Auditors had reviewed the following areas of the holding companies and three (3) Strategic Business Units ("SBU") based on the Internal Audit Plan that has been approved by the Audit Committee and formed their audit opinion based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principle that they adopted as the reporting framework:

- IT General Controls;
- General Procurement;
- Human Resource Management;
- Costing;
- Production Wastage;
- Procurement (Raw Materials);
- In-coming Quality Assurance/Quality Control;
- Inventory Management (Raw Materials); and
- Safety, Health and Environment

During the planning of the audit, a risk analysis was carried out to identify, evaluate and prioritize the risks associated with the management of the areas audited. Matrix of risks associated with the areas audited was presented to the Audit Committee. Areas of concern are highlighted to the Audit Committee for Management to improve the risk profile of areas audited.

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

Cost incurred for the internal audit function in respect of the financial year is RM48,750.70.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. Introduction

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

The Board believes the practice of good corporate governance is an important continuous process and not just a matter of compliance for its Annual Report purposes. Hence, the Board endeavours to maintain an adequate risk management and internal control system that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

2. Board Responsibility

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

However, material associated company have not been dealt with as part of the Group for purposes of applying the above guidance as it has its own system of internal controls in place. Nevertheless, the Board obtained operational and financial updates from Group management to monitor the investment.

3. Risk Management Framework

The Board maintains the Group's risk management policy and framework to continually update and identify the various risk factors that could have a potentially significant impact on the Group's mid to long term business objectives. Arising from this, a risk-based audit plan was developed and approved by the Audit Committee.

The Board was also assisted by the Audit Committee in ensuring that there is an on-going and systematic risk management process undertaken by management to identify, assess and evaluate principal risks.

Manager and Departmental Heads of the subsidiary companies had identified and evaluated the significant risks faced by the Group against a defined risk appetite and ensured that appropriate risk treatments were in place to mitigate those risks affecting the achievement of the Group's business objectives.

The Board, throughout the current financial year, has also identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Board Meetings.

4. Internal Audit Function

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

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

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

CGRM refers to the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia, the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by The Institute of Internal Auditors Inc.

5. Key Process

The Group's key internal control processes group according to the principles prescribed by the COSO[1] Framework on Internal Control are as follows:

Control Environment

- The Board has delegated specific responsibilities to the relevant committees such as Audit Committee and Remuneration Committee to implement and monitor the Board's policies and controls within the Group.
- Subsidiaries are managed autonomously by separate heads of operations with their own operational personnel.
- A strong cost-consciousness had been instilled together with core values and integrity at every level within the Group.

Risk Assessment

- The Board had been consistent in maintaining its overall responsibility to ensure that systems are in place to effectively monitor and manage the Group's business risk and continually update and identify the various and continuously changing risk factors that could have a potentially significant impact on profitability and long term business objectives.
- Management of individual subsidiaries and business divisions also continuously assessed risks within their business environment and formulated mitigating strategies / corrective actions to minimise negative outcomes, i.e. reduce losses and prevent erosion of business profit margin.

Control Activities

- Policies, procedures and manuals, including ISO Quality Manuals, were documented to guide the achievement of operational objectives. These policies and procedures were subject to regular review and improvement to meet changing business, operational and statutory needs.
- The Group had adopted a comprehensive budgeting process wherein operating subsidiaries prepared budgets which were compiled by the Finance Department. Discussions were held between Management and the heads of subsidiaries to ensure the budgets were attainable and realistic prior to deliberation by the Audit Committee and the Board's approval.
- Management constantly monitored the gaps and issues highlighted by internal and external audits and had shown commitment to improve on current processes and internal controls.

Information and Communication

- Submission of regular and timely reports to Management and the Board facilitated monitoring of performance against established targets.
- Management held regular meetings with heads of subsidiary operations to obtain operational updates and understand ground issues.
- Prior to each quarterly Board meeting, the members of the Board were provided with the relevant documents and information for better understanding of the matters to be deliberated upon to enable them to arrive at an informed decision.
- Areas for improvement identified during the course of the internal and statutory audits were brought to the attention of the Audit Committee through audit reports and discussed at Audit Committee meetings.

Monitoring

- Management maintains close monitoring of the Group operations through submission of monthly reports and constant communication with the head of subsidiary operations.
- The Audit Committee and Board meetings were convened on a quarterly basis to ensure financial reporting requirements and audit recommendations were properly and effectively carried out by Management.
- Periodic and annual audit reviews by internal and external quality auditors were conducted to ensure compliance with and continuous improvement of the ISO Quality Standards.

6. Conclusion

In addition to the above, the Board received assurance from the Group Managing Director and Finance Manager with regards to the adequacy and effectiveness of the Group risk management and system of internal control in place throughout the financial year.

During the year, there were no material losses caused by breakdown in internal controls. It should be appreciated that the system of internal control only provide reasonable assurance in managing business risks rather than eliminating them and there is no absolute assurance towards material misstatement or loss.

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 January 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement was made in accordance with a resolution of the Board dated 20 May 2013.

[1] Committee of Sponsoring Organisations of the Treadway Commission

ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review:

- the Company did not enter into any share buyback transaction.

- 40,567,250 free Warrants 2010/2013 (“Warrant”) were issued in 2010 on the basis of one free Warrant for every two existing ordinary shares held in KYM and 21,939,507 Warrants had been converted into ordinary shares of RM0.50 each during the financial year.

  KYM established an Employees Share Option Scheme involving up to fifteen per centum (15%) of the issued and paid-up capital of KYM (“ESOS”). 8,221,000 ESOS options were granted to all eligible Directors and eligible employees of KYM Group and 1,050,000 ESOS Options were exercised during the financial year. 3,341,000 ESOS Options remain outstanding as at the end of the financial year.

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

	During the Financial Year Ended 31 January 2013			Since commencement of the Scheme on 16 May 2010		
	Aggregate ESOS Options Granted	Aggregate ESOS Options Exercised	Aggregate ESOS Options Outstanding	Aggregate ESOS Options Granted	Aggregate ESOS Options Exercised	Aggregate ESOS Options Outstanding
Directors and chief executive	-	900,000	2,760,000	4,600,000	1,840,000	2,760,000

	Aggregate maximum allocation applicable (%)	Actual ESOS Options granted during the financial year (%)	Aggregate ESOS Options Granted Since 16 May 2010 (%)
Directors and Senior Management	50.00	-	39.06

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

- the Company did not sponsor any depository receipt programme.

- there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

- the non-audit fees incurred for services rendered by the external auditors or a firm affiliated with the auditors’ firm during the financial year were RM5,000.

- there were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

- On 2 January 2013, Hasrat Meranti (Tapah) Sdn Bhd, a wholly-owned subsidiary of Hasrat Meranti Sdn Bhd which in turn a wholly-owned subsidiary of KYM, entered into a Factory Lease Agreement with Tzel Assets Sdn Bhd for the lease of a purpose built factory to be constructed on part of the land held under PT 4059 H.S.(D) 15459, Mukim Batang Padang, Daerah Batang Padang, Tapah, Perak Darul Ridzuan for the manufacture of industrial paper bags for a term of 3 years commencing on 1 March 2013 at a monthly rental of RM90,342. Save for the said Factory Lease Agreement, there were no other material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year:

FINANCIAL STATEMENTS

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 2013.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation from continuing operations	(1,327)	(49,354)
Loss after taxation from discontinued operations	(238)	-
Loss for the financial year	(1,565)	(49,354)
Attributable to:-		
Owners of the Company	(1,195)	(49,354)
Non-controlling interests	(370)	-
	(1,565)	(49,354)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

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

(a) there were no changes in the authorised share capital of the Company;

(b) the issued and paid-up share capital of the Company has been increased from RM57,087,794 comprising 114,175,588 ordinary shares of RM0.50 each to RM68,582,548 comprising 137,165,095 ordinary shares of RM0.50 each by the issuance of 22,989,507 ordinary shares for cash consideration as follows:

	Number of ordinary shares issued
Shares issued pursuant to the exercise of Employees' Share Option Scheme	1,050,000
Shares issued pursuant to the exercise of Warrants 2010/2013	21,939,507
Total	22,989,507

All the new ordinary shares issued during the financial year rank pari passu in all respects with the then existing issued and paid up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2010/2013

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

(a) The issue date of the Warrants is 19 February 2010 and the expiry date is 18 February 2013 ("Expiry Date"). Any Warrant not exercised at the Expiry Date will lapse and cease to be valid for any purpose;

(b) The Warrants were issued to the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) ordinary shares held. Each Warrant entitles the shareholders to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.50 per ordinary share;

(c) The exercise price and the number of unexercised Warrants are subject to adjustments in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll;

(d) The Warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holders exercise their Warrants for new shares; and

(e) The new ordinary shares to be issued upon the exercise of the Warrants, shall, upon allotment and issued, rank pari passu with the then existing ordinary shares except that they will not be entitled to dividends, rights, allotments and/or other distributions declared by the Company prior to the relevant allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

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

	Entitlement Of Ordinary Shares Of RM0.50 Each			
	At 1.2.2012	Issued	Exercised	At 31.1.2013
Warrants 2010/2013	35,918,750	-	(21,939,507)	13,979,243

EMPLOYEES' SHARE OPTION SCHEME

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

The main features of the ESOS are disclosed in Note 20 to the financial statements.

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

		Number Of Options Over Ordinary Shares Of RM0.50 Each				
Date of Offer	Exercise Price	At 1.2.2012	Granted	Exercised	Forfeited	At 31.1.2013
26 May 2010	RM0.90	4,406,000	-	(1,050,000)	(15,000)	3,341,000

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

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 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 except as disclosed in the financial statements.

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

DIRECTORS

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

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar
Dato' Lim Kheng Yew
Dato' Rahadian Mahmud Bin Mohammad Khalil
Dato' Ir. Mohamad Othman Bin Zainal Azim
Dato' Mohd Azmi Bin Othman
Chiam Tau Meng
Dato' Chong Thin Choy (Resigned on 20.5.2013)
Tan Sri Dato' Wira Abdul Rahman Bin Haji Ismail (Resigned on 20.5.2013)
Datuk Mansor Bin Masikon (Resigned on 20.5.2013)

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.50 Each			
	At 1.2.2012	Alloted/ Bought	Sold	At 31.1.2013
The Company				
Direct Interests				
- Dato' Lim Kheng Yew	3,000,000	2,000,000	-	5,000,000
- Dato' Chong Thin Choy	-	900,000	-	900,000
- Dato' Mohd Azmi Bin Othman	132,000	-	(70,000)	62,000
Indirect Interest				
- Dato' Lim Kheng Yew	38,970,093	8,799,907	(20,000)	47,750,000

	Number Of Options Over Ordinary Shares Of RM0.50 Each			
	At 1.2.2012	Granted	Exercised	At 31.1.2013
Share Options Of The Company				
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	760,000	-	-	760,000
Dato' Chong Thin Choy	1,000,000	-	(900,000)	100,000
Dato' Lim Kheng Yew	1,000,000	-	-	1,000,000
Tan Sri Dato' Wira Abdul Rahman Bin Haji Ismail	300,000	-	-	300,000
Dato' Rahadian Mahmud Bin Mohammad Khalil	300,000	-	-	300,000
Dato' Ir. Mohamad Othman Bin Zainal Azim	300,000	-	-	300,000

	Number Of Warrants 2010/2013			
	At 1.2.2012	Purchase	Disposal/ Conversion	At 31.1.2013
Warrants Of The Company				
Direct Interest				
- Dato' Lim Kheng Yew	1,501,601	500,000	(2,001,601)	-
Indirect Interest				
- Dato' Lim Kheng Yew	12,500,000	2,580,001	(12,079,907)	3,000,094

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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39 to the financial statements.

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events of the Group and of the Company during and after the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the directors dated 20 May 2013.

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

STATEMENT BY DIRECTORS

We, Dato' Lim Kheng Yew and Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 37 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2013 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 46, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 20 May 2013.

Dato' Lim Kheng Yew **Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar**

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 37 to 111 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 20 May 2013

Chin Kong Yaw

Before me
YAP LEE CHIN (NO. W - 591)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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

Report On The Financial Statements

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial position as at 31 January 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 111.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 January 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (cont'd)

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 46 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 45 to the financial statements, KYM Holdings Bhd. adopted Malaysian Financial Reporting Standards on 1 February 2012 with a transition date of 1 February 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 January 2012 and 1 February 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 January 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 January 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2012 do not contain misstatements that materially affect the financial position as of 31 January 2013 and financial performance and cash flows for the financial year then ended.

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Onn Kien Hoe
Approval No: 1772/11/14 (J/PH)
Chartered Accountant

20 May 2013
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
At 31 January 2013

	Note	The Group 31.1.2013 RM'000	The Group 31.1.2012 RM'000	The Group 1.2.2011 RM'000	The Company 31.1.2013 RM'000	The Company 31.1.2012 RM'000	The Company 1.2.2011 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	29,584	29,584	29,584
Investments in associates	6	4	-	-	4	-	-
Other investments		1	1	6	-	-	-
Property, plant and equipment	7	74,163	63,267	60,566	880	1,352	1,518
Investment properties	8	42,821	42,821	42,347	3,561	3,561	3,561
Intangible asset	9	4,667	4,667	5,322	-	-	-
		121,656	110,756	108,241	34,029	34,497	34,663
CURRENT ASSETS							
Inventories	10	12,853	13,381	11,688	-	-	-
Trade receivables	11	18,055	17,442	14,981	-	-	-
Other receivables, deposit and prepayments	12	5,168	31,885	41,845	2,897	30,474	12,957
Amount owing by subsidiaries	13	-	-	-	59,891	63,979	47,677
Amount owing by related parties	14	206	454	370	-	314	296
Amount owing by an associate	15	495	-	-	-	-	-
Tax recoverable		72	100	60	53	78	38
Fixed deposits with licensed banks	16	410	285	1,087	-	-	1,000
Cash and bank balances		4,357	1,958	1,876	527	2	429
		41,616	65,505	71,907	63,368	94,847	62,397
TOTAL ASSETS		163,272	176,261	180,148	97,397	129,344	97,060

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

STATEMENTS OF FINANCIAL POSITION
At 31 January 2013 (Cont'd)

	Note	The Group 31.1.2013 RM'000	The Group 31.1.2012 RM'000	The Group 1.2.2011 RM'000	The Company 31.1.2013 RM'000	The Company 31.1.2012 RM'000	The Company 1.2.2011 RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	17	68,583	57,088	53,994	68,583	57,088	53,994
Share premium	18	32,253	26,032	22,913	32,253	26,032	22,913
Capital reserve	19	3,494	8,980	9,902	3,494	8,980	9,902
Employees' share option reserve	20	1,005	1,323	1,702	1,005	1,323	1,702
(Accumulated losses)/ Retained profits		(20,454)	25,092	30,875	(74,910)	(25,559)	(21,120)
Equity attributable to owners of the Company		84,881	118,515	119,386	30,425	67,864	67,391
Non-controlling interests		(202)	(3,627)	(887)	-	-	-
TOTAL EQUITY		84,679	114,888	118,499	30,425	67,864	67,391
NON-CURRENT LIABILITIES							
Hire purchase payables	21	2,989	4,090	1,483	545	784	901
Term loans	22	23,666	6,164	8,575	10,000	-	-
Deferred tax liabilities	23	8,719	8,161	8,912	-	-	-
		35,374	18,415	18,970	10,545	784	901
CURRENT LIABILITIES							
Trade payables	24	6,125	7,023	5,874	-	-	-
Other payables and accruals	25	14,941	15,704	21,326	2,556	4,567	896
Amount owing to subsidiaries	13	-	-	-	51,480	50,693	27,390
Amount owing to related parties	14	2,170	5,153	109	2,170	5,153	109
Amount owing to directors	26	212	705	450	3	3	3
Hire purchase payables	21	1,494	1,382	736	218	280	370
Provision for taxation		2,032	192	358	-	-	-
Short-term borrowings	27	14,899	11,946	13,596	-	-	-
Bank overdrafts	28	1,346	853	230	-	-	-
		43,219	42,958	42,679	56,427	60,696	28,768
TOTAL LIABILITIES		78,593	61,373	61,649	66,972	61,480	29,669
TOTAL EQUITY AND LIABILITIES		163,272	176,261	180,148	97,397	129,344	97,060

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

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 January 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
CONTINUING OPERATIONS					
REVENUE	29	88,929	78,393	-	57
COST OF SALES		(73,677)	(67,063)	-	(61)
GROSS PROFIT/(LOSS)		15,252	11,330	-	(4)
OTHER INCOME		2,518	3,423	506	240
		17,770	14,753	506	236
SELLING AND DISTRIBUTION EXPENSES		(3,800)	(3,397)	-	-
ADMINISTRATIVE EXPENSES		(7,124)	(16,047)	(1,012)	(1,322)
OTHER EXPENSES		(1,633)	(2,030)	(46,900)	(2,670)
FINANCE COSTS		(3,184)	(1,878)	(1,948)	(694)
PROFIT/(LOSS) BEFORE TAXATION	30	2,029	(8,599)	(49,354)	(4,450)
INCOME TAX EXPENSE	32	(3,356)	334	-	-
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(1,327)	(8,265)	(49,354)	(4,450)
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	33	(238)	(269)	-	-
LOSS AFTER TAXATION		(1,565)	(8,534)	(49,354)	(4,450)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX					
- Disposal of subsidiaries		441	-	-	-
- Dilution arising from change in stake		(41,000)	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(42,124)	(8,534)	(49,354)	(4,450)

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

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 January 2013 (Cont'd)

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(1,195)	(5,794)	(49,354)	(4,450)
Non-controlling interests		(370)	(2,740)	-	-
		(1,565)	(8,534)	(49,354)	(4,450)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(45,549)	(5,794)	(49,354)	(4,450)
Non-controlling interests		3,425	(2,740)	-	-
		(42,124)	(8,534)	(49,354)	(4,450)
BASIC LOSS PER SHARE (SEN):					
- Continuing operations	34	(0.78)	(5.14)		
- Discontinued operations	34	(0.19)	(0.15)		
		(0.97)	(5.29)		
DILUTED LOSS PER SHARE (SEN):					
- Continuing operations	34	(0.69)	(4.09)		
- Discontinued operations	34	(0.16)	(0.11)		
		(0.85)	(4.20)		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 January 2013

	Note	← Non-Distributable			→	Distributable			
		Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Employee Share Options Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 1.2.2011		53,994	22,913	9,902	1,702	30,875	119,386	(887)	118,499
Loss after taxation/ Total comprehensive expenses for the financial year		-	-	-	-	(5,794)	(5,794)	(2,740)	(8,534)
Contributions by and distributions to owners of the Company:									
- Employees' share options exercised	17/18	613	858	-	(368)	-	1,103	-	1,103
- Warrants exercised	17/18	1,831	922	(922)	-	-	1,831	-	1,831
- Employees' share options forfeited		-	-	-	(11)	11	-	-	-
- Private placement	17/18	650	1,339	-	-	-	1,989	-	1,989
Balance at 31.1.2012		57,088	26,032	8,980	1,323	25,092	118,515	(3,627)	114,888
Balance at 31.1.2012/ 1.2.2012		57,088	26,032	8,980	1,323	25,092	118,515	(3,627)	114,888
Loss after taxation for the financial year		-	-	-	-	(1,195)	(1,195)	(370)	(1,565)
Other comprehensive expenses for the financial year, net of tax:									
- Disposal of subsidiaries		-	-	-	-	-	-	441	441
- Dilution arising from change in stake		-	-	-	-	(44,354)	(44,354)	3,354	(41,000)
Total comprehensive expenses for the financial year		-	-	-	-	(45,549)	(45,549)	3,425	(42,124)
Contributions by and distributions to owners of the Company:									
- Employees' share options exercised	17/18	525	735	-	(315)	-	945	-	945
- Warrants exercised	17/18	10,970	5,486	(5,486)	-	-	10,970	-	10,970
- Employees' share options forfeited		-	-	-	(3)	3	-	-	-
Balance at 31.1.2013		68,583	32,253	3,494	1,005	(20,454)	84,881	(202)	84,679

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 January 2013 (Cont'd)

	Non-Distributable				Distributable	
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
The Company						
Balance at 1.2.2011	53,994	22,913	9,902	1,702	(21,120)	67,391
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(4,450)	(4,450)
Contributions by and distribution to owners of the Company:						
- Employees' share options exercised	613	858	-	(368)	-	1,103
- Warrants exercised	1,831	922	(922)	-	-	1,831
- Employees' share options forfeited	-	-	-	(11)	11	-
- Private placement	650	1,339	-	-	-	1,989
Balance at 31.1.2012/ 1.2.2012	57,088	26,032	8,980	1,323	(25,559)	67,864
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(49,354)	(49,354)
Contributions by and distribution to owners of the Company:						
- Employees' share options exercised	525	735	-	(315)	-	945
- Warrants exercised	10,970	5,486	(5,486)	-	-	10,970
- Employees' share options forfeited	-	-	-	(3)	3	-
Balance at 31.1.2013	68,583	32,253	3,494	1,005	(74,910)	30,425

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 January 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation from:					
- continuing operations		2,029	(8,599)	(49,354)	(4,450)
- discontinued operations		(238)	(269)	-	-
Adjustments for:-					
Bad debts written off		859	57	-	-
Deposit written off		-	3	-	-
Depreciation of property, plant and equipment		4,843	4,795	380	513
Dividend income		(#)	(144)	-	(144)
Fair value gain on investment properties		-	(474)	-	-
Fair value loss on quoted investments		#	-	-	-
Gain on disposal of subsidiaries		(537)	(143)	(5)	-
Gain on disposal of property, plantand equipment		(178)	(51)	(82)	-
Impairment loss on property, plant and equipment		-	124	-	-
Impairment losses on trade and other receivables		-	40	-	-
Impairment loss on goodwill		-	655	-	-
Impairment loss on investment in subsidiaries		-	-	41,000	-
Impairment loss on amount owing by subsidiaries		-	-	5,520	1,900
Interest expense		3,187	1,878	1,948	694
Interest income		(466)	(350)	-	(84)
Inventories written off		-	135	-	-
(Gain)/Loss on disposal on quoted investments		(#)	261	-	257
Property, plant and equipment written off		19	65	-	-
Waiver of debts from trade payables		(528)	(318)	-	-
Writeback of impairment loss on trade and other receivables		(276)	(18)	-	-
Operating profit/(loss) before working capital changes		8,714	(2,353)	(593)	(1,314)
Decrease/(Increase) in inventories		517	(1,828)	-	-
(Increase)/Decrease in trade and other receivables		(1,078)	7,368	476	9,583
Decrease in trade and other payables		(818)	(3,890)	(2,011)	3,671
Decrease/(Increase) in amount owing by related parties		52	(82)	-	-
Increase in amount owing by an associate		(495)	-	-	-
CASH FROM/(FOR) OPERATIONS		6,892	(785)	(2,128)	11,940
Income tax refunded		-	-	26	-
Income tax paid		(930)	(623)	-	(40)
Interest paid		(3,187)	(1,878)	(1,948)	(694)
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD		2,775	(3,286)	(4,050)	11,206

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

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 January 2013 (Cont'd)

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Balance carried forward		2,775	(3,286)	(4,050)	11,206
CASH FLOWS FOR INVESTING ACTIVITIES					
Proceeds from disposal of quoted investments		-	1,699	-	1,698
Interest received		466	350	-	84
Dividend received		#	144	-	144
Proceeds from disposal of property, plant and equipment		436	157	190	-
Purchase of property, plant and equipment	35	(16,170)	(3,197)	(16)	(90)
Purchase of quoted investments		-	(1,955)	-	(1,955)
Repayment of/(Advances to) related parties		196	(2)	314	(18)
Acquisition of additional interest in a subsidiary from non-controlling interest:	36				
- deposit paid		-	-	-	(27,100)
- balance of purchase consideration		-	-	(13,900)	-
Investment in an associate		(4)	-	(4)	-
Advances to subsidiaries		-	-	(1,433)	(18,202)
Proceeds from disposal of subsidiaries	37	255	2	5	-
NET CASH FOR INVESTING ACTIVITIES		(14,821)	(2,802)	(14,844)	(45,439)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment to)/Advances from related parties		(6,883)	5,044	(2,983)	5,044
Proceeds from share options exercised		945	1,103	945	1,103
Proceeds from warrants exercised		10,970	1,831	10,970	1,831
Proceeds from private placement		-	1,989	-	1,989
Advances from directors		188	255	-	-
Drawdown of bankers' acceptances		482	-	-	-
Net drawdown/(repayment) of bills payable		1,001	(1,166)	-	-
Repayment of hire purchase obligations		(1,598)	(1,416)	(300)	(370)
Repayment of term loans		(11,755)	(2,895)	-	-
Drawdown of term loans		20,727	-	10,000	-
Advances from subsidiaries		-	-	787	23,209
NET CASH FROM FINANCING ACTIVITIES		14,077	4,745	19,419	32,806
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,031	(1,343)	525	(1,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,390	2,733	2	1,429
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	3,421	1,390	527	2

Note:
\# - Amount below RM1,000.

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

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 May 2013.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 45 to the financial statements.

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 - 2011 Cycle	1 January 2013

3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There is no financial impact on the financial statements on the Group upon its initial application.

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There is no financial impact on the financial statements on the Group upon its initial application.

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures - Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There is no financial impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 - 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation of Property, Plant and Equipment

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

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

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

(b) Income Taxes

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

(c) Impairment of Non-Financial Assets

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

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

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Trade and Other Receivables

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

(f) Write-down of Inventories

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

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

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

(h) 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/or equity.

(i) Classification of Leasehold Land

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

(j) Share-based Payments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(k) Impairment of Goodwill

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

(l) Fair Value Estimates for Certain Financial Assets and Liabilities

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

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 January 2013.

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

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

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

(a) Business Combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

(c) Acquisitions of Non-controlling Interests

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4.3 GOODWILL ON CONSOLIDATION

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Transactions and Balances

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

(i) Financial Assets at Fair Value Through Profit or Loss

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

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

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

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

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

(iii) Loans and Receivables Financial Assets

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

(iv) Available-for-sale Financial Assets

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

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

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

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

(b) Financial Liabilities

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

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

(c) Equity Instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

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

4.7 INVESTMENTS IN ASSOCIATES

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

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 January 2013. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

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

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

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

4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation or amortisation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

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

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

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss 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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

4.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4.11 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.11 INVESTMENT PROPERTIES

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INVENTORIES

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

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

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

4.13 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.

4.14 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

4.15 PROVISIONS

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

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES

Income taxes for the year comprise current and deferred tax.

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.18 OPERATING SEGMENTS

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

4.19 RELATED PARTIES

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 RELATED PARTIES (CONT'D)

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

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

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

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

4.20 CONTINGENT LIABILITIES

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

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

4.21 REVENUE AND OTHER INCOME

(a) Sale of Goods

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

(b) Services

Revenue is recognised upon rendering of services.

(c) Resort Operations

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

(d) Recreational and Sports Operations

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

(e) Interest Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE AND OTHER INCOME (CONT'D)

(f) Rental Income

Rental income is recognised on an accrual basis.

(g) Dividend Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2013 RM'000	The Company 2012 RM'000
Unquoted shares, at cost	77,630	36,630
Accumulated impairment losses	(48,046)	(7,046)
	29,584	29,584
Accumulated impairment losses:-		
At 1 February	(7,046)	(7,046)
Addition during the financial year	(41,000)	-
At 31 January	(48,046)	(7,046)

The Company assessed the recoverable amount of the investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the investments is determined based on estimated fair value of the subsidiaries as at end of the reporting period.

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

Name of Company	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd. (1)	100%	100%	Property investment.
KYM Industries (Penang) Sdn. Bhd. (1)	100%	100%	Dormant.
Teguh Amalgamated Sdn. Bhd. (1)	100%	100%	Property investment.
KCP Carton Sdn. Bhd. (1)	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes. The company has temporarily ceased its business operations.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Panorama Industries Sdn. Bhd. (2)	100%	100%	Property investment.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
Hasrat Meranti (Chemor) Sdn. Bhd. (Formerly known as PPI Bags Sdn. Bhd.)	51%	51%	Manufacturing and sale of industrial woven bags.
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes. The company has temporarily ceased its business operations.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. (3)	100%	100%	Investment holding.
Omni Green Sdn. Bhd. ^ (3)	-	51%	Operating a golf course.
Harta Makmur Sdn. Bhd. * (4)	100%	60%	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd. (5)	100%	60%	Resort operator. #
Teluk Rubiah Country Club Sdn. Bhd. (5)	100%	60%	Provide recreational and sport facilities and operating golf course. #
Suria Makmur Development Sdn. Bhd. (5)	100%	60%	Property development.
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. (6)	100%	100%	General construction.
KYM Development (Perak) Sdn. Bhd. (6)	100%	100%	Property development.
KYM Leisure Sdn. Bhd. (6)	100%	100%	Property development.
Austin Capital Sdn. Bhd. (6)	100%	100%	Dormant.
KYM Maserba Sdn. Bhd. (7)	100%	100%	Dormant.
KMG Assets Sdn. Bhd.	100%	100%	Providing management services.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Company	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Tapah) Sdn. Bhd. (8)	100%	-	Dormant.
KYM Mineral Sdn. Bhd.	100%	100%	Mineral extractions, processing and distribution.
KYM Maju Sdn. Bhd.	100%	100%	Dormant.
Konsortium Melaka Gemilang Sdn. Bhd.	-	51%	Dormant.

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

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

- The subsidiaries ceased their business operations during the financial year.

(1) - 100% interest held by KYM Industries (M) Sdn. Bhd.
(2) - 100% interest held by KYM Industries (Johor) Sdn. Bhd.
(3) - 100% interest held by Polypulp Enterprises Sdn. Bhd.
(4) - 60% and 40% interest held by Tegas Consolidated Sdn. Bhd. and the Company respectively
(5) - 100% interest held by Harta Makmur Sdn. Bhd.
(6) - 100% interest held by KYM Properties Sdn. Bhd.
(7) - 100% interest held by KYM Leisure Sdn. Bhd.
(8) - 100% interest held by Hasrat Meranti Sdn. Bhd.

6. INVESTMENTS IN ASSOCIATES

	The Group/The Company 2013 RM'000	2012 RM'000
Unquoted shares, at cost	4	-

(a) Share of results of the associate is based on the unaudited financial statements of the associate.

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

Name of Company	Effective Equity Interest 2013 %	2012 %	Principal Activities
PEIH Holdings Sdn. Bhd.^	37.5	-	Investing holding and general trading.
PEIH Resources Sdn. Bhd.(1)	37.5	-	Investing holding and general trading.
PECOH Industrial Development Sdn. Bhd.(1)	37.5	-	Land reclamation and development of an industrial hub.

^ - The associate was audited by other firm of chartered accountants.
(1) - Interest held by PEIH Holdings Sdn. Bhd.

(c) The summarised unaudited financial information of the associate, not adjusted for the percentage ownership held by the Group, is as follows:-

	The Group 2013 RM'000	2012 RM'000
Assets and liabilities		
Total assets	3,474	-
Total liabilities	3,471	-
Results		
Revenue	-	-
Loss for the financial year	(1)	-

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Plant And Machinery RM'000	Forklifts, Tools And Equipment And Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Total RM'000
Net book value								
At 1.2.2012	8,808	4,460	17,946	26,488	925	2,276	2,364	63,267
Disposal of a subsidiary	-	-	-	-	(15)	(3)	(745)	(763)
Additions	-	-	-	16,177	525	-	77	16,779
Disposals	-	-	-	-	-	(196)	(62)	(258)
Written off	-	-	-	-	-	-	(19)	(19)
Depreciation charge for the financial year	(117)	-	(319)	(2,887)	(473)	(561)	(486)	(4,843)
At 31.1.2013	8,691	4,460	17,627	39,778	962	1,516	1,129	74,163
At 1.2.2011	9,023	4,460	17,665	23,695	1,019	2,424	2,280	60,566
Disposal of a subsidiary	-	-	-	-	-	-	(75)	(75)
Additions	-	-	465	5,403	498	563	937	7,866
Disposals	-	-	-	(27)	(68)	-	(11)	(106)
Written off	-	-	-	-	-	-	(65)	(65)
Impairment losses	-	-	-	-	-	-	(124)	(124)
Depreciation charge for the financial year	(215)	-	(184)	(2,583)	(524)	(711)	(578)	(4,795)
At 31.1.2012	8,808	4,460	17,946	26,488	925	2,276	2,364	63,267
At 31.1.2013								
Cost	9,087	4,460	18,666	53,237	11,247	3,617	6,939	107,253
Accumulated depreciation	(396)	-	(1,039)	(13,459)	(10,285)	(2,101)	(5,810)	(33,090)
Net book value	8,691	4,460	17,627	39,778	962	1,516	1,129	74,163
At 31.1.2012								
Cost	9,087	4,460	18,666	37,060	10,722	4,182	8,545	92,722
Accumulated impairment losses	-	-	-	-	-	-	(124)	(124)
Accumulated depreciation	(279)	-	(720)	(10,572)	(9,797)	(1,906)	(6,057)	(29,331)
Net book value	8,808	4,460	17,946	26,488	925	2,276	2,364	63,267

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

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

Analysis Of Other Assets

The Group	**Office Equipment, Furniture And Fittings, Renovation And Electrical Installation RM'000**	**Golf Course, Club House, Driving Range And Related Development Expenditure RM'000**	**Golf Equipment And Accessories RM'000**	**Total Other Assets RM'000**
Net book value at 1.2.2012	1,540	581	243	2,364
Additions	77	-	-	77
Disposal of a subsidiary	(185)	(534)	(26)	(745)
Disposals	(1)	-	(61)	(62)
Written off	(2)	-	(17)	(19)
Depreciation charge for the financial year	(300)	(47)	(139)	(486)
Net book value at 31.1.2013	1,129	-	-	1,129
Net book value at 1.2.2011	1,497	248	535	2,280
Additions	538	399	-	937
Disposal of a subsidiary	(75)	-	-	(75)
Impairment losses	-	-	(124)	(124)
Disposals	(5)	-	(6)	(11)
Written off	(39)	(26)	-	(65)
Depreciation charge for the financial year	(376)	(40)	(162)	(578)
Net book value at 31.1.2012	1,540	581	243	2,364
At 31.1.2013				
Cost	6,939	-	-	6,939
Accumulated depreciation	(5,810)	-	-	(5,810)
Net book value	1,129	-	-	1,129
At 31.1.2012				
Cost	7,233	635	677	8,545
Accumulated impairment losses	-	-	(124)	(124)
Accumulated depreciation	(5,693)	(54)	(310)	(6,057)
Net book value	1,540	581	243	2,364

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

	Office Equipment, Furniture Fittings And Renovation RM'000	Motor Vehicles RM'000	Total RM'000
The Company			
Net book value at 1.2.2012	163	1,189	1,352
Addition	16	-	16
Disposal	-	(108)	(108)
Depreciation charge for the financial year	(31)	(349)	(380)
Net book value at 31.1.2013	148	732	880
Net book value at 1.2.2011	113	1,405	1,518
Additions	82	171	253
Transfer from a subsidiary	-	94	94
Depreciation charge for the financial year	(32)	(481)	(513)
Net book value at 31.1.2012	163	1,189	1,352
At 31.1.2013			
Cost	989	2,200	3,189
Accumulated depreciation	(841)	(1,468)	(2,309)
Net book value	148	732	880
At 31.1.2012			
Cost	973	2,575	3,548
Accumulated depreciation	(810)	(1,386)	(2,196)
Net book value	163	1,189	1,352

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

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

	The Group	
	2013 RM'000	2012 RM'000
Freehold land	-	3,600
Leasehold land	4,444	6,286
Buildings	17,204	9,758
Plant and machinery	23,977	23,188
Forklift, tools and equipment and production accessories	624	929
Motor vehicles	476	777
Other assets	343	946
	47,068	45,484

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Plant and machinery	4,792	4,567	-	-
Motor vehicles	1,467	1,061	732	1,189
	6,259	5,628	732	1,189

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:-				
Forklifts, tools and equipment and production accessories	9,392	8,506	-	-
Motor vehicles	770	236	570	765
Other assets	4,301	6,234	772	704
	14,463	14,976	1,343	1,469

8. INVESTMENT PROPERTIES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At fair value:-				
At 1 February	42,821	42,347	3,561	3,561
Fair value adjustment	-	474	-	-
At 31 January	42,821	42,821	3,561	3,561

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

The investment properties comprise the following:-

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Leasehold land	37,791	37,791	1,211	1,211
Building	5,030	5,030	2,350	2,350
	42,821	42,821	3,561	3,561

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Properties that generate income:-				
Insurance	68	28	8	7
Quit rent and assessment	37	38	18	20

9. INTANGIBLE ASSET

	The Group	
	2013	2012
	RM'000	RM'000
Goodwill on consolidation	7,047	7,047
Accumulated impairment loss	(2,380)	(2,380)
	4,667	4,667
Accumulated impairment loss:-		
At 1 February	(2,380)	(1,725)
Addition during the financial year	-	(655)
At 31 January	(2,380)	(2,380)

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

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

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

(i) Budgeted gross profit margin — The basis used to determine the value assigned to the budgeted gross profit margin is the gross profit margin achieved in the current financial year.

(ii) Growth rate — The growth rate used is based on the expected projection of the manufacturing and sale of multi-wall industrial paper bags.

(iii) Discount rate — The discount rate used is the weighted average cost of capital of the Company obtained from Bloomberg as at 31 January 2013.

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

10. INVENTORIES

	The Group	
	2013	2012
	RM'000	RM'000
At cost:-		
Raw materials	9,126	9,090
Work-in-progress	696	1,077
Finished goods	2,799	2,948
Others	-	4
	12,621	13,119
At net realisable value:-		
Finished goods	232	262
	12,853	13,381

11. TRADE RECEIVABLES

	The Group	
	2013	2012
	RM'000	RM'000
Trade receivables	20,072	19,470
Allowance for impairment losses	(2,017)	(2,028)
	18,055	17,442

Allowance for impairment losses:-		
At 1 February	(2,028)	(5,593)
Addition during the financial year	-	(22)
Writeback during the financial year	11	12
Writeoff during the financial year	-	3,575
At 31 January	(2,017)	(2,028)

The Group's normal trade credit terms range from 15 to 180 days (2012 - 15 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other receivables	4,766	3,841	2,760	2,837
Allowance for impairment losses	(11)	(11)	-	-
	4,755	3,830	2,760	2,837
Deposits	253	27,795	136	27,636
Prepayments	160	260	1	1
	5,168	31,885	2,897	30,474
Allowance for impairment losses:-				
At 1 February	(11)	(6)	-	-
Addition during the financial year	-	(11)	-	-
Writeback during the financial year	-	6	-	-
At 31 January	(11)	(11)	-	-

Included in deposits of the Group and of the Company in the previous financial year was an amount of RM27,100,000 which represented deposit placed for the proposed acquisition of 400,000 ordinary shares in Harta Makmur Sdn. Bhd., a subsidiary of the Group as disclosed in Note 41.2 to the financial statements.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2013 RM'000	2012 RM'000
Amount owing by subsidiaries	104,671	103,239
Allowance for impairment losses	(44,780)	(39,260)
	59,891	63,979
Allowance for impairment losses:-		
At 1 February	(39,260)	(37,360)
Addition during the financial year	(5,520)	(1,900)
At 31 January	(44,780)	(39,260)
Amount owing to subsidiaries	(51,480)	(50,693)

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

14. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount owing by:-				
- Trade balance	41	173	-	-
- Allowance for impairment losses	-	(80)	-	-
	41	93	-	-
- Non-trade balance	165	361	-	314
	206	454	-	314
Allowance for impairment losses:-				
At 1 February	(80)	(80)	-	-
Writeoff during the financial year	80	-	-	-
At 31 January	-	(80)	-	-
Amount owing to:-				
- Non-trade balance	(2,170)	(5,153)	(2,170)	(5,153)

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

The trade balance is subject to the normal credit terms ranging from 30 to 90 days (2012 - 30 to 90 days).

The non-trade balances represent unsecured interest-free advances and payments made on behalf except for an amount owing to a related party of approximately RM2,100,000 (2012 - RM5,000,000) which bore an effective interest rate of 8% (2012 - 8%) per annum.

The amounts owing are repayable on demand and are to be settled in cash.

15. AMOUNT OWING BY AN ASSOCIATE

The amount owing is trade in nature and subjected to normal trade credit terms ranging from 30 to 90 days. The amount owing is to be settled in cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rate of the fixed deposits at the end of the reporting period was 3.11% (2012 - 3.10%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2012 - 90 to 365 days).

17. SHARE CAPITAL

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

	2013 Number of Shares '000	2013 Share Capital RM'000	2012 Number of Shares '000	2012 Share Capital RM'000
Ordinary shares of RM0.50 each	2,000,000	1,000,000	2,000,000	1,000,000

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

	2013 Number of Shares '000	2013 Share Capital RM'000	2012 Number of Shares '000	2012 Share Capital RM'000
Ordinary shares of RM0.50 each				
At 1 February	114,175	57,088	107,988	53,994
Private Placement	-	-	1,300	650
Employees' share options exercised	1,050	525	1,226	613
Warrants exercised	21,940	10,970	3,661	1,831
At 31 January	137,165	68,583	114,175	57,088

18. SHARE PREMIUM

	The Group/ The Company 2013 RM'000	The Group/ The Company 2012 RM'000
At 1 February	26,032	22,913
Premium arising from:		
- Private Placement net of placement fees	-	1,339
- Employees' share options exercised	735	858
- Warrants exercised	5,486	922
At 31 January	32,253	26,032

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.

19. CAPITAL RESERVE

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

	The Group/ The Company	
	2013 RM'000	2012 RM'000
At 1 February	8,980	9,902
Warrants exercised	(5,486)	(922)
At 31 January	3,494	8,980

20. EMPLOYEES' SHARE OPTION RESERVE

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

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

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 3 years on the date of the offer.

(ii) The maximum number of new shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid up share capital of the Company at any one time during the existence of the ESOS.

(iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%, or at the par value of shares of the Company, whichever is higher.

(iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new shares of the Company comprised in the ESOS.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

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

		Number Of Options Over Ordinary Shares Of RM0.50 Each				
Date of Offer	Exercise Price	At 1.2.2012	Granted	Exercised	Forfeited	At 31.1.2013
26 May 2010	RM0.90	4,406,000	-	(1,050,000)	(15,000)	3,341,000

20. EMPLOYEES' SHARE OPTION RESERVE (CONT'D)

The ESOS granted expire on 16 May 2015 and are exercisable if the employee remains in service during the term of the ESOS.

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

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

21. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum hire purchase payments:				
- not later than one year	1,754	1,659	259	324
- later than one year and not later than five years	3,370	4,615	629	874
- later than five years	-	45	-	41
	5,124	6,319	888	1,239
Less: Future finance charges	(641)	(847)	(125)	(175)
Present value of hire purchase payables	4,483	5,472	763	1,064

The net hire purchase payables are repayable as follows:-

	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Current:				
- not later than one year	1,494	1,382	218	280
Non-current:				
- later than one year and not later than five years	2,989	4,055	545	750
- later than five years	-	35	-	34
Total non-current portion	2,989	4,090	545	784
	4,483	5,472	763	1,064

Included in the hire purchase payables is an amount of approximately RM83,000 (2012 - RM116,000) secured by a guarantee of the directors of certain subsidiaries.

22. TERM LOANS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current portion:				
- repayable within one year (Note 27)	3,224	1,754	-	-
Non-current portion:				
- repayable between one to two years	11,839	1,541	1,000	-
- repayable between two to five years	11,019	3,665	9,000	-
- repayable after five years	808	958	-	-
Total non-current portion	23,666	6,164	10,000	-
	26,890	7,918	10,000	-

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalments	Monthly/ Quarterly* Instalment	Date Of Commencement Of Repayment	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
1	12	80,000	December 2009	4,128	4,952	-	-
	24	100,000	December 2010				
	12	120,000	December 2013				
	12	140,000	December 2013				
	Until full settlement	170,000	December 2014				
2	180	16,877	March 2008	1,480	1,592	-	-
3	36	62,029	April 2010	144	845	-	-
4	60	4,037	January 2011	126	163	-	-
5	60	9,082	January 2011	285	366	-	-
6	60	214,183	March 2013	10,727	-	-	-
7	10 quarters instalments	1,000,000*	January 2015	10,000	-	10,000	-
				26,890	7,918	10,000	-

(a) Term loans 1 and 2 are secured in the same manner as the bills payable disclosed in Note 27 to the financial statements.

(b) Term loans 3 to 6 are secured by:-

(i) legal charges over the leasehold land and buildings of certain subsidiaries and the holding company;

(ii) fixed and floating charges over the assets of certain subsidiaries;

(iii) a pledge of the fixed deposits of the Group; and

(vi) a corporate guarantee of the Company.

22. TERM LOANS (CONT'D)

Details of the repayment terms are as follows (Cont'd):-

(c) Term loan 7 is secured by:-

(i) a legal charge over the leasehold land of a subsidiary;

(ii) legal charges over the building of the Company; and

(iii) a Memorandum of Deposit over the unquoted shares of a subsidiary.

23. DEFERRED TAX LIABILITIES

	The Group	
	2013 RM'000	2012 RM'000
At 1 February	8,161	8,912
Recognised in profit or loss (Note 32)	558	(751)
At 31 January	8,719	8,161

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

	The Group	
	2013 RM'000	2012 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances	2,719	1,858
Revaluation arising from deemed cost property	2,280	2,555
Revaluation arising from deemed cost plant and machinery	2,586	2,259
Fair value changes of investment properties	2,547	2,547
	10,132	9,219
Deferred tax assets:-		
Allowance for impairment losses	(250)	-
Unutilised tax losses	-	(1,058)
Unabsorbed capital allowances	(1,163)	-
	(1,413)	(1,058)
	8,719	8,161

23. DEFERRED TAX LIABILITIES (CONT'D)

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

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	11	482	-	-
Impairment loss on amount owing by subsidiaries	-	-	(7,420)	(1,900)
Impairment loss on investment in subsidiaries	-	-	(41,000)	-
Impairment loss on property, plant and equipment	-	26	-	-
	11	508	(48,420)	(1,900)

24. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days (2012 - 30 to 90 days).

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Accrued quit rent	5,184	6,000	-	-
Accrued professional fees	600	600	-	-
Advances received	-	4,302	-	-
Deposits received	1,028	216	-	-
Other payables	8,129	4,586	2,556	4,567
	14,941	15,704	2,556	4,567

26. AMOUNT OWING TO DIRECTORS

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

27. SHORT-TERM BORROWINGS

	The Group	
	2013	2012
	RM'000	RM'000
Secured:-		
Bankers' acceptances	482	-
Bills payable	11,193	10,192
Term loans (Note 22)	3,224	1,754
	14,899	11,946

27. SHORT-TERM BORROWINGS (CONT'D)

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

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

(ii) a debenture incorporating fixed and floating charges over the assets of a subsidiary; and

(iii) a corporate guarantee from a subsidiary and the Company.

28. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 27 to the financial statements.

29. REVENUE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	87,807	76,595	-	-
Others	1,122	1,798	-	57
	88,929	78,393	-	57

30. PROFIT/(LOSS) BEFORE TAXATION

		The Group		The Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Audit fee:					
- for the financial year		180	168	55	45
- underprovision in the previous financial year		2	4	-	-
Bad debts recovered		(33)	(194)	-	-
Bad debts written off:					
- trade receivables		54	34	-	-
- other receivables		780	23	-	-
Depreciation of property, plant and equipment		4,677	4,626	380	513
Deposit written off		-	3	-	-
Directors' fees	31	84	163	64	64
Directors' non-fee emoluments:	31				
- salaries, wages and allowances		1,231	713	-	-
- defined contribution plan		137	93	-	-
- other benefits		52	61	-	-
Dividend income		(#)	(144)	-	(144)
Fair value gain on investment properties		-	(474)	-	-
Fair value loss on quoted investments		#	-	-	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(139)	(41)	(82)	-
- quoted investments		(#)	261	-	257
- subsidiaries		(537)	(143)	(5)	-

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

		The Group		The Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Inventories written off		-	135	-	-
Interest expense:					
- bills payable		682	620	-	-
- hire purchase		303	294	47	58
- others		288	660	186	636
- overdrafts		22	42	-	-
- term loans		1,888	262	1,715	-
Interest income		(466)	(350)	-	(84)
Impairment losses on:					
- amount owing by subsidiaries		-	-	5,520	1,900
- goodwill		-	655	-	-
- investment in subsidiaries		-	-	41,000	-
- trade receivables		-	22	-	-
- other receivables		-	11	-	-
Property, plant and equipment written off		#	-	-	-
Realised gain on foreign exchange		(53)	(242)	-	-
Rental expenses:-					
- premises		150	499	226	226
- equipment		27	32	22	10
- golf course		-	18	-	-
Rental income		(610)	(673)	(28)	(12)
Staff costs:-					
- salaries, wages and allowances		6,923	7,860	-	-
- defined contribution plan		574	693	-	-
- other benefits		1,816	2,054	-	-
Waiver of debts from trade payables		(528)	(318)	-	-
Writeback of impairment loss on trade receivables		(11)	(12)	-	-

- Amount below RM1,000.

31. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company (Note 30)				
- Executive:				
- Salaries, wages and allowances	1,231	713	-	-
- Defined contribution plan	137	93	-	-
- Other benefits	52	61	-	-
- Fee	20	66	-	-
- Non-Executive:				
- Fee	64	97	64	64
	1,504	1,03	64	64
Benefits-in-kind	-	35	-	-

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

	The Group	
	2013	2012
Executive directors:		
- RM150,001 - RM200,000	1	1
- RM300,001 - RM350,000	-	1
- RM400,001 - RM450,000	1	-
- RM500,001 - RM550,000	-	1
	2	3
Non-Executive directors:		
- Below RM50,000	6	6
	8	9

32. INCOME TAX EXPENSE

	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Continuing Operations				
Current tax expense:				
- for the financial year	1,065	267	-	-
- underprovision in the previous financial year	1,733	150	-	-
	2,798	417	-	-
Deferred tax expense (Note 23):				
- relating to origination and reversal of temporary differences	(272)	(563)	-	-
- under/(over)provision in the previous financial year	830	(188)	-	-
	558	(751)	-	-
	3,356	(334)	-	-

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

	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
Profit/(Loss) before taxation from:				
- continuing operations	2,029	(8,599)	(49,354)	(4,450)
- discontinued operations	(238)	(269)	-	-
	1,791	(8,868)	(49,354)	(4,450)
Tax at the statutory tax rate of 25%	448	(2,217)	(12,339)	(1,113)
Tax effects of:-				
Non-taxable income	(147)	(523)	(1)	-
Non-deductible expenses	1,867	3,120	710	852
Claim on reinvestment allowances	(726)	(733)	-	-
Deferred tax assets not recognised during the financial year	65	974	11,630	261
Utilisation of deferred tax assets not recognised in the previous financial year	(714)	(917)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	1,733	150	-	-
- deferred tax	830	(188)	-	-
	3,356	(334)	-	-

32. INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM6,990,000 (2012 - RM14,668,375), and the following unutilised tax losses and unabsorbed capital allowances respectively available at the end of the reporting period to be carried forward for offset against future taxable business income:-

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unabsorbed capital allowances	14,579	14,615	836	836
Unutilised tax losses	59,941	60,506	2,949	2,949
Others	8	-	-	-
	74,528	75,121	3,785	3,785

No deferred tax assets are recognised on these items.

33. DISCONTINUED OPERATIONS

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

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

	The Group	
	2013 RM'000	2012 RM'000
Revenue	76	99
Other income	306	81
Expenses	(620)	(449)
Loss before taxation from discontinued operations	(238)	(269)
Income tax expense	-	-
Loss after taxation from discontinued operations	(238)	(269)

33. DISCONTINUED OPERATIONS (CONT'D)

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

	The Group	
	2013 RM'000	2012 RM'000
Audit fee for the financial year	6	3
Bad debts written off	25	-
Depreciation of property, plant and equipment	166	169
Hire purchase interest	4	-
Impairment loss on trade receivables	-	7
Impairment loss on property, plant and equipment	-	124
Property, plant and equipment written off	19	65
Rental of equipment, buggies and turfmates	15	73
Staff costs:-		
- salaries, wages and allowances	1	14
- defined contribution plan	-	2
Gain on disposal of property, plant and equipment	(39)	(10)
Rental income	(73)	(100)
Writeback of impairment loss on other receivables	(265)	(6)

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

	The Group	
	2013 RM'000	2012 RM'000
Operating cash flows	(73)	(261)
Investing cash flows	1	14
Financing cash flows	76	244
Total cash flows	4	(3)

34. LOSS PER SHARE

	The Group	
	2013	2012
Loss from continuing operations attributable to shareholders (RM'000)	(962)	(5,633)
Loss from discontinued operations attributable to shareholders (RM'000)	(233)	(161)
Loss attributable to shareholders	(1,195)	(5,794)
Weighted average number of ordinary shares in issue ('000):-		
Issued ordinary shares at 1 February	114,175	107,988
Effect of new ordinary shares issued	9,371	1,427
Weighted average number of ordinary shares at 31 January	123,546	109,415
Basic loss per share (sen) for:-		
- continuing operations	(0.78)	(5.14)
- discontinued operations	(0.19)	(0.15)
	(0.97)	(5.29)
Weighted average number of ordinary shares in issue for basic earnings per share ('000):-	123,546	109,415
Effects of dilution:		
- warrants	15,720	25,646
- employees' share options	709	2,669
Weighted average number of ordinary shares for diluted earnings per share computation	139,975	137,730
Diluted loss per share (sen) for:-		
- continuing operations	(0.69)	(4.09)
- discontinued operations	(0.16)	(0.11)
	(0.85)	(4.20)

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of property, plant and equipment purchased	16,779	7,866	16	253
Amount financed though hire purchase	(609)	(4,669)	-	(163)
Cash disbursed for purchase of property, plant and equipment	16,170	3,197	16	90

36. ACQUISITION OF SUBSIDIARIES

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

On 12 June 2012, Hasrat Meranti Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 100% of the equity interest comprising 2 ordinary shares of RM1.00 each in Hasrat Meranti (Tapah) Sdn. Bhd., which is a dormant company incorporated under the Companies Act, 1965 for a cash consideration of RM2.00 only.

On 10 March 2011, the Company entered into a conditional Share Sale Agreement for the proposed acquisition of 40% equity interest comprising 400,000 of the issued and paid-up share capital of Harta Makmur Sdn. Bhd. ("HMSB") not owned by Tegas Consolidated Sdn. Bhd., a wholly-owned subsidiary of the Company, for a cash consideration of RM41 million. The acquisition was completed on 17 April 2012.

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

The acquired subsidiaries have contributed the following results to the Group:-

	2013 RM'000	2012 RM'000
At the date of acquisition		
Revenue	76	-
Loss after taxation from continuing operations	(2,351)	(2)
Loss after taxation from discontinued operations	(225)	-
At the beginning of the financial year		
Revenue	76	-
Loss after taxation from continuing operations	(2,406)	(2)
Loss after taxation from discontinued operations	(238)	-

37. DISPOSAL OF SUBSIDIARIES

On 8 October 2012, the Company disposed of 51 ordinary shares of RM1.00 each representing 51% equity interest in Konsortium Melaka Gemilang Sdn. Bhd. ("KMGSB") for a total cash consideration of RM5,100.

On 31 January 2013, Polypulp Enterprise Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of 51,000 ordinary shares of RM1.00 each representing 51% equity interest in Omni Green Sdn. Bhd. ("OGSB") for a total consideration of RM250,000.

As a result of the disposal, KMGSB and OGSB ceased to be the subsidiaries of the Group.

The effects of disposal on the financial position of the Group are as follows:-

2013	KMGSB RM'000	OGSB RM'000	Total RM'000
Non-current assets	445	815	1,260
Current assets	-	153	153
Cash and bank balances	-	(33)	(33)
Current liabilities	(583)	(2,203)	(2,786)
Net identifiable assets and liabilities	(138)	(1,268)	(1,406)
Less : Non-controlling interests	68	326	394
Add : Impairment loss on amount owing by subsidiaries	-	780	780
Less : Intercompany transactions	(50)	-	(50)
Add : Gain on disposal of subsidiaries	125	412	537
Total purchase consideration/Net cash inflow for disposal of subsidiaries	5	250	255

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

The effects of the disposal of a subsidiary on the financial position of the Group in the previous financial year were as follows:-

2012	ASSB RM'000
Non-current assets	75
Current assets	49
Current liabilities	(265)
Net identifiable assets and liabilities	(141)
Add: Gain on disposal of a subsidiary	143
Total purchase consideration/Net cash inflow for disposal of a subsidiary	2

The non-controlling interests are measured at fair value.

38. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed deposits with licensed banks (Note 16)	410	285	-	-
Cash and bank balances	4,357	1,958	527	2
Bank overdrafts (Note 28)	(1,346)	(853)	-	-
	3,421	1,390	527	2

39. SIGNIFICANT RELATED PARTY DISCLOSURES

39.1 Identities of related parties

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

(a) its subsidiaries as disclosed in Note 5 to the financial statements;

(b) the directors who are the key management personnel;

(c) companies in which certain directors and/or persons connected to a director are common directors and/or substantial shareholders; and

(d) persons connected to a director of the Company.

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

(a) Subsidiaries

	The Company	
	2013 RM'000	2012 RM'000
Interest expense charged by a subsidiary - KYM Industries (M) Sdn. Bhd.	416	481
Rental charged to a subsidiary - KYM Industries (Johor) Sdn. Bhd.	12	12
Rental charged by a subsidiary - Teguh Amalgamated Sdn. Bhd.	192	192

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

(b) Key management personnel

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Short-term employee benefits (Note 31)	1,504	1,030	64	64
Benefit-in-kind	-	35	-	-

(c) Other related parties

	The Group		The Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Sales to:				
- Unipulp Trading Sdn. Bhd. *	295	363	-	-
Rental charged by:				
- Tzel Properties Sdn. Bhd. #	34	70	34	34
Interest charged by:				
- Datin Millie Lee Siew Kim ^	467	45	467	45

^ - Wife of Dato' Lim Kheng Yew.

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

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

40. CONTINGENT LIABILITIES

	The Company	
	2013	2012
	RM'000	RM'000
UNSECURED:		
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	24,730	17,273

Harta Makmur Sdn. Bhd. ("HMSB"), a subsidiary of the Company, entered into two Sale and Purchase Agreements dated 11 June 2009 and 31 March 2010 respectively for the sale of Teluk Rubiah land to Vale International S.A. ("Vale").

HMSB had obtained an advance ruling from the Inland Revenue Board ("IRB") on 29 September 2009 regarding the tax treatment on the gains arising from the disposal. Notwithstanding the advance ruling obtained, HMSB did not agree with IRB's interpretation of the facts regarding the intended use of the various parcels of land as stated in the advance ruling. HMSB concludes that the land was planned to be a holiday resort and not a housing or commercial development. The IRB instead had accorded certain parcels of land as stocks and subjected them to income tax. HMSB has made further clarification of the fact to IRB to justify that the parcel of land was for long term investment and therefore the resulting gain on disposal should be subjected to Real Property Gains Tax ("RPGT").

IRB has conducted tax audit on HMSB in 2012. Arising from the tax audit, IRB on 3 January 2013 issued an assessment on HMSB for Year of Assessment ("YA") 2010 and YA 2011 where the entire proceeds were subjected to income tax. HMSB had appealed against this assessment, as HMSB still contends that a majority of the proceeds, if not all, should be assessed under RPGT. In addition, HMSB also notes the discrepancy in the assessment by IRB of 3 January 2013 as the income tax was computed on the gross proceeds without taking into account any of the costs incurred by HMSB.

In the current financial year ended 31 January 2013, HMSB made a provision of RM2.5 million for income tax and related charges for YA 2010 and YA 2011 in relation to the disposal of the land. Based on the advice obtained from its tax and legal advisors and the on-going negotiations with IRB, the Board of Directors are of the opinion that the provision made by HMSB should be sufficient and adequate for the matter to be resolved amicably with IRB. The contingent liability on this matter, the amount of which could not be reasonably ascertained but it is unlikely to be higher than RM13 million, remains until this matter is satisfactorily resolved with the IRB.

41. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

In addition to those disclosed in Notes 39 and 40 to the financial statements, the significant events of the Group and of the Company during the financial year are as follows:-

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

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

The Company has a 37.5% equity interest in its associate PEIH, pursuant to the Shareholders' Agreement dated 31 May 2011 and Supplement Agreement dated 12 October 2012.

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

The proposed acquisition has been completed on 17 April 2012.

41.3 The Company has on 17 November 2011 announced that it proposed to undertake a Proposed Private Placement of 5,000,000 new ordinary shares of RM0.50 each representing approximately 4.6% of the existing issued and paid-up capital. ("Proposed Private Placement")

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its approval letter dated 14 December 2011 approved the listing of and quotation for 5,000,000 placement shares on the Main Market. The first tranche of the Placement Shares comprising 1.3 million shares has been listed on 20 December 2011 whilst the remaining Placement Shares shall be issued in tranches at a later date.

On 7 December 2012, Bursa Securities granted the Company a final extension of time of six (6) months until 14 June 2013 to complete the implementation of the Proposed Private Placement.

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 end of the reporting period are as follows:-

	2013 RM	2012 RM
United States Dollar	3.10	3.10
Singapore Dollar	2.50	2.40
Euro	4.10	4.00

43. OPERATING SEGMENTS

2013	Continuing operations: Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Eliminations RM'000	Group RM'000	Discontinued Operations RM'000	Total Operations RM'000
Revenue	88,494	-	1,195	2,596	(3,356)	88,929	76	89,005
Results:								
Segment results (external)	7,003	(47,226)	(1,251)	(423)	46,643	4,746	(234)	4,512
Interest income	11	455	-	-	-	466	-	466
Interest expense	(1,220)	(1,948)	(6)	(9)	-	(3,183)	(4)	(3,187)
Profit/(Loss) before taxation	5,794	(48,719)	(1,257)	(432)	46,643	2,029	(238)	1,791
Income tax expense						(3,356)	-	(3,356)
Loss after taxation						(1,327)	(238)	(1,565)
Non-controlling interests						370	-	370
Loss for the financial year						(957)	(238)	(1,195)
Other Information:								
Segment assets	123,088	148,089	56,922	1,262	(166,162)	163,199	-	163,199
Unallocated assets						73	-	73
						163,272	-	163,272
Segment liabilities	55,257	69,091	75,897	35,243	(167,646)	67,842	-	67,842
Unallocated liabilities						10,751	-	10,751
						78,593	-	78,593
Bad debts written off	54	-	-	-	780	834	25	859
Capital expenditure	16,745	16	18	-	-	16,779	-	16,779
Depreciation of property, plant and equipment	3,947	391	176	163	-	4,677	166	4,843

43. OPERATING SEGMENTS (CONT'D)

2012	Continuing operations Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Eliminations RM'000	Group RM'000	Discontinued Operations RM'000	Total Operations RM'000
Revenue	77,495	294	1,062	2,261	(2,719)	78,393	99	78,492
Results:								
Segment results (external)	5,047	(3,441)	(6,652)	(1,981)	(44)	(7,071)	(269)	(7,340)
Interest income	7	343	-	-	-	350	-	350
Interest expense	(1,170)	(697)	(7)	(4)	-	(1,878)	-	(1,878)
Profit/(Loss) before taxation	3,884	(3,795)	(6,659)	(1,985)	(44)	(8,599)	(269)	(8,868)
Income tax expense						334	-	334
Loss after taxation						(8,265)	(269)	(8,534)
Non-controlling interests						2,740	-	2,740
Loss for the financial year						(5,525)	(269)	(5,794)
Other Information:								
Segment assets	106,421	164,989	56,574	1,660	(153,484)	176,160	-	176,160
Unallocated assets						101	-	101
						176,261	-	176,261
Segment liabilities	43,524	72,468	50,702	36,615	(150,289)	53,020	-	53,020
Unallocated liabilities						8,353	-	8,353
						61,373	-	61,373
Bad debts written off	57	-	-	-	-	57	-	57
Capital expenditure	7,060	352	7	541	(94)	7,866	-	7,866
Depreciation of property, plant and equipment	3,745	524	189	168	-	4,626	169	4,795
Inventories written off	135	-	-	-	-	135	-	135

43. OPERATING SEGMENTS (CONT'D)

Geographical Information

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

	Revenue		Non-current Assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	74,899	71,267	116,984	106,088
Singapore	5,488	5,277	-	-
Mauritius	2,070	1,849	-	-
Thailand	6,472	-	-	-
	88,929	78,393	116,984	106,088

Major Customers

Revenue from one major customer, with revenue equal to or more than 10% of Group's revenue, amounted to RM9,174,631 (2012 - RM12,432,012) arising from sales by the manufacturing segment.

44. FINANCIAL INSTRUMENTS

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

44.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
2013					
Financial Assets					
Other investments	-	-	-	1	1
Trade receivables	796	2,196	-	15,063	18,055
Other receivables and deposits	-	-	-	5,008	5,008
Amount owing by related parties	-	-	-	206	206
Amount owing by an associate	-	-	-	495	495
Fixed deposits with licensed banks	-	-	-	410	410
Cash and bank balances	1,592	-	-	2,765	4,357
	2,388	2,196	-	23,948	28,532
Financial Liabilities					
Hire purchase payables	-	-	-	4,483	4,483
Term loans	-	-	-	26,890	26,890
Trade payables	1,142	-	1,370	3,613	6,125
Other payables and accruals	187	-	-	14,754	14,941
Amount owing to related parties	-	-	-	2,170	2,170
Amount owing to directors	-	-	-	212	212
Bankers' acceptances	-	-	-	482	482
Bills payable	3,802	-	-	7,391	11,193
Bank overdrafts	-	-	-	1,346	1,346
	5,131	-	1,370	61,341	67,842
Net financial assets/(liabilities)	(2,743)	2,196	(1,370)	(37,393)	(39,310)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	-	37,393	37,393
Net Currency Exposure	(2,743)	2,196	(1,370)	-	(1,917)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
2012					
Financial Assets					
Other investments	-	-	-	1	1
Trade receivables	456	1,531	-	15,455	17,442
Other receivables and deposits	-	-	-	31,625	31,625
Amount owing by related parties	-	-	-	454	454
Fixed deposits with licensed banks	-	-	-	285	285
Cash and bank balances	86	-	-	1,872	1,958
	542	1,531	-	49,692	51,765
Financial Liabilities					
Hire purchase payables	-	-	-	5,472	5,472
Term loans	-	-	-	7,918	7,918
Trade payables	1,231	-	423	5,369	7,023
Other payables and accruals	-	-	-	15,704	15,704
Amount owing to related parties	-	-	-	5,153	5,153
Amount owing to directors	-	-	-	705	705
Bills payable	-	-	-	10,192	10,192
Bank overdrafts	-	-	-	853	853
	1,231	-	423	51,366	53,020
Net financial (liabilities)/assets	(689)	1,531	(423)	(1,674)	(1,255)
Less:					
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	1,674	1,674
Net Currency Exposure	(689)	1,531	(423)	-	419

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	The Group	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects on loss after taxation		
United States Dollar:-		
- strengthened by 10%	(274)	(69)
- weakened by 10%	274	69
Singapore Dollar:-		
- strengthened by 10%	220	153
- weakened by 10%	(220)	(153)
Euro:-		
- strengthened by 10%	(137)	(42)
- weakened by 10%	137	42

	The Group	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects on equity		
United States Dollar:-		
- strengthened by 10%	(274)	(69)
- weakened by 10%	274	69
Singapore Dollar:-		
- strengthened by 10%	220	153
- weakened by 10%	(220)	(153)
Euro:-		
- strengthened by 10%	(137)	(42)
- weakened by 10%	137	42

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

(ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 22, 27 and 28 to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group	
	2013 Increase/ (Decrease) RM'000	**2012 Increase/ (Decrease) RM'000**
Effects on profit/(loss) after taxation		
Increase in 100 basis points ("bp")	(399)	(190)
Decrease in 100 bp	399	190
Effects on equity		
Increase in 100 bp	(399)	(190)
Decrease in 100 bp	399	190

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

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(b) Credit Risk

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

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

(i) Credit risk concentration profile

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

(ii) Exposure to credit risk

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

	The Group	
	2013	**2012**
	RM'000	**RM'000**
Malaysia	15,301	15,298
Singapore	2,271	1,760
Mauritius	291	384
Thailand	192	-
	18,055	17,442

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

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

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
2013			
- current	7,620	-	7,620
- 31 to 60 days	4,819	-	4,819
- 61 to 90 days	3,377	-	3,377
- 91 to 120 days	1,774	-	1,774
- more than 120 days	2,482	(2,017)	465
	20,072	(2,017)	18,055
2012			
- current	6,343	-	6,343
- 31 to 60 days	5,355	-	5,355
- 61 to 90 days	4,029	-	4,029
- 91 to 120 days	1,679	-	1,679
- more than 120 days	2,064	(2,028)	36
	19,470	(2,028)	17,442

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

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

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2013						
Hire purchase payables	6.63	4,483	5,124	2,118	3,006	-
Term loans	8.31	26,890	34,802	4,352	22,308	8,142
Bankers' acceptances	4.50	482	482	482	-	-
Bills payable	4.40	11,193	11,193	11,193	-	-
Trade payables	-	6,125	6,125	6,125	-	-
Other payables and accruals	-	14,941	14,941	14,941	-	-
Amount owing to related parties	-	2,170	2,170	2,170	-	-
Amount owing to directors	-	212	212	212	-	-
Bank overdrafts	7.43	1,346	1,346	1,346	-	-
		67,842	76,395	42,939	25,314	8,142
2012						
Hire purchase payables	6.57	5,472	6,319	1,659	4,615	45
Term loans	8.10	7,918	11,533	2,344	8,177	1,012
Bills payable	4.40	10,192	10,192	10,192	-	-
Trade payables	-	7,023	7,023	7,023	-	-
Other payables and accruals	-	15,704	15,704	15,704	-	-
Amount owing to related parties	-	5,153	5,153	5,153	-	-
Amount owing to directors	-	705	705	705	-	-
Bank overdrafts	7.98	853	853	853	-	-
		53,020	57,482	43,633	12,792	1,057

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2013						
Hire purchase Payables	5.20	763	888	259	629	-
Term loan	8.10	10,000	12,531	810	11,721	-
Other payables and accruals	-	2,556	2,556	2,556	-	-
Amount owing to subsidiaries	-	51,480	51,480	51,480	-	-
Amount owing to related parties	8.00	2,170	2,170	2,170	-	-
Amount owing to directors	-	3	3	3	-	-
		66,972	69,628	57,278	12,350	-
2012						
Hire purchase payables	5.25	1,064	1,239	324	874	41
Other payables and accruals	-	4,567	4,567	4,567	-	-
Amount owing to subsidiaries	-	50,693	50,693	50,693	-	-
Amount owing to related parties	8.00	5,153	5,153	5,153	-	-
Amount owing to directors	-	3	3	3	-	-
		61,480	61,655	60,740	874	41

44. FINANCIAL INSTRUMENTS (CONT'D)

44.2 CAPITAL RISK MANAGEMENT

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

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

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

	The Group	
	2013 RM'000	2012 RM'000
Hire purchase payables	4,483	5,472
Term loans	26,890	7,918
Bankers' acceptances	482	-
Bills payable	11,193	10,192
Bank overdrafts	1,346	853
	44,394	24,435
Less: Fixed deposits with licensed banks	(410)	(285)
Less: Cash and bank balances	(4,357)	(1,958)
	39,627	22,192
Total equity	84,679	114,888
Debt-to-equity ratio	0.47	0.19

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

44. FINANCIAL INSTRUMENTS (CONT'D)

44.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Assets				
Available-for-sale financial asset				
Other investments	1	1	-	-
Loans and receivables financial assets				
Trade receivables	18,055	17,442	-	-
Other receivables and deposits	5,008	31,625	2,896	30,473
Amount owing by subsidiaries	-	-	59,891	63,979
Amount owing by related parties	206	454	-	314
Amount owing by an associate	495	-	-	-
Fixed deposits with licensed banks	410	285	-	-
Cash and bank balances	4,357	1,958	527	2
	28,531	51,764	63,314	94,768
Financial Liabilities				
Other financial liabilities				
Hire purchase payables	4,483	5,472	763	1,064
Term loans	26,890	7,918	10,000	-
Bankers' acceptances	482	-	-	-
Bills payable	11,193	10,192	-	-
Trade payables	6,125	7,023	-	-
Other payables and accruals	14,941	15,704	2,556	4,567
Amount owing to subsidiaries	-	-	51,480	50,693
Amount owing to related parties	2,170	5,153	2,170	5,153
Amount owing to directors	212	705	3	3
Bank overdrafts	1,346	853	-	-
	67,842	53,020	66,972	61,480

44. FINANCIAL INSTRUMENTS (CONT'D)

44.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	2013		2012	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
The Group				
Hire purchase payables	4,483	4,546	5,472	5,152
The Company				
Hire purchase payables	763	810	1,064	1,076

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

(a) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(b) The carrying amounts of hire purchase payables are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

(c) The net fair value of the contingent liability of the unsecured corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries is estimated to be minimal as the Group is expected to fulfil its obligation.

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

	The Group		The Company	
	2013 %	2012 %	2013 %	2012 %
Hire purchase payables	3.3	3.5	2.6	3.5

44.5 FAIR VALUE HIERARCHY

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

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy analysis

The Group carried its other investments that are classified as available-for-sale financial asset at their fair values. This financial asset belongs to level 1 of the fair value hierarchy.

45. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

The transition to MFRS does not have financial impact to the separate statement of comprehensive income of the Company.

In preparing the opening MFRS statement of financial position at 1 February 2011 (date of transition), the Group and the Company have adjusted amount reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

RECONCILIATION OF FINANCIAL POSITION

		1.2.2011			31.1.2012		
	Note	FRSs RM'000	Transition Effects RM'000	MRFSs RM'000	FRSs RM'000	Transition Effects RM'000	MRFSs RM'000
The Group							
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries		-	-	-	-	-	-
Other investments		6	-	6	1	-	1
Land held for property development	(a)	25,862	(25,862)	-	26,688	(26,688)	-
Property, plant and equipment	(b)	43,111	17,455	60,566	63,267	-	63,267
Investment properties	(a)	7,117	35,230	42,347	7,591	35,230	42,821
Intangible asset		5,322	-	5,322	4,667	-	4,667
		81,418	26,823	108,241	102,214	8,542	110,756
CURRENT ASSETS							
Inventories		11,688	-	11,688	13,381	-	13,381
Trade receivables		14,981	-	14,981	17,442	-	17,442
Other receivables, deposit and prepayments		41,845	-	41,845	31,885	-	31,885
Amount owing by related parties		370	-	370	454	-	454
Tax recoverable		60	-	60	100	-	100
Fixed deposits with licensed banks		1,087	-	1,087	285	-	285
Cash and bank balances		1,876	-	1,876	1,958	-	1,958
		71,907	-	71,907	65,505	-	65,505
TOTAL ASSETS		153,325	26,823	180,148	167,719	8,542	176,261

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

	Note	1.2.2011 FRSs RM'000	1.2.2011 Transition Effects RM'000	1.2.2011 MFRSs RM'000	31.1.2012 FRSs RM'000	31.1.2012 Transition Effects RM'000	31.1.2012 MFRSs RM'000
The Group							
EQUITY AND LIABILITIES							
EQUITY							
Share capital		53,994	-	53,994	57,088	-	57,088
Share premium		22,913	-	22,913	26,032	-	26,032
Revaluation reserve	(a),(b)	9,469	(9,469)	-	22,237	(22,237)	-
Capital reserve		9,902	-	9,902	8,980	-	8,980
Employees' share option reserve		1,702	-	1,702	1,323	-	1,323
Retained profits/ (Accumulated losses)	(a),(b)	2,341	28,534	30,875	(1,608)	26,700	25,092
		100,321	19,065	119,386	114,052	4,463	118,515
NON-CONTROLLING INTERESTS	(a)	(2,509)	1,622	(887)	(5,159)	1,532	(3,627)
TOTAL EQUITY		97,812	20,687	118,499	108,893	5,995	114,888
NON-CURRENT LIABILITIES							
Hire purchase payables		1,483	-	1,483	4,090	-	4,090
Term loans		8,575	-	8,575	6,164	-	6,164
Deferred tax liabilities	(a)	2,776	6,136	8,912	5,614	2,547	8,161
		12,834	6,136	18,970	15,868	2,547	18,415
CURRENT LIABILITIES							
Trade payables		5,874	-	5,874	7,023	-	7,023
Other payables and accruals		21,326	-	21,326	15,704	-	15,704
Amount owing to related parties		109	-	109	5,153	-	5,153
Amount owing to directors		450	-	450	705	-	705
Hire purchase payables		736	-	736	1,382	-	1,382
Provision for taxation		358	-	358	192	-	192
Short-term borrowings		13,596	-	13,596	11,946	-	11,946
Bank overdrafts		230	-	230	853	-	853
		42,679	-	42,679	42,958	-	42,958
TOTAL LIABILITIES		55,513	6,136	61,649	58,826	2,547	61,373
TOTAL EQUITY AND LIABILITIES		153,325	26,823	180,148	167,719	8,542	176,261

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

	Note	1.2.2011 FRSs RM'000	1.2.2011 Transition Effects RM'000	1.2.2011 MRFSs RM'000	31.1.2012 FRSs RM'000	31.1.2012 Transition Effects RM'000	31.1.2012 MRFSs RM'000
The Company							
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries		29,584	-	29,584	29,584	-	29,584
Property, plant and equipment		1,518	-	1,518	1,352	-	1,352
Investment properties		3,561	-	3,561	3,561	-	3,561
		34,663	-	34,663	34,497	-	34,497
CURRENT ASSETS							
Other receivables, deposit and prepayments		12,957	-	12,957	30,494	-	30,494
Amount owing by subsidiaries		47,677	-	47,677	63,979	-	63,979
Amount owing by related parties		296	-	296	314	-	314
Tax recoverable		38	-	38	78	-	78
Fixed deposits with licensed banks		1,000	-	1,000	-	-	-
Cash and bank balances		429	-	429	2	-	2
		62,397	-	62,397	94,847	-	94,847
TOTAL ASSETS		97,060	-	97,060	129,344	-	129,344

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

	Note	1.2.2011 FRSs RM'000	1.2.2011 Transition Effects RM'000	1.2.2011 MFRSs RM'000	31.1.2012 FRSs RM'000	31.1.2012 Transition Effects RM'000	31.1.2012 MFRSs RM'000
The Company							
EQUITY AND LIABILITIES							
EQUITY							
Share capital		53,994	-	53,994	57,088	-	57,088
Share premium		22,913	-	22,913	26,032	-	26,032
Revaluation reserve	(b)	35	(35)	-	35	(35)	-
Capital reserve		9,902	-	9,902	8,980	-	8,980
Employees' share option reserve		1,702	-	1,702	1,323	-	1,323
Retained profits/ (Accumulated losses)	(b)	(21,155)	35	(21,120)	(25,594)	35	(25,559)
TOTAL EQUITY		67,391	-	67,391	67,864	-	67,864
NON-CURRENT LIABILITY							
Hire purchase payables		901	-	901	784	-	784
		901	-	901	784	-	784
CURRENT LIABILITIES							
Other payables and accruals		896	-	896	4,567	-	4,567
Amount owing to subsidiaries		27,390	-	27,390	50,693	-	50,693
Amount owing to related parties		109	-	109	5,153	-	5,153
Amount owing to directors		3	-	3	3	-	3
Hire purchase payables		370	-	370	280	-	280
		28,768	-	28,768	60,696	-	60,696
TOTAL LIABILITY		29,669	-	29,669	61,480	-	61,480
TOTAL EQUITY AND LIABILITIES		97,060	-	97,060	129,344	-	129,344

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF COMPREHENSIVE INCOME

The Group	Note	FRSs RM'000	2012 Transition Effects RM'000	MRFSs RM'000
CONTINUING OPERATIONS				
REVENUE		78,393	-	78,393
COST OF SALES		(67,063)	-	(67,063)
GROSS PROFIT		11,330	-	11,330
OTHER INCOME		3,423	-	3,423
		14,753	-	14,753
SELLING AND DISTRIBUTION EXPENSES		(3,397)	-	(3,397)
ADMINISTRATIVE EXPENSES	(a)	(15,221)	(826)	(16,047)
OTHER EXPENSES		(2,030)	-	(2,030)
FINANCE COSTS		(1,878)	-	(1,878)
LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS		(7,773)	(826)	(8,599)
INCOME TAX EXPENSE		334	-	334
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(7,439)	(826)	(8,265)
DISCONTINUED OPERATIONS				
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS		(269)	-	(269)
LOSS AFTER TAXATION		(7,708)	(826)	(8,534)
OTHER COMPREHENSIVE INCOME				
Revaluation of property, plant and equipment	(b)	13,866	(13,866)	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		6,158	(14,692)	(8,534)

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF CASH FLOWS

There are no material differences between the statements of cash flows presented under FRSs and MFRSs, except the net cash for operating activities of the Group.

The Group	Note	2012 FRSs RM'000	2012 Transition Effects RM'000	2012 MRFSs RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation from:				
- continuing operations	(a)	(7,773)	(826)	(8,599)
- discontinued operations		(269)	-	(269)
Adjustments for:-				
Bad debts written off		57	-	57
Deposit written off		3	-	3
Depreciation of property, plant and equipment		4,795	-	4,795
Dividend income		(144)	-	(144)
Fair value gain on investment properties		(474)	-	(474)
Fair value loss on quoted investments		-	-	-
Gain on disposal of subsidiaries		(143)	-	(143)
Gain on disposal of property, plant and equipment		(51)	-	(51)
Impairment loss on property, plant and equipment		124	-	124
Impairment losses on trade and other receivables		44	(4)	40
Impairment loss on goodwill		655	-	655
Interest expense		1,878	-	1,878
Interest income		(350)	-	(350)
Inventories written off		135	-	135
Loss on disposal on quoted investments		261	-	261
Property, plant and equipment written off		65	-	65
Waiver of debts from trade payables		(318)	-	(318)
Writeback of impairment loss on other receivables		(18)	-	(18)
Operating loss before working capital changes carried forward		(1,523)	(830)	(2,353)
Increase in land held for property development	(a)	(826)	826	-
Increase in inventories		(1,828)	-	(1,828)
Decrease in trade and other receivables		7,364	4	7,368
Decrease in trade and other payables		(3,890)	-	(3,890)
Increase in amount owing by related parties		(82)	-	(82)
CASH FOR OPERATIONS		(785)	-	(785)
Income tax paid		(623)	-	(623)
Interest paid		(1,878)	-	(1,878)
NET CASH FOR OPERATING ACTIVITIES		(3,286)	-	(3,286)

45. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

NOTES TO RECONCILIATIONS

(a) Land Held for Property Development - Accounted as Investment Property Using Fair Value Model

Under FRSs, 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 it surrogate cost.

Upon transition to MFRSs, the Group elected to account for the land as investment property which is in line with the intention of holding the land for future development. The land is measured at fair value at the date of transition to MFRSs, as well as at subsequent periods.

The financial impacts arising from the change are summarised as follows:-

(i) An increase in investment properties of approximately RM9,368,000 for both at 1 February 2011 and 31 January 2012;

(ii) An increase in deferred tax liabilities of approximately RM2,547,000 for both at 1 February 2011 and 31 January 2012 that relate to the fair value adjustment above;

(iii) The resulting adjustments on items (i) and (ii) above were adjusted against retained profits and non-controlling interests at 1 February 2011 and 31 January 2012; and

(iv) An increase in expenses at 31 January 2012 of approximately RM826,000 which is the development costs capitalised during the financial year ended 31 January 2012 compliance with FRS 201.

(b) Property, Plant and Equipment - Deemed Cost Exemption

Under FRSs, the Group measured its property, plant and equipment at valuation. The last valuation was carried out in June 2011. Upon transition to MFRSs, the Group elected to use the previous revaluation as deemed cost under MFRSs. There was no impact to the carrying amount of these assets. However, the revaluation reserves at 1 February 2011 and 31 January 2012 were transferred to retained profits.

The aggregate fair value of the property, plant and equipment at June 2011 was determined to be approximately RM60,566,000 compared to the then carrying amount of approximately RM43,111,000 under FRSs.

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

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

	The Group		The Company	
	2013	2012	2013	2012
Total (accumulated losses)/retained profits				
- realised	(19,028)	25,960	(74,910)	(25,559)
- unrealised	(1,426)	(868)	-	-
At 31 January	(20,454)	25,092	(74,910)	(25,559)

LIST OF TOP 10 PROPERTIES

As at 31 January 2013

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	Net Book Value (RM)
Lot No. 6917, Lot 6927 and PT No. 4116 (Lot 2000) Mukim of Lumut, Daerah Manjung, Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(28.07.2010)	Residential, Commercial; Vacant	-	15,230,000
PN 343148 Lot 392203 (Formerly H.S.(D) 180352 PT No. 226083) Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,384	99 years leasehold expiring on 23.11.2107	25.10.2010	Residential, Commercial; Vacant	-	12,000,000
Lot No. PT2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58958 Bandar Batu 26 Beranang District of Hulu Langat Selagor Darul Ehsan	11,460	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	21 years	8,290,955
HS.(M) 6598, PT 20484 HS(M) 6599, PT 20485 HS(M) 6600, PT 20486 Mukim Bentong, District of Bentong, Pahang Darul Makmur	5,797.8	99 years leasehold expiring on 8.2.2098	29.12.2010	Commercial, Residential - under development	-	8,000,000
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate, Chemor, Ipoh, Held under PN 149338 Lot 198895 Mukim of Hulu Kinta District of Kinta, Perak Darul Ridzuan	13,760	99 years leasehold expiring on 7.6.2060	(27.05.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	20 years	7,745,208
Lot No. PT 4 (Lot 7) Jalan Perusahaan 1 Kawasan Perusahaan Beranang Held under HS(D) 58960 Bandar Batu 26 Beranang District of Hulu Langat, Selangor Darul Ehsan	36,420	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory buildings and warehouse erected thereon	21 years	6,520,000
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 &6040)	1,200	Freehold	(11.05.2011)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	28 years	6,400,000

LIST OF TOP 10 PROPERTIES

As at 31 January 2013 (Cont'd)

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	Net Book Value (RM)
PLO 19 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 124979 PTD No. 8790 Mukim of Senai-Kulai District of Johor Bahru Johor Darul Takzim	8,093.7	60 years leasehold expiring on 22.9.2045	(06.06.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	25 years	3,561,364
PLO 9 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 60787 PTD No. 18692 Mukim of Senai-Kulai District of Johor Bahru Johor Darul Takzim	8,093.7	60 years leasehold expiring on 31.8.2042	(16.11.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	24 years	2,500,000
Lot 16 Persiaran Perindustrian Kanthan 1 Kanthan Industrial Estate Chemor Ipoh Held under PN 132850 Lot 198886 Mukim of Hulu Kinta District of Kinta, Perak Darul Ridzuan	7,527	60 years leasehold expiring on 10.2.2055	(27.05.2011)	Industrial land with single storey factory building erected thereon	2 years	2,051,163

ANALYSIS OF SHAREHOLDINGS

As at 31 May 2013

Class of Securities	: Ordinary Shares of RM0.50 each
Authorised Share Capital	: RM1,000,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each
Issued and Fully Paid up Share Capital	RM74,941,876.50 comprising RM149,883,753 ordinary shares of RM0.50 each
Voting Rights	: 1 vote per share
No. of Shareholders	: 1,763

Distribution of Shareholdings

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	17	320	0.00
100 - 1,000	456	433,849	0.29
1,001 - 10,000	827	3,949,925	2.64
10,001 - 100,000	357	11,801,536	7.87
100,001 - 7,494,186	101	76,298,123	50.90
7,494,187 and above	5	57,400,000	38.30
Total	1,763	149,883,753	100.00

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 31 May 2013

	No. of Shares held			
Name	Direct	%	Indirect	%
Cheong Chan Holdings Sdn Bhd	30,000,000	20.02	-	-
Dato' Lim Kheng Yew	5,000,000	3.34	(1)50,750,000	33.86
Idaman Bina Makmur Sdn Bhd	7,750,000	5.17	-	-
Datin Millie Lee Siew Kim	-	-	(2)14,750,000	9.84
Lim Tze Thean	3,000,000	2.00	(3)7,000,000	4.67

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

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

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

Thirty Largest Shareholders
as at 31 May 2013

	Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEONG CHAN HOLDINGS SDN BHD	22,000,000	14.68
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	11,550,000	7.71
3.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR COUTTS & CO LTD	8,100,000	5.40
4.	CHEONG CHAN HOLDINGS SDN BHD	8,000,000	5.34
5.	IDAMAN BINA MAKMUR SDN BHD	7,750,000	5.17
6.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A.	6,200,000	4.14
7.	KYM SDN BHD	6,000,000	4.00
8.	RENFIELD INVESTMENT LIMITED	3,950,000	2.64
9.	KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	3,250,000	2.17
10.	KENANGA NOMINEES (ASING) SDN BHD EMMEL INC	3,000,000	2.00
11.	LIM TZE THEAN	3,000,000	2.00
12.	MARATHON CAPITAL SDN BHD	3,000,000	2.00
13	MELISSA LIM SU LIN	3,000,000	2.00
14.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHENG YEW	3,000,000	2.00
15.	YAP CHEE LIT	2,587,000	1.73
16.	LIM CHIN HUAT	2,387,500	1.59
17.	SAI YEE @ SIA SAY YEE	2,341,200	1.56
18.	LCH CAPITAL HOLDING SDN BHD	2,227,000	1.49
19.	LIM KHENG YEW	2,000,000	1.33
20.	TAN SUAN HUAT	1,770,000	1.18
21.	LIM CHIN HUAT	1,764,900	1.18
22.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW AH ONN	1,188,100	0.79
23.	LOH TOH HEOH	1,082,300	0.72
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR KYM SDN BHD	1,000,000	0.67
25.	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	1,000,000	0.67
26.	LIM SOO HIEN	920,000	0.61
27.	CHONG THIN CHOY	900,000	0.60
28.	TOH TUAN SUN	831,500	0.55
29.	THAM KIN FOONG (JOHN)	828,400	0.55
30.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOH PIAU	794,000	0.53
		115,421,900	77.01

STATEMENT OF DIRECTORS' INTERESTS IN SHARES

As at 31 May 2013

	Ordinary Shares			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Lim Kheng Yew	5,000,000	3.34	50,750,000#	33.86
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	42,000	0.03	-	-
Chiam Tau Meng	-	-	-	-

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

Dato' Lim Kheng Yew is deemed to have an interest in all the shares held by the Company in its related corporations by virtue of his substantial shareholding in the Company.

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

FORM OF PROXY

Number of Shares Held	

I/We .... (NRIC No.: ....)

of ....

being a member of KYM Holdings Bhd. hereby appoint ....

.... (NRIC No.: ....)

of ....

or failing him .... (NRIC No.: ....)

of ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 31st Annual General Meeting of the Company to be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Tuesday, 30 July 2013 at 11:00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fee		
3.	Re-election of Dato' Ir Mohamad Othman bin Zainal Azim		
4.	Re-election of Dato' Mohd Azmi bin Othman		
5.	Re-appointment of Auditors		
6.	Authority to Allot and Issue Shares Pursuant To Section 132D of the Companies Act, 1965		
7.	Proposed Renewal Of Existing Shareholders' Mandate And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature		
8.	Proposed Amendments to the Articles of Association of the Company		

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 .... , 2013.

....
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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