



**KYM HOLDINGS BHD.**

(Co. No.: 84303-A)

Annual Report 2016

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## CONTENTS

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02__	Notice of Annual General Meeting
05__	Corporate Information
06__	Directors' Profile
09__	CEO's Profile
10__	5-Year Financial Highlights
11__	Chairman's Statement
13__	Corporate Responsibility Statement
16__	Corporate Governance Statement
24__	Audit Committee Report
27__	Statement on Risk Management and Internal Control
30__	Additional Compliance Information
31__	Financial Statements
104__	Analysis of Shareholdings
106__	List of Properties
	Proxy Form

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the 34th 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 Wednesday, 29 June 2016 at 11.00 a.m. for the following purposes:-**

1. To receive the Financial Statements for the financial year ended 31 January 2016 together with the Reports of the Directors and Auditors thereon. **(NOTE 1)**
2. To approve the payment of Directors' Fees for financial year ended 31 January 2016. **(RESOLUTION 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
  - i. Dato' Mohd Azmi bin Othman (Article 103) **(RESOLUTION 2)**
  - ii. Dato' Lim Kheng Yew (Article 103) **(RESOLUTION 3)**
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 4)**
5. As Special Business, to consider and if thought fit, pass with or without any modification, the following resolutions:

## **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 5)**

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

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 21 July 2015 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 31 May 2016 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed provided that the transactions are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed 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.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

whichever is earlier,

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate.” (RESOLUTION 6)

### Retention of Independent Non-Executive Directors

“That approval be and is hereby given to the following Directors to continue to act as an Independent Non-Executive Director of the Company.”

- |   |                |
|---|----------------|
| i. Datuk Wira Rahadian Mahmud bin Mohammad Khalil | (RESOLUTION 7) |
| ii. Dato' Seri Ir. Mohamad Othman bin Zainal Azim | (RESOLUTION 8) |
| iii. Dato' Mohd Azmi bin Othman                   | (RESOLUTION 9) |

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

31 May 2016

### Notes:-

1. This item of the Agenda is meant for discussion only under the provision of Section 169 of the Companies Act, 1965. As such, this item is not a business which requires a resolution to be put to vote by shareholders.
2. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.
3. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 June 2016 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf.
4. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
5. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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## Explanatory Notes on Special Business:

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

The proposed resolution 5, if approved, will authorise the Directors to issue shares (other than bonus or rights issue) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next Annual General Meeting of the Company.

As at the date of Notice, no shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 21 July 2015 which will lapse at the conclusion of the 34th Annual General Meeting.

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

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

The proposed resolution 6, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 31 May 2016 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.

### Retention of Independent Non-Executive Directors

The Nomination & Remuneration Committee and the Board have recommended the three (3) Non-Executive Directors to continue to act as an Independent Non-Executive Director based on the following justifications:

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

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

Details of the Directors who are standing for re-election at this Annual General Meeting are set out on pages 6 and 8. The Remuneration & Nomination Committee had evaluated the results of the assessment of Dato' Mohd Azmi bin Othman and Dato' Lim Kheng Yew, the competency, contribution, commitment and personal quality of the individual director. At the recommendation of the Nomination & Remuneration Committee, the Board recommends to the shareholders to support the re-election of Dato' Mohd Azmi bin Othman and Dato' Lim Kheng Yew at the AGM.

## BOARD OF DIRECTORS

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

**DATO' LIM KHENG YEW**  
Executive Director

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

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

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

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

### CHIEF EXECUTIVE OFFICER

Lim Tze Thean

### SECRETARY

Chee Min Er (MAICSA 7016822)

### AUDIT COMMITTEE

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

### NOMINATION & REMUNERATION COMMITTEE

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

### OPTION COMMITTEE

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

### REGISTERED OFFICE

12 Lorong Medan Tuanku Satu  
50300 Kuala Lumpur  
Tel : 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  
Public Bank Berhad  
AmBank (M) Berhad  
Malayan Banking Berhad

### SHARE REGISTRAR

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

### WEBSITE

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

## DIRECTORS' PROFILE

**DATO' SERI DR. ISAHAK  
BIN YEOP MOHAMAD SHAR**  
*NON-INDEPENDENT  
NON-EXECUTIVE CHAIRMAN  
MALAYSIAN*

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar, aged 67, was appointed to the Board of KYM Holdings Bhd. on 2 October 2006. He was the Chief Executive Officer and Executive Chairman of KYM from 2006 to 2013 before he was re-designated to his current position on 1 August 2014. Dato' Seri Dr. Isahak is the Chairman of the Nomination & Remuneration Committee.

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

He began his career as a lecturer with the National Institute of Public Administration (INTAN) from 1974 to 1977. He was in the Public Service Department (PSD) for 10 years as a lecturer and subsequently as Service Division Assistant Director. He was with the State Government of Perak from 1995 to 2004. Dato' Seri Dr. Isahak was the Secretary General for the Ministry of Natural Resources and Environment from 2004 to 2006. He was formerly the President of Integrity Institute of Malaysia (IIM).

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

**DATO' LIM KHENG YEW**  
*EXECUTIVE DIRECTOR  
MALAYSIAN*

Dato' Lim Kheng Yew, age 64, was appointed to the Board on 12 August 1992.

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

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

Save for the 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' SERI  
IR. MOHAMAD OTHMAN  
BIN ZAINAL AZIM**  
*INDEPENDENT  
NON-EXECUTIVE DIRECTOR  
MALAYSIAN*

Dato' Seri Ir. Mohamad Othman bin Zainal Azim, aged 61, was appointed to the Board of KYM on 12 February 2007. He is the Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee of the Company.

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

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

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

**DATUK WIRA RAHADIAN  
MAHMUD BIN  
MOHAMMAD KHALIL**  
*INDEPENDENT  
NON-EXECUTIVE DIRECTOR  
MALAYSIAN*

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, aged 42, was appointed to the Board of KYM on 2 October 2006. He is the Executive Chairman of Permaju Industries Berhad and Managing Director of Magna Prima Berhad. He also sits on the Board of Sanbumi Holdings Berhad and AppAsia Berhad.

Datuk Wira Rahadian Mahmud is involved mainly in the business of reforestation and in the construction and manufacturing sectors.

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



## DIRECTORS' PROFILE (CONT'D)

### **DATO' MOHD AZMI BIN OTHMAN** *INDEPENDENT NON-EXECUTIVE DIRECTOR MALAYSIAN*

Dato' Mohd Azmi bin Othman, aged 48, was appointed to the Board of KYM on 12 February 2007. He is also a member of the Audit Committee and the Nomination & Remuneration Committee of the Company. Dato' Mohd Azmi bin Othman also sits on the Board of Majuperak Holdings Berhad.

He graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia, sitting as a Disciplinary Committee member of the Bar Council.

He has no family relationship with any other Director and/or major shareholder of the Company. His shareholding in the Company is set out in page 104 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

### **LEE JI JIN DARREN** *NON-INDEPENDENT NON-EXECUTIVE DIRECTOR MALAYSIAN*

Mr Lee Ji Jin Darren, aged 33, was appointed to the Board of KYM on 25 September 2014. He is also a member of the Audit Committee.

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

He started his career in early 2003 as an Audit associate with Ernst & Young Malaysia and subsequently extended his international experience with Ernst & Young in the United Kingdom.

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

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

He has no family relationship with any other Director and/or major shareholder of the Company. His shareholding in the Company is set out in page 104 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

**LIM TZE THEAN**  
*CHIEF EXECUTIVE OFFICER*  
*MALAYSIAN*

Lim Tze Thean, aged 37, was appointed as an Executive Officer of the KYM Group in 2012 and promoted to Chief Executive Officer on 20 May 2013.

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

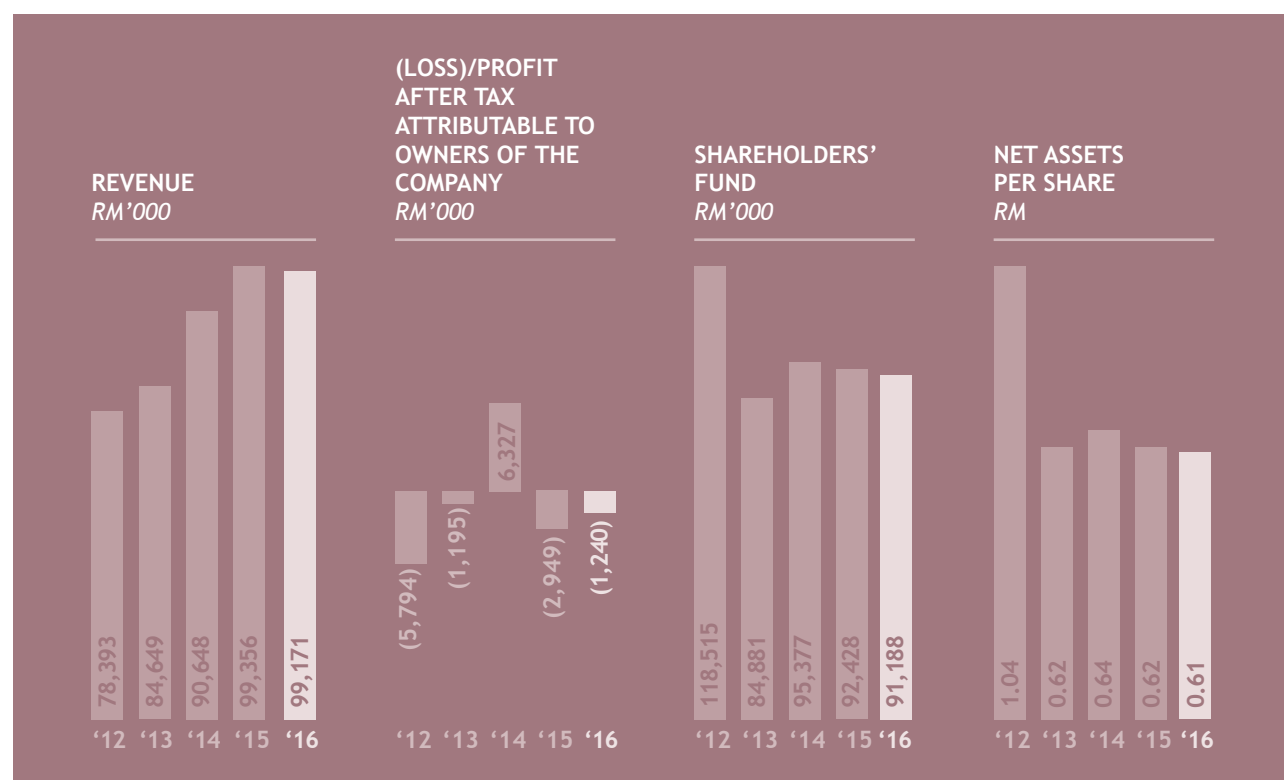
He has been with the KYM Group of Companies since 2001 and has held several senior positions in the Group as well as its subsidiaries in both the KYM Properties Division and the KYM Manufacturing Division. He also serves as an Executive Director of TSM Global Berhad and its subsidiaries where he has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

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

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

## 5-YEAR FINANCIAL HIGHLIGHTS

		2012	2013	2014	2015	2016
Revenue	RM'000	78,393	84,649	90,648	99,356	99,171
(Loss)/Profit Before Tax	RM'000	(8,599)	1,393	13,035	(3,367)	(2,177)
(Loss)/Profit After Tax Attributable to Owners of the Company	RM'000	(5,794)	(1,195)	6,327	(2,949)	(1,240)
Issued Share Capital (No. of Shares)	'000	114,176	137,166	149,890	149,890	149,890
Paid Up Capital	RM'000	57,088	68,583	74,945	74,945	74,945
Par Value Per Share	RM	0.50	0.50	0.50	0.50	0.50
Shareholders' Fund	RM'000	118,515	84,881	95,377	92,428	91,188
Total Assets	RM'000	176,261	163,272	166,318	178,194	155,128
Total Borrowing	RM'000	24,435	44,394	40,946	42,087	32,455
Gearing Ratio	Times	0.21	0.52	0.43	0.46	0.36
Basic Earning/(Loss) Per Share Attributable to Shareholders	Sen	(5.29)	(0.97)	4.24	(1.97)	(0.83)
Net Assets Per Share	RM	1.04	0.62	0.64	0.62	0.61



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 2016.

### FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2016, the Group registered a revenue of RM99.2 million with a loss after taxation of RM1.2 million. As compared to FY2015, the Group reported a loss after taxation of RM2.9 million. This was mainly due to an impairment loss for investment in associated company amounting to a RM3.3 million in the previous year.

Shareholders' Funds for the current financial year reduced slightly by about RM1.2 million to RM91.2 million. Total borrowing for the financial year 2016 is reduced by about RM9.6 million to RM32.5 million thereby reducing the gearing ratio from 0.46 times to 0.36 times.

The Group reported a loss per share of 0.83 sen as compared to loss per share of 1.97 sen. Accordingly, Net Assets per Share dropped to 61 sen from 62 sen in the previous year.

# CHAIRMAN'S STATEMENT (CONT'D)

## REVIEW OF OPERATIONS

The Malaysian economy grew by 4.5% during the fourth quarter of 2015 (Q3 2015: 4.7%) supported by domestic activities and a better export performance, despite increasing external uncertainties. For the whole year, the Malaysian economy registered a growth of 5% (2014: 6%).

The manufacturing segment reported a total turnover of RM99.2 million, which is comparable to the turnover of RM99.4 in the previous financial year. The total turnover of RM99.2 million was attributed to the higher sales from industrial bags division but this increase was offset by the lower sales from the corrugated carton boxes. The industrial bags division recorded a new record high for its turnover in 2015. The steady growth in the industrial bags division was driven by the local construction sector. The construction sector held steady with a growth of 7.4% during the fourth quarter of 2015 (Q3 2015: 9.9%). Export sales of the industrial bags to Thailand declined slightly from 13.7% to 10.6% of the total revenue due to stiff competition from the competitors in Thailand for market share. However, the shortfall in the export sales to Thailand was compensated by the increase in export sales to Singapore and other countries in the ASEAN region.

The manufacturing segment reported a profit before taxation of RM1.4 million for the current financial year against the profit before taxation of RM2.8 million in the previous financial year. The profitability was eroded due to a weaker Ringgit against major foreign currency resulting in an increased raw material cost while the selling prices were maintained.

## DIVIDEND

No dividend has been declared in respect of the financial year ended 31 January 2016.

## INDUSTRY TREND AND PROSPECTS

The Malaysian economy is expected to grow at a steady pace in 2016, mainly supported by domestic demand. However, the challenges confronting the economy in 2015 are expected to persist in 2016. In particular, the heightened volatility in financial market; declining commodity prices, volatility of the Ringgit Malaysia against major foreign currency are anticipated to have a direct and indirect impact on the Malaysia economy.

The business operating environment in 2016 will remain challenging due to the volatility of the Ringgit Malaysia against the Euro and US Dollar, global economic uncertainty as well as the increase in minimum wages in Malaysia starting 1 July 2016 which could compress the profit margin. We continue our focus on activities to improve cost efficiency which we expect to help us remain competitive in the market.

The industrial bags segment is benefit from the domestic economic activities especially the growth momentum of the construction sector, albeit at a slower pace. We continue our focus on Product Quality through use of state of the art technology and processes with a focus on the development of our human capital. We are carrying out activities to improve our Customer Service to provide a better customer experience with our products. To date, this focus on Product Quality and Customer Service has established the brand of our subsidiary Hasrat Meranti as a globally recognised regional leader in the provision of multiwall paper sack packaging solutions. We focus on QCC activities to ensure delivery of consistent excellent quality products and services to our customers as well as to maintain our leadership position in the market.

We will continue to look at various opportunities and avenues to widen our market reach, through organic and inorganic growth. We expect to achieve full capacity in 2016 and are planning for a capacity expansion cautiously, taking into consideration the volatility of Ringgit Malaysia, hike in interest rate etc.

The local corrugated carton industry will remain competitive but management has taken steps to address this. In February 2016, we have reviewed and completed an operational restructuring at the corrugated carton division which involved the optimization of the manufacturing processes and people in this subsidiary. The resulting reduction in operating costs and change in business model is expected to produce better financial performance for the group within the year.

## ACKNOWLEDGEMENT

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

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

Non-Independent Non-Executive Chairman

Date: 31 May 2016

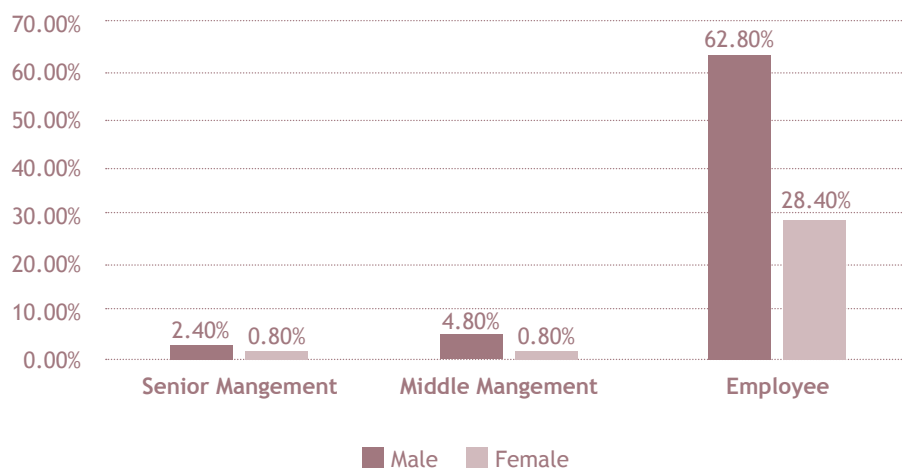
# CORPORATE RESPONSIBILITY STATEMENT

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

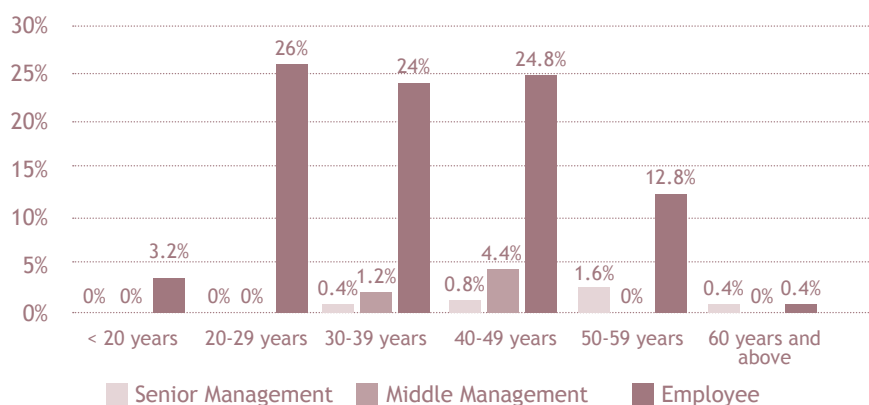
## THE WORK PLACE

KYM recognizes that employees are important assets. We promote a diverse work environment where our employees can learn, grow and, most importantly, work safely. We offer competitive package to our staff and incentives to those who meet the targets set by the individual department or division. We believe the diversity of gender and age will bring more insight to the Group. As at 31 January 2016, 30% of the total workforce in the Group comprised female, while 25% of the senior management positions were held by female. The composition of gender and age in the Group are stated in the chart below:

Gender Composition as at 31 January 2016



Age Composition as at 31 January 2016



## CORPORATE RESPONSIBILITY STATEMENT (CONT'D)

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We are committed to integrating good environmental, health and safety practices at every level of our operations. We have an ultimate goal of achieving zero-accident rate. During the financial year, we had 4 cases of work-related injuries in our operations. One of the factories achieved longest accident-free days for 368 days from 1 November 2014 to 3 November 2015. This excellent performance is a testament to the commitment of our employees. We are working continuously to reduce work-related accidents or injuries. A series of safety programs were carried out at the factories during the financial year to further improve our safety and health performance. These include:

1. Quality Assurance training on 7QC Tools/5S, QCC/Why Why Format;
2. Fire prevention awareness programme;
3. Forklift safety training;
4. Plant safety/5S Audit;
5. Chemical Safety Training; and
6. Accident prevention.

We continued to invest in our talent base through various training programmes to enhance their knowledge as well as to keep abreast with the latest developments in the industry and to further improve existing skillsets. During the financial year, the Manufacturing Division conducted training under 4M (Man, Machine, Method and Material) to further enhance the quality of work at the factory. We brought in experienced trainer to improve the employees' skills in operating machines. It is necessary to align the mindset of the key operators to the company's goals and objectives whilst continuing on the improvement of their knowledge and skills by introducing to them the best practices in the industry along with the right production procedures. Ongoing education and training covering various topics are organised for employees at all levels to enhance their knowledge as well as to keep abreast with the latest developments in the industry and to further improve existing skillsets.

We are continually improving our working culture and encouraging collaboration. Fun activities were organized such as team building to strengthen the team bonding among the employees at the corporate office, slimming workout class to promote healthy lifestyle of the employees. We invited employees at the corporate office and their family to attend a Blockbuster Movie Night to deepen the peer relationships among the employees and interaction between the "work family" and their real family. In addition, as part of the effort to show our employees they are highly valued and to encourage direct engagement between the workers and management, we provide monthly complimentary lunches to the employees at the corporate office.

### THE ENVIRONMENT

KYM uses gas fired boilers in the manufacturing operation thereby achieving savings of about 40% - 60% of the total cost of production and for a cleaner emission and discharge. We upgraded the Waste Water Treatment Plants in all operations through the introduction of new treatment method to reduce waste residue/discharge to the environment. We are using evaporation process for treatment of waste water instead of conventional chemical treatment method which creates more waste residue.

Air Monitoring Test is conducted every six (6) months to ensure certain level of cleanliness needed is maintained. Workers are not allowed to throw away chemical waste into drains or dustbins.

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

### THE COMMUNITY

The Group continues to do its best to support and help strengthen the local communities where it works through job creations, donations and charity work. In August 2015, the Group and the employees enthusiastically supported the 1000 Hearts Charity Run organized by Hokkien Association Batang Padang in Tapah.

We provide post graduate practical training or internship for local institute and/or local university students which are needed in completing their respective diploma and degrees. During the financial year, 4 students from the local university/institute underwent training at our Production and Quality Assurance Departments.

## CORPORATE RESPONSIBILITY STATEMENT (CONT'D)

We participated in the Skim Latihan 1Malaysia (SL1M) Perak Programme, organized by Northern Corridor Implementation Authority (NCIA), Jabatan Tenaga Kerja (JTK), Human Resource Development Fund (HRDF) and Federation of Malaysian Manufacturers (FMM) Perak. SL1M is a program aims to enhance the employability among graduates through collaboration with Government-Linked Companies (GLCs) and private sectors which implement SL1M as part of their Corporate Social Responsibility (CSR). Under this programme, we sponsored 2 months soft-skills training with 6 - 10 months on-job-training to the participating graduates. This allowed us to provide placements for the unemployed graduates, helped to groom and enhance the employability of the trainees. It is by way of securing an employment that the graduates could improve the livelihood of their underprivileged families.

### THE MARKET PLACE

The Group is committed to ensuring that manufacturing processes, and especially procurement, are environmentally responsible. All our products are paper based and are sustainable in nature. Paper based packaging is 100% recyclable and renewable. 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.

Our major raw material, kraft paper takes up approximately 90% of our total raw material purchases. We source papers from suppliers who are committed to appropriately sourcing wood and fibre from sustainably managed forests 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) and RoHS Compliant (Restriction of Hazardous Substances). This is also in compliance with the requirements from our major MNC cement customers.

As for recycled input material, we have only recycled wooden pallets which are used for finished goods delivery. Other main input materials do not contain any recycled content due to product requirement and hygienic reason.

We strive for continuous improvement to produce excellent quality, services and competitively priced products with timely delivery for a sustainable future. We are committed to develop innovative packaging solutions and to assist customers in maintaining their competitive advantage with high-performance products and in cost-effective way. These high-performance products deliver top performance whenever high-speed filling processes are used. We also help customers to meet their sustainable target by providing sustainable industrial bags solutions that help the cement customers create a cleaner and healthier working environment - No dust, no waste and better handling.

KYM complies with the relevant laws and regulations. We regard transparency, confidentiality and integrity as important business practices in building and maintaining long term relationship with our stakeholders. We expect our business partners adhere to the values stated in our Code of Conduct. We engage with our stakeholders via various communication channel such as dialogue with the shareholders at the annual general meeting, occasional briefing, timely disclosure of information to Bursa Securities and posting of up-to-date information on the Company's website.

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

### CONCLUSION

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



# CORPORATE GOVERNANCE STATEMENT

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

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles and Recommendation of Malaysian Code of Corporate Governance 2012 (“Code”) during the financial year ended 31 January 2016.

## PRINCIPAL 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear Functions of the Board and Management

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

The Board delegates responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO).

The Board has set up three (3) board committees namely Audit Committee, Nomination & Remuneration Committee, Option Committee that operate within clearly defined terms of references. The Chairman of the relevant Board Committee reports to the Board on key matters deliberated at their respective meetings and their recommendation thereon. Minutes of the Board Committee meetings are tabled at the Board Meetings.

### 1.2 Clear Roles and Responsibilities

The responsibilities of the Board are as follow:

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

The Board reviews the business plan and the annual financial budget for the Group based on the Management’s assumptions and views on challenges. At the Board Meeting held in December 2014, Management presented the business plan and financial budget for financial year ended 31 January 2016 for discussion and approval. The Board reviewed the actual performance of the every business segment compared with the target set on the quarterly basis. A mid-year review on the financial budget was conducted in September 2015.

The Board oversees the performance of the management through the management highlight that the CEO updates at every Board Meeting. During the financial year, the Board reviewed the significant risk arising from the fluctuations of foreign currency exchange rates and discussed the measures taken to manage the exchange rate exposure.

At the recommendation of the Audit Committee, the Board considered and approved the acquisition of 6 units of apartments by the wholly-owned subsidiaries from the related party.

### 1.3 Formalised Ethical Standards through Code of Ethics

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

The Directors have a duty to disclose to the Board should they be interested in a transaction to be entered with or by the Group. The interested director shall abstain from deliberations and voting on the said transaction. The interested director further undertakes the persons connected with him shall abstain from voting on the resolution pertaining to the said transaction.

## 1.4 Strategies Promoting Sustainability

The Board promotes business sustainability by providing quality and innovative products for its customers and keeping up with ethical, ecological, economic and social concerns. Details of the corporate sustainability activities and the engagement with stakeholders are set out in the Corporate Responsibility Statement on pages 13 to 15 of this Annual Report.

## 1.5 Access to Information and Advice

The Directors have direct access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

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

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

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

## 1.6 Qualified and Competent Company Secretary

The Board is supported by a qualified Company Secretary who is a member of professional bodies. Besides ensuring the compliances with laws, various statutory rules and other regulatory requirements that affecting the Group, the Company Secretary is responsible for advising the Directors the obligations in relation to the disclosure of interest in securities, disclosure of any conflict of interest in transaction and matters relating to corporate governance issues. The Company Secretary updates the Board on any changes to statutory and regulatory requirements or governance practices concerning their duties and responsibilities.

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

## 1.7 Board Charter

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

## PRINCIPAL 2 - STRENGTHEN COMPOSITION

### 2.1 Nominating Committee

The Board has established a Nomination & Remuneration Committee ("NRC") which combines the functions of nominating committee and remuneration committee. The NRC comprises three (3) Non-Executive Directors of which majority are independent. The Chairman of the NRC is Dato' Seri Dr. Isahak bin Yeop Mohamad Shar.

The NRC met once during the financial year to discuss the following:

- i. assessment and the evaluation results of the performance of the Board as a whole;
- ii. assessment of the independence of independent directors and to recommend to the Board to retain the independent directors who would have/have served on the Board for more than nine (9) years;
- iii. review of the remuneration packages of executive director.

# CORPORATE GOVERNANCE STATEMENT

## (CONT'D)

### 2.2 Criteria for Recruitment and Assessment

When assessing the suitability of a nominated candidate for appointment to the Board, the NRC will review the board composition matrix setting out the criteria and the gap, considering several factors including, skills, experience, expertise, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance Board effectiveness.

The Board does not have a gender diversity policy or specific target for the appointment of female candidates in the recruitment of directors. The NRC gives due consideration to age, gender and experience when evaluating potential candidates for appointment to the Board. The NRC will interview the nominated candidate(s) to ascertain their ability before recommending to the Board for approval.

New Directors are subject to re-election at the AGM following their first appointment. In addition, 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 AGM in accordance with Section 129(6) of the Companies Act, 1965.

The NRC reviews the effectiveness of the Board as a whole and the committees of the Board annually. During the financial year, the assessment was carried out via questionnaires. The NRC reviewed the outcome of the assessment and was satisfied that the Board was able to discharge its duties professionally and effectively as well as uphold the governance standards in their conduct, and that of the Board.

During the financial year, the NRC carried out an evaluation of the Audit Committee as a whole. The outcome was deliberated at the subsequent NRC Meeting held on 31 March 2016.

### 2.3 Remuneration Policies

The remuneration of the Board is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Director. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company. The Executive Director and senior management's remuneration will depend on the performance of the Group and the achievement of the goals.

During the financial year, the NRC also reviewed the remuneration packages and benefits annually as extended to the Executive Director. The Executive Director did not participate in the deliberation and decision making relating to his own remuneration. There was no change in the remuneration policy and procedures during the financial year.

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

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

	Salary RM	Fees RM	Bonus & Allowances RM	Defined Contribution Plan RM	Benefits in Kind RM	Total RM
Executive	132,000	-	-	15,840	-	147,840
Non-Executives	-	109,000	-	-	-	109,000

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

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

## PRINCIPAL 3 - REINFORCE INDEPENDENCE

### 3.1 Annual Assessment of Independent Directors

During the reporting period, all the independent non-executive directors undertook a self-assessment of the independence based on the defined criteria of independence set out in the Main Market Listing Requirements of Bursa Securities and other criteria recommended by the Corporate Governance Guide. All three independent non-executive directors fulfilled the defined criteria of independence.

### 3.2 Tenure of Independent Director

As a general policy, the tenure for an Independent Director of the Company shall not exceed a cumulative term of 9 years. Datuk Wira Rahadian Mahmud bin Mohammad Khalil who was appointed as Independent Director since 2 October 2006 has served on the Board for more than 9 years. Both Dato' Seri Ir Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman who were appointed as Independent Directors on 12 February 2007 have served for an accumulative term of more than 9 years. However, these directors have continued to exercise independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company. In addition, they have shown great integrity of independence and had not entered into any related party transaction with the Company. The long tenure of the said Director did not impair their independence. In consideration thereof, the NRC had recommended to the Board to retain these directors as Independent Directors.

### 3.3 Shareholders' Approval for Retention of Independent Directors

Based on the review and recommendation made by the NRC, the Board recommends the retention of Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Dato' Seri Ir. Mohamad Othman bin Zainal Azim and Dato' Mohd Azmi bin Othman as Independent Directors and will seek the shareholders' approval at the forthcoming AGM for their retention as Independent Directors.

### 3.4 Separation of Positions of Chairman and Chief Executive Officer

The positions of Chairman of the Board and CEO are held by different individuals. The Chairman of the Board is responsible for the leadership, effectiveness and conduct of the Board while the CEO has overall responsibility over the business units and day-to-day management of the Company, organizational effectiveness and implementation of Board policies, strategies and decisions.

### 3.5 Board Composition

The Board of KYM comprises 6 Directors of which half of the Board are Independent Non-Executive Directors. The Directors have expertise and experience in areas of public administration, entrepreneurship, finance, engineering, law, accounting, manufacturing, construction and property developments. Details of all Directors are set out on pages 6 to 8.

The Board is helmed by a Dato' Seri Dr. Isahak bin Yeop Mohamad Shar who is a Non-Independent Non-Executive Chairman. Although the Chairman of the Board of KYM is not an independent director, the Independent Non-Executive Directors made up 50% of the Board to ensure balance of power and authority on the Board. The Independent Non-Executive Directors are active and open in the board deliberations and contribute to the direction of the Group.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## PRINCIPAL 4 - FOSTER COMMITMENT

### 4.1 Time Commitment

The Directors are aware of the time commitment expected from them to attend to the affairs of the Company for the year. Directors have disclosed to the Company Secretary their directorships and nature of offices held in all companies or organisations. None of the Directors held directorships in more than five public listed companies to ensure they have sufficient time to focus and discharge their roles and responsibilities effectively. Directors will notify the Company Secretary in a timely manner any change in their directorships.

A meeting calendar for the entire year was provided to all Directors for them to plan their schedule ahead. The meeting calendar sets out the scheduled dates for meetings of the Board and Board Committees, the AGM as well as the closed periods for dealings in securities by directors based on the targeted dates of announcement of the Group's quarterly results. The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities.

Name of Director	Board of Directors	Board Committee	
		AC	NRC
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	5/5	N/A	1/1
Dato' Seri Ir. Mohamad Othman bin Zainal Azim	4/5	4/5	-/1
Dato' Lim Kheng Yew	5/5	N/A	N/A
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	3/5	N/A	N/A
Dato' Mohd Azmi Bin Othman	3/5	2/5	1/1
Lee Ji Jin Darren	5/5	5/5	N/A

### 4.2 Directors' Training

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

Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	• Nominating Committee Program Part 2: "Effective Board Evaluations"	6 April 2015
	• Sustainability Symposium: Responsible Business. Responsible Investing.	8 October 2015
Dato' Seri Ir. Mohamad Othman bin Zainal Azim	• Nominating Committee Program Part 2: "Effective Board Evaluations"	6 April 2015
	• Risk Management And Internal Control For Audit Committees - Post Workshop Discussion	9 June 2015
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	• Focus Group to Solicit Feedback on Sustainability Reporting	15 April 2015
	• Transactions by Directors & Practical Issues and Solutions	11 September 2015
	• Sustainability Symposium: Responsible Business. Responsible Investing.	8 October 2015
Dato' Mohd Azmi bin Othman	• Risk Management And Internal Control For Audit Committees - Post Workshop Discussion	9 June 2015
Lee Ji Jin Darren	• Risk Management And Internal Control Workshop: "Is our Line of Defence Adequate And Effective?"	7 September 2015
	• Highlight of the 2016 Malaysian Budget and Recent Tax Developments and Post-GST	2 November 2015

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

### PRINCIPAL 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 Compliance with Applicable Financial Reporting Standards

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

The Audit Committee which has been entrusted with the responsibilities to review the Group's quarterly results and annual audited financial statements reviewed. In reviewing the quarterly and year financial statements, the Financial Controller provided adequate assurance to the Audit Committee that appropriate accounting policies had been adopted and applied consistently.

#### Statements of Directors' Responsibility for Preparation of Audited Financial Statements

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view in accordance with applicable Malaysian Financial Reporting 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 2016, 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.

#### 5.2 Assessment of External Auditors

The Company has always maintained a formal and transparent relationship with its auditors through its Audit Committee.

KYM has not formalized the policy and procedures to assess the suitability and independence of the external auditors during the financial year. The external auditors reported the details of provision of non-audit services, and any other matters that may reasonably be thought to have bearing on the external auditor's independence. During the financial year, the Group incurred RM72,300 for the non-audit services provided by the external auditors, representing about 31.6% of the total fees to the external auditors. The Audit Committee has considered the nature of non-audit services provided by the external auditors during the year and concluded that the amount of fees paid for these services was not significant and the independence of the external auditors is not impaired by the provision of such non-audit services to the Group.

The external auditors implemented the audit partner rotation. The external audit engagement partner shall rotate at least once every 5 years. In addition, the Audit Committee obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

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## PRINCIPAL 6 - RECOGNISE AND MANAGE RISKS

### 6.1 Sound Framework to Manage Risk

The Board has established a risk management and internal control system that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group. The key features of the group risk management framework are set out in Statement on Risk Management and Internal Control on pages 27 to 29 of this Annual Report.

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

### 6.2 Internal Audit Function

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

## PRINCIPAL 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

Although the Company has yet to formalize a Corporate Disclosure Policy and Procedures, we observe the Corporate Disclosure Guide issued by Bursa Securities and ensure compliances with the disclosure requirements of the Listing Requirements of Bursa Securities. The quarterly financial results is disseminated promptly and timely to enable shareholders to have an overview of the Group's performance and operations and make informed investment decisions.

Any information that may be regarded as undisclosed information about the Group will not be disclosed to any single shareholder until after the prescribed announcement to the Bursa Securities has been made.

### 7.2 Leveraging on Information Technology for Effective Dissemination of Information

The Company revamped its website at [www.kym.com.my](http://www.kym.com.my) to improve its function and the content. A dedicated section for corporate governance has been incorporated in the website. The Company's announcement, financial results, annual reports and circular to shareholders are published in the Company's website to keep the shareholders and investors informed on the Group's performance.

## PRINCIPAL 8 - STRENGTHEN RELATIONSHIPS BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encouraging Shareholder Participation at General Meetings

The AGM remains the principal forum for dialogue with shareholders. Notice of the AGM 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.

### 8.2 Poll Voting

All members present at each meeting have the rights to demand for a poll in accordance with the provisions of the Articles of Association of the Company on the voting for any resolutions. Voting at AGM is carried out by way of show of hands unless a poll is demanded or the resolution is mandated to be passed by poll voting. The Chairman may demand for a poll for substantive resolutions put forward at the general meeting, if so required.

### 8.3 Communication and Engagement with 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.

Where possible, the Company also provides additional disclosures of information on a voluntary basis.

### COMPLIANCE STATEMENT

The Board is satisfied that the company has, in all material aspects complied with the principles and recommendations of the Code during the financial year ended 31 January 2016 except where it was specifically stated otherwise.

This Statement was approved by the Board on 12 May 2016.



# AUDIT COMMITTEE REPORT

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## MEMBERS OF THE AUDIT COMMITTEE

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

The term of office and the performance of the Audit Committee as a whole are evaluated by the Nomination & Remuneration Committee ("NRC") once in every two (2) years to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference. Based on the last evaluation conducted in 2015, the NRC is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities, in accordance with the Terms of Reference of the Audit Committee.

## MEETING AND ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year. The record of attendance of the Audit Committee members is set out on page 20.

The Group's CEO attended all Audit Committee Meeting to provide further clarifications on the operations of the Group, the risk management and internal control systems. The Financial Controller was invited to attend all meetings of the Committee to present all financial reports and results. At the invitation of the Committee, the SBU Heads responsible for the internal audit subject attended the meeting to provide clarifications on the audit findings highlighted by the internal auditors in the internal audit report and update the status of their proposed action plans.

The Company Secretary is the secretary of the Committee and as a reporting procedure, the minutes were circulated to all members of the Board at the next Board of Directors' Meeting.

During the financial year, 2 private sessions were held between the Audit Committee and the external auditors without the presence of the management.

## ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee:

### Financial Reporting

- reviewed the Group's quarterly financial results and year end financial statements before presenting to the Board of Directors for approval. In reviewing the quarterly and year financial statements, the Financial Controller provided adequate assurance to the Audit Committee that appropriate accounting policies had been adopted and applied consistently. 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; and
- discussed with the external auditors on new developments of accounting standards that are applicable to the Company's financial statements for financial year ended 31 January 2016 and the audit findings and accounting issues arising from their audit together with recommendations in respect of the findings.

## External Auditors

- reviewed and discussed the audit plan prior to the commencement of audit for financial year ended 31 January 2016. The audit engagement partner attended the meeting and highlighted the audit approach and areas of audit emphasis;
- met with the external auditors without the presence of the CEO and Management on 31 March 2015 and 22 December 2015. The Audit Committee enquired about Management's cooperation with the external auditors, the proficiency and adequacy of resources in the accounts departments of the respective operating subsidiaries and issues arising from the final audit. There were no issues or concerns raised by the External Auditors during the financial year; and
- reviewed the independence of the external auditors. The external auditors reported the details of the non-audit services rendered during the financial year. The recurring non-audit services were in respect of tax compliance and review of the Statement of Risk Management and Internal Control. The audit engagement partner attended the meeting to provide further clarifications. Considering the nature and scope of the non-audit fees, the Audit Committee was of the opinion the independence of the external auditors is not impaired by the provision of such non-audit services to the Group. The Audit Committee obtained written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

On 12 May 2016, the Audit Committee recommended the re-appointment of external auditors, Crowe Horwath to be tabled at the 34<sup>th</sup> Annual General Meeting.

## Internal Auditors

- reviewed the risk-based internal audit plan for 2015/2016 taking into consideration the risk profile of KYM Group. The identified key audit areas for 2015/2016 were as follows:
  - Procurement
  - Production Management
  - Inventory Management
  - Sales and Collection
  - Treasury Management
  - Credit Control
- reviewed the internal audit reports, audit recommendations and the status of the management action plan.

## Related Party Transactions

- 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.
- reviewed the terms and conditions of the related party transactions entered by the subsidiaries ie Hasrat Meranti Sdn Bhd and Hasrat Meranti (Tengah) Sdn Bhd and Tzel Developments Sdn Bhd in relation to the acquisition of six (6) units of residential apartments of UNI Residences located at Tapah, Perak ("Acquisition"). The Audit Committee considered the purchase price, terms and conditions of the Acquisition and was satisfied that the said terms including the payment terms were applicable to all purchasers of UNI Residences and were not more favourable than those generally offered to the public. The Audit Committee was of the opinion that the terms and basis of the Acquisition was fair, reasonable and on normal commercial terms. The Audit Committee also considered the rationale for the Acquisition whereby the properties were intended to be used as accommodation for the expatriates and workers of the Tapah plant to reduce transportation cost, travelling time and travelling risk of the employees. The Audit Committee was satisfied that the Acquisition was in the best interest of KYM Group and was not detrimental to the interest of the minority shareholders of KYM and thus recommended to the Board for approval.

## Others

- reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for inclusion in the 2016 annual report.

## AUDIT COMMITTEE REPORT (CONT'D)

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### INTERNAL AUDIT FUNCTION

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

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

- Procurement;
- Treasury Management;
- Sales and Collection; and
- Credit Control.

Where weaknesses were noted, a follow up audit review had been carried out to ensure Management has taken appropriate actions to address them within the proposed timeline. Matters that in the opinion of the Internal Auditors required ratification, improvement or attention by Management and the Audit Committee, were highlighted to the Audit Committee.

The Internal Auditors and the SBU Heads were invited to attend the Audit Committee Meeting to discuss the audit findings set out in the internal audit report. The Audit Committee also discussed and followed up on the status of the Management Action Plans in relation to the audit findings highlighted by the Internal Auditors.

In addition, the internal auditor also reviewed the recurrent related party transactions entered into pursuant to the Proposed Shareholders' Mandate annually to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Considering the nature and transacted amount of the existing recurrent transactions entered by the Group, the Audit Committee had, during the financial year, resolved that the internal audit review will be carried out on new or additional recurrent related party transactions.

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

Cost incurred for the internal audit function in respect of the financial year ended 31 January 2016 is RM42,000.00.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

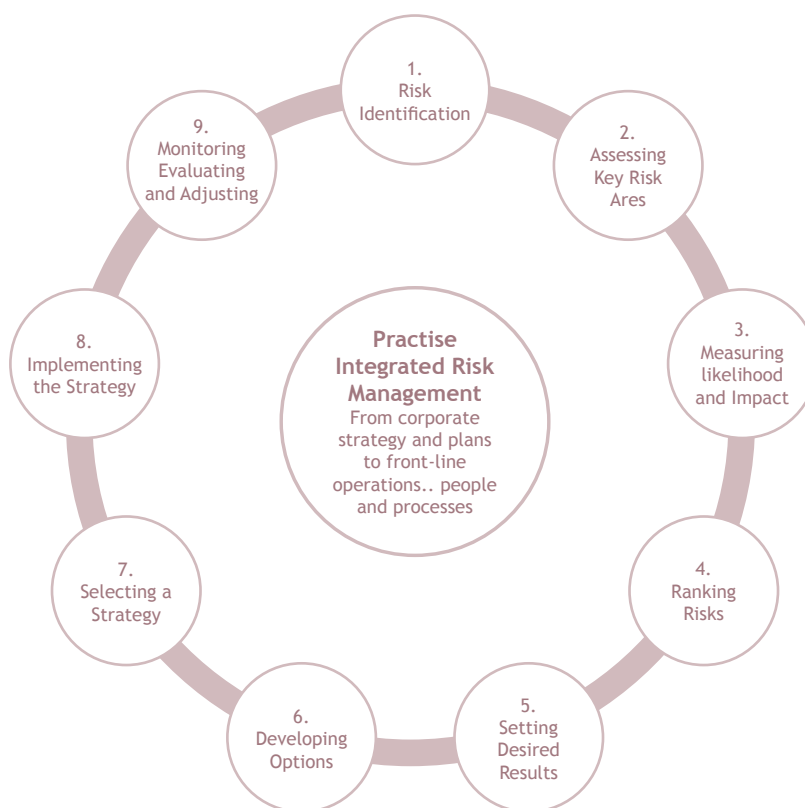
## BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for maintaining a sound risk management framework and system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders’ investment and the Group’s assets. The Board via the Audit Committee reviews the adequacy and effectiveness of the Group’ risk management and internal control system. Notwithstanding that, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management is accountable to the Board for implementing and monitoring the system of risk management and internal control and for providing assurance to the Board that it has done so. The Board received assurance from the CEO and the Financial Controller that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

## RISK MANAGEMENT

We have established an on-going process to identify, assess, respond and manage all important risks. The existing risk management framework is designed to advance the development and implementation of modern management practices and to support innovation throughout KYM’s operational and business activities.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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Management has identified the major business risks and financial risks affecting the Group's core business i.e. manufacturing, and assessed these risks based on their potential impact on the business and likelihood of the risks happening. Management has established a risk register accordingly and classified the risks as high, medium and low. A level 1 risk is seen as high and catastrophic and level 9 is low and insignificant.

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

During the financial year, due to the weakening of Ringgit Malaysia against US Dollar and Euro, the Group has re-assessed the foreign exchange risk arising from the fluctuations of foreign currency exchange rates. Discussions session with all SBU heads led by the CEO were held to assess and take appropriate steps to manage the exchange rate exposure by natural hedging and/or financial hedging. The Group is in the midst of establishing and formalising a foreign exchange policy and procedures to monitor the exposure to foreign exchange risks.

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

The Audit Committee with the assistance of the Internal Auditors, Audex Governance Sdn Bhd reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. Further details are set out in the Audit Committee Report.

### INTERNAL CONTROL STRUCTURE AND PROCESSES

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

- (1) An organisational structure has defined roles and responsibilities with appropriate limits of authority. The responsibilities and functions of the Board of Directors and each committee are set out in the board charter and terms of reference. The Board has delegated specific responsibilities to the relevant committees such as Audit Committee and Nomination & Remuneration Committee to implement and monitor the Board's policies and controls within the Group. Matters reserved for the Board's decision are clearly set out in the Board Charter which is published in the Company's website. The Board delegates responsibility for the day-to-day management of the Company to the CEO.

At the scheduled Board Meeting, the CEO will lead the presentation of the Board papers and provide explanations on the main issues. The CEO will disseminate the Group's corporate objectives and corporate values deliberated at the Board Meeting to members of management at their scheduled monthly management meetings.

- (2) Policies and standard operating procedures are laid down for its key business processes and business units. In addition, the manufacturing subsidiaries that implement ISO 9001:2008 Quality Management System ("QMS") benefit from the improved risk management and operational effectiveness and efficiency as the standard provides guidance and tools to the subsidiaries to ensure their products or services meet a certain level of quality; that is, they are reliable, safe, consistent, meet customer expectations, continuously improve and comply with the law. Audit of the QMS is carried out regularly to ensure continual improvement of the effectiveness. These policies and procedures are subject to review and improvement to meet changes in business, operational and statutory needs;
- (3) The annual budgeting process is one of our key control activities. All operating subsidiaries prepare their respective budgets and business plan which will be reviewed by the Senior Management before tabling to the Board for deliberation. The actual performance versus the approved financial budgets are reviewed by the Board half yearly;
- (4) Management holds monthly meetings with Heads of SBU to review the performance of the business units, to discuss and resolve issues or challenges faced with regard to operational and administrative matters. Variances are analysed against the budget (for financial and operational targets) and reasons for shortfalls are identified and responded in a timely manner;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- (5) As part of the preventive anti-fraud measures, the Group has in place a Code of Conduct for employees that is communicated to all staff to govern the standard of ethics and good conducts; and
- (6) The Internal Audit function provides an independent, objective assurance on the areas of operations reviewed, and advises on the best practices that will improve and add value to the Group's internal control. Audit reports together with findings, management's response and corrective actions are presented by the Internal Auditors to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal controls and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

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

### REVIEW BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 January 2016, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems.

### BOARD'S CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's risk management and system of internal control for the year under review and up to date of this Statement. During the year, there were no material losses caused by breakdown in internal controls. Where weaknesses were noted, Management has taken appropriate actions to address them. Based on inquiry, information and assurances received from the CEO and Financial Controller, the Board is of the view that the risk management and system of internal control are satisfactory.

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

This statement was made in accordance with a resolution of the Board dated 12 May 2016.

## ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review:

- KYM established an Employees Share Option Scheme involving up to fifteen per centum (15%) of the issued and paid-up capital of KYM ("ESOS"). During the financial year, no ESOS options were exercised.

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

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

	Aggregate maximum allocation applicable (%)	Actual ESOS Options granted during the financial year (%)	Aggregate ESOS Options Granted Since 16 May 2010 (%)
Directors and Senior Management	50.00	-	30.69

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

- The fees incurred by the Group for non-audit services rendered by the external auditors or a firm affiliated with the auditors' firm during the financial year were RM72,300.
- Particulars of contracts entered by the following subsidiaries involving the interest of related party that are still subsisting at the end of the financial year:
  - The Company's wholly-owned subsidiaries, namely Hasrat Meranti Sdn Bhd and Hasrat Meranti (Tapah) Sdn Bhd had on 2 October 2015 entered into sale and purchase agreement(s) with Tzel Developments Sdn Bhd respectively to acquire a total of six (6) units of residential apartments of UNI Residences located at Tapah, Perak for a total cash consideration of RM1,200,000 as disclosed in the table below. The acquisitions are expected to be completed with delivery of vacant possession by second quarter of the year.

Transacting Subsidiary ("Purchaser")	Nature of Transaction	Amount of Transaction (RM)
Hasrat Meranti Sdn Bhd ("HMSB")	Acquisition of 3 residential apartments measuring 732 sq. ft. known as Parcel Nos. B-1-01, B-1-02 and B-1-03, Block B together with Accessory Parcel Nos. 106 - 108 at RM200,000 each	600,000
Hasrat Meranti (Tapah) Sdn Bhd ("HMTSB")	Acquisition of 3 residential apartments measuring 732 sq. ft. known as Parcel Nos. B-1-04, B-1-09 and B-1-10, Block B together with Accessories Parcel 109, 83 and 84 at RM200,000 each	600,000
<b>Total</b>		<b>1,200,000</b>

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# FINANCIAL STATEMENTS

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32__	Directors' Report
37__	Statement by Directors
37__	Statutory Declaration
38__	Independent Auditors' Report
40__	Statements of Financial Position
42__	Statements of Profit or Loss and Other Comprehensive Income
44__	Statements of Changes in Equity
45__	Statements of Cash Flows
47__	Notes to the 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 2016.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(1,240)	(1,243)
Attributable to:-		
Owners of the Company	(1,240)	(1,243)
Non-controlling interests	( <sup>^</sup> )	-
	(1,240)	(1,243)

Note:

(<sup>^</sup>) represents (RM171)

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

## EMPLOYEES' SHARE OPTION SCHEME

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

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

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:-

Date of Offer	Exercise Price	Number of Options over Ordinary Shares of RM0.50 Each			
		At 1.2.2015	Granted	Exercised	At 31.1.2016
26 May 2010	RM0.90	2,935,000	-	-	2,935,000

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

## BAD AND DOUBTFUL DEBTS

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

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

## 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.

## DIRECTORS' REPORT (CONT'D)

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### CONTINGENT AND OTHER LIABILITIES

Other than the contingent liability disclosed in Note 37 to the financial statements, at the date of this report, there does not exist:-

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

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

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

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

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

### DIRECTORS

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

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

### DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.50 Each		
	At 1.2.2015	Bought	Sold
<i>Direct Interests In The Company</i>			
- Dato' Lim Kheng Yew	2,000,000	-	-
- Dato' Mohd Azmi Bin Othman	42,000	-	-
- Lee Ji Jin Darren	110,000	-	-
<i>Indirect Interest In The Company</i>			
- Dato' Lim Kheng Yew	53,750,000	-	-

	Number Of Options Over Ordinary Shares Of RM0.50 Each		
	At 1.2.2015	Granted	Exercised
<i>Share Options Of The Company</i>			
- Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	760,000	-	-
- Dato' Lim Kheng Yew	1,000,000	-	-
- Datuk Wira Rahadian Mahmud Bin Mohammad Khalil	300,000	-	-
- Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	300,000	-	-

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a director has substantial financial interests as disclosed in Note 36 to the financial statements.

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

## DIRECTORS' REPORT (CONT'D)

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### AUDITORS

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

Signed in accordance with a resolution of the directors dated 12 May 2016

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

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We, Dato' Lim Kheng Yew and Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 40 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, 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 12 May 2016

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

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I, Dato' Lim Kheng Yew, being the director primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 40 to 103 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Dato' Lim Kheng Yew  
at Kuala Lumpur in the Federal Territory  
on this 12 May 2016

Dato' Lim Kheng Yew

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

# INDEPENDENT AUDITORS' REPORT

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

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## Report on the Financial Statements

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial position as at 31 January 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 102.

### *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 2016 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.

## Report on Other Legal and Regulatory Requirements

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

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

# INDEPENDENT AUDITORS' REPORT

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

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### Other Reporting Responsibilities

The supplementary information set out in Note 43 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

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

Crowe Horwath  
Firm No: AF 1018  
Chartered Accountants

12 May 2016

Kuala Lumpur

Cheong Tze Yuan  
Approval No: 3034/04/18 (J)  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

## AT 31 JANUARY 2016

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	27,284	27,284
Other investments	7	186	186	184	184
Property, plant and equipment	8	58,800	62,135	107	158
Investment properties	9	39,220	48,220	-	4,500
Intangible asset	10	4,667	4,667	-	-
		102,873	115,208	27,575	32,126
<b>CURRENT ASSETS</b>					
Inventories	11	20,138	31,827	-	-
Trade receivables	12	22,016	22,030	-	-
Other receivables, deposits and prepayments	13	1,884	1,864	313	228
Amount owing by subsidiaries	14	-	-	61,933	60,464
Amount owing by related parties	15	-	164	-	-
Tax recoverable		1,581	2,136	11	27
Short-term investment	16	5,011	2,810	5,011	2,810
Fixed deposits with licensed banks	17	267	422	-	-
Cash and bank balances		1,358	1,733	330	877
		52,255	62,986	67,598	64,406
<b>TOTAL ASSETS</b>		<b>155,128</b>	<b>178,194</b>	<b>95,173</b>	<b>96,532</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	74,945	74,945	74,945	74,945
Share premium	19	35,436	35,436	35,436	35,436
Employees' share option reserve	20	884	884	884	884
Accumulated losses		(20,077)	(18,837)	(82,087)	(80,844)
Equity attributable to owners of the Company		91,188	92,428	29,178	30,421
Non-controlling interests		(*)	(#)	-	-
<b>TOTAL EQUITY</b>		<b>91,188</b>	<b>92,428</b>	<b>29,178</b>	<b>30,421</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	21	665	321	37	118
Term loans	22	5,251	11,717	1,000	5,000
Deferred tax liabilities	23	9,725	10,692	-	132
		15,641	22,730	1,037	5,250

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 JANUARY 2016

(CONT'D)

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CURRENT LIABILITIES</b>					
Trade payables	24	9,610	19,172	-	-
Other payables and accruals	25	10,099	12,153	421	735
Amount owing to subsidiaries	14	-	-	58,816	55,423
Amount owing to related parties	15	1,916	1,527	1,640	622
Amount owing to directors	26	135	135	-	-
Hire purchase payables	21	428	1,188	81	81
Short-term borrowings	27	19,719	23,684	4,000	4,000
Bank overdrafts	28	6,392	5,177	-	-
		48,299	63,036	64,958	60,861
<b>TOTAL LIABILITIES</b>		63,940	85,766	65,995	66,111
<b>TOTAL EQUITY AND LIABILITIES</b>		155,128	178,194	95,173	96,532

Notes:

(\*) represents (RM436)

(#) represents (RM265)

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
REVENUE	29	99,171	99,356	-	-
COST OF SALES		(89,098)	(86,948)	-	-
GROSS PROFIT		10,073	12,408	-	-
OTHER INCOME		1,844	2,520	271	912
SELLING AND DISTRIBUTION EXPENSES		11,917 (4,622)	14,928 (5,210)	271 -	912 -
ADMINISTRATIVE EXPENSES		(6,066)	(5,982)	(778)	(579)
OTHER EXPENSES		(1,008)	(4,232)	(78)	(3,561)
FINANCE COSTS		(2,398)	(2,870)	(790)	(1,096)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		-	(1)	-	-
LOSS BEFORE TAXATION	30	(2,177)	(3,367)	(1,375)	(4,324)
INCOME TAX EXPENSE	32	937	418	132	(22)
LOSS AFTER TAXATION		(1,240)	(2,949)	(1,243)	(4,346)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(1,240)	(2,949)	(1,243)	(4,346)

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

(CONT'D)

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>LOSS AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		(1,240)	(2,949)	(1,243)	(4,346)
Non-controlling interests		( <sup>^</sup> )	( <sup>#</sup> )	-	-
		(1,240)	(2,949)	(1,243)	(4,346)
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-</b>					
Owners of the Company		(1,240)	(2,949)	(1,243)	(4,346)
Non-controlling interests		( <sup>^</sup> )	( <sup>#</sup> )	-	-
		(1,240)	(2,949)	(1,243)	(4,346)
<b>LOSS PER SHARE (SEN)</b>					
	33				
Basic		(0.83)	(1.97)		
Diluted		(0.83)	(1.97)		

Notes:

(<sup>^</sup>) represents (RM171)

(<sup>#</sup>) represents (RM265)

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

	Non-Distributable			Accumulated Losses RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000				
The Group							
Balance at 1.2.2014	74,945	35,436	884	(15,888)	95,377	-	95,377
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(2,949)	(2,949)	(#)	(2,949)
Balance at 31.1.2015/ 1.2.2015	74,945	35,436	884	(18,837)	92,428	(#)	92,428
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(1,240)	(1,240)	(^)	(1,240)
Balance at 31.1.2016	74,945	35,436	884	(20,077)	91,188	(*)	91,188

	Non-Distributable			Accumulated Losses RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000		
The Company					
Balance at 1.2.2014	74,945	35,436	884	(76,498)	34,767
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(4,346)	(4,346)
Balance at 31.1.2015/1.2.2015	74,945	35,436	884	(80,844)	30,421
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(1,243)	(1,243)
Balance at 31.1.2016	74,945	35,436	884	(82,087)	29,178

Notes:

(#) represents (RM265)

(^) represents (RM171)

(\*) represents (RM436)

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Loss before taxation		(2,177)	(3,367)	(1,375)	(4,324)
Adjustments for:-					
Bad debts written off		4	9	-	6
Deposit received forfeited		-	(10)	-	-
Depreciation of property, plant and equipment		4,661	4,975	78	247
Dividend income		(164)	(148)	(164)	(148)
Fair value gain on investment properties		-	(1,135)	-	(500)
Fair value gain on other investments		(a)	(8)	-	-
Loss/(Gain) on disposal of property, plant and equipment		310	(222)	-	(212)
Impairment losses on investments in associates		-	3,302	-	3,308
Interest expense		2,329	2,868	790	1,096
Interest income		(41)	(38)	(107)	(13)
Share of results in associates		-	1	-	-
Property, plant and equipment written off		-	26	-	-
Waiver of debts from trade and other payables		-	(14)	-	-
Operating profit/(loss) before working capital changes		4,922	6,247	(778)	(540)
Decrease/(Increase) in inventories		11,689	(16,006)	-	-
Decrease/(Increase) in trade and other receivables		22	(3,465)	(53)	(14)
(Decrease)/Increase in trade and other payables		(11,616)	13,498	(314)	341
Decrease/(Increase) in amount owing by related parties		164	(7)	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>5,181</b>	<b>267</b>	<b>(1,145)</b>	<b>(213)</b>
Income tax refunded		1,083	6	20	-
Income tax paid		(558)	(1,196)	(4)	(6)
Interest paid		(2,329)	(2,868)	(790)	(1,096)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>3,377</b>	<b>(3,791)</b>	<b>(1,919)</b>	<b>(1,315)</b>
<b>CASH FLOW FROM/(FOR) INVESTING ACTIVITIES</b>					
Proceeds from disposal of investment properties		9,000	-	4,500	-
Interest received		9	38	75	13
Dividend received		164	148	164	148
Proceeds from disposal of property, plant and equipment		350	368	-	357
Purchase of property, plant and equipment	34	(1,021)	(1,174)	(27)	(22)
Repayment from related parties		-	25	-	-
(Advance)/Repayment from subsidiaries		-	-	(1,017)	663
Withdrawal of fixed deposits with licensed banks		155	-	-	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>8,657</b>	<b>(595)</b>	<b>3,695</b>	<b>1,159</b>
Balance carried forward		12,034	(4,386)	1,776	(156)

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Balance brought forward		12,034	(4,386)	1,776	(156)
CASH FLOWS FOR FINANCING ACTIVITIES					
Advances from/(Repayment to) related parties		389	272	(150)	-
Net (repayment)/drawdown of bills payable		(4,463)	3,660	-	-
Repayment of hire purchase obligations		(1,381)	(1,672)	(81)	(305)
Repayment of term loans		(6,428)	(3,239)	(4,000)	(1,000)
Drawdown of term loans		-	692	-	-
Net drawdown of bankers' acceptances		270	-	-	-
Net drawdown/(repayment) of revolving credit		190	(720)	-	-
Advances from subsidiaries		-	-	4,109	30
NET CASH FOR FINANCING ACTIVITIES		(11,423)	(1,007)	(122)	(1,275)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		611	(5,393)	1,654	(1,431)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(634)	4,759	3,687	5,118
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35	(23)	(634)	5,341	3,687

Notes:

(α) represents (RM380)

(β) represents (RM27)

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### 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 12 May 2016.

### 2. PRINCIPAL ACTIVITIES

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

### 3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 119 : Defined Benefit Plans - Employee Contributions

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory from Contracts with Customers	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amedments to MFRS 15: Effective Date of MFRS 15	1 January 2018



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

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

- MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.
- MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

#### **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 expense and deferred tax balances in the year in which such determination is made.

##### **(c) Impairment of Non-Financial Assets**

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

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

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

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

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

##### **(e) Impairment of Trade and Other Receivables**

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

**(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 judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these investment properties would affect profit and/or equity.

**(i) Classification of Leasehold Land**

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

**(j) Share-based Payments**

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

**(k) Impairment of Goodwill**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when accessing control only when such rights are substantive. The Group also considers if it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidation financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

###### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

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

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

##### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

##### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

###### (a) Functional and Presentation Currency

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

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

###### (b) Transactions and Balances

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

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

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

##### (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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

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

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

###### (iii) Loans and Receivables Financial Assets

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

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

###### (iv) Available-for-sale Financial Assets

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

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

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

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

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

###### (b) Financial Liabilities

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

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

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

###### (c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not measured subsequently. Incremental costs directly attributable to the issue of new ordinary shares 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)**

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

###### **(d) Derecognition**

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

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

###### **(e) Financial Guarantee Contracts**

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

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **4.6 INVESTMENTS IN SUBSIDIARIES**

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

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

##### **4.7 INVESTMENTS IN ASSOCIATES**

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

##### 4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

##### 4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Buildings	2%
Leasehold land	Over the lease period ranged from 45 to 91 years
Plant and machinery	6.7% - 20%
Forklifts, tools and equipment and production accessories	10% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%

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

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the 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 cost, 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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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

##### **4.9 IMPAIRMENT**

###### **(a) Impairment of Financial Assets**

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

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

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

##### 4.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of change on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

##### 4.11 INVESTMENT PROPERTIES

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

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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

##### 4.12 INVENTORIES

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

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

##### 4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

##### 4.14 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The 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.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.15 PROVISIONS

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

##### 4.16 EMPLOYEE BENEFITS

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

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

###### (b) Defined Contribution Plans

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

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

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

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

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

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

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

##### 4.17 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.17 INCOME TAXES (CONT'D)

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

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

When investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and 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 adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

##### 4.18 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

##### 4.19 OPERATING LEASES

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.20 EARNINGS PER ORDINARY SHARE

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

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

##### 4.21 OPERATING SEGMENTS

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

##### 4.22 RELATED PARTIES

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

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

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

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.

(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).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

##### 4.23 CONTINGENT LIABILITIES

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

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

##### 4.24 REVENUE AND OTHER INCOME

###### (a) Sale of Goods

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

###### (b) Services

Revenue is recognised upon rendering of services.

###### (c) Interest Income

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

###### (d) Rental Income

Rental income is recognised on an accrual basis.

###### (e) Dividend Income

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

**5. INVESTMENTS IN SUBSIDIARIES**

	The Company 2016 RM'000	2015 RM'000
Unquoted shares, at cost	75,590	75,590
Accumulated impairment losses	(48,306)	(48,306)
	27,284	27,284

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

Name of Subsidiary	Effective Equity Interest 2016	2015	Principal Activities
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment.
KYM Industries (Penang) Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant.
Teguh Amalgamated Sdn. Bhd. <sup>(1)</sup>	100%	100%	Property investment.
KCP Carton Sdn. Bhd. <sup>(1)</sup>	100%	100%	Dormant.
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Dormant.
Panorama Industries Sdn. Bhd. <sup>(2)</sup>	100%	100%	Dormant.
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant.
KYM Maju Sdn. Bhd.	100%	100%	Dormant.
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Dormant.
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding.
Tegas Consolidated Sdn. Bhd. <sup>(3)</sup>	100%	100%	Investment holding.
Harta Makmur Sdn. Bhd. * <sup>(4)</sup>	100%	100%	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Teluk Rubiah Country Club Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Suria Makmur Development Sdn. Bhd. <sup>(5)</sup>	100%	100%	Dormant.
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Dormant.
KYM Properties Sdn. Bhd.	100%	100%	Property management.
KYM Built Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant.
KYM Development (Perak) Sdn. Bhd. <sup>(6)</sup>	100%	100%	Property investment.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

Name of Subsidiary	Effective Equity Interest		Principal Activities
KYM Leisure Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant.
Austin Capital Sdn. Bhd. <sup>(6)</sup>	100%	100%	Dormant.
KMG Assets Sdn. Bhd.	100%	100%	Providing management services.
Hasrat Meranti Sdn. Bhd.	100%	100%	Investment holding and manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Chemor) Sdn. Bhd. <sup>(7)</sup>	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Tengah) Sdn. Bhd. <sup>(7)</sup>	100%	100%	Manufacturing and sale of multi-wall industrial paper bags.
KYM Mineral Sdn. Bhd.	100%	100%	Dormant.

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

<sup>(1)</sup> - 100% interest held by KYM Industries (M) Sdn. Bhd.

<sup>(2)</sup> - 100% interest held by KYM Industries (Johor) Sdn. Bhd.

<sup>(3)</sup> - 100% interest held by Polypulp Enterprises Sdn. Bhd.

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

<sup>(5)</sup> - 100% interest held by Harta Makmur Sdn. Bhd.

<sup>(6)</sup> - 100% interest held by KYM Properties Sdn. Bhd.

<sup>(7)</sup> - 100% interest held by Hasrat Meranti Sdn. Bhd.

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

(b) The non-controlling interests information at the end of the reporting period are immaterial to the Group.

#### 6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	-	375	-	375
Quasi loans	-	3,117	-	3,117
Share of post acquisition losses	-	(6)	-	-
	-	3,486	-	3,492
Accumulated impairment losses	-	(3,302)	-	(3,308)
	-	184	-	184
Transfer to other investments (Note 7)	-	(184)	-	(184)
	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

Name of Associates	Effective Equity Interest		Principal Activities
	2016	2015	
	%	%	
PEIH Holdings Sdn. Bhd. <sup>^</sup>	-	*	Investing holding.
PEIH Resources Sdn. Bhd. <sup>(1)</sup>	-	*	Dormant.
PECOH Industrial Development Sdn. Bhd. <sup>(1)</sup>	-	*	Land reclamation and development of an industrial hub.

<sup>^</sup> - The associate was audited by other firm of chartered accountants.

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

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

- (a) Share of results of the associate was based on the unaudited financial statements of the associate.
- (b) Quasi loans represented advances and payments made on behalf of which the settlement was neither planned nor likely to occur in the foreseeable future. These amounts were, in substance, a part of the Company's net investment in the associates. The quasi loans were stated at cost less accumulated impairment losses, if any.
- (c) In the previous financial year, the Group and the Company had assessed the recoverable amount of the investments in associates and determined that an impairment loss should be recognised as the recoverable amount was lower than the carrying amount. The recoverable amount of the investment was derived from the net assets position of the associates at the date of dilution. A total impairment loss of RM3,301,460 and RM3,307,949 of the Group and of the Company respectively were recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. The investments in associates belonged to the Group's investment holding reportable segment.
- (d) On the loss of significant influence, the Group and the Company had measured the retained interest in accordance with MFRS 139 as an available-for-sale investment at deemed cost as its fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.
- (e) The summarised unaudited financial information of the associate, not adjusted for the percentage ownership held by the Group, was as follows:-

	<b>The Group</b>
	<b>2015</b>
	<b>RM'000</b>
Results	
Loss for the financial period	(3)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

#### 7. OTHER INVESTMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at fair value	2	2	-	-
Unquoted shares, at cost (Note 6)	184	184	184	184
	186	186	184	184

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

#### 8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Plant And Machinery RM'000	Forklifts, Tools And Equipment And Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Capital Work-in- Progress RM'000	Total RM'000
<b>The Group</b>									
<i>Net Book Value</i>									
At 1.2.2015	8,456	4,460	16,989	29,593	1,037	435	1,165	-	62,135
Additions	-	-	-	444	302	918	73	249	1,986
Disposals	-	-	-	(385)	-	(275)	-	-	(660)
Depreciation charge for the financial year	(118)	-	(319)	(3,384)	(430)	(186)	(224)	-	(4,661)
At 31.1.2016	8,338	4,460	16,670	26,268	909	892	1,014	249	58,800

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

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

	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Plant And Machinery RM'000	Forklifts, Tools And Equipment And Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Total RM'000
<b>The Group</b>								
<i>Net Book Value</i>								
At 1.2.2014	8,574	4,460	17,308	32,385	1,182	989	977	65,875
Additions	-	-	-	640	337	1	429	1,407
Disposals	-	-	-	-	-	(145)	(1)	(146)
Written off	-	-	-	-	-	(12)	(14)	(26)
Depreciation charge for the financial year	(118)	-	(319)	(3,432)	(482)	(398)	(226)	(4,975)
At 31.1.2015	8,456	4,460	16,989	29,593	1,037	435	1,165	62,135

	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	Capital Work-in Progress RM'000	Total RM'000
The Group									
2016									
Cost	9,087	4,460	18,666	38,800	2,968	2,482	5,521	249	82,233
Accumulated depreciation	(749)	-	(1,996)	(12,532)	(2,059)	(1,590)	(4,507)	-	(23,433)
Net book value	8,338	4,460	16,670	26,268	909	892	1,014	249	58,800
2015									
Cost	9,087	4,460	18,666	38,848	2,666	2,391	5,448	-	81,566
Accumulated depreciation	(631)	-	(1,677)	(9,255)	(1,629)	(1,956)	(4,283)	-	(19,431)
Net book value	8,456	4,460	16,989	29,593	1,037	435	1,165	-	62,135

Note:

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

	Other Assets* RM'000	Motor Vehicles RM'000	Total RM'000
<b>The Company</b>			
<i>Net Book Value</i>			
At 1.2.2015	113	45	158
Addition	27	-	27
Depreciation charge for the financial year	(33)	(45)	(78)
At 31.1.2016	107	^	107
<i>Net Book Value</i>			
At 1.2.2014	122	406	528
Addition	22	-	22
Disposal	(#)	(145)	(145)
Depreciation charge for the financial year	(31)	(216)	(247)
At 31.1.2015	113	45	158
<b>2016</b>			
Cost	1,040	1,181	2,221
Accumulated depreciation	(933)	(1,181)	(2,114)
Net book value	107	-	107
<b>2015</b>			
Cost	1,013	1,181	2,194
Accumulated depreciation	(900)	(1,136)	(2,036)
Net book value	113	45	158

**Notes:**

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

^ represents RM1.

(#) represents (RM344).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

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

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

	The Group	
	2016	2015
	RM'000	RM'000
Freehold land	4,460	4,460
Leasehold land	8,338	8,456
Buildings	16,670	16,989
Plant and machinery	13,136	14,235
Other assets	116	118
Capital work-in-progress	125	-
	42,845	44,258

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	815	3,877	-	-
Motor vehicles	853	410	-	45
	1,668	4,287	-	45

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At cost:-				
Forklifts, tools and equipment and production accessories	1,060	1,046	-	-
Motor vehicles	1,181	776	1,181	564
Other assets	1,139	974	792	765
	3,380	2,796	1,973	1,329

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 9. INVESTMENT PROPERTIES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At fair value:-				
At 1 February 2015/2014	48,220	47,085	4,500	4,000
Fair value adjustment	-	1,135	-	500
Disposals	(9,000)	-	(4,500)	-
At 31 January	39,220	48,220	-	4,500

- (a) Included in the net book value of the investment properties at the end of the reporting period pledged to financial institutions for credit facilities granted to the Company and certain subsidiaries are as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Investment properties	24,400	33,400	-	4,500

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Leasehold land	39,220	42,866	-	1,800
Building	-	5,354	-	2,700
	39,220	48,220	-	4,500

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Direct operating expenses from the investment properties that did not generate income	264	345	11	21

- (d) The Company and its subsidiaries, Panorama Industries Sdn. Bhd. and KYM Industries (Johor) Sdn. Bhd., entered into conditional Sale and Purchase Agreements with two purchasers for the disposal of two investment properties for a cash consideration of RM4,500,000 each. The disposal of the investment properties was completed during the financial year.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

**10. INTANGIBLE ASSET**

	The Group	
	2016	2015
	RM'000	RM'000
Goodwill on consolidation	7,047	7,047
Accumulated impairment loss	(2,380)	(2,380)
	4,667	4,667

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

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

Gross margin	Between 12.2% and 14.0%
Growth rate	Between 3% and 6%
Discount rate	9.7%

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

(ii) Growth rate Based on the expected projections of the manufacturing and sale of multi-wall industrial paper bags.

(iii) Discount rate The discount rate used is the pre-tax weighted average cost of capital of the Company obtained from Bloomberg as at 31 January 2016.

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

**11. INVENTORIES**

	The Group	
	2016	2015
	RM'000	RM'000
Raw materials	16,609	27,510
Work-in-progress	191	135
Finished goods	2,868	3,676
Consumables	470	506
	20,138	31,827
<u>Recognised in profit or loss</u>		
Inventories recognised as cost of sales	70,848	67,589



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

#### 12. TRADE RECEIVABLES

	The Group	
	2016	2015
	RM'000	RM'000
Trade receivables	22,795	23,905
Allowance for impairment losses	(779)	(1,875)
	22,016	22,030
Allowance for impairment losses:-		
At 1 February 2015/2014	(1,875)	(1,894)
Write-off during the financial year	1,096	19
At 31 January	(779)	(1,875)

- (a) The Group's normal trade credit terms range from 14 to 180 days (2015 - 14 to 180 days).
- (b) The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and have defaulted on payments.

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other receivables	606	603	118	83
Allowance for impairment losses	-	(11)	-	-
	606	592	118	83
Deposits	805	761	171	141
Prepayments	473	511	24	4
	1,884	1,864	313	228

	The Group	
	RM'000	RM'000
Allowance for impairment losses:-		
At 1 February 2015/2014	(11)	(11)
Write-off during the financial year	11	-
At 31 January	-	(11)

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

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

	The Company	
	2016	2015
	RM'000	RM'000
Amount owing by subsidiaries	106,565	105,096
Allowance for impairment losses	(44,632)	(44,632)
	61,933	60,464

Allowance for impairment losses:-

At 1 February 2015/2014	(44,632)	(44,780)
Write-off during the financial year	-	148
At 31 January	(44,632)	(44,632)

	The Company	
	2016	2015
	RM'000	RM'000
Amount owing to subsidiaries	(58,816)	(55,423)

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

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

	The Group	
	2016	2015
	RM'000	RM'000
<u>Amount Owing By Related Parties</u>		
Trade balances	-	164

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Amount Owing To Related Parties</u>				
Non-trade balances	(1,916)	(1,527)	(1,640)	(622)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

- (a) Related parties refer to persons connected to a director and/or a key management personnel and companies in which certain directors and persons connected to a director and/or a key management personnel are common directors and/or have substantial financial interests.
- (b) The trade balances were subjected to the normal credit terms ranging from 30 to 90 days in the previous financial year.
- (c) The non-trade balances represent unsecured interest-free advances and payments made on behalf.
- (d) The amounts owing are repayable on demand and are to be settled in cash.

#### 16. SHORT-TERM INVESTMENT

	The Group/The Company	
	2016	2015
	RM'000	RM'000
Wholesale money market fund in Malaysia	5,011	2,810
Market value of short-term investment	5,065	2,832

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

#### 17. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rate of the fixed deposits at the end of the reporting period was 3.13% (2015 - 3.10%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2015 - 30 to 365 days).

#### 18. SHARE CAPITAL

	2016		2015	
	Number of Shares '000	Share Capital RM'000	Number of Shares '000	Share Capital RM'000
Ordinary shares of RM0.50 each Authorised	2,000,000	1,000,000	2,000,000	1,000,000
Issued and Fully Paid-Up	149,890	74,945	149,890	74,945

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 19. SHARE PREMIUM

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above par value of the shares issued, net of transaction costs (if any). The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

#### 20. EMPLOYEES' SHARE OPTION RESERVE

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

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

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

The main features of the ESOS are as follows:-

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

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

Date of Offer	Exercise Price	Number of Option over Ordinary Shares of RM0.50 Each			
		At 1.2.2015	Granted	Exercised	At 31.1.2016
26 May 2010	RM0.90	2,935,000	-	-	2,935,000

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

	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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:				
- not later than one year	490	1,310	96	96
- later than one year and not later than five years	740	363	44	140
	1,230	1,673	140	236
Less: Future finance charges	(137)	(164)	(22)	(37)
Present value of hire purchase payables	1,093	1,509	118	199

The net hire purchase payables are repayable as follows:-

<u>Current</u>				
Not later than one year	428	1,188	81	81
<u>Non-Current</u>				
Later than one year and not later than five years	665	321	37	118
	1,093	1,509	118	199

Included in the hire purchase payables of the Group is an amount of approximately RM428,432 (2015 - RM10,200) secured by a guarantee of the directors of certain subsidiaries.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

**22. TERM LOANS**

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Not later than one year (Note 27)	6,465	6,427	4,000	4,000
<u>Non-Current</u>				
Later than one year and not later than two years	3,656	6,465	1,000	4,000
Later than two years and not later than five years	974	4,381	-	1,000
Later than five years	621	871	-	-
Total non-current portion	5,251	11,717	1,000	5,000
	11,716	18,144	5,000	9,000

- (a) The term loans of the Group (other than the portion of the Company) are secured in the same manner as the bills payable as disclosed in Note 27 to the financial statements.
- (b) The term loan of the Company is secured by:-
- (i) a legal charge over the leasehold land of a subsidiary;
  - (ii) legal charges over the building of a subsidiary; and
  - (iii) a Memorandum of Deposit over the unquoted shares of a subsidiary.

**23. DEFERRED TAX LIABILITIES**

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 February 2015/2014	10,692	10,718	132	110
Recognised in profit or loss (Note 32)	(967)	(26)	(132)	22
At 31 January	9,725	10,692	-	132

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

#### 23. DEFERRED TAX LIABILITIES (CONT'D)

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	3,532	3,832	-	-
Revaluation arising from deemed cost property	1,136	1,204	-	-
Revaluation arising from deemed cost plant and machinery	988	1,311	-	-
Fair value changes of investment properties	5,796	6,019	-	132
	11,452	12,366	-	132
Deferred tax assets:-				
Allowance for impairment losses	(240)	(250)	-	-
Accrual for bonus	(55)	(80)	-	-
Unutilised tax losses	(638)	(433)	-	-
Unabsorbed capital allowances	(794)	(911)	-	-
	(1,727)	(1,674)	-	-
	9,725	10,692	-	132

#### 24. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days (2015 - 30 to 90 days).

#### 25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Accrued quit rent	4,253	4,298	-	-
Deposits received	19	739	-	360
Other payables	5,827	7,116	421	375
	10,099	12,153	421	735

#### 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

**27. SHORT-TERM BORROWINGS**

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Revolving credit	3,410	3,220	-	-
Bankers' acceptances	270	-	-	-
Bills payable	9,574	14,037	-	-
Term loans (Note 22)	6,465	6,427	4,000	4,000
	19,719	23,684	4,000	4,000

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

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

**28. BANK OVERDRAFTS**

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 27 to the financial statements except for an amount of RM462,254 which is additionally secured by a pledge of the fixed deposits of the Group.

**29. REVENUE**

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

**30. LOSS BEFORE TAXATION**

		The Group		The Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/ (crediting):-					
Audit fees:					
- for the financial year		162	160	38	33
- (over)/underprovision in the previous financial year		(4)	(2)	#	1
- other		5	5	5	5
Bad debts written off:					
- trade receivables		-	4	-	-
- other receivables		4	5	-	5
- a subsidiary		-	-	-	1
Depreciation of property, plant and equipment	8	4,661	4,975	78	247
Deposit received forfeited		-	(10)	-	-
Directors' fees	31	109	67	109	67
Directors' non-fee emoluments:	31				
- salaries and other benefits		132	312	-	-
- defined contribution plan		16	38	-	-
- benefits-in-kind		-	21	-	-
Dividend income		(164)	(148)	(164)	(148)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 30. LOSS BEFORE TAXATION (CONT'D)

		The Group		The Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before taxation is arrived at after charging/ (crediting) (cont'd):-					
Fair value gain on investment properties	9	-	(1,135)	-	(500)
Fair value gain on other investments - quoted shares		(#)	(#)	-	-
Loss/(Gain) on disposal of property, plant and equipment		310	(222)	-	(212)
Interest expense:					
- bankers' acceptances		38	-	-	-
- bills payable		511	622	-	-
- hire purchase		146	237	15	45
- overdrafts		244	230	-	-
- term loans		1,381	1,772	775	1,051
- others		9	7	-	-
Interest income		(41)	(38)	(107)	(13)
Impairment losses on investments in associates	6	-	3,302	-	3,308
Realised gain on foreign exchange		(476)	(336)	-	-
Rental expenses:					
- premises		1,124	1,202	226	226
- equipment		18	35	13	15
- hostel		85	-	-	-
Staff costs:					
- salaries and other benefits		10,892	11,420	-	-
- defined contribution plan		862	860	-	-
- benefits-in-kind		12	44	-	-
Waiver of debts from trade and other payables		-	(14)	-	-
Property, plant and equipment written off	8	-	26	-	-

Notes:

# Amount below RM1,000

(#) represents (RM380) (2015 - (RM27))

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 31. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-Executive directors:				
- fee	109	67	109	67
Executive directors:				
- salaries and other benefits	132	312	-	-
- defined contribution plan	16	38	-	-
- benefits-in-kind	-	21	-	-
	148	371	-	-
	257	438	109	67

#### 32. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- under/(over)provision of current tax in the previous financial year	30	(392)	-	-
Deferred tax (Note 23):				
- relating to origination and reversal of temporary differences	(490)	233	(132)	22
- effect of change in corporate income tax rate from 25% to 24% on deferred tax	(135)	-	-	-
- overprovision in the previous financial year	(342)	(259)	-	-
	(967)	(26)	(132)	22
	(937)	(418)	(132)	22

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

During the current financial year, the statutory tax rate was reduced from 25% to 24%, as announced in Malaysian Budget 2014.

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(2,177)	(3,367)	(1,375)	(4,324)
Tax at the statutory tax rate of 24% (2015 - 25%)	(522)	(842)	(330)	(1,081)
Tax effects of:-				
Non-taxable income	(#)	(461)	-	(188)
Non-deductible expenses	814	1,951	330	1,291
Deferred tax assets not recognised during the financial year	83	181	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(642)	(596)	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	(135)	-	-	-
Reversal of temporary difference relating to deferred tax	(223)	-	(132)	-
Under/(Over)provision in the previous financial year:				
- current tax	30	(392)	-	-
- deferred tax	(342)	(259)	-	-
Income tax expense for the financial year	(937)	(418)	(132)	22

Note:

(#) represents (RM44)

Income tax savings during the financial year arising from utilisation of tax losses previously not recognised as deferred tax assets of the Group is RM2,201,000 (2015 - RM2,490,000).

Subject to agreement with the tax authorities, the Group and the Company have unabsorbed reinvestment allowances, unutilised tax losses and unabsorbed capital allowances respectively available at the end of the reporting period to be carried forward for offset against future taxable business income:-

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	14,924	15,002	836	836
Unabsorbed reinvestment allowances	9,129	9,510	-	-
Unutilised tax losses	47,133	48,995	2,949	2,949
Accrual of bonus	32	40	-	-
	71,218	73,547	3,785	3,785

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

### 33. LOSS PER SHARE

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

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

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

	The Group	
	2016	2015
Loss attributable to shareholders (RM'000)	(1,240)	(2,949)
Weighted average number of ordinary shares ('000)	149,890	149,890
Basic loss per share (sen)	(0.83)	(1.97)
Diluted loss per share (sen)	(0.83)	(1.97)

The diluted loss per share of the Group in the both financial years is the basic loss per share as the assumed conversion from the exercise of Employees' Share Options would be anti-dilutive.

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of property, plant and equipment purchased	1,986	1,407	27	22
Amount financed through hire purchase	(965)	(233)	-	-
Cash disbursed for purchase of property, plant and equipment	1,021	1,174	27	22

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 35. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	267	422	-	-
Short-term investment	5,011	2,810	5,011	2,810
Cash and bank balances	1,358	1,733	330	877
Bank overdrafts (Note 28)	(6,392)	(5,177)	-	-
	244	(212)	5,341	3,687
Less:-				
Deposits pledged to licensed banks	(267)	(422)	-	-
	(23)	(634)	5,341	3,687

#### 36. RELATED PARTY DISCLOSURES

##### 36.1 Identities of related parties

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

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

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

36.2 In addition to information detailed 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	
	2016	2015
	RM'000	RM'000
Interest expense charged by a subsidiary		
- KYM Industries (M) Sdn. Bhd.	182	212
Rental charged by a subsidiary		
- Teguh Amalgamated Sdn. Bhd.	192	192

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

36.2 In addition to information detailed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with related parties during the financial year (cont'd):-

##### (b) Key management personnel

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,743	1,655	109	67
Benefits-in-kind	-	64	-	-

##### (c) Other related parties

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sales to:				
- Unipulp Trading Sdn. Bhd. *	-	37	-	-
- J.K. Wire Harness Sdn. Bhd. #	-	98	-	-
Rental charged by:				
- Tzel Properties Sdn. Bhd. *	34	34	34	34
- Tzel Assets Sdn. Bhd. #	1,084	1,084	-	-
Purchase of property, plant and equipment from:				
- Unipulp Trading Sdn. Bhd. *	-	40	-	-
- Tzel Developments Sdn. Bhd. *	249	-	-	-

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

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

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

#### 37. CONTINGENT LIABILITY

	The Group	
	2016	2015
	RM'000	RM'000
UNSECURED:		
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	20,437	26,149

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

#### 38. 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:-

	2016 RM	2015 RM
United States Dollar	4.15	3.55
Singapore Dollar	2.91	2.64
Euro	4.52	4.25

#### 39. SEGMENT INFORMATION

##### (a) OPERATING SEGMENTS

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

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

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

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

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

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

##### SEGMENT ASSETS

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

##### SEGMENT LIABILITIES

Segment liabilities comprise operating liabilities and finance lease liabilities.

##### SEGMENT CAPITAL EXPENDITURE

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

**39. SEGMENT INFORMATION (CONT'D)**

(a) OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
<b>2016</b>					
<u>Revenue</u>					
External revenue	99,171	-	-	-	99,171
Inter-segment revenue	-	-	228	1,981	2,209
	99,171	-	228	1,981	101,380
Adjustments and eliminations					(2,209)
Consolidated revenue					99,171
<u>Results</u>					
Results before following adjustments	7,634	(360)	(1,079)	(1,113)	5,082
Interest income	3	38	-	-	41
Interest expense	(1,529)	(790)	(7)	(3)	(2,329)
Depreciation of property, plant and equipment	(4,398)	(78)	(169)	(16)	(4,661)
Other material non-cash (expenses)/income:					
- (loss)/gain on disposal of property, plant and equipment	(337)	-	27	-	(310)
Loss before taxation	1,373	(1,190)	(1,228)	(1,132)	(2,177)
Income tax expense					937
Consolidated loss after taxation					(1,240)
<u>Assets</u>					
Segment assets	90,242	11,007	51,888	410	153,547
Unallocated asset:-					
Tax recoverable					1,581
Consolidated total assets					155,128
<u>Liabilities</u>					
Segment liabilities	40,833	7,183	5,890	309	54,215
Unallocated liability:-					
Deferred tax liabilities					9,725
Consolidated total liabilities					63,940
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
- addition on property, plant and equipment	1,822	27	137	-	1,986



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
<b>2015</b>					
<u>Revenue</u>					
External revenue	99,356	-	-	-	99,356
Inter-segment revenue	-	-	228	1,958	2,186
	99,356	-	228	1,958	101,542
Adjustments and eliminations					(2,186)
Consolidated revenue					99,356
<u>Results</u>					
Results before following adjustments	8,818	(211)	(470)	(1,727)	6,410
Interest income	22	13	3	-	38
Interest expense	(1,759)	(1,095)	(11)	(3)	(2,868)
Depreciation of property, plant and equipment	(4,512)	(247)	(190)	(26)	(4,975)
Other material non-cash income/(expenses):					
- gain on disposal of property, plant and equipment	10	212	-	-	222
- gain on fair value of investment properties	185	500	450	-	1,135
- impairment losses on investments in associates	-	(3,302)	-	-	(3,302)
- property, plant and equipment written off	-	-	(26)	-	(26)
Segment results	2,764	(4,130)	(244)	(1,756)	(3,366)
Share of results in associates					(1)
Loss before taxation					(3,367)
Income tax expense					418
Consolidated loss after taxation					(2,949)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

**39. SEGMENT INFORMATION (CONT'D)**

(a) OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
<b>2015</b>					
<u>Assets</u>					
Segment assets	107,042	13,850	55,011	155	176,058
Unallocated assets:- Tax recoverable					2,136
Consolidated total assets					178,194
<u>Liabilities</u>					
Segment liabilities	56,499	10,559	7,710	306	75,074
Unallocated liability:- Deferred tax liabilities					10,692
Consolidated total liabilities					85,766
<u>Other Segment Items</u>					
Non-current assets other than financial instruments: - addition on property, plant and equipment	1,382	22	-	3	1,407

(b) GEOGRAPHICAL SEGMENTS

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

Geographical Information	Revenue		Non-Current Assets Other Than Financial Instruments	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	78,400	78,600	102,687	115,022
Singapore	9,082	5,721	-	-
Mauritius	625	1,424	-	-
Thailand	10,494	13,611	-	-
Philippines	104	-	-	-
Indonesia	461	-	-	-
Hong Kong	5	-	-	-
	99,171	99,356	102,687	115,022

**Major Customers**

Revenue from one major customer, with revenue equal to or more than 10% of Group's revenue, amounted to RM10,493,590 (2015 - RM13,610,595) arising from sales by the manufacturing segment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

#### 40. OPERATING LEASE COMMITMENT

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

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

	The Group	
	2016 RM'000	2015 RM'000
Not more than one year	90	1,084
Later than one year and not later than five years	-	90
	90	1,174

#### 41. 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.

##### 41.1 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.

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

##### Foreign currency exposure

	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>The Group</b>					
<b>2016</b>					
<b>Financial Assets</b>					
Other investments	-	-	-	186	186
Trade receivables	1,072	2,442	-	18,502	22,016
Other receivables and deposits	-	-	-	1,411	1,411
Short-term investment	-	-	-	5,011	5,011
Fixed deposits with licensed banks	-	-	-	267	267
Cash and bank balances	240	-	-	1,118	1,358
	1,312	2,442	-	26,495	30,249

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

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

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

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

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

*Foreign currency exposure (Cont'd)*

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2016</b>					
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	1,093	1,093
Term loans	-	-	-	11,716	11,716
Trade payables	3,159	-	2,505	3,946	9,610
Other payables and accruals	436	29	-	9,634	10,099
Amount owing to related parties	-	-	-	1,916	1,916
Amount owing to directors	-	-	-	135	135
Revolving credit	-	-	-	3,410	3,410
Bills payable	1,731	-	2,545	5,298	9,574
Bankers' acceptances	-	-	-	270	270
Bank overdrafts	-	-	-	6,392	6,392
	5,326	29	5,050	43,810	54,215
Net financial (liabilities)/assets	(4,014)	2,413	(5,050)	(17,315)	(23,966)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	17,315	17,315
<b>Net Currency Exposure</b>	<b>(4,014)</b>	<b>2,413</b>	<b>(5,050)</b>	<b>-</b>	<b>(6,651)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

##### 41.1 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
2015					
<b>Financial Assets</b>					
Other investments	-	-	-	186	186
Trade receivables	1,104	1,249	-	19,677	22,030
Other receivables and deposits	-	-	-	1,353	1,353
Amount owing by related parties	-	-	-	164	164
Short-term investment	-	-	-	2,810	2,810
Fixed deposits with licensed banks	-	-	-	422	422
Cash and bank balances	377	-	-	1,356	1,733
	1,481	1,249	-	25,968	28,698
<b>Financial Liabilities</b>					
Hire purchase payables	-	-	-	1,509	1,509
Term loans	-	-	-	18,144	18,144
Trade payables	6,776	-	8,554	3,842	19,172
Other payables and accruals	-	24	175	11,954	12,153
Amount owing to related parties	-	-	-	1,527	1,527
Amount owing to directors	-	-	-	135	135
Revolving credit	-	-	-	3,220	3,220
Bills payable	4,414	-	589	9,034	14,037
Bank overdrafts	-	-	-	5,177	5,177
	11,190	24	9,318	54,542	75,074
Net financial (liabilities)/assets	(9,709)	1,225	(9,318)	(28,574)	(46,376)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	28,574	28,574
<b>Net Currency Exposure</b>	<b>(9,709)</b>	<b>1,225</b>	<b>(9,318)</b>	<b>-</b>	<b>(17,802)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

##### 41.1 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	
	2016	2015
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
<b><i>Effects on Loss After Taxation</i></b>		
<i>United States Dollar:-</i>		
- strengthened by 10%	(401)	(971)
- weakened by 10%	401	971
<i>Singapore Dollar:-</i>		
- strengthened by 10%	241	123
- weakened by 10%	(241)	(123)
<i>Euro:-</i>		
- strengthened by 10%	(505)	(932)
- weakened by 10%	505	932
<b><i>Effects on Equity</i></b>		
<i>United States Dollar:-</i>		
- strengthened by 10%	(401)	(971)
- weakened by 10%	401	971
<i>Singapore Dollar:-</i>		
- strengthened by 10%	241	123
- weakened by 10%	(241)	(123)
<i>Euro:-</i>		
- strengthened by 10%	(505)	(932)
- weakened by 10%	505	932

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

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

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

###### *Foreign currency risk sensitivity analysis (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 borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 41.1 (c) to the financial statements.

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	
	2016	2015
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
<b><i>Effects on Loss After Taxation</i></b>		
<i>Increase in 100 basis points ("bp")</i>	(314)	(406)
<i>Decrease in 100 bp</i>	314	406
<b><i>Effects on Equity</i></b>		
<i>Increase in 100 bp</i>	(314)	(406)
<i>Decrease in 100 bp</i>	314	406

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

###### (iii) Equity Price Risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

###### (b) Credit Risk

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

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

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

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

The Group's major concentration of credit risk related to the amount owing by a customer which constituted approximately 13% (2015 - Nil) of its trade receivables at the end of the current reporting period.

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

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

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

	The Group	
	2016	2015
	RM'000	RM'000
Malaysia	18,502	19,645
Singapore	2,442	1,326
Mauritius	-	328
Thailand	852	700
Indonesia	116	31
Philippines	104	-
	22,016	22,030



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

##### (b) Credit Risk (Cont'd)

##### (iii) Ageing analysis

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

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
<b>2016</b>			
Not past due	14,911	-	14,911
Past due:-			
- less than 3 months	6,470	-	6,470
- 3 to 6 months	547	-	547
- more than 6 months	867	(779)	88
	22,795	(779)	22,016
<b>2015</b>			
Not past due	14,577	-	14,577
Past due:-			
- less than 3 months	6,133	-	6,133
- 3 to 6 months	1,320	-	1,320
- more than 6 months	1,875	(1,875)	-
	23,905	(1,875)	22,030

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

##### (c) Liquidity Risk

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

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities 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):-

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016  
(CONT'D)

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

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

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2016</b>						
Hire purchase Payables	5.33	1,093	1,230	490	740	-
Term loans	7.67	11,716	12,804	7,155	4,973	676
Bills payable	3.65	9,574	9,574	9,574	-	-
Trade payables	-	9,610	9,610	9,610	-	-
Other payables and accruals	-	10,099	10,099	10,099	-	-
Amount owing to related parties	-	1,916	1,916	1,916	-	-
Amount owing to directors	-	135	135	135	-	-
Revolving credit	6.03	3,410	3,410	3,410	-	-
Bankers' acceptances	5.02	270	270	270	-	-
Bank overdrafts	7.21	6,392	6,392	6,392	-	-
		54,215	55,440	49,051	5,713	676
<b>2015</b>						
Hire purchase payables	6.54	1,509	1,673	1,310	363	-
Term loans	7.79	18,144	20,437	7,633	11,836	968
Bills payable	4.34	14,037	14,037	14,037	-	-
Trade payables	-	19,172	19,172	19,172	-	-
Other payables and accruals	-	12,153	12,153	12,153	-	-
Amount owing to related parties	-	1,527	1,527	1,527	-	-
Amount owing to directors	-	135	135	135	-	-
Revolving credit	5.74	3,220	3,220	3,220	-	-
Bank overdrafts	7.09	5,177	5,177	5,177	-	-
		75,074	77,531	64,364	12,199	968

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

##### (c) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
<b>2016</b>					
Hire purchase payables	5.00	118	140	96	44
Term loan	8.35	5,000	5,313	4,292	1,021
Other payables and accruals	-	421	421	421	-
Amount owing to subsidiaries	-	58,816	58,816	58,816	-
Amount owing to related parties	-	1,640	1,640	1,640	-
		65,995	66,330	65,265	1,065
<b>2015</b>					
Hire purchase payables	5.00	199	236	96	140
Term loan	8.35	9,000	9,939	4,626	5,313
Other payables and accruals	-	735	735	735	-
Amount owing to subsidiaries	-	55,423	55,423	55,423	-
Amount owing to related parties	-	622	622	622	-
		65,979	66,955	61,502	5,453

##### 41.2 CAPITAL RISK MANAGEMENT

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

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

	The Group	
	2016	2015
	RM'000	RM'000
Hire purchase payables	1,093	1,509
Term loans	11,716	18,144
Bankers' acceptances	270	-
Revolving credit	3,410	3,220
Bills payable	9,574	14,037
Bank overdrafts	6,392	5,177
	32,455	42,087
Less: Cash and cash equivalents		
- cash and bank balances	(1,358)	(1,733)
- short-term investment	(5,011)	(2,810)
	26,086	37,544
Total equity (excluding non-controlling interests)	91,188	92,428
Debt-to-equity ratio	0.29	0.41

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

##### 41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Available-for-sale Financial Asset</u>				
Other investments - unquoted shares	184	184	184	184
<u>Loans and Receivables Financial Assets</u>				
Trade receivables	22,016	22,030	-	-
Other receivables and deposits	1,411	1,353	289	224
Amount owing by subsidiaries	-	-	61,933	60,464
Amount owing by related parties	-	164	-	-
Fixed deposits with licensed banks	267	422	-	-
Cash and bank balances	1,358	1,733	330	877
	25,052	25,702	62,552	61,565
<u>Fair Value through Profit or Loss</u>				
Short-term investment	5,011	2,810	5,011	2,810
Other investment - quoted shares	2	2	-	-
	5,013	2,812	5,011	2,810
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Hire purchase payables	1,093	1,509	118	199
Term loans	11,716	18,144	5,000	9,000
Bankers' acceptances	270	-	-	-
Bills payable	9,574	14,037	-	-
Trade payables	9,610	19,172	-	-
Other payables and accruals	10,099	12,153	421	735
Amount owing to subsidiaries	-	-	58,816	55,423
Amount owing to related parties	1,916	1,527	1,640	622
Amount owing to directors	135	135	-	-
Revolving credit	3,410	3,220	-	-
Bank overdrafts	6,392	5,177	-	-
	54,215	75,074	65,995	65,979

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016**  
**(CONT'D)**

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

**41.4 FAIR VALUE INFORMATION**

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates ranging from 4.84% to 8.35% (2015 - 3.46% to 7.56%) per annum. The discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary. The fair values are included in level 2 of the fair value hierarchy.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Fair Value RM'000	Total Carrying Amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Group</b>								
<b>2016</b>								
<u>Financial Assets</u>								
Other investments								
- quoted shares	2	-	-	-	-	-	2	2
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,121	-	1,121	1,093
Term loans	-	-	-	-	11,716	-	11,716	11,716
<b>2015</b>								
<u>Financial Assets</u>								
Other investments								
- quoted shares	2	-	-	-	-	-	2	2
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,592	-	1,592	1,509
Term loans	-	-	-	-	18,144	-	18,144	18,144

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

### (CONT'D)

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

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

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
The Company								
2016								
<u>Financial Asset</u>								
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	129	-	129	118
Term loans	-	-	-	-	5,000	-	5,000	5,000
2015								
<u>Financial Asset</u>								
Other investments								
- unquoted shares	-	-	-	-	-	-	*	184
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	214	-	214	199
Term loans	-	-	-	-	9,000	-	9,000	9,000

Note:

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

#### 42. COMPARATIVE FIGURES

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

	The Group		The Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Consolidated Statements Of Cash Flows (Extract):-				
Net cash (for)/from investing activities	(595)	1,605	1,159	3,359
Net (decrease)/increase in cash and cash equivalents	(5,393)	(3,193)	(1,431)	769
Cash and cash equivalents at beginning of the financial year	4,759	(251)	5,118	108
Cash and cash equivalents at end of the financial year	(634)	(3,444)	3,687	877

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

#### (CONT'D)

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries:				
- realised	(108,949)	(108,245)	(82,087)	(82,992)
- unrealised	31,993	32,584	-	2,148
	(76,956)	(75,661)	(82,087)	(80,844)
Less: Consolidated adjustments	56,879	56,824	-	-
At 31 January	(20,077)	(18,837)	(82,087)	(80,844)



## ANALYSIS OF SHAREHOLDINGS

### AS AT 29 APRIL 2016

Class of Securities	:	Ordinary Shares of RM0.50 each
Authorised Share Capital	:	RM1,000,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each
Issued and fully Paid Up Share Capital	:	RM74,944,876.50 comprising 149,889,753 ordinary shares of RM0.50 each
Voting Rights	:	1 vote per share
No. of Shareholders	:	1,537

#### Distribution of Shareholdings

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	21	370	0.00
100 - 1,000	415	386,499	0.26
1,001 - 10,000	709	3,401,675	2.27
10,001 - 100,000	299	9,727,986	6.49
100,001 - 7,494,486	90	73,123,223	48.78
7,494,487 and above	3	63,250,000	42.20
<b>Total</b>	<b>1,537</b>	<b>149,889,753.00</b>	<b>100.00</b>

#### SUBSTANTIAL SHAREHOLDERS

As registered in the Register of Substantial Shareholders as at 29 April 2016

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

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

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

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

#### DIRECTORS' INTEREST IN SHARES

as at 29 April 2016

Name	Direct	Ordinary Shares		%
		%	Indirect	
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar	-	-	-	-
Dato' Seri Ir. Mohamad Othman bin Zainal Azim	-	-	-	-
Dato' Lim Kheng Yew	2,000,000	1.33	53,750,000 <sup>(1)</sup>	35.86
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi bin Othman	42,000	0.03	-	-
Lee Ji Jin Darren	110,000	0.07	-	-

(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.

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

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 APRIL 2016  
(CONT'D)

## THIRTY LARGEST SHAREHOLDERS as at 29 April 2016

	Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
1.	CHEONG CHAN HOLDINGS SDN BHD	30,000,000	20.01
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	25,500,000	17.01
3.	IDAMAN BINA MAKMUR SDN BHD	7,750,000	5.17
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED	7,000,000	4.67
5.	KYM SDN BHD	7,000,000	4.67
6.	KENANGA NOMINEES (ASING) SDN BHD CANTAL CAPITAL INC.	3,800,000	2.54
7.	KENANGA NOMINEES (ASING) SDN BHD EMMEL INC.	3,300,000	2.20
8.	LIM TZE THEAN	3,000,000	2.00
9.	MARATHON CAPITAL SDN BHD	3,000,000	2.00
10.	MARK LIM TZE SEANG	3,000,000	2.00
11.	MELISSA LIM SU LIN	3,000,000	2.00
12.	YAP CHEE LIT	2,617,000	1.75
13.	SAI YEE @ SIA SAY YEE	2,341,200	1.56
14.	LIM CHIN HUAT	2,287,500	1.53
15.	LCH CAPITAL HOLDING SDN BHD	2,227,000	1.49
16.	LIM KHENG YEW	2,000,000	1.33
17.	RENFIELD INVESTMENT LIMITED	2,000,000	1.33
18.	TAN SUAN HUAT	1,770,000	1.18
19.	LIM CHIN HUAT	1,764,900	1.18
20.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHOY PIAU	1,185,400	0.79
21.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW AH ONN	1,111,500	0.74
22.	LOH TOH HEON	1,082,300	0.72
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	1,000,000	0.67
24.	KENANGA NOMINEES (ASING) SDN BHD RESONATE CAPITAL LIMITED	1,000,000	0.67
25.	CHONG THIN CHOY	900,000	0.60
26.	MAGNITUDE NETWORK SDN BHD	775,273	0.52
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WYMIN	751,800	0.50
28.	TOH TUAN SUN	684,200	0.46
29.	LIM SOO HIEN	670,000	0.45
30.	THAM KIN FOONG (JOHN)	624,700	0.42
		123,142,773	82.16

## LIST OF PROPERTIES

### AS AT 31 JANUARY 2016

Location/Address	Land Area (m2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	NetBook Value (RM)
PN 210048 Lot No. 6917, PN 210061 Lot 6927, and HSD 489 PT No. 4116 Mukim of Lumut District of Manjung Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(13.03.2014)	Residential, Commercial; Vacant	-	14,820,000
PN 210047 Lot No. 6916 Mukim of Lumut District of Manjung Perak Darul Ridzuan	115,561	99 years leasehold expiring on 14.03.2089	(19.08.2013)	Residential, Vacant	-	12,400,000
PN 343148 Lot 392203 Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,394	99 years leasehold expiring on 23.11.2107	(13.03.2014)	Residential, Commercial; Vacant	-	12,000,000
Lot No. PT2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	11,461	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	24 years	8,011,819
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate 31200 Chemor Perak Darul Ridzuan	13,777	60 years leasehold expiring on 07.06.2060	(27.05.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	23 years	7,250,833
Lot 7 Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	36,430	99 years leasehold expiring on 09.10.2099	(13.03.2014)	Industrial land with factory buildings and warehouse erected thereon	24 years	8,700,000
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur	1,200	Freehold	(13.03.2014)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	31 years	6,400,000
Lot 16 Persiaran Perindustrian Kanthan 3 Kanthan Industrial Estate 31200 Chemor Perak Darul Ridzuan	7,532	60 years leasehold expiring on 10.2.2055	(27.05.2011)	Industrial land with single storey factory building erected thereon	5 years	1,904,653

# PROXY FORM



**KYM HOLDINGS BHD.**

(Co. No. 84303-A)

(Incorporated in Malaysia)

CDS Account No.	
Number of Shares Held	

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

as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the 34th 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 Wednesday, 29 June 2016 at 11:00 a.m. and at any adjournment thereof.

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

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

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

Dated this ..... day of ....., 2016.

.....  
Signature of Member/Common Seal

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or an attorney or a duly authorised representative need not be a member of the Company.
2. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 23 June 2016 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.

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