

ANNUAL REPORT  
LAPORAN TAHUNAN

2008



Incorporated in Malaysia (Company No. 106173-M)



## CONTENT

|    |                                                             |
|----|-------------------------------------------------------------|
| 02 | Notice of Annual General Meeting                            |
| 05 | Statement Accompanying the Notice of Annual General Meeting |
| 06 | Corporate Information                                       |
| 07 | Corporate Structure                                         |
| 08 | Financial Highlights                                        |
| 09 | Board of Directors                                          |
| 10 | Directors' Profile                                          |
| 12 | Chairman's Statement                                        |
| 14 | Statement of Corporate Governance                           |
| 20 | Statement on Internal Control                               |
| 22 | Audit Committee Report                                      |
| 27 | Additional Disclosure Information                           |

## FINANCIAL STATEMENTS

|    |                                             |
|----|---------------------------------------------|
| 30 | Directors' Report                           |
| 34 | Balance Sheets                              |
| 35 | Income Statements                           |
| 36 | Consolidated Statement of Changes in Equity |
| 37 | Statement of Changes in Equity              |
| 38 | Cash Flow Statements                        |
| 40 | Notes to the Financial Statements           |
| 76 | Statement by Directors                      |
| 76 | Statutory Declaration                       |
| 77 | Independent Auditors' Report                |
| 78 | Analysis of Shareholdings                   |
| 81 | List of Properties                          |
|    | Proxy Form                                  |



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of the Company will be held at the Dewan Berjaya (Main Club House), Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 27 April 2009, at 10.00 a.m. for the transaction of the following businesses:-

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                       |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. | To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>(Resolution 1)</b> |
| 2. | To declare a first and final tax exempt dividend of 4 sen per ordinary share in respect of the year ended 31 December 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(Resolution 2)</b> |
| 3. | To approve the Directors' fees of RM99,000/- (2007: RM99,000) in respect of the year ended 31 December 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>(Resolution 3)</b> |
| 4. | To re-elect Mr. Sha Thiam Fook who retire pursuant to Article 101 of the Company's Articles of Association and, being eligible, offer himself for re-election.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>(Resolution 4)</b> |
| 5. | To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>(Resolution 5)</b> |
| 6. | As Special Business:-<br>To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-<br><br><b>(a) Ordinary Resolution 1</b><br>Authority to issue shares pursuant to Section 132D of the Companies Act, 1965<br><br>"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." | <b>(Resolution 6)</b> |

**(b) Ordinary Resolution 2****(Resolution 7)**

Proposed Renewal of Authority For Share Buy-Back

**“THAT**, subject to compliance with the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company (Proposed Purchase) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at the point of purchase;

**AND THAT**, upon completion of the purchase by the Company of its own shares (KEN Shares), the Directors are authorised to retain the KEN Shares as treasury shares or cancel the KEN Shares or retain part of the KEN Shares so purchased as treasury shares and cancel the remainder **AND THAT** the Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company’s shareholders or subsequently cancel the treasury shares or any combination of the three;

**AND THAT** the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following the General Meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in General Meeting,

whichever is the earliest but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities.”

---

7. To transact any other business for which due notice shall have been given.

---

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT**, subject to the approval of the shareholders at the Twenty-Fifth Annual General Meeting, the first and final tax exempt dividend of 4 sen per ordinary share in respect of the year ended 31 December 2008 will be payable on 25 June 2009 to depositors registered in the Record of Depositors on 10 June 2009.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 10 June 2009 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD,**

**CHOW CHOOI YOONG (MAICSA 0772574)**

**HAZLINA BT HARUN (LS 03078)**

Company Secretaries

Kuala Lumpur

3 April 2009

### Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member may appoint up to two persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at No. 6, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. **Directors retiring at the Twenty-Fifth Annual General Meeting ("25th AGM")**  
The Directors retiring at the 25th AGM are Mr. Sha Thiam Fook and Mdm. Lau Pek Kuan. Mdm. Lau Pek Kuan has advised that she does not wish to seek re-election at the 25th AGM.

### 6. Explanatory Notes on Special Business

#### **Resolution pursuant to Section 132D of the Companies Act, 1965**

Resolution No. 6 proposed under item 6(a), if passed, will give the Directors of the Company from the date of the above General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs in convening a General Meeting to specifically approve such an issue of shares. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

#### **Resolution pursuant to Proposed Renewal of Authority For Share Buy-Back**

Resolution No. 7 proposed under item 6(b), if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 3 April 2009 which is circulated together with this Annual Report.

# STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. **The Director who is standing for re-election pursuant to Article 101 of the Company's Articles of Association at the Twenty-Fifth Annual General Meeting of the Company is Mr. Sha Thiam Fook.**

2. **Further details of Directors who are standing for re-election:-**

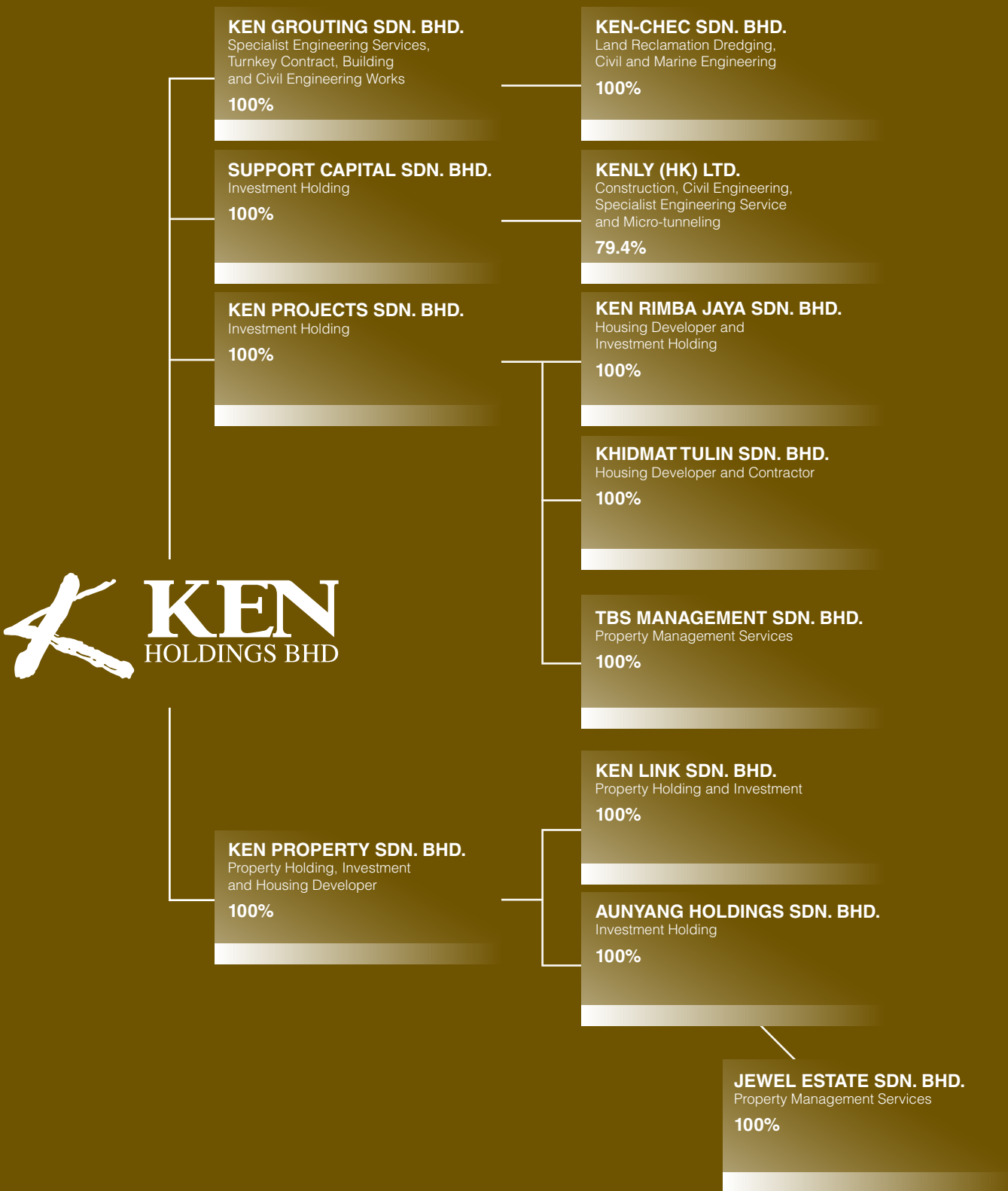
Further details of Directors who are standing for re-election are set out in their respective profiles which appear on page 11 of the Annual Report and their securities holdings in the Company and its subsidiaries are set out on page 80.

## CORPORATE INFORMATION

|                                                                                             |                                                                                                                                                                                   |                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors                                                                          |                                                                                                                                                                                   |                                                                                                                                                                                             |
| <b>Tan Boon Kang</b><br>Chairman / Managing Director                                        | <b>Lau Pek Kuan</b><br>Executive Director                                                                                                                                         | <b>Tan Chek Siong</b><br>Executive Director                                                                                                                                                 |
| <b>Tang Kam Chee</b><br>Executive Director                                                  | <b>Tan Moon Hwa</b><br>Executive Director                                                                                                                                         | <b>Sha Thiam Fook</b><br>Independent Non-Executive Director                                                                                                                                 |
|                                                                                             | <b>Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar</b><br>Independent Non-Executive Director                                                                              |                                                                                                                                                                                             |
| Audit Committee                                                                             | Nomination Committee                                                                                                                                                              | Remuneration Committee                                                                                                                                                                      |
| <b>Sha Thiam Fook</b><br>Chairman                                                           | <b>Sha Thiam Fook</b><br>Member                                                                                                                                                   | <b>Sha Thiam Fook</b><br>Chairman                                                                                                                                                           |
| <b>Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar</b><br>Member                    | <b>Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar</b><br>Member                                                                                                          | <b>Tan Boon Kang</b><br>Member                                                                                                                                                              |
|                                                                                             |                                                                                                                                                                                   | <b>Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar</b><br>Member                                                                                                                    |
| Company Secretaries                                                                         | Shares Registrar                                                                                                                                                                  | Registered Office                                                                                                                                                                           |
| <b>Chow Chooi Yoong</b><br>(MAICSA 0772574)                                                 | <b>Tenaga Koperat Sdn Bhd</b><br>Level 17, The Gardens North Tower<br>Mid Valley City, Lingkaran Syed Putra<br>59200 Kuala Lumpur<br>Tel : (03) 2264-3883<br>Fax : (03) 2282-1886 | 6 Jalan Datuk Sulaiman<br>Taman Tun Dr. Ismail<br>60000 Kuala Lumpur<br>Tel : (03) 7727-9933<br>Fax : (03) 7728-8246<br>e-mail : khb@kenholdings.com.my<br>website : www.kenholdings.com.my |
| <b>Hazlina bt Harun</b><br>(LS03078)                                                        |                                                                                                                                                                                   |                                                                                                                                                                                             |
| Stock Exchange                                                                              | Principal Bankers                                                                                                                                                                 | Auditors                                                                                                                                                                                    |
| Main Board of the Bursa Malaysia Securities Berhad<br>Stock Code : 7323<br>Stock Name : KEN | Malayan Banking Berhad (Maybank)<br>United Overseas Bank (Malaysia) Berhad                                                                                                        | KPMG (Firm No: AF0758)<br>Chartered Accountants<br>Level 10, KPMG Tower<br>8 First Avenue<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor                                                |



CORPORATE STRUCTURE



# FINANCIAL HIGHLIGHTS

## PRINCIPAL ACTIVITIES

### THE COMPANY

Investment holding and provision of management services.

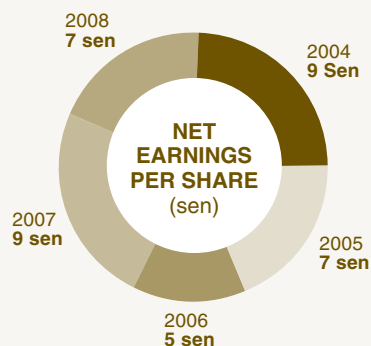
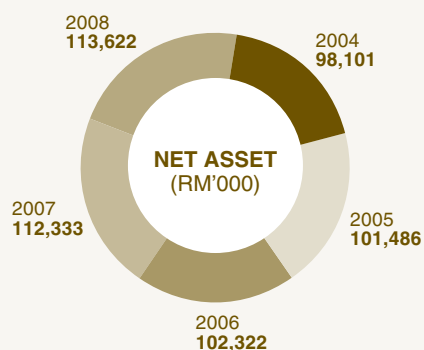
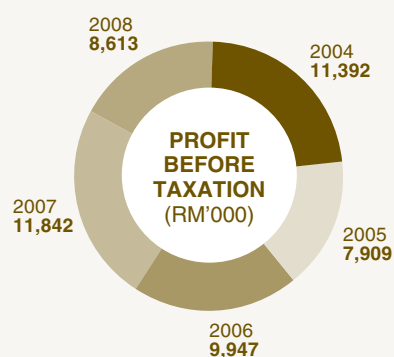
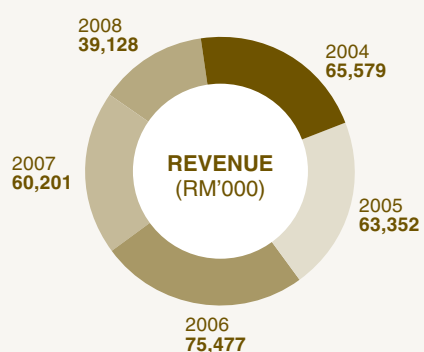
### THE SUBSIDIARY COMPANIES

Include property holding, investment and development, specialist engineering services, geo-technical, civil engineering and building works, land reclamation and marine engineering, project and property management.

### FIVE YEARS GROUP FINANCIAL STATISTIC

| RM'000                              | 2004    | 2005    | 2006    | 2007    | 2008           |
|-------------------------------------|---------|---------|---------|---------|----------------|
| Revenue                             | 65,579  | 63,352  | 75,477  | 60,201  | <b>39,128</b>  |
| Profit before taxation              | 11,392  | 7,909   | 9,947   | 11,842  | <b>8,613</b>   |
| Profit after taxation               | 7,119   | 4,479   | 3,867   | 8,430   | <b>6,277</b>   |
| Profit attributable to shareholders | 8,123   | 6,462   | 4,073   | 8,430   | <b>6,277</b>   |
| Shareholders' fund                  | 96,652  | 101,434 | 102,322 | 112,333 | <b>113,622</b> |
| Issued share capital                | 60,180  | 90,285  | 90,285  | 95,860  | <b>95,860</b>  |
| Total assets                        | 131,882 | 143,007 | 145,632 | 147,093 | <b>154,226</b> |
| Net Asset                           | 98,101  | 101,486 | 102,322 | 112,333 | <b>113,622</b> |
| Net earnings per share (sen)        | 9*      | 7       | 5       | 9       | <b>7</b>       |
| Net assets per share (sen)          | 163     | 112     | 113     | 117     | <b>119</b>     |

\* Restated based on bonus shares issued in financial year ended 31 December 2005.



## BOARD OF DIRECTORS



**TAN BOON KANG**



**LAU PEK KUAN**



**TAN CHEK SIONG**



**SHA THIAM FOOK**

**TANG KAM CHEE**



**TAN MOON HWA**



**DATO' SERI RAJA HAJI  
AHMAD ZAINUDDIN BIN  
RAJA HAJI OMAR**



## DIRECTORS' PROFILE

### TAN BOON KANG

Chairman / Managing Director  
51, Malaysian

He is the founder of the Group and has been the driving force behind the growth of the Group in all its activities in the past 28 years. He was appointed to the Board on 18 March 1996 and appointed Executive Chairman on 27 March 2009. He has vast experience in the specialist engineering business and was the pioneer in Malaysia for the infamous soil-nailing system which is now the most widely used method of slope protection. He has contributed significantly in elevating the Group to become one of the more established specialist engineering companies in Malaysia and in Hong Kong. He was instrumental in diversifying the Group's business into property development and has created a very eminent brand name whilst developing a loyal following amongst property buyers in the Klang Valley.

Currently he is also the Managing Director of Ken Grouting Sdn Bhd, Ken-Chec Sdn Bhd, Ken Property Sdn Bhd, Khidmat Tulin Sdn Bhd and Ken Rimba Jaya Sdn Bhd. He is also a Director of Ken Projects Sdn Bhd, Ken Link Sdn Bhd, Support Capital Sdn Bhd, Aunyang Holdings Sdn Bhd and Kenly (HK) Limited.

His spouse - Mdm Lau Pek Kuan, his brother - Mr Tan Moon Hwa and his son - Mr Tan Chek Siong are also members of the board.

### LAU PEK KUAN

Executive Director  
52, Malaysian

She is the co-founder of the Group and was instrumental in developing and implementing the accounting and human resource policies for the Group and its subsidiaries. She was appointed to the Board on 18 March 1996. She has extensive knowledge and experience for procurement of materials in specialist engineering and building construction and currently heads the Group's procurement and operational division. She has been responsible for integrating the Group's operations for effective cost containment measures and maintaining a high level of efficiency for the Group.

She is also a Director of Ken Grouting Sdn Bhd, Ken-Chec Sdn Bhd, Ken Property Sdn Bhd, Ken Projects Sdn Bhd, Khidmat Tulin Sdn Bhd, Support Capital Sdn Bhd, Ken Rimba Jaya Sdn Bhd and Ken Link Sdn Bhd.

She is the spouse of Mr Tan Boon Kang who is the Managing Director of the Company. Her son, Mr Tan Chek Siong also sits on the board.

### TAN CHEK SIONG

Executive Director  
28, Malaysian

He was appointed to the Board on 24 February 2006 as an Executive Director. He graduated with a Bachelors of Civil Engineering from the University College London, United Kingdom in 2001 and also received his Graduate Diploma in Law from The College of Law, London, United Kingdom in 2004. He joined the Group in October 2004 as the Special Assistant to the Managing Director. Prior to joining the Group, he worked with Arup Consulting Engineers in London working in the geotechnical division and subsequently seconded to the GBP 5.6 billion Channel Tunnel Rail Link project, constructing England's first high speed railway lines, a new international station in Stratford, East London, 36km of tunnels under Central London and a new Eurostar terminal at St Pancras.

He currently handles the property development, property management and sales & marketing divisions of the Group. He also heads these divisions, the property arm of the Group.

He is the son of Mr Tan Boon Kang and Mdm Lau Pek Kuan who are members of the Board.

**SHA THIAM FOOK**

Independent Non-Executive Director  
58, Malaysian

He was appointed an Independent Non-Executive Director of the Company on 3 May 1995 and is the Chairman of the Audit and Remuneration Committees. He is also a member of the Nomination Committee. He graduated with a Bachelor of Commerce from Nanyang University, Singapore in 1974. He furthered his studies in Australia where he was admitted to the Australian Society of Certified Practising Accountants as an associate member since 1976. He was admitted to the Malaysian Institute of Accountants as a Public Accountant (now known as Chartered Accountant) in July 1980. He started his own public accountants firm, Sha & Co (now known as Sha, Tan & Co) in 1981.

**TANG KAM CHEE**

Executive Director  
54, Malaysian

He was appointed to the Board on 20 February 1998. He is an associate member of the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators (UK). He graduated from Kolej Tunku Abdul Rahman with a Diploma in Business Studies and started his career in audit with Hanafiah Raslan Mohamad (merged and now known as Ernst & Young), a public accounting firm in 1977. He has over 20 years experience in accounting, finance, administration and corporate finance. He has worked in a number of industries such as in the beverage business with Fraser & Neave Berhad, motor trade business with Cycle & Carriage Bintang Berhad, financial services with MBf Capital Berhad and property development with Metroplex Berhad. He joined the Group in 1997 as Director, Finance and Administration and currently oversees the corporate and financial operations of the Group.

He is a Director of Khidmat Tulin Sdn Bhd, Support Capital Sdn Bhd, Jewel Estate Sdn Bhd, Aunyang Holdings Sdn Bhd, Ken Property Sdn Bhd, Ken Projects Sdn Bhd, Ken Rimba Jaya Sdn Bhd, Kenly (HK) Limited and Classic Scenic Berhad.

**TAN MOON HWA**

Executive Director  
46, Malaysian

He was appointed to the Board on 18 March 1996. He has been with the Group since 1980 and has extensive experience, with more than 15 years in the specialist engineering business, particularly in the geo-technical sector and structural repair and rehabilitation works. He currently heads the specialist engineering section and has improvised techniques to expedite and improve efficiency.

He is also a Director of Ken Grouting Sdn Bhd, Ken-Chec Sdn Bhd, Ken Projects Sdn Bhd, Ken Property Sdn Bhd, Ken Link Sdn Bhd, TBS Management Sdn Bhd and Jewel Estate Sdn Bhd.

His brother, Mr Tan Boon Kang is the Managing Director of the Company.

**DATO' SERI RAJA HAJI AHMAD ZAINUDDIN BIN RAJA HAJI OMAR**

Independent Non-Executive Director  
53, Malaysian

He was appointed to the Board on 29 January 2003. He has been actively involved in the political scene in Malaysia since 1982. He was the Press Secretary to the Menteri Besar of Perak in 1982 and moved on to be the Political Secretary in 1986 until 1999. He has also been the Member of Parliament for the constituency of Larut and is also the State Assemblyman for Kubu Gajah, Perak.

He is also a Director of Muhibbah Engineering (M) Berhad.

Save as disclosed, none of the Directors have:

1. any family relationship with any Director; and/or major shareholder of the Company.
2. any conflict of interest with the Company; and
3. any conviction for offences within the past 10 years other than traffic offences.



Dear Valued Shareholders,

The year under review has been challenging especially against the backdrop of price hikes in construction materials faced by the construction sector, inflation led by fuel and energy price increases which affected a broad spectrum of the economy. Thankfully, the prices of construction materials began to stabilise in the last quarter of the year but the effects of the global financial meltdown had translated to subdue economic activities as the nation began tightening its belt.

Despite these trying times, the Group achieved net profits after tax of RM6.3 million for the year under review.



### FINANCIAL REVIEW

For the financial year ended 31 December 2008, the Group reported an operating revenue of RM39.1 million and profit after tax of RM6.3 million compared to RM8.4 million in the previous year. The contribution to profit for the year under review was mainly from our sales of Ken Bangsar, Ken Damansara II and Ken Damansara III projects.

Net Assets per share was RM1.19 for the financial year under review compared to RM1.17 in the preceding year.

### PROPERTY DEVELOPMENT OPERATIONS

Our on-going projects consisting of Ken Bangsar project located at the peak of Bukit Bandaraya, Bangsar is expected to be handed-over by mid-2009. Our other high-rise apartment project located in Shah Alam, a project to assist the State Government of Selangor to resettle the squatters, consists of extended low-cost apartments, a "first of its kind" module apartment that is catered for extended families of the lower income group but with bigger living space, is advancing according to schedule and

expected to be completed in the later part of 2009. We had in early 2008 completed and handed-over the low-cost apartments units and relocated the squatter families in the area.

Our projects in the pipe-line which consists of mixed residential/commercial development under Ken Rimba Jaya Sdn Bhd, in Shah Alam will commence with the initial phase consisting of double-storey link houses. We are confident the project will be well received given the fundamental demand for well appointed homes which are supported with a wide range of amenities and facilities.

### CONSTRUCTION AND SPECIALIST ENGINEERING SERVICES

Our construction activities mainly from our in-house projects are expected to be completed on schedule. The projects were not materially affected by the price hike of construction materials but with prudent and efficient project management we had been able to contain our project cost effectively.

Our specialist engineering activity had been busy with micro-piling and sub-structure works for a project that was completed in 2008.

## DIVIDENDS

The Board has recommended a first and final tax exempt dividend of 4 sen per ordinary share for the financial year ended 31 December 2008 for your continued support and confidence in us. The proposed dividend shall be subject to shareholders' approval at the forthcoming Annual General Meeting.

## OUTLOOK

Moving forward, the coming year will no doubt be filled with uncertainties and challenges. The Malaysian Government had in the past and will continue to guide us through these turbulent times with their fiscal stimulus economic measures and will most certainly help the Country weather the current economy slowdown.

We believe that with our sound foundation and prudence, it will assist us to remain resilient in this turbulent operating environment and barring any unforeseen circumstances, we look forward to positive results in the coming year.

## CORPORATE SOCIAL RESPONSIBILITY

In 2008, through Ken Foundation, we awarded full-scholarships to 3 Malaysian full-time students of various races to complete their Degree courses at the local public universities. The scholarship award included payment of their tuition fee, food, accommodation and incidental expenses for the entire duration of their courses.

We have to date received over RM1.0 million in contributions to fund our scholarship program which are exempted from tax. We have planned to offer more scholarship awards this coming year and particularly in such turbulent times the scholarship awards will provide students with the much needed financial assistance to pursue their educational goals.

To equip them with the required experiences, Ken Holdings Berhad has also offered to provide internship programs to train them on-the-job in their respective field of studies to equip them with the required practical

experience to be able to secure immediate employment after the completion of their degree courses.

## CORPORATE GOVERNANCE

The Board is committed to ensuring that the Malaysian Code of Practice on Corporate Governance is adhered to in the conduct of activities of the Group. The Board's statement pertaining to the implementation of the guidelines of the Code during the year under review is contained in the Statement on Corporate Governance on pages 14 through 19 of this Annual Report.

## ACKNOWLEDGING CONTRIBUTIONS

On behalf of the Board, I would like to extend our deepest condolences to the family of our late Chairman, Dato' Ahmad Badri bin Mohamad Basir who passed away in November 2008. Allahyarham Dato' Ahmad Badri was a worthy member of the board and we shall always remember him for his invaluable contributions.

Our sincere appreciation to Mdm. Lau Pek Kuan for her steadfast service and contributions made to the Group as she will be retiring from the board at the forthcoming Annual General Meeting and shall not be seeking re-election. Once again, thank you for your dedication and commitment for all these years.

As we conclude the financial year, my appreciation to our customers, business partners, government authorities and the financial community who have cooperated and worked alongside with the Group to achieve our goals. To the management and staff, we thank you for your dedication and commitment shown during the year. I would also like to express my deepest gratitude to the shareholders and my fellow board members for their continued support towards the success of the Group.

**Tan Boon Kang**  
Chairman

Kuala Lumpur  
3 April 2009



## STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) is committed to ensure that the highest standards of corporate governance are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders’ investment and ultimately enhancing shareholders value.

The following paragraph describe how the Group has applied the principles of good corporate governance and the extent to which it has complied with the best practices set out in the Malaysian Code of Corporate Governance (“Code”). These principles and best practices have been applied and complied with throughout the financial year ended 31 December 2008.

### DIRECTORS

#### BOARD OF DIRECTORS

The Board has overall responsibilities for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The key responsibilities include a review of strategic direction for the Group and overseeing the business operations of the Group, evaluating whether they are properly managed.

The Group practices a division of responsibility between the Chairman and the Managing Director of the Group and there is a balance of Executive, Non-Executive and Independent Directors. The roles of the Chairman and the Managing Director are separate and clearly defined and are held individually by two persons during the year. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director has the overall responsibility for the day-to-day running of the business corporate, strategic planning and implementation of such strategies as may be approved by the Board. Subsequent to the demise of the late Dato’ Ahmad Badri bin Mohamed Basir, in November 2008, the Chairman’s position has been assumed by the Managing Director on a temporary basis until a replacement is found.

The presence of the Independent Non-Executive Directors fulfil a pivotal role in corporate governance accountability as they provide an element of objectivity, independent judgment and balance of the Board. In addition, the Board has identified Dato’ Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar as the Senior Independent Non-Executive Director to whom concerns regarding the Group may be conveyed.

#### COMPOSITION OF THE BOARD

The Board has eight (8) members, comprising three (3) Non-Executive Directors who are independent and five (5) Executive Directors during financial year ended 31 December 2008 which is in compliance with paragraph 15.02 of Bursa Securities Malaysia Berhad (Bursa Securities) Listing Requirements in respect of board composition. On the demise of the Independent Non-Executive Director and Chairman, the late Dato’ Ahmad Badri bin Mohamed Basir in November 2008, the Board has been reduced to seven (7) members with two (2) Independent Non-Executive Directors. The Company has since applied and was granted an extension of time to 1 May 2009 by Bursa Securities to comply with Paragraph 15.10(1) of the Listing Requirements.

The Board members’ qualifications, skills and experience can be found in the profile of each Director as presented on pages 10 to 11 of this Annual Report.

## BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2008, the Board met on six (6) occasions, where it deliberated on a variety of matters including the Group's results, major investments and strategic decisions and direction of the Group.

The Board delegates specific responsibilities to the Board Committees so as to enhance business operational efficiency as well as efficacy. All of these committees have written constitutions and terms of reference, and they have the authority to examine particular issues and report back to the Board with their recommendations. The Board receives reports of their proceedings and deliberations.

The main committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee.

Record of each Director's meeting attendance for financial year ended 31 December 2008 is contained in the table below:-

| Director                                                | Board  | Audit Committee | Nomination Committee | Remuneration Committee |
|---------------------------------------------------------|--------|-----------------|----------------------|------------------------|
| The Late Dato' Ahmad Badri bin Mohamed Basir            | (5/5)^ | (4/4)^          | (1/1)^               | (1/1)^                 |
| Mr Tan Boon Kang                                        | (6/6)^ |                 |                      | (1/1)^                 |
| Mr Sha Thiam Fook                                       | (6/6)^ | (5/5)^          | (1/1)^               | (1/1)^                 |
| Mdm Lau Pek Kuan                                        | (6/6)^ |                 |                      |                        |
| Mr Tan Moon Hwa                                         | (5/6)^ |                 |                      |                        |
| Mr Tan Chek Siong                                       | (6/6)^ |                 |                      |                        |
| Mr Tang Kam Chee                                        | (6/6)^ |                 |                      |                        |
| Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar | (4/6)^ | (3/5)^          | (1/1)^               |                        |

Note: ^ denote membership and ( ) indicate meetings attended out of total scheduled since the beginning of the financial year.

## SUPPLY OF INFORMATION

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of the meetings. Every Director has unhindered access to the advice and services of the Company Secretary and the terms of appointment permits removal and appointment only by the Board as a whole. The Board of Directors, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary and prior to the meeting of the Board and the Board Committees, Board papers which include reports relevant to the issues of the meeting were circulated on a timely manner to all Directors. These Board papers are issued prior to the meeting to enable Directors to obtain further explanations, where necessary in order to be properly briefed before the meeting.

The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company. The Company Secretary attends all Board Meetings and ensures that accurate and adequate records of the proceedings of Board meetings and decisions made are properly kept.



## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. New appointees will be considered and reviewed by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company shall ensure that all regulatory obligations are met.

New Directors are subject to election at the Annual General Meeting (AGM), following their first appointment. In addition, an election of Directors shall take place each year and all Directors shall retire from office every three (3) years but shall be eligible for re-election. These provide an opportunity for shareholders to renew their mandate. The election of each Director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in the Group of each Director standing for election are furnished in a separate statement accompanying the Notice of AGM. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Board through the Nomination Committee annually appraises the current composition of the Board to be assured that its composition brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

## DIRECTORS' TRAINING

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to undergo relevant training programmes on a continuous basis in compliance with paragraph 15.09 of Bursa Securities Listing Requirements.

During the financial year ended 31 December 2008, the Directors have attended training programmes conducted by external training providers on "Effective Strategic Planning and Risk Management".

## BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. The main Committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee.

### a. Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures objective and professional relationship is maintained with external auditors, who in turn, have access at all times to the Chairman of the Committee.

A summary of the activities of the Committee during the financial year is described in the Audit Committee report on pages 22 to 26 of this Annual Report.

### b. Nomination Committee

The Board has established a Nomination Committee consisting of the following Independent Non-Executive Directors:-

1. Dato' Ahmad Badri bin Mohamed Basir (Chairman) (passed away in November 2008);
2. Mr Sha Thiam Fook;
3. Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar

The Committee also assesses the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis.

### c. Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are Non-Executive Directors:-

1. Mr Sha Thiam Fook (Chairman);
2. Mr Tan Boon Kang;
3. Dato' Ahmad Badri bin Mohamed Basir (passed away in November 2008);
4. Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar (appointed 19 February 2009)



The Remuneration Committee is entrusted with the role of determining and recommending to the Board the remuneration framework for Directors as well as remuneration packages of Executive Directors in all its form drawing for outside advice if necessary. None of the Executive Directors participated in anyway in determining their remuneration. The Board as a whole determines the remuneration of the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align their interest with those of the shareholders.

The remuneration of the Non-Executive Directors consist of fees and allowances for their services in connection with Board and Board Committee meetings. They do not have contracts and do not participate in any share option scheme of the Group.

#### d. Directors Remuneration

An analysis of the aggregate Directors remuneration of the Company for the year ended 31 December 2008 categorised in appropriate components is set out below:-

|               | Fee<br>RM'000 | Benefits<br>-in-Kind<br>RM'000 | Salaries<br>and Other<br>Emoluments<br>RM'000 | Bonus<br>RM'000 | Total<br>RM'000 |
|---------------|---------------|--------------------------------|-----------------------------------------------|-----------------|-----------------|
| Executive     | 66            | 43                             | 1,403                                         | 284             | 1,796           |
| Non-Executive | 33            | -                              | 35                                            | -               | 68              |
|               | 99            | 43                             | 1,438                                         | 284             | 1,864           |

An analysis of the number of Directors whose remuneration, paid by the Company, falls in successive bands of RM50,000 is set out below:-

| Range of Remuneration | Executive | Non-Executive |
|-----------------------|-----------|---------------|
| Below RM50,000        | -         | 3             |
| RM150,001 - RM200,000 | 2         | -             |
| RM250,001 - RM300,000 | 2         | -             |
| RM850,001 - RM900,000 | 1         | -             |
|                       | 5         | 3             |

## SHAREHOLDERS

### INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public. The Annual Report, press releases and quarterly results are the primary mode of disseminating information on the Group's business activities and provide regular update on the Group's financial performance and operations. In addition, other corporate information is available to all shareholders in the Annual Report. The policy of the Board is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Group's performance and position as possible.

The Annual General Meeting (AGM) represents the principal forum for dialogue and interaction with shareholders where shareholders are informed of current development. Shareholders are encouraged to participate in discussion and to give their views to the Board. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder(s) with a written answer after the AGM. Additionally, a press conference is held immediately after the AGM to brief members of the media on key events of the Group. The Managing Director and Executive Directors are also present at the press conference to explain any issues.

Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar continues to act as the Senior Independent Director to whom shareholders can voice their view and concerns by e-mail at [rajaaz@kenholdings.com.my](mailto:rajaaz@kenholdings.com.my).

Bursa Securities also provides the Company to electronically publish all its announcements, including full versions of its quarterly results announcement, Circulars and Annual Report at Bursa Securities's website at [www.bursamalaysia.com/website/bm](http://www.bursamalaysia.com/website/bm). The Company also maintains its homepage that allows all shareholders and investors access to information about the Group at [www.kenholdings.com.my](http://www.kenholdings.com.my).

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Group's annual audited financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes to ensure accuracy, adequacy of all relevant information for disclosure and that necessary steps have been taken to ensure that the Group had used all the applicable accounting policies consistently, and that the policies are supported by reasonable prudent judgements and estimates. The Board took due care and reasonable steps to ensure that the requirements of accounting standards and relevant regulations were fully met.

### RELATIONSHIP WITH AUDITORS

The Board through the Audit Committee has established formal and transparent relationship with the external auditors which has been maintained on a professional basis. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's term of reference as detailed on pages 22 to 26 of this Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 22 to 26 of this Annual Report.

|                    | 2008<br>RM'000 |
|--------------------|----------------|
| Audit fee payable  | 89             |
| Non-audit fee paid | 6              |
| <b>Total</b>       | <b>95</b>      |

The details of audit fee payable and non-audit fee paid to the external auditors are set out below:-

#### STATEMENT ON INTERNAL CONTROL

The Statement on Internal Control furnished on pages 20 to 21 of this Annual Report provides an overview on the state of internal controls within the Group.

#### DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the affairs of the Group and of the Company as at the end of the accounting period and of the profit and loss and cash flows for the period ended. The Board also ensures that the financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965.

#### COMPLIANCE STATEMENT

Save as disclosed above, the Company has complied throughout the financial year with the best practices of the corporate governance set out in Part 2 of the Code.

This statement was made in accordance with a resolution of the Board dated 27 March 2009.

## STATEMENT ON INTERNAL CONTROL

The Board of Directors ("The Board") believes that the practice of good corporate governance is an important continuous process in accordance with paragraph 15.27 of the Bursa Malaysia Securities Berhad Listing Requirements. The Board set out below the nature and scope of internal control of the Group during the year.

### RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of internal control and risk management practices in establishing good corporate governance. The Board acknowledges its responsibility for the Group's System of Internal Control, and risk management and for reviewing the adequacy and integrity of the system. This includes reviewing financial, organisational, management information system, operational and compliance controls and risk management procedures.

The system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives and can provide reasonable but not absolute assurance against material misstatement or losses.

### RISK MANAGEMENT

The Board regards risk management as an integral part of the business. The Group has formalised a risk policy and risk management framework prepared with the involvement of an independent consultant in 2002 for a systematic and consistent approach to evaluate and improve the adequacy and effectiveness of the Group's risk management process.

As part of the risk management framework, a Risk Management Committee ("RMC") has been established and is chaired by the Managing Director of the Company with the main functions of recommending appropriate risk management policy to the board, maintaining overall risk management oversights and to review the risk profile of the Group.

With the establishment of the risk management framework, the Group conducts an annual risk assessment exercise in the identification and evaluation of the significant risk affecting the Company and one of its significant subsidiary, Ken Grouting Sdn Bhd (KGSB). During the year, six risk areas were selected for review and a general review was performed on the other risk areas. The risk profile of the Company and KGSB together with the Risk Register were updated and presented in the RMC meeting.

The risk assessment was subsequently reviewed and approved by the Audit Committee and the Board respectively in March 2009.

### INTERNAL AUDIT FUNCTION

The internal audit function reports its findings to the Audit Committee of the Company. The Audit Committee examines the Group's system of internal control through reviews of reports on risk assessment exercises performed by the RMC and reports from the internal audit function.

The internal audit function conducted internally during the year has undertaken internal audit reviews on selected risk areas of the Company and KGSB and its findings were presented to the Audit Committee and the Board in February 2009.

In 2009, an independent consultant has been appointed to undertake the internal audit function and the annual audit plan for 2009 has also been reviewed and approved by the Audit Committee.

### OTHER RISK AND CONTROL PROCESS

The Internal Control mechanism established by the Board is embedded within the organisational structure and the procedures for planning, capital expenditure, information and reporting system for monitoring the Group's performance. The key elements adopted and to monitor and review the effectiveness of the system of internal control were:-

- The organisational structure of the Company and its subsidiaries has defined lines of accountability and authority for all aspects of the business;
- Management/project committee meetings and departmental meetings are held monthly to identify, discuss and resolve operational, financial and key management issues;
- Budget is prepared for each subsidiary and reviewed by the Managing Director;
- Management reports are prepared monthly and monitored against budget on a quarterly basis;
- Board Committees comprising of Audit Committee, Nomination Committee, Remuneration Committee, Management/Project Committee and Risk Management Committee with defined terms of reference and functions have been established;

- Standard Operating Procedures are documented in Standard Operating Procedure Manuals and covers:
  - Finance and administration processes;
  - Sales administration and marketing processes;
  - Human resources processes;
  - Property management processes;
  - Purchasing processes; and
  - ISO quality management system.
- Internal quality audits were conducted on Ken Property Sdn Bhd (KPSB), Khidmat Tulin Sdn Bhd (KTSB), and KGSB on twice yearly basis to monitor compliance with ISO 9001:2000 as well as identify and monitor operational issues;
- KGSB, KPSB, and KTSB have been certified by a certification body for compliance with ISO 9001:2000;
- the Audit Committee reviews the quarterly results before approval by the Board for public releases. The Audit Committee also reviews the audit findings of the external auditors, the annual financial statements and Annual Report of the Group;
- The Group's internal audit function has the responsibility to assure the Board, via the Audit Committee that internal control systems are fully implemented through its audit reviews on selected risk areas during the year and submits its findings to the Audit Committee; and
- Appointment of suitable employees with the required qualification and experience to fulfill their responsibilities and to provide education, training and development to enhance employees' skills and to reinforce such qualities.

The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group. As such the Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

This statement was made in accordance with a resolution of the Board dated 27 March 2009.



# AUDIT COMMITTEE REPORT

## ESTABLISHMENT AND COMPOSITION

The Audit Committee of Ken Holdings Berhad was established on 19 March 1996.

For the financial year ended 31 December 2008, the Committee comprises the following three directors:-

|          |                                                                      |                                      |
|----------|----------------------------------------------------------------------|--------------------------------------|
| Chairman | Sha Thiam Fook (MIA member)                                          | (Independent Non-Executive Director) |
| Member   | Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar              | (Independent Non-Executive Director) |
|          | Dato' Ahmad Badri bin Mohamed Basir (passed away on 2 November 2008) | (Independent Non-Executive Director) |

The demise of Dato' Ahmad Badri bin Mohamed Basir on 2 November 2008 had resulted in the non-compliance of the composition of the Audit Committee of the Company with Paragraph 15.10 (1) (a) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). However, Bursa Securities had via its letter dated 16 February 2009 granted approval to the Company's application for an extension of time until 1 May 2009 to comply with Paragraph 15.10(1) of the LR.

## TERM OF REFERENCE

### 1) POLICY

The policy of the Audit Committee is to ensure that internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively by the KEN HOLDINGS BERHAD group of companies.

### 2) OBJECTIVES

The objectives of this policy are:-

- to assure the shareholders of the Company that the Directors of the Company have complied with Malaysian financial standards and required disclosure policies developed and administered by Bursa Securities;
- to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and to adopt best practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to all the Company's shareholders; and
- to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities and yet ensure that audit findings are brought to the highest level for consideration.

### 3) MEMBERSHIP

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall be composed exclusively of Non-Executive Directors of no fewer than three (3) members, of whom the majority shall be independent.
- The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three (3) years' working experience and have passed the examinations specified in Part 1 of the 1<sup>st</sup> Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed or approved by Bursa Securities.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.
- If one (1) or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months (3) of the event, appoint such number of new members as may be required to correct the breach.
- The Board shall review the term of office of Committee members no less than once every three (3) years.

**4) AUTHORITY**

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- (a) investigate any activity within the Committee's terms of reference;
- (b) have resources which are reasonably required to enable it to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company or its subsidiaries;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- (f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

**5) FUNCTIONS**

The functions of the Committee shall be, amongst others, to review the following and report the same to the Board:-

- (a) with the external auditors, the scope of the audit and the audit plan;
- (b) with the external auditors, their evaluation of the system on internal controls;
- (c) with the external auditors, their management letter and the management's response;
- (d) with the external auditors, their audit report;
- (e) the assistance given by the employees to the external auditors;
- (f) the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;
- (g) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (i) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
  - (i) any changes in or implementation of major accounting policy changes;
  - (ii) significant adjustments arising from the audit;
  - (iii) significant and unusual events;
  - (iv) the going concern assumption; and
  - (v) compliance with accounting standards and other legal requirements;
- (j) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (k) any other matters as directed by the Board.

**6) OVERSEEING THE INTERNAL AUDIT FUNCTION**

- (a) The Committee shall establish an internal audit function which is independent of the activities it audits.
- (b) The Committee shall oversee the internal audit function and is authorised to commission investigations to be conducted by internal audit as it deems fit.
- (c) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- (d) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

**7) QUORUM FOR MEETINGS**

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

**8) ATTENDANCE AT MEETINGS**

The Finance Director, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee, specific to the relevant meeting. However, at least twice a year the Committee shall meet with the external auditors without executive Board members present.

**9) FREQUENCY OF MEETINGS**

The Chairman shall call for meetings, to be held not less than four (4) times a year. The external auditors may request a meeting if they consider one necessary.

**10) PROCEEDINGS OF MEETINGS**

- (a) A member may at any time and the Secretary shall on the requisition of a member summon a meeting of the Audit Committee by giving the members not less than seven (7) days notice thereof unless such requirement is waived.
- (b) In the absence of the Chairman, the Committee shall appoint one (1) of its members present to chair that meeting.
- (c) A resolution put to vote shall be decided by a majority of votes of the members present, each member having one (1) vote.

**11) REPORTING PROCEDURES**

- (a) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- (b) The Committee shall prepare an Annual Report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's Annual Report.
- (c) The Committee shall assist the Board in preparing the following for publication in the Company's Annual Report:
  - (i) Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
  - (ii) Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
  - (iii) Statement on the Board's responsibility for preparing the annual audited accounts; and
  - (iv) Statement about the state of internal control of the Group.
- (d) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to Bursa Securities.

## AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 31 December 2008. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

| Name of Member                                                                                                              | No of Audit Committee Meetings Attended/Held* |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Chairman:<br>Sha Thiam Fook (Chairman)<br>(Independent Non-Executive Director)                                              | 5/5*                                          |
| Members:<br>Dato' Ahmad Badri bin Mohamed Basir<br>(Independent Non-Executive Director)<br>(passed away on 2 November 2008) | 4/4*                                          |
| Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar<br>(Independent Non-Executive Director)                             | 3/5*                                          |

\*represent the meetings held during the Committee member's tenure of office

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Audit Committee carried out its duties in accordance with its Terms and Reference. During the financial year ended 31 December 2008, the activities of the Audit Committee included the following:-

- Reviewed the quarterly financial results and announcements of the Company and the Group for the financial quarters ended 31/12/2007, 31/3/2008, 30/6/2008 and 30/9/2008 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the year end financial statements ended 31 December 2007;
- Reviewed the external auditors' reports for the financial year ended 31 December 2007 in relation to audit and accounting issues arising from the audit and the management's response;
- Reviewed the assistance given by the employees to the external auditors in respect of the audit for the financial year ended 31 December 2007;
- Reviewed the Audit Committee Report, Corporate Governance Statement and Statement on Internal Control for the financial year ended 31 December 2007 and recommended its adoption to the Board;
- Reviewed the external auditors' audit plan and scope of audit for the financial year ended 31 December 2008;
- Reviewed the Risk Management Assessment Report of the Company and its wholly-owned subsidiaries;
- Reviewed Internal Audit Report of the Company and its operating subsidiaries, the audit recommendations made and management's response to the recommendations;
- Reviewed the revised Terms of Reference of the Audit Committee pursuant to the amended LR of Bursa Securities in relation to Corporate Governance and recommended to the Board of Directors for approval;
- Reviewed the Internal Audit Plan to ensure adequate scope and coverage of the activities of the Group; and
- Considered the nomination of the external auditors for recommendation to the Board for re-appointment and reviewed the audit fees.

**INTERNAL AUDIT FUNCTION**

The Group had an in-house Internal Audit Department during the year which assisted the Audit Committee in the discharge of its duties and responsibilities. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2008 was RM78,000.

The principal responsibility of the Internal Audit Department is to undertake regular and systematic review of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The Internal Auditor undertakes internal audit function based on the audit plan that is reviewed and approved by the Audit Committee.

During the financial year under review, the Internal Auditor had conducted audits on the operating subsidiaries and submitted her findings to the Audit Committee. Internal audit reports prepared by the Internal Auditor were circulated to all members of the Audit Committee. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings and recommendations were duly acted upon by the management.

In 2009, an independent consultant has been appointed to undertake the internal audit function and the annual audit plan for 2009 has also been reviewed and approved by the Audit Committee.

## ADDITIONAL DISCLOSURE INFORMATION

### UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2008.

### SHARE BUY-BACKS

During the financial year ended 31 December 2008, the Company bought back a total of 1,289,300 of its ordinary shares of RM1.00 each ("Ken Shares") which are listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in the open market. The details of the Ken Shares bought back during the financial year were as follows:-

| Monthly Breakdown | No. of Ken Shares Bought Back & Retained as Treasury Shares | Buy Back Price Per Share (RM) |         |         | Average Cost Per Share (RM) | Total Cost (RM) |
|-------------------|-------------------------------------------------------------|-------------------------------|---------|---------|-----------------------------|-----------------|
|                   |                                                             | Lowest                        | Highest | Average |                             |                 |
| April             | 268,900                                                     | 0.76                          | 0.88    | 0.82    | 0.82                        | 220,492         |
| October           | 574,300                                                     | 0.58                          | 0.65    | 0.62    | 0.61                        | 350,967         |
| November          | 281,700                                                     | 0.61                          | 0.67    | 0.64    | 0.65                        | 182,482         |
| December          | 164,400                                                     | 0.64                          | 0.65    | 0.65    | 0.65                        | 107,680         |

All the Ken Shares bought back during the financial year were held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act, 1965. As at 31 December 2008, a total of 1,289,300 Ken Shares were held at treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2008.

### AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year ended 31 December 2008, the Company did not sponsor any ADR or GDR programme.

### IMPOSITION OF SANCTIONS/PENALTIES

There was no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year ended 31 December 2008.

### NON-AUDIT FEES

The total amount of non audit fees payable to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2008 amounted to RM6,000.

### VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2008 and the unaudited results previously announced.

### PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2008.

### MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies which involve directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2008 or, entered into since the end of previous financial year except as disclosed in Note 29 to the Financial Statements.





FINANCIAL STATEMENTS



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### RESULTS

|                     | Group<br>RM'000 | Company<br>RM'000 |
|---------------------|-----------------|-------------------|
| Profit for the year | 6,277           | 4,061             |

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 6 sen per ordinary share less tax at 27% totaling RM4,244,245 in respect of the year ended 31 December 2007 on 25 June 2008.

A first and final tax exempt dividend of 4 sen per ordinary share totalling RM3,782,800 in respect of the year ended 31 December 2008 have been recommended by the Directors and will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

### DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Sha Thiam Fook

Tan Boon Kang

Lau Pek Kuan

Tan Moon Hwa

Tan Chek Siong

Tang Kam Chee

Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar

Dato' Ahmad Badri bin Mohamed Basir (demised on 2 November 2008)

Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (resigned on 15 April 2008)

**DIRECTORS' INTERESTS**

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

| Company                  | Number of ordinary shares of RM1.00 each |                |              |                          |
|--------------------------|------------------------------------------|----------------|--------------|--------------------------|
|                          | At<br>1.1.2008<br>'000                   | Bought<br>'000 | Sold<br>'000 | At<br>31.12.2008<br>'000 |
| <b>Direct interest</b>   |                                          |                |              |                          |
| Tan Boon Kang            | 10,845                                   | 258            | 7,908        | <b>3,195</b>             |
| Lau Pek Kuan             | 1,959                                    | -              | -            | <b>1,959</b>             |
| Tan Chek Siong           | -                                        | 1,908          | -            | <b>1,908</b>             |
| Tan Moon Hwa             | 606                                      | -              | -            | <b>606</b>               |
| Tang Kam Chee            | 170                                      | -              | -            | <b>170</b>               |
| <b>Indirect interest</b> |                                          |                |              |                          |
| Tan Boon Kang            | 35,883                                   | 7,908          | -            | <b>43,791</b>            |
| Lau Pek Kuan             | 44,769                                   | 8,166          | 7,908        | <b>45,027</b>            |

| Subsidiary               | Number of ordinary shares of HK\$1.00 each |                |              |                          |
|--------------------------|--------------------------------------------|----------------|--------------|--------------------------|
|                          | At<br>1.1.2008<br>'000                     | Bought<br>'000 | Sold<br>'000 | At<br>31.12.2008<br>'000 |
| <b>Subsidiary</b>        |                                            |                |              |                          |
| Kenly (HK) Ltd.          |                                            |                |              |                          |
| <b>Indirect interest</b> |                                            |                |              |                          |
| Tan Boon Kang            | 4,376                                      | -              | -            | <b>4,376</b>             |
| Lau Pek Kuan             | 4,376                                      | -              | -            | <b>4,376</b>             |

By virtue of their interests in the shares of the Company, Tan Boon Kang and Lau Pek Kuan are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.



**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor 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 or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in a company which received rental income from a subsidiary of the Group, as disclosed in note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**ISSUE OF SHARES AND DEBENTURES**

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the year.

**OTHER STATUTORY INFORMATION**

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

**OTHER STATUTORY INFORMATION (CONT'D)**

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**SIGNIFICANT EVENTS**

In July 2008, a subsidiary, Ken Grouting Sdn. Bhd entered into a Sale and Purchase Agreement to acquire a piece of land for a cash consideration of RM1,879,000. Incidental costs of RM66,000 were also incurred during the acquisition, resulting in a total capitalisation of RM1,945,000 under prepaid lease payments.

**AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tan Boon Kang**

.....  
**Tang Kam Chee**

Kuala Lumpur, Malaysia

Date: 23 March 2009



## BALANCE SHEETS AT 31 DECEMBER 2008

|                                                                   |      | Group          |                | Company        |                |
|-------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                   | Note | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Assets</b>                                                     |      |                |                |                |                |
| Property, plant and equipment                                     | 3    | <b>18,625</b>  | 2,950          | -              | -              |
| Prepaid lease payments                                            | 4    | <b>5,000</b>   | 3,132          | -              | -              |
| Land held for property development                                | 5    | <b>7,438</b>   | 7,370          | -              | -              |
| Investment properties                                             | 6    | <b>4,457</b>   | 20,829         | -              | -              |
| Investments in subsidiaries                                       | 7    | -              | -              | <b>13,333</b>  | 13,333         |
| Other investments                                                 | 8    | <b>26</b>      | 26             | -              | -              |
| Goodwill                                                          | 9    | <b>183</b>     | 183            | -              | -              |
| Deferred tax assets                                               | 10   | <b>3,138</b>   | 2,531          | <b>25</b>      | 153            |
| Amounts due from subsidiaries                                     | 11   | -              | -              | <b>72,637</b>  | 71,020         |
| <b>Total non-current assets</b>                                   |      | <b>38,867</b>  | 37,021         | <b>85,995</b>  | 84,506         |
| Inventories                                                       |      | <b>7,678</b>   | 9,118          | -              | -              |
| Property development costs                                        | 12   | <b>72,559</b>  | 64,834         | -              | -              |
| Receivables, deposits and prepayments                             | 13   | <b>10,612</b>  | 19,562         | <b>7</b>       | 8              |
| Amounts due from subsidiaries                                     | 11   | -              | -              | <b>16,589</b>  | 18,789         |
| Current tax assets                                                |      | <b>390</b>     | 1,953          | <b>2</b>       | 1,351          |
| Asset classified as held for sale                                 | 14   | <b>327</b>     | -              | -              | -              |
| Cash and cash equivalents                                         | 15   | <b>23,793</b>  | 14,605         | <b>1,682</b>   | 2,492          |
| <b>Total current assets</b>                                       |      | <b>115,359</b> | 110,072        | <b>18,280</b>  | 22,640         |
| <b>Total assets</b>                                               |      | <b>154,226</b> | 147,093        | <b>104,275</b> | 107,146        |
| <b>Equity</b>                                                     |      |                |                |                |                |
| Share capital                                                     | 16   | <b>95,860</b>  | 95,860         | <b>95,860</b>  | 95,860         |
| Treasury shares                                                   | 17   | <b>(855)</b>   | -              | <b>(855)</b>   | -              |
| Reserves                                                          | 17   | <b>1,778</b>   | 1,683          | -              | -              |
| Retained earnings                                                 | 17   | <b>16,839</b>  | 14,790         | <b>8,881</b>   | 9,064          |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>113,622</b> | 112,333        | <b>103,886</b> | 104,924        |
| <b>Minority interest</b>                                          |      | -              | -              | -              | -              |
| <b>Total equity</b>                                               |      | <b>113,622</b> | 112,333        | <b>103,886</b> | 104,924        |
| <b>Liabilities</b>                                                |      |                |                |                |                |
| Loans and borrowings                                              | 18   | <b>193</b>     | 184            | -              | -              |
| Deferred tax liabilities                                          | 10   | <b>5,287</b>   | 7,101          | -              | 1,310          |
| <b>Total non-current liabilities</b>                              |      | <b>5,480</b>   | 7,285          | -              | 1,310          |
| Payables and accruals                                             | 19   | <b>33,921</b>  | 26,652         | <b>363</b>     | 912            |
| Deferred income                                                   | 20   | <b>335</b>     | -              | -              | -              |
| Current tax liabilities                                           |      | <b>868</b>     | 823            | <b>26</b>      | -              |
| <b>Total current liabilities</b>                                  |      | <b>35,124</b>  | 27,475         | <b>389</b>     | 912            |
| <b>Total liabilities</b>                                          |      | <b>40,604</b>  | 34,760         | <b>389</b>     | 2,222          |
| <b>Total equity and liabilities</b>                               |      | <b>154,226</b> | 147,093        | <b>104,275</b> | 107,146        |

The notes on pages 40 to 75 are an integral part of these financial statements.

## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

|                                             | Note | Group           |                | Company        |                |
|---------------------------------------------|------|-----------------|----------------|----------------|----------------|
|                                             |      | 2008<br>RM'000  | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Revenue</b>                              |      |                 |                |                |                |
| - contract revenue                          |      | <b>2,067</b>    | 4,026          | -              | -              |
| - property development revenue              |      | <b>37,061</b>   | 56,175         | -              | -              |
| - dividends                                 |      | -               | -              | <b>5,075</b>   | 4,850          |
| - management fees                           |      | -               | -              | <b>846</b>     | 484            |
|                                             |      | <b>39,128</b>   | 60,201         | <b>5,921</b>   | 5,334          |
| <b>Cost of sales</b>                        |      |                 |                |                |                |
| - contract costs                            |      | <b>(1,457)</b>  | (5,807)        | -              | -              |
| - property development costs                |      | <b>(25,123)</b> | (36,932)       | -              | -              |
|                                             |      | <b>(26,580)</b> | (42,739)       | -              | -              |
| <b>Gross profit</b>                         |      | <b>12,548</b>   | 17,462         | <b>5,921</b>   | 5,334          |
| Distribution expenses                       |      | <b>(153)</b>    | (456)          | -              | -              |
| Administrative expenses                     |      | <b>(6,017)</b>  | (8,681)        | <b>(340)</b>   | (394)          |
| Other expenses                              |      | -               | (355)          | -              | -              |
| Other income                                |      | <b>1,511</b>    | 1,298          | -              | -              |
| <b>Results from operating activities</b>    |      | <b>7,889</b>    | 9,268          | <b>5,581</b>   | 4,940          |
| Interest income                             |      | <b>724</b>      | 414            | <b>57</b>      | 124            |
| Finance costs                               |      | -               | (533)          | -              | -              |
| <b>Operating profit</b>                     | 22   | <b>8,613</b>    | 9,149          | <b>5,638</b>   | 5,064          |
| Gain on disposal of subsidiary              | 30   | -               | 2,693          | -              | -              |
| <b>Profit before tax</b>                    |      | <b>8,613</b>    | 11,842         | <b>5,638</b>   | 5,064          |
| Tax expense                                 | 24   | <b>(2,336)</b>  | (3,412)        | <b>(1,577)</b> | (1,361)        |
| <b>Profit after tax</b>                     |      | <b>6,277</b>    | 8,430          | <b>4,061</b>   | 3,703          |
| Minority interest                           |      | -               | -              | -              | -              |
| <b>Profit for the year</b>                  |      | <b>6,277</b>    | 8,430          | <b>4,061</b>   | 3,703          |
| <b>Basic earnings per ordinary share</b>    | 25   | <b>7 sen</b>    | 9 sen          |                |                |
| <b>Diluted earnings per ordinary share</b>  | 25   | <b>N/A</b>      | N/A            |                |                |
| <b>Dividends per ordinary share - gross</b> | 26   | <b>4 sen</b>    | 6 sen          |                |                |

The notes on pages 40 to 75 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

| ----- Attributable to shareholders of the Company ----- |      |                               |               |                 |                     |                     |                   |                |                   |                |
|---------------------------------------------------------|------|-------------------------------|---------------|-----------------|---------------------|---------------------|-------------------|----------------|-------------------|----------------|
|                                                         |      | ----- Non-distributable ----- |               |                 |                     | Distributable       |                   |                |                   |                |
| Group                                                   | Note | Share capital                 | Share premium | Treasury shares | Revaluation reserve | Translation reserve | Retained earnings | Total          | Minority interest | Total equity   |
|                                                         |      | RM'000                        | RM'000        | RM'000          | RM'000              | RM'000              | RM'000            | RM'000         | RM'000            | RM'000         |
| <b>At 1 January 2007</b>                                |      | 90,285                        | -             | -               | 2,003               | 186                 | 9,848             | 102,322        | -                 | 102,322        |
| Realisation of revaluation reserve                      |      | -                             | -             | -               | (19)                | -                   | -                 | (19)           | -                 | (19)           |
| Foreign exchange translation differences                |      | -                             | -             | -               | -                   | (487)               | -                 | (487)          | -                 | (487)          |
| Net gains or losses recognised directly in equity       |      | -                             | -             | -               | (19)                | (487)               | -                 | (506)          | -                 | (506)          |
| Share options exercised                                 |      | 5,575                         | -             | -               | -                   | -                   | -                 | 5,575          | -                 | 5,575          |
| Profit for the year                                     |      | -                             | -             | -               | -                   | -                   | 8,430             | 8,430          | -                 | 8,430          |
| Dividends to shareholders                               | 26   | -                             | -             | -               | -                   | -                   | (3,488)           | (3,488)        | -                 | (3,488)        |
| <b>At 31 December 2007</b>                              |      | 95,860                        | -             | -               | 1,984               | (301)               | 14,790            | 112,333        | -                 | 112,333        |
| <b>At 1 January 2008</b>                                |      | 95,860                        | -             | -               | 1,984               | (301)               | 14,790            | 112,333        | -                 | 112,333        |
| Realisation of revaluation reserve                      |      | -                             | -             | -               | (16)                | -                   | 16                | -              | -                 | -              |
| Foreign exchange translation differences                |      | -                             | -             | -               | -                   | 111                 | -                 | 111            | -                 | 111            |
| Net gains or losses recognised directly in equity       |      | -                             | -             | -               | (16)                | 111                 | 16                | 111            | -                 | 111            |
| Profit for the year                                     |      | -                             | -             | -               | -                   | -                   | 6,277             | 6,277          | -                 | 6,277          |
| Repurchase of treasury shares                           |      | -                             | -             | (855)           | -                   | -                   | -                 | (855)          | -                 | (855)          |
| Dividends to shareholders                               | 26   | -                             | -             | -               | -                   | -                   | (4,244)           | (4,244)        | -                 | (4,244)        |
| <b>At 31 December 2008</b>                              |      | <b>95,860</b>                 | <b>-</b>      | <b>(855)</b>    | <b>1,968</b>        | <b>(190)</b>        | <b>16,839</b>     | <b>113,622</b> | <b>-</b>          | <b>113,622</b> |
|                                                         |      | Note 16                       |               | Note 17.3       | Note 17.1           | Note 17.2           |                   |                |                   |                |

The notes on pages 40 to 75 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

| Company                                    | Note | Share capital<br>RM'000 | Non-distributable       |                           | Distributable               | Total<br>RM'000 |
|--------------------------------------------|------|-------------------------|-------------------------|---------------------------|-----------------------------|-----------------|
|                                            |      |                         | Share premium<br>RM'000 | Treasury shares<br>RM'000 | Retained earnings<br>RM'000 |                 |
| <b>At 1 January 2007</b>                   |      | 90,285                  | -                       | -                         | 8,849                       | 99,134          |
| Profit for the year                        |      | -                       | -                       | -                         | 3,703                       | 3,703           |
| Share options exercised                    |      | 5,575                   | -                       | -                         | -                           | 5,575           |
| Dividends to shareholders                  | 26   | -                       | -                       | -                         | (3,488)                     | (3,488)         |
| <b>At 31 December 2007/ 1 January 2008</b> |      | 95,860                  | -                       | -                         | 9,064                       | 104,924         |
| Profit for the year                        |      | -                       | -                       | -                         | 4,061                       | 4,061           |
| Repurchase of treasury shares              |      | -                       | -                       | (855)                     | -                           | (855)           |
| Dividends to shareholders                  | 26   | -                       | -                       | -                         | (4,244)                     | (4,244)         |
| <b>At 31 December 2008</b>                 |      | <b>95,860</b>           | <b>-</b>                | <b>(855)</b>              | <b>8,881</b>                | <b>103,886</b>  |
|                                            |      | Note 16                 |                         | Note 17.3                 | Note 17.4                   |                 |

The notes on pages 40 to 75 are an integral part of these financial statements.

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

|                                                                     | Group          |                | Company        |                |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                     | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Cash flows from operating activities</b>                         |                |                |                |                |
| Profit before tax                                                   | <b>8,613</b>   | 11,842         | <b>5,638</b>   | 5,064          |
| Adjustments for:                                                    |                |                |                |                |
| Amortisation of prepaid lease payments                              | <b>77</b>      | 44             | -              | -              |
| Depreciation of investment properties                               | <b>89</b>      | 89             | -              | -              |
| Depreciation of property, plant and equipment                       | <b>511</b>     | 716            | -              | -              |
| Dividend income                                                     | -              | -              | <b>(5,075)</b> | (4,850)        |
| Finance costs                                                       | -              | 533            | -              | -              |
| Gain on disposal of property, plant and equipment                   | <b>(29)</b>    | (223)          | -              | -              |
| Gain on disposal of subsidiary                                      | -              | (2,693)        | -              | -              |
| Impairment loss on goodwill                                         | -              | 355            | -              | -              |
| Interest income                                                     | <b>(724)</b>   | (414)          | <b>(57)</b>    | (124)          |
| Property, plant and equipment written off                           | <b>1</b>       | 2              | -              | -              |
| Operating profit before changes in working capital                  | <b>8,538</b>   | 10,251         | <b>506</b>     | 90             |
| Changes in working capital:                                         |                |                |                |                |
| Inventories                                                         | <b>1,440</b>   | (3,019)        | -              | -              |
| Land held for property development                                  | <b>(68)</b>    | (23)           | -              | -              |
| Payables and accruals                                               | <b>7,353</b>   | 4,470          | <b>(549)</b>   | 136            |
| Property development costs                                          | <b>(7,725)</b> | 1,904          | -              | -              |
| Receivables, deposits and prepayments                               | <b>8,950</b>   | 1,307          | <b>1</b>       | 11             |
| Subsidiaries                                                        | -              | -              | <b>1,913</b>   | (6,997)        |
| Cash generated from/ (used in) from operations                      | <b>18,488</b>  | 14,890         | <b>1,871</b>   | (6,760)        |
| Income taxes paid                                                   | <b>(2,924)</b> | (6,501)        | <b>(75)</b>    | (156)          |
| Income taxes refunded                                               | <b>35</b>      | 908            | -              | -              |
| Interest paid                                                       | -              | (238)          | -              | -              |
| Interest received                                                   | <b>220</b>     | 142            | -              | -              |
| <b>Net cash generated from/ (used in) operating activities</b>      | <b>15,819</b>  | 9,201          | <b>1,796</b>   | (6,916)        |
| <b>Cash flows from investing activities</b>                         |                |                |                |                |
| Acquisition of investment properties                                | -              | (15,956)       | -              | -              |
| Acquisition of prepaid lease payments                               | <b>(1,945)</b> | -              | -              | -              |
| Acquisition of property, plant and equipment                        | <b>(56)</b>    | (44)           | -              | -              |
| Disposal of subsidiary, net of cash disposed                        | -              | (5)            | -              | -              |
| Dividends received                                                  | -              | -              | <b>2,436</b>   | 2,280          |
| Improvements on investment properties                               | <b>(185)</b>   | (1,660)        | -              | -              |
| (Increase)/ Decrease in pledged deposits placed with licensed banks | <b>(673)</b>   | 3,879          | <b>(673)</b>   | 3,878          |
| Interest income from fixed deposits                                 | <b>504</b>     | 272            | <b>57</b>      | 124            |
| Proceeds from disposal of property, plant and equipment             | <b>39</b>      | 366            | -              | -              |
| <b>Net cash (used in)/ generated from investing activities</b>      | <b>(2,316)</b> | (13,148)       | <b>1,820</b>   | 6,282          |

|                                                                |      | Group          |                | Company        |                |
|----------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                | Note | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Cash flows from financing activities</b>                    |      |                |                |                |                |
| Dividends paid to shareholders of the Company                  |      | <b>(4,244)</b> | (3,488)        | <b>(4,244)</b> | (3,488)        |
| Interest paid on loans and borrowings                          |      | -              | (295)          | -              | -              |
| Proceeds from issuance of share capital                        |      | -              | 5,575          | -              | 5,575          |
| Repayment of loans and borrowings                              |      | -              | (3,536)        | -              | -              |
| Repurchase of treasury shares                                  |      | <b>(855)</b>   | -              | <b>(855)</b>   | -              |
| <b>Net cash (used in)/ generated from financing activities</b> |      | <b>(5,099)</b> | (1,744)        | <b>(5,099)</b> | 2,087          |
| Net increase/ (decrease) in cash and cash equivalents          |      | <b>8,404</b>   | (5,691)        | <b>(1,483)</b> | 1,453          |
| Effect of exchange rate fluctuations on cash held              |      | <b>111</b>     | (487)          | -              | -              |
| Cash and cash equivalents at 1 January                         |      | <b>13,704</b>  | 19,882         | <b>1,991</b>   | 538            |
| <b>Cash and cash equivalents at 31 December</b>                | i)   | <b>22,219</b>  | 13,704         | <b>508</b>     | 1,991          |

**i) Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Cash and bank balances       | <b>2,488</b>   | 4,316          | <b>32</b>      | 127            |
| Deposits with licensed banks | <b>21,305</b>  | 10,289         | <b>1,650</b>   | 2,365          |
|                              | <b>23,793</b>  | 14,605         | <b>1,682</b>   | 2,492          |
| Less: Deposits pledged       | <b>(1,574)</b> | (901)          | <b>(1,174)</b> | (501)          |
|                              | <b>22,219</b>  | 13,704         | <b>508</b>     | 1,991          |

The notes on pages 40 to 75 are an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

Ken Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

**Principal place of business/Registered office**

6, Jalan Datuk Sulaiman  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur, Malaysia.

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

The Company is principally engaged in investment holding and provision of management services while the principal activities of the subsidiaries are as stated in note 7.

The financial statements were approved by the Board of Directors on 23 March 2009.

### 1. BASIS OF PREPARATION

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

| FRSs / Interpretations                                                  | Effective date |
|-------------------------------------------------------------------------|----------------|
| FRS 4, <i>Insurance Contracts</i>                                       | 1 January 2010 |
| FRS 7, <i>Financial Instruments: Disclosures</i>                        | 1 January 2010 |
| FRS 8, <i>Operating Segment</i>                                         | 1 July 2009    |
| FRS 139, <i>Financial Instruments: Recognition and Measurement</i>      | 1 January 2010 |
| IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>        | 1 January 2010 |
| IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i> | 1 January 2010 |

The Group and the Company plan to apply the abovementioned FRSs / Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain property, plant and equipment measured under the revaluation model.

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

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand.

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 - valuation of investment properties
- Note 12 - calculation of revenue and cost of sales for property development projects
- Note 13 - calculation of revenue and cost of sales for construction contracts

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

#### (ii) Changes in Group composition

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of consolidation (cont'd)****(iii) Minority interest**

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

**(iv) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated only to the extent that there is no evidence of impairment.

**(b) Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

**(ii) Net investment in foreign operations**

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

**(c) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost / valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from the carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

### (c) Property, plant and equipment (cont'd)

#### (i) Recognition and measurement (cont'd)

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

|                           |               |
|---------------------------|---------------|
| • freehold building       | 25 - 50 years |
| • motor vehicles          | 5 years       |
| • machinery and equipment | 5 years       |
| • furniture and fittings  | 5 years       |

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

### (d) Leased assets

#### *Operating lease*

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in December 2005 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2006.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Leased assets (cont'd)*****Operating lease (cont'd)***

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**(e) Investment properties****(i) Investment properties carried at cost**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

**(ii) Reclassification to/from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, it continues to be stated at cost less accumulated depreciation and accumulated impairment losses under the cost model.

Investment property transferred to property development costs following a change in use apply the accounting policy for property development costs as stated in accounting policy note 2(m).

Investment property transferred to non-current assets held for sale following a change in use apply the accounting policy for non-current assets held for sale as stated in accounting policy note 2(j).

**(iii) Determination of fair value**

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

Significant assumptions in arriving at the fair value of investment properties are disclosed in note 6.

**(f) Goodwill**

Goodwill arises on business combinations and is measured at cost less accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

### (f) Goodwill (cont'd)

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statements.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

### (g) Investments in equity securities

Investment in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- (i) the recognition of an asset on the day it is received by the entity, and
- (ii) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

### (h) Inventories

Completed properties held for sale are measured at the lower of cost and net realisable value. Costs consist of cost associated with the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

### (i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Construction work in progress**

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects plus an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

**(l) Land held for property development**

Land held for property development consist of land or such portions thereof on which no development activity has been carried out or when development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Land held for development is classified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group has previously carried the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201.

**(m) Property development costs**

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

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to the purchasers is shown as accrued billings under receivables, deposits and prepayments while the excess billing to purchasers over revenue recognised in the income statements is shown as progress billings under payables and accruals.

**(n) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statements, cash and cash equivalents are presented net of pledged deposits.

**(o) Impairment of assets**

The carrying amounts of assets except for financial assets, inventories, deferred tax assets and assets arising from construction contracts, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

### (o) Impairment of assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

### (p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (q) Equity instruments

All equity instruments are stated at cost on initial recognition and are not remeasured subsequently.

#### *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

### (r) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

### (s) Employee benefits

#### *Short term employee benefits*

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

### (t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(u) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**(v) Revenue recognition****(i) Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

**(ii) Property development**

Revenue from property development activities are recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for works performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including cost to be incurred over the defect liability period, is recognised immediately in the income statements.

**(iii) Dividend income**

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

**(iv) Management fee income**

Management fee income is recognised on an accrual basis.

**(w) Rental income**

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

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

### (x) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

### (y) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (z) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### (aa) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## 3. PROPERTY, PLANT AND EQUIPMENT

| Group                                  | Freehold building | Freehold land | Long term leasehold buildings | Motor vehicles | Site equipment | Plant and machinery | Office equipment | Furniture and fittings | Under construction | Total         |
|----------------------------------------|-------------------|---------------|-------------------------------|----------------|----------------|---------------------|------------------|------------------------|--------------------|---------------|
|                                        | RM'000            | RM'000        | RM'000                        | RM'000         | RM'000         | RM'000              | RM'000           | RM'000                 | RM'000             | RM'000        |
| <b>Cost/Valuation</b>                  |                   |               |                               |                |                |                     |                  |                        |                    |               |
| At 1 January 2007                      | 1,402             | 3,169         | 2,380                         | 3,883          | 630            | 9,533               | 1,042            | 232                    | -                  | 22,271        |
| Additions                              | -                 | -             | -                             | -              | -              | -                   | 34               | 10                     | -                  | 44            |
| Disposals                              | -                 | -             | -                             | (598)          | -              | (665)               | (24)             | (7)                    | -                  | (1,294)       |
| Write off                              | -                 | -             | -                             | -              | (89)           | (297)               | (146)            | -                      | -                  | (532)         |
| Disposal of subsidiary                 | -                 | -             | -                             | -              | -              | (266)               | -                | -                      | -                  | (266)         |
| Transfer to investment properties      | (930)             | (1,741)       | (2,380)                       | -              | -              | -                   | -                | -                      | -                  | (5,051)       |
| Effect of movement in exchange rate    | -                 | -             | -                             | (39)           | (6)            | (61)                | (9)              | (4)                    | -                  | (119)         |
| At 31 December 2007/<br>1 January 2008 | 472               | 1,428         | -                             | 3,246          | 535            | 8,244               | 897              | 231                    | -                  | 15,053        |
| Additions                              | -                 | -             | -                             | -              | 3              | -                   | 50               | 3                      | -                  | 56            |
| Disposals                              | -                 | -             | -                             | (132)          | (8)            | -                   | (25)             | -                      | -                  | (165)         |
| Write off                              | -                 | -             | -                             | -              | -              | (187)               | (50)             | -                      | -                  | (237)         |
| Transfer from investment properties    | -                 | -             | -                             | -              | -              | -                   | -                | -                      | 16,141             | 16,141        |
| Effect of movement in exchange rate    | -                 | -             | -                             | 4              | -              | -                   | 7                | -                      | -                  | 11            |
| At 31 December 2008                    | <b>472</b>        | <b>1,428</b>  | <b>-</b>                      | <b>3,118</b>   | <b>530</b>     | <b>8,057</b>        | <b>879</b>       | <b>234</b>             | <b>16,141</b>      | <b>30,859</b> |
| <b>Representing items at:</b>          |                   |               |                               |                |                |                     |                  |                        |                    |               |
| Cost                                   | -                 | -             | -                             | 3,118          | 530            | 8,057               | 879              | 234                    | 16,141             | 28,959        |
| Valuation - 2005                       | 472               | 1,428         | -                             | -              | -              | -                   | -                | -                      | -                  | 1,900         |
| At 31 December 2008                    | <b>472</b>        | <b>1,428</b>  | <b>-</b>                      | <b>3,118</b>   | <b>530</b>     | <b>8,057</b>        | <b>879</b>       | <b>234</b>             | <b>16,141</b>      | <b>30,859</b> |
| <b>Depreciation</b>                    |                   |               |                               |                |                |                     |                  |                        |                    |               |
| At 1 January 2007                      | 56                | -             | 52                            | 3,049          | 617            | 8,644               | 888              | 207                    | -                  | 13,513        |
| Depreciation for the year              | 19                | -             | -                             | 315            | 4              | 301                 | 65               | 12                     | -                  | 716           |
| Disposals                              | -                 | -             | -                             | (459)          | -              | (665)               | (22)             | (5)                    | -                  | (1,151)       |
| Write off                              | -                 | -             | -                             | -              | (88)           | (297)               | (145)            | -                      | -                  | (530)         |
| Disposal of subsidiary                 | -                 | -             | -                             | -              | -              | (253)               | -                | -                      | -                  | (253)         |
| Transfer to investment properties      | (37)              | -             | (52)                          | -              | -              | -                   | -                | -                      | -                  | (89)          |
| Effect of movement in exchange rate    | -                 | -             | -                             | (28)           | (6)            | (57)                | (8)              | (4)                    | -                  | (103)         |
| At 31 December 2007/<br>1 January 2008 | 38                | -             | -                             | 2,877          | 527            | 7,673               | 778              | 210                    | -                  | 12,103        |
| Depreciation for the year              | 19                | -             | -                             | 201            | 3              | 218                 | 61               | 9                      | -                  | 511           |
| Disposals                              | -                 | -             | -                             | (130)          | (3)            | -                   | (22)             | -                      | -                  | (155)         |
| Write off                              | -                 | -             | -                             | -              | -              | (187)               | (49)             | -                      | -                  | (236)         |
| Effect of movement in exchange rate    | -                 | -             | -                             | 4              | -              | -                   | 7                | -                      | -                  | 11            |
| At 31 December 2008                    | <b>57</b>         | <b>-</b>      | <b>-</b>                      | <b>2,952</b>   | <b>527</b>     | <b>7,704</b>        | <b>775</b>       | <b>219</b>             | <b>-</b>           | <b>12,234</b> |
| <b>Carrying amounts</b>                |                   |               |                               |                |                |                     |                  |                        |                    |               |
| At 1 January 2007                      | 1,346             | 3,169         | 2,328                         | 834            | 13             | 889                 | 154              | 25                     | -                  | 8,758         |
| At 31 December 2007                    | 434               | 1,428         | -                             | 369            | 8              | 571                 | 119              | 21                     | -                  | 2,950         |
| At 31 December 2008                    | <b>415</b>        | <b>1,428</b>  | <b>-</b>                      | <b>166</b>     | <b>3</b>       | <b>353</b>          | <b>104</b>       | <b>15</b>              | <b>16,141</b>      | <b>18,625</b> |

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

| Company                                               | Office<br>equipment<br>RM'000 |
|-------------------------------------------------------|-------------------------------|
| <b>Cost</b>                                           |                               |
| At 1 January 2007/ 31 December 2007/ 31 December 2008 | <u>1</u>                      |
| <b>Depreciation</b>                                   |                               |
| At 1 January 2007/ 31 December 2007/ 31 December 2008 | <u>1</u>                      |
| <b>Carrying amounts</b>                               |                               |
| At 1 January 2007/ 31 December 2007/ 31 December 2008 | <u>-</u>                      |

**Property, plant and equipment under the revaluation model**

The Group's freehold building and land were revalued on 31 December 2005 by an independent professional qualified valuer using the comparison method.

Had the freehold land and building been carried under the cost model, their carrying amounts would have been as follows:

| Group             | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------|----------------|----------------|
| Freehold land     | 490            | 490            |
| Freehold building | <u>111</u>     | <u>116</u>     |
|                   | <b>601</b>     | <b>606</b>     |

**4. PREPAID LEASE PAYMENTS**

| Group                         | Leasehold land with unexpired<br>period more than 50 years |              |
|-------------------------------|------------------------------------------------------------|--------------|
|                               | 2008                                                       | 2007         |
|                               | RM'000                                                     | RM'000       |
| <b>Cost/ Valuation</b>        |                                                            |              |
| At 1 January                  | 3,220                                                      | 3,220        |
| Addition                      | <u>1,945</u>                                               | <u>-</u>     |
| At 31 December                | <b>5,165</b>                                               | <b>3,220</b> |
| <b>Representing items at:</b> |                                                            |              |
| Cost                          | 1,945                                                      | -            |
| Valuation - 2005              | <u>3,220</u>                                               | <u>3,220</u> |
| At 31 December                | <b>5,165</b>                                               | <b>3,220</b> |
| <b>Amortisation</b>           |                                                            |              |
| At 1 January                  | 88                                                         | 44           |
| Amortisation for the year     | <u>77</u>                                                  | <u>44</u>    |
| At 31 December                | <b>165</b>                                                 | <b>88</b>    |
| <b>Carrying amounts</b>       |                                                            |              |
| At 31 December                | <b>5,000</b>                                               | <b>3,132</b> |

**Prepaid lease payments under the revaluation model**

The Group's long term leasehold land was revalued on 31 December 2005 by an independent professional qualified valuer using the comparison method.

Had the leasehold land been carried under the cost model, its carrying amount would have been RM1,898,000 (2007 - RM1,925,000).

**5. LAND HELD FOR PROPERTY DEVELOPMENT**

| Group          | 2008<br>RM'000 | 2007<br>RM'000 |
|----------------|----------------|----------------|
| <b>Cost</b>    |                |                |
| At 1 January   | <b>7,370</b>   | 7,323          |
| Improvements   | <b>68</b>      | 47             |
| At 31 December | <b>7,438</b>   | 7,370          |

**6. INVESTMENT PROPERTIES**

| Group                                         | Freehold land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|-----------------------------------------------|-------------------------|---------------------|-----------------|
| <b>Cost</b>                                   |                         |                     |                 |
| At 1 January 2007                             | -                       | 9,177               | 9,177           |
| Acquisition                                   | 15,956                  | -                   | 15,956          |
| Improvements                                  | -                       | 1,660               | 1,660           |
| Transfer from property, plant and equipment   | 1,741                   | 3,310               | 5,051           |
| Transfer to property development costs        | -                       | (10,837)            | (10,837)        |
| At 31 December 2007/ 1 January 2008           | 17,697                  | 3,310               | 21,007          |
| Improvements                                  | 185                     | -                   | 185             |
| Transfer to property, plant and equipment     | (16,141)                | -                   | (16,141)        |
| Transfer to asset classified as held for sale | -                       | (350)               | (350)           |
| At 31 December 2008                           | <b>1,741</b>            | <b>2,960</b>        | <b>4,701</b>    |
| <b>Depreciation</b>                           |                         |                     |                 |
| At 1 January 2007                             | -                       | -                   | -               |
| Transfer from property, plant and equipment   | -                       | 89                  | 89              |
| Depreciation for the year                     | -                       | 89                  | 89              |
| At 31 December 2007/ 1 January 2008           | -                       | 178                 | 178             |
| Depreciation for the year                     | -                       | 89                  | 89              |
| Transfer to asset classified as held for sale | -                       | (23)                | (23)            |
| At 31 December 2008                           | <b>-</b>                | <b>244</b>          | <b>244</b>      |
| <b>Carrying amounts</b>                       |                         |                     |                 |
| At 1 January 2007                             | -                       | 9,177               | 9,177           |
| At 31 December 2007                           | 17,697                  | 3,132               | 20,829          |
| At 31 December 2008                           | <b>1,741</b>            | <b>2,716</b>        | <b>4,457</b>    |
| <b>Fair values</b>                            |                         |                     |                 |
| At 1 January 2007                             | -                       | 9,177               | 9,177           |
| At 31 December 2007                           | 17,740                  | 3,716               | 21,456          |
| At 31 December 2008                           | <b>1,784</b>            | <b>3,638</b>        | <b>5,422</b>    |



## 6. INVESTMENT PROPERTIES (CONT'D)

### Estimation uncertainty and key assumptions

The Group estimates the fair values of its investment properties based on the following key assumptions:

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

### Land titles

The titles for long term leasehold buildings costing RM1,680,000 (2007 - RM1,680,000) are pending issuance of titles to the Group by the relevant authorities.

The following are recognised in the income statements in respect of investment properties:

| Group                                     | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------------------|----------------|----------------|
| Rental income                             | <b>388</b>     | 386            |
| Direct operating expenses                 |                |                |
| - income generating investment properties | <b>(162)</b>   | (220)          |

## 7. INVESTMENTS IN SUBSIDIARIES

| Company                   | 2008<br>RM'000 | 2007<br>RM'000 |
|---------------------------|----------------|----------------|
| Unquoted shares - at cost | <b>13,333</b>  | 13,333         |

Details of the subsidiaries are as follows:

| Name of subsidiaries      | Principal activities                                                                     | Effective ownership interest (%) |      |
|---------------------------|------------------------------------------------------------------------------------------|----------------------------------|------|
|                           |                                                                                          | 2008                             | 2007 |
| Ken Grouting Sdn. Bhd.    | Specialist engineering services, turnkey contracts, building and civil engineering works | <b>100</b>                       | 100  |
| Ken Projects Sdn. Bhd.    | Investment holding                                                                       | <b>100</b>                       | 100  |
| Ken Property Sdn. Bhd.    | Property holding and investment and housing developer                                    | <b>100</b>                       | 100  |
| Support Capital Sdn. Bhd. | Investment holding                                                                       | <b>100</b>                       | 100  |

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

| Name of subsidiaries                                    | Principal activities                                      | Effective ownership interest (%) |      |
|---------------------------------------------------------|-----------------------------------------------------------|----------------------------------|------|
|                                                         |                                                           | 2008                             | 2007 |
| <b>The subsidiary of Support Capital Sdn. Bhd. is:</b>  |                                                           |                                  |      |
| Kenly (HK) Ltd. †                                       | Construction and civil engineering                        | <b>79.4</b>                      | 79.4 |
| <b>The subsidiary of Ken Grouting Sdn. Bhd. is:</b>     |                                                           |                                  |      |
| Ken-Chec Sdn. Bhd.                                      | Land reclamation, civil, dredging, and marine engineering | <b>100</b>                       | 100  |
| <b>The subsidiaries of Ken Projects Sdn. Bhd. are:</b>  |                                                           |                                  |      |
| Khidmat Tulin Sdn. Bhd.                                 | Property holding and investment and housing developer     | <b>100</b>                       | 100  |
| T.B.S. Management Sdn. Bhd.                             | Property management services                              | <b>100</b>                       | 100  |
| Ken Rimba Jaya Sdn. Bhd.                                | Property development and investment holding               | <b>100</b>                       | 100  |
| <b>The subsidiaries of Ken Property Sdn. Bhd. are:</b>  |                                                           |                                  |      |
| Ken Link Sdn. Bhd.                                      | Property development and investment holding               | <b>100</b>                       | 100  |
| Aunyang Holdings Sdn. Bhd.                              | Investment holding                                        | <b>100</b>                       | 100  |
| <b>The subsidiary of Aunyang Holdings Sdn. Bhd. is:</b> |                                                           |                                  |      |
| Jewel Estate Sdn. Bhd.                                  | Property management services                              | <b>100</b>                       | 100  |

† Not audited by KPMG

All the subsidiaries are incorporated in Malaysia except for Kenly (HK) Ltd., which is incorporated in Hong Kong.

**8. OTHER INVESTMENTS - AT COST**

| Group                                     | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------------------|----------------|----------------|
| Quoted shares in Malaysia                 | <b>120</b>     | 120            |
| Less: Allowance for diminution in value   | <b>(114)</b>   | (114)          |
|                                           | <b>6</b>       | 6              |
| Unquoted shares                           | <b>20</b>      | 20             |
|                                           | <b>26</b>      | 26             |
| Market value of quoted shares in Malaysia | <b>7</b>       | 3              |

**9. GOODWILL**

| Group                                                 | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------------------------------|----------------|----------------|
| <b>Cost</b>                                           |                |                |
| At 1 January 2007/ 31 December 2007/ 31 December 2008 | <b>538</b>     | 538            |
| <b>Impairment loss</b>                                |                |                |
| At 1 January                                          | <b>355</b>     | -              |
| Impairment loss for the year                          | <b>-</b>       | 355            |
| At 31 December                                        | <b>355</b>     | 355            |
| <b>Carrying amounts</b>                               | <b>183</b>     | 183            |

**Impairment charge**

In 2007, the impairment loss was recognised in other expenses in the income statements.

## 10. DEFERRED TAX ASSETS AND LIABILITIES

### Recognised deferred tax assets and liabilities

The amounts, determined after appropriate offsetting, are as follows:

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Deferred tax assets      | <b>(3,138)</b> | (2,531)        | <b>(25)</b>    | (153)          |
| Deferred tax liabilities | <b>5,287</b>   | 7,101          | -              | 1,310          |

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

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Property, plant and equipment    |                |                |                |                |
| - capital allowances             | <b>79</b>      | 74             | -              | -              |
| - revaluation                    | <b>603</b>     | 630            | -              | -              |
| Property development costs       | <b>5,146</b>   | 5,425          | -              | -              |
| Capital allowance carry-forwards | <b>(6)</b>     | (6)            | -              | -              |
| Tax loss carry-forwards          | <b>(325)</b>   | (388)          | -              | -              |
| Provisions                       | <b>(94)</b>    | (225)          | <b>(25)</b>    | (153)          |
| Deductible temporary differences | <b>(3,254)</b> | (940)          | -              | 1,310          |
|                                  | <b>2,149</b>   | 4,570          | <b>(25)</b>    | 1,157          |

In recognising the deferred tax assets attributable to unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. If there is a substantial change in the shareholders, unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to approximately RM1,300,000 and RM24,000 respectively will not be available to the Group, resulting in an increase in net deferred tax liabilities of RM331,000.

**10. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)****Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Deductible temporary differences | (177)          | (177)          | -              | -              |
| Unabsorbed capital allowances    | 11             | 11             | -              | -              |
| Tax loss carry-forwards          | 19,902         | 19,501         | -              | -              |
|                                  | <b>19,736</b>  | 19,335         | -              | -              |
| @ 17.5%                          | 3,446          | 3,382          | -              | -              |
| @ 20%                            | 8              | 10             | -              | -              |
|                                  | <b>3,454</b>   | 3,392          | -              | -              |

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50%). If there is a substantial change in shareholders, unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to RM19,902,000 and RM11,000, respectively will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

**11. AMOUNTS DUE FROM SUBSIDIARIES**

| Company            | 2008<br>RM'000 | 2007<br>RM'000 |
|--------------------|----------------|----------------|
| <b>Non-current</b> |                |                |
| - Non-trade        | 72,637         | 71,020         |
| <b>Current</b>     |                |                |
| - Non-trade        | 16,589         | 18,789         |
|                    | <b>89,226</b>  | 89,809         |

11.1 The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for the non-current portion amounting to RM72,637,000 (2007 - RM71,020,000) which is not expected to be repaid within the next 12 months.

11.2 Included in the current portion of the amounts due from subsidiaries are dividends receivable from subsidiaries amounting to RM3,755,000 (2007 - RM3,540,000).

**12. PROPERTY DEVELOPMENT COSTS**

| Group                                                    | 2008<br>RM'000  | 2007<br>RM'000 |
|----------------------------------------------------------|-----------------|----------------|
| At 1 January                                             |                 |                |
| Land                                                     | <b>42,463</b>   | 39,913         |
| Development costs                                        | <b>65,646</b>   | 70,785         |
| Accumulated costs charged to income statements           | <b>(43,275)</b> | (54,797)       |
|                                                          | <b>64,834</b>   | 55,901         |
| Development costs incurred during the year               | <b>30,908</b>   | 38,090         |
| Development costs transferred from investment properties | -               | 10,837         |
|                                                          | <b>95,742</b>   | 104,828        |
| Costs charged to income statements                       | <b>(21,942)</b> | (35,259)       |
| Costs transferred to inventories                         | <b>(1,241)</b>  | (4,735)        |
|                                                          | <b>72,559</b>   | 64,834         |
| At 31 December                                           |                 |                |
| Land                                                     | <b>40,385</b>   | 42,463         |
| Development costs                                        | <b>53,391</b>   | 65,646         |
| Accumulated costs charged to income statements           | <b>(21,217)</b> | (43,275)       |
|                                                          | <b>72,559</b>   | 64,834         |

12.1 Additions to development costs during the year include staff costs amounting to RM190,000 (2007 - RM15,000).

**12.2 Estimation uncertainty and critical judgements**

The Group estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on development projects have been projected based on the estimated market selling price of the units;
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**13. RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                                             | Group    |          | Company |        |
|---------------------------------------------|----------|----------|---------|--------|
|                                             | 2008     | 2007     | 2008    | 2007   |
|                                             | RM'000   | RM'000   | RM'000  | RM'000 |
| <b>Trade</b>                                |          |          |         |        |
| Trade receivables                           | 22,104   | 24,980   | -       | -      |
| Retention sum                               | 1,506    | 1,540    | -       | -      |
|                                             | 23,610   | 26,520   | -       | -      |
| Less: Allowance for doubtful debts          | (15,891) | (15,229) | -       | -      |
|                                             | 7,719    | 11,291   | -       | -      |
| Construction work in progress               | -        | 652      | -       | -      |
| Progress billings receivable                | 418      | 5,164    | -       | -      |
|                                             | 8,137    | 17,107   | -       | -      |
| <b>Non-trade</b>                            |          |          |         |        |
| Other receivables, deposits and prepayments | 2,501    | 2,481    | 7       | 8      |
| Less: Allowance for doubtful debts          | (26)     | (26)     | -       | -      |
|                                             | 2,475    | 2,455    | 7       | 8      |
|                                             | 10,612   | 19,562   | 7       | 8      |

**13.1 Analysis of foreign currency exposure for trade receivables**

Trade receivables outstanding at year end that are not in the functional currency of the Group entities are as follows:

|                  | Group  |        | Company |        |
|------------------|--------|--------|---------|--------|
|                  | 2008   | 2007   | 2008    | 2007   |
|                  | RM'000 | RM'000 | RM'000  | RM'000 |
| Hong Kong Dollar | 15,486 | 15,612 | -       | -      |

- 13.2 During the year, allowance for doubtful debts increased by RM710,000 as a result of foreign exchange differences arising from net investment in foreign operation, which is partly offset by reversal of allowance for doubtful debts amounting to RM48,000.



**13. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)****13.3 Construction work in progress**

| Group                                                          | 2008<br>RM'000 | 2007<br>RM'000 |
|----------------------------------------------------------------|----------------|----------------|
| Aggregate costs incurred to date                               | <b>2,644</b>   | 1,318          |
| Add: Attributable profits                                      | <b>949</b>     | 312            |
|                                                                | <b>3,593</b>   | 1,630          |
| Less: Progress billings                                        | <b>(3,928)</b> | (978)          |
|                                                                | <b>(335)</b>   | 652            |
| Construction work in progress                                  | -              | 652            |
| Customer advances for construction work in progress (note 20)  | <b>(335)</b>   | -              |
|                                                                | <b>(335)</b>   | 652            |
| Additions to aggregate costs incurred during the year include: |                |                |
| Staff costs                                                    | <b>1,275</b>   | 1,381          |
| Rental of plant and machinery                                  | <b>289</b>     | 1,119          |

**13.4 Estimation uncertainty and critical judgements**

The Group estimates revenue and budgeted costs for its construction and property development projects based on the following key assumptions:-

- Revenue of construction contracts has been projected based on contracted sum and any variations will only be recognised when it is probable for approval by customer and the amount of revenue can be measured reliably;
- The construction costs have been projected based on the prevailing cost of materials, labour and rental of machineries and such costs are reviewed on an on-going basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**14. ASSET CLASSIFIED AS HELD FOR SALE**

A property held under Ken Grouting Sdn. Bhd., a wholly-owned subsidiary, is presented as asset classified as held for sale following the commitment of the subsidiary to sell the building to a third party. Sale and purchase agreement was signed subsequent to year end and the completion of sale is pending the consent of relevant authorities to transfer the land title.

Asset classified as held for sale is as follows:

| Group    | 2008<br>RM'000 | 2007<br>RM'000 |
|----------|----------------|----------------|
| Property | <b>327</b>     | -              |

Property held for sale comprises the following:

| Group                           | 2008<br>RM'000 | 2007<br>RM'000 |
|---------------------------------|----------------|----------------|
| <b>Cost</b>                     |                |                |
| Leasehold building              | <b>350</b>     | -              |
| <b>Accumulated depreciation</b> |                |                |
| Leasehold building              | <b>(23)</b>    | -              |
|                                 | <b>327</b>     | -              |

**15. CASH AND CASH EQUIVALENTS**

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Cash and bank balances       | <b>2,488</b>   | 4,316          | <b>32</b>      | 127            |
| Deposits with licensed banks | <b>21,305</b>  | 10,289         | <b>1,650</b>   | 2,365          |
|                              | <b>23,793</b>  | 14,605         | <b>1,682</b>   | 2,492          |

Included in the Group's cash and bank balances is RM740,000 (2007 - RM1,318,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991 and included in the Group and Company's deposits with licensed banks is RM1,574,000 (2007 - RM901,000) and RM1,174,000 (2007 - RM501,000) pledged for bank overdraft and bank guarantee facilities granted to subsidiaries.

## 16. SHARE CAPITAL

| Group and Company               | Number of shares |         | Amount         |         |
|---------------------------------|------------------|---------|----------------|---------|
|                                 | 2008             | 2007    | 2008           | 2007    |
|                                 | '000             | '000    | RM'000         | RM'000  |
| Ordinary shares of RM1.00 each: |                  |         |                |         |
| Authorised                      | <b>300,000</b>   | 300,000 | <b>300,000</b> | 300,000 |
| Issued and fully paid:          |                  |         |                |         |
| At 1 January                    | <b>95,860</b>    | 90,285  | <b>95,860</b>  | 90,285  |
| Issued for cash                 | -                | 5,575   | -              | 5,575   |
| On issue at 31 December         | <b>95,860</b>    | 95,860  | <b>95,860</b>  | 95,860  |

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (note 17.3), all rights are suspended until the shares are reissued.

## 17. RESERVES

### 17.1 Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's freehold land and building, long term prepaid lease payments prior to its reclassification and certain inventories developed on revalued land. Revaluation reserve realised during the year relates to sale of inventories.

### 17.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### 17.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 26 May 2008, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,289,300 of its issued share capital from the Bursa Malaysia at an average price of RM0.66 per ordinary share. The total consideration paid was RM855,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares. None of the treasury shares has been resold as at year end.

### 17.4 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2008 if paid out as dividends.

The Financial Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

**18. LOANS AND BORROWINGS**

| Group                          | 2008<br>RM'000 | 2007<br>RM'000 |
|--------------------------------|----------------|----------------|
| Loan from minority shareholder | <b>193</b>     | 184            |

**Terms and debt repayment schedule**

The loan from minority shareholder of a subsidiary is unsecured, interest free and not repayable within the next 12 months.

**19. PAYABLES AND ACCRUALS**

|                             | Group          |                | Company        |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| <b>Trade</b>                |                |                |                |                |
| Trade payables              | <b>12,665</b>  | 14,377         | -              | -              |
| Progress billings           | <b>7,456</b>   | 4,290          | -              | -              |
|                             | <b>20,121</b>  | 18,667         | -              | -              |
| <b>Non-trade</b>            |                |                |                |                |
| Other payables and accruals | <b>13,514</b>  | 7,632          | <b>167</b>     | 668            |
| Amount due to Directors     | <b>286</b>     | 353            | <b>196</b>     | 244            |
|                             | <b>13,800</b>  | 7,985          | <b>363</b>     | 912            |
|                             | <b>33,921</b>  | 26,652         | <b>363</b>     | 912            |

**19.1 Analysis of foreign currency exposure for trade payables**

Trade payables that are not in the functional currency of the Group entities are as follows:

|                  | Group          |                | Company        |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2008<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 |
| Hong Kong Dollar | <b>189</b>     | 228            | -              | -              |

**19. PAYABLES AND ACCRUALS (CONT'D)**

- 19.2 Included in trade payables of the Group are retention sums payable amounting to RM2,580,000 (2007 - RM3,009,000).
- 19.3 Included in other payables and accruals of the Group are accrual for project costs amounting to RM9,464,000 (2007 - RM2,459,000).
- 19.4 Amount due to Directors represents accrual of Directors fee payable which is unsecured, interest free and repayable on demand.

**20. DEFERRED INCOME**

|                                                     | Note | Group      |        | Company |        |
|-----------------------------------------------------|------|------------|--------|---------|--------|
|                                                     |      | 2008       | 2007   | 2008    | 2007   |
|                                                     |      | RM'000     | RM'000 | RM'000  | RM'000 |
| Customer advances for construction work in progress | 13.3 | <b>335</b> | -      | -       | -      |

**21. EMPLOYEE BENEFITS****Share-based payments**

On 30 June 2000, the shareholders approved the Employees Share Option Scheme ("ESOS") that entitles all qualified personnel to purchase shares in the Company. On 4 June 2003, a grant of option was offered to the employees. In accordance with the ESOS, options are exercisable at the offer price of RM1.00. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied as these were granted prior to the effective date of FRS 2. The ESOS had lapsed on 13 August 2007 and no new share-based payment has since been offered by the Company.

|                            | Company |         |
|----------------------------|---------|---------|
|                            | 2008    | 2007    |
|                            | RM'000  | RM'000  |
| Outstanding at 1 January   | -       | 6,189   |
| Granted                    | -       | 1,262   |
| Exercised                  | -       | (5,575) |
| Lapsed                     | -       | (1,876) |
| Outstanding at 31 December | -       | -       |

**22. OPERATING PROFIT**

|                                                          | Group  |        | Company |        |
|----------------------------------------------------------|--------|--------|---------|--------|
|                                                          | 2008   | 2007   | 2008    | 2007   |
|                                                          | RM'000 | RM'000 | RM'000  | RM'000 |
| <b>Operating profit is arrived at after charging:</b>    |        |        |         |        |
| Allowance for doubtful debts                             | -      | 1,106  | -       | -      |
| Amortisation of prepaid lease rentals                    | 77     | 44     | -       | -      |
| Auditors' remuneration                                   |        |        |         |        |
| Company auditors (statutory audit)                       |        |        |         |        |
| - current year                                           | 80     | 80     | 20      | 20     |
| - under provision in prior year                          | -      | 6      | -       | 3      |
| Company auditors (other services)                        | 6      | 6      | -       | 6      |
| Other auditors (statutory audit)                         | 9      | 7      | -       | -      |
| Depreciation of investment properties                    | 89     | 89     | -       | -      |
| Depreciation of property, plant and equipment            | 511    | 716    | -       | -      |
| Impairment loss on goodwill                              | -      | 355    | -       | -      |
| Interest expense on:                                     |        |        |         |        |
| - Bank overdrafts                                        | -      | 238    | -       | -      |
| - Loans                                                  | -      | 295    | -       | -      |
| Personnel expenses (including key management personnel): |        |        |         |        |
| - Contributions to Employees Provident Fund              | 530    | 556    | -       | -      |
| - Wages, salaries and others                             | 4,549  | 4,753  | 122     | 132    |
| Property, plant and equipment written off                | 1      | 2      | -       | -      |
| Rental expense on premises                               | 116    | 205    | -       | -      |
| <b>and after crediting:</b>                              |        |        |         |        |
| Dividend income from subsidiaries (unquoted)             | -      | -      | 5,075   | 4,850  |
| Gain on disposal of property, plant and equipment        | 29     | 223    | -       | -      |
| Gain on disposal of subsidiary                           | -      | 2,693  | -       | -      |
| Inter-company management fees                            | -      | -      | 846     | 484    |
| Interest income from:                                    |        |        |         |        |
| - Fixed deposits                                         | 504    | 272    | 57      | 124    |
| - Housing Development Account                            | 53     | 97     | -       | -      |
| - Purchasers (late payment)                              | 167    | 45     | -       | -      |
| Recovery of bad debts                                    | 266    | 173    | -       | -      |
| Reversal of allowance for doubtful debts                 | 48     | -      | -       | -      |
| Rental income from properties                            | 893    | 732    | -       | -      |

**23. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensations are as follows:

|                                                                                               | Group        |        | Company    |        |
|-----------------------------------------------------------------------------------------------|--------------|--------|------------|--------|
|                                                                                               | 2008         | 2007   | 2008       | 2007   |
|                                                                                               | RM'000       | RM'000 | RM'000     | RM'000 |
| Directors:                                                                                    |              |        |            |        |
| - Fees                                                                                        | <b>99</b>    | 99     | <b>99</b>  | 99     |
| - Remuneration                                                                                | <b>1,723</b> | 1,660  | <b>35</b>  | 33     |
| - Other short term employee benefits (including estimated monetary value of benefits-in-kind) | <b>48</b>    | 57     | -          | -      |
| Total                                                                                         | <b>1,870</b> | 1,816  | <b>134</b> | 132    |

**24. TAX EXPENSE****Recognised in the income statements**

|                                                   | Group          |         | Company      |        |
|---------------------------------------------------|----------------|---------|--------------|--------|
|                                                   | 2008           | 2007    | 2008         | 2007   |
|                                                   | RM'000         | RM'000  | RM'000       | RM'000 |
| <b>Current tax expense</b>                        |                |         |              |        |
| Malaysian - current year                          | <b>4,585</b>   | 4,567   | <b>1,412</b> | 1,384  |
| - (over)/ under provision in prior year           | <b>(88)</b>    | 39      | <b>38</b>    | -      |
| Total current tax                                 | <b>4,497</b>   | 4,606   | <b>1,450</b> | 1,384  |
| <b>Deferred tax expense</b>                       |                |         |              |        |
| Origination and reversal of temporary differences | <b>(1,919)</b> | (894)   | <b>178</b>   | 6      |
| Under provision in prior year                     | <b>33</b>      | 117     | -            | -      |
| Effect of change in tax rate                      | <b>(275)</b>   | (417)   | <b>(51)</b>  | (29)   |
| Total deferred tax                                | <b>(2,161)</b> | (1,194) | <b>127</b>   | (23)   |
| Total tax expense                                 | <b>2,336</b>   | 3,412   | <b>1,577</b> | 1,361  |



**24. TAX EXPENSE (CONT'D)****Reconciliation of effective tax expense**

|                                                                    | Group        |        | Company      |        |
|--------------------------------------------------------------------|--------------|--------|--------------|--------|
|                                                                    | 2008         | 2007   | 2008         | 2007   |
|                                                                    | RM'000       | RM'000 | RM'000       | RM'000 |
| Profit before tax                                                  | <b>8,613</b> | 11,842 | <b>5,638</b> | 5,064  |
| Tax at Malaysian tax rate of 26% (2007 - 27%)                      | <b>2,239</b> | 3,197  | <b>1,466</b> | 1,367  |
| Effect of lower tax rate for certain subsidiaries *                | <b>(54)</b>  | (131)  | -            | -      |
| Non-deductible expenses                                            | <b>388</b>   | 237    | <b>124</b>   | 23     |
| Tax exempt income                                                  | -            | (471)  | -            | -      |
| Effect of change in tax rates **                                   | <b>(275)</b> | (417)  | <b>(51)</b>  | (29)   |
| Effect of tax rates in foreign jurisdiction ***                    | <b>31</b>    | 144    | -            | -      |
| Current year losses for which no deferred tax asset was recognised | <b>62</b>    | 697    | -            | -      |
|                                                                    | <b>2,391</b> | 3,256  | <b>1,539</b> | 1,361  |
| (Over)/under provision in prior year                               | <b>(55)</b>  | 156    | <b>38</b>    | -      |
| Total tax expense                                                  | <b>2,336</b> | 3,412  | <b>1,577</b> | 1,361  |

\* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

\*\* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

\*\*\* A subsidiary in Hong Kong (see note 7) operates in a tax jurisdiction with a lower tax rate of 17.5%.

**25. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

|                                                                   | 2008<br>RM'000 | 2007<br>RM'000 |
|-------------------------------------------------------------------|----------------|----------------|
| Profit for the year attributable to shareholders                  | <b>6,277</b>   | 8,430          |
| Weighted average number of ordinary shares                        |                |                |
|                                                                   | 2008<br>'000   | 2007<br>'000   |
| Issued ordinary shares at 1 January                               | <b>95,860</b>  | 90,285         |
| Effect of ordinary shares issued arising from exercise of options | -              | 2,328          |
| Effect of treasury shares held                                    | <b>(331)</b>   | -              |
| Weighted average number of ordinary shares at 31 December         | <b>95,529</b>  | 92,613         |

**Diluted earnings per ordinary share**

For 2008 and 2007, there is no dilutive effect following the expiration of ESOS on 13 August 2007.

**26. DIVIDENDS**

Dividends recognised in the current year by the Company are:

|                                                         | Total<br>amount<br>RM'000 | Date of<br>payment |
|---------------------------------------------------------|---------------------------|--------------------|
| <b>2008</b>                                             |                           |                    |
| 2007 final dividend of RM0.06 per share less tax at 26% | <u>4,244</u>              | 25 Jun 2008        |
| <b>2007</b>                                             |                           |                    |
| 2006 final dividend of RM0.05 per share less tax at 27% | <u>3,488</u>              | 21 Aug 2007        |

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

**26. DIVIDENDS (CONT'D)**

|                                                    | Sen<br>per share | Total<br>amount<br>RM'000 |
|----------------------------------------------------|------------------|---------------------------|
| 2008 final tax exempt dividend of RM0.04 per share | 4                | 3,783                     |

**27. SEGMENT REPORTING**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, prepaid lease payments and investment properties.

Inter-segment pricing is determined on negotiated terms.

**Business segments**

The Group comprises the following main business segments:

|                      |                                                                                                                                                         |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction         | Specialist engineering services, turnkey contracts, building and civil and engineering works, land reclamation, dredging, marine and civil engineering. |
| Property development | Development of residential and commercial properties                                                                                                    |

**Geographical segments**

In 2007, the construction segment is managed in two principal geographical areas, Malaysia and Hong Kong. During the year, there are no operations in the construction segment in Hong Kong as the Group did not obtain any new projects. Property development segment operates solely in Malaysia.

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

## 27. SEGMENT REPORTING (CONT'D)

|                                                            | Construction  |               | Property development |                | Eliminations    |                 | Consolidated   |                |
|------------------------------------------------------------|---------------|---------------|----------------------|----------------|-----------------|-----------------|----------------|----------------|
|                                                            | 2008          | 2007          | 2008                 | 2007           | 2008            | 2007            | 2008           | 2007           |
|                                                            | RM'000        | RM'000        | RM'000               | RM'000         | RM'000          | RM'000          | RM'000         | RM'000         |
| <b>Business segments</b>                                   |               |               |                      |                |                 |                 |                |                |
| Total external revenue                                     | 2,067         | 4,026         | 37,061               | 56,175         | -               | -               | 39,128         | 60,201         |
| Inter-segment revenue                                      | 29,608        | 44,911        | -                    | 144            | (29,608)        | (45,055)        | -              | -              |
| <b>Total segment revenue</b>                               | <b>31,675</b> | <b>48,937</b> | <b>37,061</b>        | <b>56,319</b>  | <b>(29,608)</b> | <b>(45,055)</b> | <b>39,128</b>  | <b>60,201</b>  |
| Segment result                                             | 3,135         | 659           | 7,718                | 12,455         | (2,661)         | (3,505)         | 8,192          | 9,609          |
| Unallocated expenses                                       |               |               |                      |                |                 |                 | (303)          | (341)          |
| <b>Results from operating activities</b>                   |               |               |                      |                |                 |                 | <b>7,889</b>   | <b>9,268</b>   |
| Interest income                                            |               |               |                      |                |                 |                 | 724            | 414            |
| Finance costs                                              |               |               |                      |                |                 |                 | -              | (533)          |
| <b>Operating profit</b>                                    |               |               |                      |                |                 |                 | <b>8,613</b>   | <b>9,149</b>   |
| Gain on disposal of subsidiary                             |               |               |                      |                |                 |                 | -              | 2,693          |
| <b>Profit before tax</b>                                   |               |               |                      |                |                 |                 | <b>8,613</b>   | <b>11,842</b>  |
| Tax expense                                                |               |               |                      |                |                 |                 | (2,336)        | (3,412)        |
| Minority interest                                          |               |               |                      |                |                 |                 | -              | -              |
| <b>Profit for the year</b>                                 |               |               |                      |                |                 |                 | <b>6,277</b>   | <b>8,430</b>   |
| <b>Segment assets</b>                                      | <b>28,433</b> | <b>51,056</b> | <b>118,786</b>       | <b>110,832</b> | <b>(14,420)</b> | <b>(37,891)</b> | <b>132,799</b> | <b>123,997</b> |
| Unallocated assets                                         |               |               |                      |                |                 |                 | 21,427         | 23,096         |
| <b>Total assets</b>                                        |               |               |                      |                |                 |                 | <b>154,226</b> | <b>147,093</b> |
| <b>Segment liabilities</b>                                 | <b>19,798</b> | <b>22,792</b> | <b>19,733</b>        | <b>42,119</b>  | <b>(5,697)</b>  | <b>(39,244)</b> | <b>33,834</b>  | <b>25,667</b>  |
| Unallocated liabilities                                    |               |               |                      |                |                 |                 | 6,770          | 9,093          |
| <b>Total liabilities</b>                                   |               |               |                      |                |                 |                 | <b>40,604</b>  | <b>34,760</b>  |
| Capital expenditure                                        | 1,993         | 27            | 8                    | 15,973         | -               | -               | 2,001          | 16,000         |
| Depreciation and amortisation                              | 558           | 697           | 119                  | 507            | -               | -               | 677            | 1,204          |
| Non cash expenses other than depreciation and amortisation | 1             | 1,108         | -                    | -              | -               | -               | 1              | 1,108          |

**27. SEGMENT REPORTING (CONT'D)**

|  | Malaysia |        | Hong Kong |        | Eliminations |        | Consolidated |        |
|--|----------|--------|-----------|--------|--------------|--------|--------------|--------|
|  | 2008     | 2007   | 2008      | 2007   | 2008         | 2007   | 2008         | 2007   |
|  | RM'000   | RM'000 | RM'000    | RM'000 | RM'000       | RM'000 | RM'000       | RM'000 |

**Geographical segments**

|                                 |                |         |              |       |   |   |                |         |
|---------------------------------|----------------|---------|--------------|-------|---|---|----------------|---------|
| Revenue from external customers | <b>39,128</b>  | 57,662  | -            | 2,539 | - | - | <b>39,128</b>  | 60,201  |
| Segment assets                  | <b>129,955</b> | 121,253 | <b>2,844</b> | 2,744 | - | - | <b>132,799</b> | 123,997 |
| Capital expenditure             | <b>2,001</b>   | 16,000  | -            | -     | - | - | <b>2,001</b>   | 16,000  |

**28. CONTINGENCIES**

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

**28.1 Corporate guarantees (unsecured)**

|                                                                                                                    | Group  |        | Company      |        |
|--------------------------------------------------------------------------------------------------------------------|--------|--------|--------------|--------|
|                                                                                                                    | 2008   | 2007   | 2008         | 2007   |
|                                                                                                                    | RM'000 | RM'000 | RM'000       | RM'000 |
| Guarantees given to financial institutions for credit facilities granted to subsidiaries                           | -      | -      | <b>1,302</b> | 683    |
| Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services | -      | -      | <b>852</b>   | 317    |
|                                                                                                                    | -      | -      | <b>2,154</b> | 1,000  |

**28.2 Litigation (unsecured)**

A subsidiary has instituted legal actions against a debtor for outstanding debts of RM13.3 million (2007 - RM12.6 million) in respect of various contract works. An allowance for doubtful debts of RM13.3 million (2007 - RM12.6 million) has been made in the financial statements. The debtor has disputed the claim and based on the advice of the lawyers, the Directors are of the opinion that the subsidiary has a good claim against the debtor.

## 29. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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 and common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

| Group | Transaction amount<br>for the year ended<br>31 December |        |
|-------|---------------------------------------------------------|--------|
|       | 2008                                                    | 2007   |
|       | RM'000                                                  | RM'000 |

Key management personnel of the Group

|               |                                                                                                                       |  |  |
|---------------|-----------------------------------------------------------------------------------------------------------------------|--|--|
| Tan Boon Kang | Rental expense on premises payable                                                                                    |  |  |
| Lau Pek Kuan  | by Ken Grouting Sdn. Bhd., a subsidiary, to Kenkat Realty Sdn. Bhd, a company in which these Directors have interests |  |  |

**12**

**12**

| Company | Transaction amount<br>for the year ended<br>31 December |        |
|---------|---------------------------------------------------------|--------|
|         | 2008                                                    | 2007   |
|         | RM'000                                                  | RM'000 |

Subsidiaries

Management fees receivable

|                          |              |       |
|--------------------------|--------------|-------|
| - Ken Grouting Sdn. Bhd. | <b>(120)</b> | (120) |
| - Ken Projects Sdn. Bhd. | <b>(126)</b> | (124) |
| - Ken Property Sdn. Bhd. | <b>(600)</b> | (240) |

**(846)**

(484)

Dividend income receivable

|                          |                |         |
|--------------------------|----------------|---------|
| - Ken Grouting Sdn. Bhd. | <b>(1,110)</b> | (1,861) |
| - Ken Projects Sdn. Bhd. | -              | (730)   |
| - Ken Property Sdn. Bhd. | <b>(2,645)</b> | (949)   |

**(3,755)**

(3,540)

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

### 30. BUSINESS COMBINATIONS

#### Prior year disposals

On 3 October 2007, the Group disposed of all its equity interest in Kenly Engineering Ltd. ("KEL") to a third party for a total cash consideration of HK2.00 (approximately RM1.00).

The deconsolidation of KEL had the following effect on the Group's assets and liabilities on disposal date:

|                                              | 3.10.2007<br>RM'000 |
|----------------------------------------------|---------------------|
| Plant and equipment                          | 13                  |
| Current assets                               | 2,144               |
| Current liabilities                          | (4,850)             |
| Net liabilities of subsidiary deconsolidated | (2,693)             |
| Consideration received, satisfied in cash    | -                   |
| Gain on disposal of subsidiary               | (2,693)             |
| Consideration received, satisfied in cash    | -                   |
| Cash disposed                                | (5)                 |
| Net cash outflow                             | (5)                 |

The results and cash flows of KEL for the period up to the date of disposal were as follows:

|                                      | From 1.1.2007<br>to 3.10.2007<br>RM'000 |
|--------------------------------------|-----------------------------------------|
| Revenue                              | 1,965                                   |
| Cost of sales                        | (4,809)                                 |
| Gross loss                           | (2,844)                                 |
| Administrative expenses              | (181)                                   |
| Other income                         | 326                                     |
| Loss before tax                      | (2,699)                                 |
| Tax expense                          | 7                                       |
| Loss for the period                  | (2,692)                                 |
| Cash flows from operating activities | (5)                                     |
| Total cash flows                     | (5)                                     |



### 31. FINANCIAL INSTRUMENTS

Exposure to foreign currency, credit and liquidity risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

#### Foreign currency risk

The Group has an overseas subsidiary, which operates in Hong Kong, and revenues and expenses incurred therewith are denominated exclusively in this foreign currency.

The Group maintains a natural hedge, whenever possible by borrowing in the currency of the country in which the business is located that matches the revenue stream to be generated from its investment.

The Group minimises the exposure of the overseas operating subsidiaries to transaction risk by matching local currency revenue against local currency costs.

During the year, this Hong Kong subsidiary has no operation as the Group did not obtain any new projects and therefore foreign currency risk of the Group has decreased significantly.

#### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

At balance sheet date, the Group has significant concentration of credit risk in the form of trade receivables from a customer of a subsidiary amounting to RM13.3 million (2007 - RM12.6 million), of which the Group has provided for full allowance of doubtful debts for this particular trade receivable. Legal action has been taken to recover this trade receivable. As disclosed in note 28.2 of the financial statements, the Directors, based on the advice of lawyers, are of the opinion that the subsidiary has a good claim against the debtor.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents so as to ensure that all funding requirement are met. As part of its overall prudent liquidity management, the Group and the Company maintains a sufficient level of cash to meet its working capital requirements while unutilised funds are placed in fixed deposits with approved licensed financial institutions.

#### Effective interest rates

In respect of interest-earning financial assets, the following table indicates their average effective interest rate at the balance sheet date.

**31. FINANCIAL INSTRUMENTS (CONT'D)****Fixed rate instruments**

| Group                        | Note | Average effective rate | Total<br>RM'000 |
|------------------------------|------|------------------------|-----------------|
| <b>2008</b>                  |      |                        |                 |
| Deposits with licensed banks | 15   | 3.08%                  | 21,305          |
| <b>2007</b>                  |      |                        |                 |
| Deposits with licensed banks | 15   | 2.93%                  | 10,289          |

| Company                      | Note | Average effective rate | Total<br>RM'000 |
|------------------------------|------|------------------------|-----------------|
| <b>2008</b>                  |      |                        |                 |
| Deposits with licensed banks | 15   | 2.72%                  | 1,650           |
| <b>2007</b>                  |      |                        |                 |
| Deposits with licensed banks | 15   | 2.86%                  | 2,365           |

**Fair values**

The carrying amounts of cash and cash equivalents, receivables and other payables, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

In respect of amount due from subsidiaries, it is not practical to estimate the fair values due principally to a lack of specific repayment terms entered into by the parties involved and without incurring excessive costs.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

**32. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 26 May 2008, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Subsequent to balance sheet date, the Company repurchased 550,300 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.69. The repurchase transactions were financed by internally generated funds. The share repurchased were retained as treasury shares.

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

In the opinion of the Directors, the financial statements set out on pages 34 to 75 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tan Boon Kang**

.....  
**Tang Kam Chee**

Kuala Lumpur, Malaysia

Date: 23 March 2009

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

I, **Tang Kam Chee**, the Director primarily responsible for the financial management of Ken Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 75 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 the above named in Kuala Lumpur in the Federal Territory on 23 March 2009.

.....  
**Tang Kam Chee**

Before me:

No. W438  
P. Thurirajoo AMN. PJK.  
Commissioner for Oath  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEN HOLDINGS BERHAD

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ken Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 75.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 December 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report of Kenly (HK) Ltd. of which we have not acted as auditor's, which is indicated in note 7 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## 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.

### KPMG

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Malaysia

Date: 23 March 2009

### Lim Hun Soon @ David Lim

Approval Number: 1514/05/10(J)  
Chartered Accountant

## ANALYSIS OF SHAREHOLDINGS AS AT 10 MARCH 2009

### SHARE CAPITAL

|                                  |                                               |
|----------------------------------|-----------------------------------------------|
| Authorised Share Capital         | : RM300,000,000/-                             |
| Issued and fully paid-up capital | : RM95,860,000/-                              |
| Class of Shares                  | : Ordinary shares of RM1.00 each              |
| Voting rights                    | : 1 vote per ordinary share                   |
| No. of Treasury shares held      | : 1,451,600 ordinary shares<br>of RM1.00 each |

### ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings                    | No. of<br>Shareholders | %      | No. of<br>Shares Held | %      |
|------------------------------------------|------------------------|--------|-----------------------|--------|
| Less than 100 shares                     | 89                     | 3.50   | 2,910                 | 0.00   |
| 100 – 1,000 shares                       | 234                    | 9.20   | 202,480               | 0.21   |
| 1,001 – 10,000                           | 1,790                  | 70.36  | 8,445,150             | 8.95   |
| 10,001 – 100,000                         | 378                    | 14.86  | 10,051,062            | 10.65  |
| 100,001 to less than 5% of issued shares | 51                     | 2.00   | 32,931,979            | 34.88  |
| 5% and above of issued shares            | 2                      | 0.08   | 42,774,819            | 45.31  |
| Total                                    | 2,544                  | 100.00 | 94,408,400            | 100.00 |

## LIST OF THIRTY LARGEST SHAREHOLDERS

| Name                                                                                                    | No. of<br>Shares Held | %     |
|---------------------------------------------------------------------------------------------------------|-----------------------|-------|
| 1. Kencana Bahagia Sdn. Bhd.                                                                            | 32,274,819            | 34.19 |
| 2. ABB Nominee (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account For Budaya Dinamik Sdn. Bhd.</i>   | 10,500,000            | 11.12 |
| 3. Tan Chek Een                                                                                         | 3,000,000             | 3.18  |
| 4. Tan Chek Ying                                                                                        | 3,000,000             | 3.18  |
| 5. SJ Sec Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account For Seloka Aman Sdn. Bhd.</i>  | 2,031,000             | 2.15  |
| 6. Tan Boon Kang                                                                                        | 1,981,800             | 2.10  |
| 7. Tan Chek Siong                                                                                       | 1,907,500             | 2.02  |
| 8. Kencana Bahagia Sdn. Bhd.                                                                            | 1,650,000             | 1.75  |
| 9. Yeoh Kean Hua                                                                                        | 1,530,000             | 1.62  |
| 10. SJ Sec Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account For Impian Nuri Sdn. Bhd.</i> | 1,300,500             | 1.38  |
| 11. Tan Foo See                                                                                         | 1,269,889             | 1.35  |
| 12. M & A Nominee (Asing) Sdn. Bhd.<br><i>Pedigree Limited</i>                                          | 1,222,000             | 1.29  |
| 13. Tan Boon Kang                                                                                       | 1,213,500             | 1.29  |
| 14. SJ Sec Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account For Adat Saga Sdn. Bhd.</i>   | 1,186,600             | 1.26  |
| 15. Soo San Hem                                                                                         | 1,152,000             | 1.22  |
| 16. Lau Pek Kuan                                                                                        | 1,150,000             | 1.22  |
| 17. Lau Pek Kuan                                                                                        | 808,500               | 0.86  |
| 18. Low Siew Choong @ Liew Siew Meng                                                                    | 680,750               | 0.72  |
| 19. Tan Moon Hwa                                                                                        | 606,340               | 0.64  |
| 20. Tan Chee Koon                                                                                       | 572,500               | 0.61  |
| 21. M & A Nominee (Tempatan) Sdn. Bhd.<br><i>Titan Express Sdn. Bhd.</i>                                | 476,100               | 0.50  |
| 22. Cartaban Nominees (Tempatan) Sdn. Bhd.<br><i>Axa Affin General Insurance Berhad</i>                 | 430,000               | 0.46  |
| 23. RHB Capital Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account for Loke See Ooi</i>     | 383,400               | 0.41  |
| 24. Lau Chin Ka                                                                                         | 350,660               | 0.37  |
| 25. HDM Nominees (Tempatan) Sdn. Bhd.<br><i>UOB Kay Hian Pte Ltd for Ng Lee Choo</i>                    | 350,000               | 0.37  |
| 26. Lim Hui Huat @ Lim Hooi Chang                                                                       | 343,000               | 0.36  |
| 27. Lau Chin Kok                                                                                        | 311,500               | 0.33  |
| 28. Lim Hong Liang                                                                                      | 246,740               | 0.26  |
| 29. Tan Bak Fooi @ Tang Kiat                                                                            | 245,050               | 0.26  |
| 30. Mayban Nominees (Tempatan) Sdn. Bhd.<br><i>Pledged Securities Account For Soon Ah Ba</i>            | 230,500               | 0.24  |
| Total                                                                                                   | 72,404,648            | 76.69 |

**SUBSTANTIAL SHAREHOLDERS (As Shown In The Register Of Substantial Shareholders)**

| Name of Substantial Shareholders | No. of Ordinary Shares of RM1.00 Each |       |            |       |
|----------------------------------|---------------------------------------|-------|------------|-------|
|                                  | Direct                                | %     | Indirect   | %     |
| 1. Tan Boon Kang                 | 3,195,300                             | 3.38  | 43,790,819 | 46.38 |
| 2. Lau Pek Kuan                  | 1,958,500                             | 2.07  | 45,027,619 | 47.69 |
| 3. Anton Syazi bin Ahmad Sebi    | -                                     | -     | 10,590,612 | 11.22 |
| 4. Aryati Sasya Binti Ahmad Sebi | -                                     | -     | 10,590,612 | 11.22 |
| 5. Budaya Dinamik Sdn. Bhd.      | 10,590,612                            | 11.22 | -          | -     |
| 6. Kencana Bahagia Sdn. Bhd.     | 33,924,819                            | 35.93 | -          | -     |

**STATEMENT OF DIRECTORS' SHAREHOLDINGS**

| Directors' Name<br>The Company                             | No. of Ordinary Shares of RM1.00 Each |            |
|------------------------------------------------------------|---------------------------------------|------------|
|                                                            | Direct                                | Indirect   |
| 1. Tan Boon Kang                                           | 3,195,300                             | 43,790,819 |
| 2. Lau Pek Kuan                                            | 1,958,500                             | 45,027,619 |
| 3. Tan Chek Siong                                          | 1,907,500                             | -          |
| 4. Tan Moon Hwa                                            | 606,340                               | -          |
| 5. Tang Kam Chee                                           | 115,000                               | -          |
| 6. Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar | -                                     | -          |
| 7. Sha Thiam Fook                                          | -                                     | -          |

By virtue of their interest in the Company, Mr. Tan Boon Kang and Madam Lau Pek Kuan are also deemed to be interested in the shares in all subsidiaries to the extent that the Company has an interest.

## LIST OF PROPERTIES AS AT 31 DECEMBER 2008

The properties of the Group as at 31 December 2008 are as follows:

| Location                                                                                                                                                                                                         | Description/<br>usage                                                   | Tenure/<br>year of expiry      | Age of<br>property/<br>building | Land/<br>Built-up area | Net book<br>Value<br>(RM'000) | Year of<br>valuation/<br>acquisition |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------|---------------------------------|------------------------|-------------------------------|--------------------------------------|
| 12 ½ Storey Building with 3 levels of Basement Car Park<br>Geran 7611, Lot No. 40405<br>Mukim of Kuala Lumpur<br>District of Kuala Lumpur<br>Federal Territory                                                   | Commercial building for re-development                                  | Freehold                       | -                               | 30,742 sq ft           | 24,496                        | 2005                                 |
| Geran Nos. 63978 and 35098<br>Lot No. 20 and 419, Section 1<br>Bandar Batu Ferringgi<br>District of Timur Laut<br>State of Penang                                                                                | Two parcels of beach front undeveloped land                             | Freehold                       | -                               | 2.53 acres             | 5,575                         | 2005                                 |
| Geran 6372A, 6373 to 6377<br>Lot Nos. 8272 to 8277<br>Mukim of Chenderiang<br>District of Batang Padang<br>State of Perak Darul Ridzuan                                                                          | Six parcels of agriculture land                                         | Freehold                       | -                               | 50.98 acres            | 1,741                         | 2005                                 |
| HSD : 10305-312, 314, 317-322, 324-334, 485-492<br>(PT 0011128-135, 137, 140-145, 147-157, 308-315)<br>Mukim of Bentong<br>State of Pahang Darul Makmur                                                          | 34 lots of vacant bungalow lots                                         | Freehold                       | -                               | 14.44 acres            | 1,864                         | 2003                                 |
| PM 269, Lot No. 13555<br>Mukim of Sungai Buloh<br>District of Petaling<br>State of Selangor Darul Ehsan                                                                                                          | A parcel of land occupied as store                                      | Leasehold/<br>February 1, 2079 | 70 years unexpired lease        | 47,006 sq ft           | 1,650                         | 2005*                                |
| PM 270, Lot No. 13559<br>Locality of Kampung Sungai Kayu Ara<br>Mukim of Sungai Buloh<br>District of Petaling<br>State of Selangor Darul Ehsan                                                                   | A parcel of land occupied as store                                      | Leasehold/<br>February 1, 2079 | 70 years unexpired lease        | 36,909 sq ft           | 1,438                         | 2005*                                |
| Lot 29504, H.S. (O) 4926<br>Mukim and District of Kuala Lumpur<br>State of Federal Territory<br>Postal address:<br>6, Jalan Datuk Sulaiman<br>Taman Tun Dr, Ismail<br>60000 Kuala Lumpur<br>Federal Territory    | One unit of three-storey terrace shophouse/occupied as corporate office | Freehold                       | 28 years (Building)             | 1,875 sq ft            | 1,843                         | 2005*                                |
| Lot 205<br>Summervilla Condominium<br>Wangsa Baiduri, Subang Jaya<br>Petaling Jaya, Selangor<br>Held under title P.M.<br>No. 22 Lot 14785, Mukim of Damansara District of Petaling<br>State Selangor Darul Ehsan | 1 unit of condominium                                                   | Leasehold/<br>January 16, 2089 | 81 years unexpired lease        | 1,890 sq ft            | 327                           | 2005*                                |



**LIST OF PROPERTIES AS AT 31 DECEMBER 2008 CONT'D**

| Location                                                                                                                                                                                                               | Description/<br>usage                                 | Tenure/<br>year of expiry         | Age of<br>property/<br>building                         | Land/<br>Built-up area       | Net book<br>Value<br>(RM'000) | Year of<br>valuation/<br>acquisition |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------|---------------------------------------------------------|------------------------------|-------------------------------|--------------------------------------|
| Lot 405<br>Summervilla Condominium<br>Wangsa Baiduri, Subang Jaya<br>Petaling Jaya, Selangor<br>Held under title P.M.<br>No. 22 Lot 14785, Mukim of<br>Damansara District of Petaling<br>State of Selangor Darul Ehsan | 1 unit of<br>condominium                              | Leasehold/<br>January 16,<br>2089 | 81 years<br>unexpired<br>lease                          | 1,890 sq ft                  | 327                           | 2005*                                |
| Lot A1-G-01 to A1-G-10 and<br>A8-G-01 to A8-G-04<br>Rumah Pangsa<br>Kampung Aman Satu<br>Jalan SK6/1 Taman Bukit<br>Serdang Seksyen 4&5,<br>43300 Selangor<br>State of Selangor Darul Ehsan                            | 14 units of<br>groundfloor<br>shoplots                | Leasehold/<br>May 1, 2098         | 8 years<br>(building)<br>89 years<br>unexpired<br>lease | 9,100 sq ft                  | 1,570                         | 2005*                                |
| A-3A-1, A-3A-2, A-3A-3,<br>A-3A-3A, A-3A-7, B-3A-5,<br>C-3A-2, C-3A-3, C-3A-6<br>Ken Damansara Condominium<br>No. 217 Jalan SS2/72<br>47400 Petaling Jaya<br>State of Selangor Darul Ehsan                             | 9 units of retails<br>commercial lots                 | Freehold                          | 6 years                                                 | 6,247 sq ft                  | 819                           | 2005*                                |
| GM 184 Lot 20198<br>Seksyen 39<br>Mukim of Sungai Buloh<br>District of Petaling<br>State of Selangor                                                                                                                   | Land under<br>development                             | Freehold                          | -                                                       | 2 acres                      | 2,148                         | 2003                                 |
| GM 43019 Lot No 37448 and<br>GM 1849 Lot No 17494<br>Mukim of Kapar<br>District of Klang<br>State of Selangor Darul Ehsan                                                                                              | Two parcels of<br>land for residential<br>development | Freehold                          | -                                                       | Approximately<br>69.18 acres | 25,700                        | 2003                                 |
| Geran 44855<br>(formerly H.S.(D) 7212)<br>Lot 31210 and Geran 44856<br>(formerly H.S.(D) 7213)<br>Lot 31211<br>Mukim and District of<br>Kuala Lumpur                                                                   | Two parcels of land<br>for investment                 | Freehold                          | -                                                       | Approximately<br>1.21 acres  | 16,141                        | 2007                                 |
| 11255, Lot 38126<br>Tempat Kampung Melayu<br>Malra, Sungai Buloh Bandar<br>Sungai Buloh, Daerah Gombak<br>Negeri Selangor Darul Ehsan                                                                                  | A parcel of land<br>to be occupied as<br>store        | Leasehold/<br>August 18,<br>2068  | 59 years<br>unexpired<br>lease                          | 110,543 sq ft                | 1,912                         | 2008                                 |

\* Valuation done in 2005

# PROXY FORM



Incorporated in Malaysia (Company No. 106173-M)

I/We .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(ADDRESS)

being a member(s) of **KEN HOLDINGS BERHAD** hereby appoint .....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her .....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the **TWENTY-FIFTH ANNUAL GENERAL MEETING** of the Company, to be held at the Dewan Berjaya (Main Club House), Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 27 April 2009, at 10.00 a.m. and at any adjournment thereof.  
(\*Strike out whichever is not desired)

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

| NO. | RESOLUTIONS                                                                                                     | FOR | AGAINST |
|-----|-----------------------------------------------------------------------------------------------------------------|-----|---------|
| 1)  | Adoption of Audited Financial Statements and Reports                                                            |     |         |
| 2)  | Declaration of a First and Final Dividend                                                                       |     |         |
| 3)  | Approval of Directors' Fees                                                                                     |     |         |
| 4)  | Re-election of Mr. Sha Thiam Fook as Director                                                                   |     |         |
| 5)  | Re-appointment of Messrs. KPMG as Auditors                                                                      |     |         |
| 6)  | Ordinary Resolution 1 - Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 |     |         |
| 7)  | Ordinary Resolution 2 - Proposed Renewal of Authority For Share Buy-Back                                        |     |         |

Signed this ..... day of ..... 2009

|                               |  |
|-------------------------------|--|
| No. of Shares Held:           |  |
| CDS Account No.:              |  |
| Tel. No. (during office hour) |  |

Notes:-

Signature

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member may appoint up to two (2) persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy must be deposited at the Company's Registered Office at No. 6, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.

fold here



**KEN HOLDINGS BERHAD**  
(106173-M)  
6, Jalan Datuk Sulaiman  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Malaysia

fold here

**KEN HOLDINGS BHD** (106173-M)

6, Jalan Datuk Sulaiman,  
Taman Tun Dr. Ismail,  
60000 Kuala Lumpur,  
Malaysia.

Tel : 03 7727 9933

Fax : 03 7728 8246

Email: [khb@kenholdings.com.my](mailto:khb@kenholdings.com.my)

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