

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

ANNUAL REPORT 2009  
LAPORAN TAHUNAN



Malaysia's 1<sup>st</sup> recipient  
**BCA GREEN MARK**  
**Gold<sup>PLUS</sup>**  
Award

for High Rise Residential Development



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# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Sixth Annual General Meeting of the Company will be held at the Dewan Berjaya (Main Club House), Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on Monday, 26 April 2010, 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 2009 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To declare a first and final dividend comprising tax exempt dividend of 2 sen per ordinary share and franked dividend of 2 sen per ordinary share less tax 25% in respect of the year ended 31 December 2009. **(Resolution 2)**
3. To approve the Directors' fees of RM105,000/- (2008: RM99,000) in respect of the year ended 31 December 2009. **(Resolution 3)**
4. To re-elect the following Directors who retire pursuant to of the Company's Articles of Association and, being eligible, offer themselves for re-election:-

Under Article 101

- (a) Mr. Tan Moon Hwa **(Resolution 4)**
- (b) Mr. Tang Kam Chee **(Resolution 5)**

Under Article 106

- (a) YTM Tengku Dato' Seri Baderul Zaman **(Resolution 6)**  
Ibni Almarhum Sultan Mahmud

5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. As Special Business:-  
To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

- (a) **Ordinary Resolution 1** **(Resolution 8)**  
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

"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) Ordinary Resolution 2**

**(Resolution 9)**

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 Annual General Meeting

(Cont'd)

## Notice of Dividend Entitlement

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders at the Twenty-Sixth Annual General Meeting, a first and final dividend comprising tax exempt dividend of 2 sen per ordinary share and franked dividend of 2 sen per ordinary share less tax 25% in respect of the year ended 31 December 2009 will be payable on 23 June 2010 to depositors registered in the Record of Depositors on 10 June 2010.

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 2010 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

31 March 2010

### 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. **Explanatory Notes on Special Business**

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

Resolution No. 8 proposed under item 6(a) is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by shareholders at the last year's AGM. There was no issuance of new shares during the year.

The proposed Resolution No. 8, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 10% of the issued share capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate has been sought, the Company would make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

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

Resolution No. 9 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 31 March 2010 which is circulated together with this Annual Report.

# The Notice Of Annual General Meeting

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

- 1. Directors who are standing for re-election pursuant to the following Articles of the Company's Articles of Association at the Twenty-Sixth Annual General Meeting of the Company are as follows:-**

Article 101

- (a) Mr. Tan Moon Hwa
- (b) Mr. Tang Kam Chee

Article 106

- (a) YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud

- 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 pages 10 and 11 of the Annual Report and their securities holdings in the Company and its subsidiaries are set out on page 78.

## BOARD OF DIRECTORS

**Tan Boon Kang**  
*Chairman / Managing Director*

**Tan Chek Siong**  
*Executive Director*

**Tan Moon Hwa**  
*Executive Director*

**Tang Kam Chee**  
*Executive Director*

**YTM Tengku Dato' Seri Baderul Zaman  
Ibni Almarhum Sultan Mahmud**  
*Non Independent Non-Executive Director*

**Sha Thiam Fook**  
*Independent Non-Executive Director*

**Dato' Seri Raja Haji Ahmad  
Zainuddin bin Raja Haji Omar**  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Sha Thiam Fook**  
*Chairman*

**Dato' Seri Raja Haji Ahmad  
Zainuddin bin Raja Haji Omar**  
*Member*

**YTM Tengku Dato' Seri Baderul  
Zaman Ibni Almarhum Sultan  
Mahmud**  
*Member*

## NOMINATION COMMITTEE

**Dato' Seri Raja Haji Ahmad  
Zainuddin bin Raja Haji Omar**  
*Chairman*

**Sha Thiam Fook**  
*Member*

**YTM Tengku Dato' Seri Baderul Zaman  
Ibni Almarhum Sultan Mahmud**  
*Member*

## REMUNERATION COMMITTEE

**Sha Thiam Fook**  
*Chairman*

**Tan Boon Kang**  
*Member*

**Dato' Seri Raja Haji Ahmad Zainuddin  
bin Raja Haji Omar**  
*Member*

## COMPANY SECRETARIES

**Chow Chooi Yoong**  
(MAICSA 0772574)

**Hazlina bt Harun**  
(LS03078)

## SHARES REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : (03) 2264-3883  
Fax : (03) 2282-1886

## REGISTERED OFFICE

6 Jalan Datuk Sulaiman  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel : (03) 7727-9933  
Fax : (03) 7728-8246  
e-mail : khb@kenholdings.com.my  
website : www.kenholdings.com.my

## STOCK EXCHANGE

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code : 7323  
Stock Name : KEN

## PRINCIPAL BANKERS

Malayan Banking Berhad (Maybank)

## AUDITORS

KPMG (Firm No: AF0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8 First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor

## KEN HOLDINGS BHD

(106173-M)

### KEN GROUTING SDN. BHD.

Specialist Engineering Services,  
Turnkey Contract, Building  
and Civil Engineering Works

100%

### KEN-CHEC SDN. BHD.

Land Reclamation Dredging,  
Civil and Marine Engineering

100%

### SUPPORT CAPITAL SDN. BHD.

Investment Holding

100%

### KENLY (HK) LTD.

Construction, Civil Engineering,  
Specialist Engineering Service  
and Micro-tunneling

79.4%

### KEN PROJECTS SDN. BHD.

Investment Holding

100%

### KEN RIMBA SDN. BHD.

(formerly known as KEN RIMBA JAYA SDN. BHD.)  
Housing Developer and  
Investment Holding

100%

### KHIDMAT TULIN SDN. BHD.

Housing Developer and Contractor

100%

### TBS MANAGEMENT SDN. BHD.

Property Management Services

100%

### KEN PROPERTY SDN. BHD.

Property Holding, Investment  
and Housing Developer

100%

### KEN LINK SDN. BHD.

Property Holding and Investment

100%

### KEN TTDI SDN. BHD.

(formerly known as AUNYANG HOLDING SDN. BHD.)  
Investment Holding

100%

### JEWEL ESTATE SDN. BHD.

Property Management Services

100%



# Financial Highlights

## PRINCIPAL ACTIVITIES

### The Company

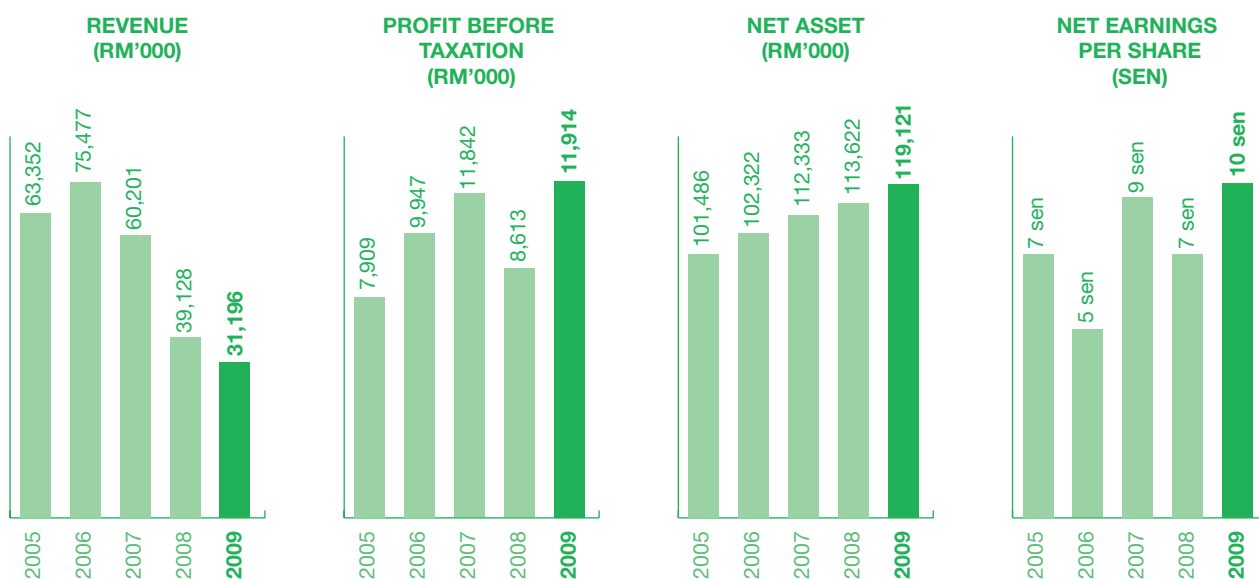
Investment holding and provision of management services.

### 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 STATISTICS

RM'000	2005	2006	2007	2008	2009
Revenue	63,352	75,477	60,201	39,128	<b>31,196</b>
Profit before taxation	7,909	9,947	11,842	8,613	<b>11,914</b>
Profit after taxation	4,479	3,867	8,430	6,277	<b>9,866</b>
Profit attributable to shareholders	6,462	4,073	8,430	6,277	<b>9,886</b>
Shareholders' fund	101,434	102,322	112,333	113,622	<b>119,121</b>
Issued share capital	90,285	90,285	95,860	95,860	<b>95,860</b>
Total assets	143,007	145,632	147,093	154,226	<b>152,788</b>
Net Asset	101,486	102,322	112,333	113,622	<b>119,121</b>
Net earnings per share (sen)	7	5	9	7	<b>10</b>
Net assets per share (sen)	112	113	117	119	<b>124</b>



TAN BOON KANG



TAN CHEK SIONG



TANG KAM CHEE



TAN MOON HWA



YTM TENGKU DATO' SERI  
BADERUL ZAMAN  
IBNI ALMARHUM SULTAN MAHMUD



SHA THIAM FOOK



DATO' SERI RAJA HAJI  
AHMAD ZAINUDDIN BIN  
RAJA HAJI OMAR



# Directors' Profile

## **Tan Boon Kang**

*Chairman/Managing Director*

52 years of age • 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 30 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 Sdn Bhd. He is also a Director of Ken Projects Sdn Bhd, Ken Link Sdn Bhd, Support Capital Sdn Bhd, Ken TTDI Sdn Bhd and Kenly (HK) Limited.

His brother - Mr Tan Moon Hwa and his son - Mr Tan Chek Siong are also members of the board.

## **Tan Chek Siong**

*Executive Director*

29 years of age • 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 who is the Chairman/Managing Director of the Company.

## **Tang Kam Chee**

*Executive Director*

55 years of age • 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, Ken TTDI Sdn Bhd, Ken Property Sdn Bhd, Ken Projects Sdn Bhd, Ken Rimba Sdn Bhd, Kenly (HK) Limited and Classic Scenic Berhad.

## **Tan Moon Hwa**

*Executive Director*

47 years of age • 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 Chairman/ Managing Director of the Company.

## **Sha Thiam Fook**

*Independent Non-Executive Director*

59 years of age • 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.

## **Dato' Seri Raja Haji Ahmad Zainudin bin Raja Haji Omar**

*Independent Non-Executive Director*

54 years of age • 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.

## **YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud**

*Non-Independent Non-Executive Director*

35 years of age • Malaysian

He was appointed to the Board on 28 April 2009. He graduated from The American University, UK with a Degree in Business Administration. He started his career with the Berjaya Group Berhad in 1994 as Assistant Manager Group Public Affairs & Administration where he was involved in a number of projects of the Berjaya Group such as the Bukit Tinggi Resort - Pahang, Berjaya Times Square, Desa Waterpark, Kuala Lumpur, Berjaya Redang Resorts - Pulau Redang, Trengganu, etc. In 1999 he was appointed the Special Assistant to the Chairman & CEO of Berjaya Group to oversee the corporate affairs of the Group and also in liaison with the Government bodies.

He joined Ancom Berhad in 2003 and was appointed Director of 6 subsidiaries of the Ancom Berhad Group which are involved in shipping and industrial chemical mainly for the oil and gas industry.

He is also an Independent Non-Executive Director of JPK Holdings Berhad since 15 November 2008.

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.

# Chairman's Statement



Dear Valued Shareholders,

At the Climate Change Conference 2009 in Copenhagen Denmark, our Prime Minister, Dato' Sri Mohd Najib bin Tun Haji Abdul Razak had committed to the long term goal for global emission reduction of 50% by 2050 compared to 1990. Malaysia is adopting an indicator of a voluntary reduction of 40% in terms of emissions intensity of GDP by 2020 compared to 2005 levels. Malaysia has called on the developed countries to collectively commit to an aggregate reduction of 49% by 2017 compared to 1990 levels to be in line with its proposal.

In line with these bold initiatives by our government, we have taken the initial lead by focusing our development plans based on environmental protection through innovative design and construction that safeguard the degradation of environment, reduction in carbon emission & footprint and conservation of energy.

Our initiative materialised with the construction and complete handover of our KEN BANGSAR in 2010 which has been awarded the BCA Green Mark GoldPlus award by the Government of Singapore. KEN BANGSAR is the first recipient in Malaysia and outside of Singapore to be awarded this prestigious recognition. KEN BANGSAR incorporated numerous Green features such as reduction in water and energy bills; an improvement in indoor environmental quality for healthy living; and a reduction in potential negative impact on the environment.

For financial year 2009, despite the prevailing external environment and amidst economic turbulence, we have been able to deliver favourable performance with revenue of RM31.2 million for the year and profit after tax of RM9.8 million.

## Financial Review

For the financial year ended 31 December 2009, the Group reported an operating revenue of RM31.2 million against RM39.1 million in the previous year. Despite the lower revenue, the Group recorded profit after tax of RM9.8 million, 57% higher compared to RM6.3 million reported in 2008. The contribution to profit for the year under review was mainly from the write back of allowance for doubtful debts in respect of the recovery of debts following a settlement and execution of a consent order.

Net Assets per share was RM1.24 for the financial year under review compared to RM1.19 in the preceding year.

## Property Development operations

Our on-going projects consisting of KEN BANGSAR located at the peak of Bukit Bandaraya, Bangsar, was completed at the end of 2009. KEN BANGSAR has been awarded the BCA Green Mark GoldPlus award which provides a meaningful differentiation of buildings in the real estate market. It is a benchmarking scheme which incorporates internationally recognised best practices in environmental design and performance which have positive effect on corporate image, leasing and resale value of buildings.

Our other high-rise apartment project located in Shah Alam consisting of extended low cost apartments which is a squatters resettlement project to assist the Selangor State Government to resettle the squatters has been completed and scheduled for handover within the first quarter of 2010.

The Group's commitment to ongoing value creation for its customer and its focus on environmental design and performance has continue on to its future projects which consists of mixed residential/commercial development in Ken Rimba, in Shah Alam. KEN RIMBA LEGIAN, another Green Mark development consisting of 328 units of double-storey link houses is expected to be launched in 2010.

## Construction and Specialist Engineering Services

Our construction activities consisting of our in-house projects are expected to be completed on schedule. The projects have progressed on schedule and with prudent and efficient project management we have been able to contain our project cost effectively.

## Dividends

The Board has recommended a first and final dividend comprising tax exempt dividend of 2 sen per ordinary share and franked dividend of 2 sen per ordinary share less tax 25% in respect of the year ended 31 December 2009 for your continued support and confidence in us. The proposed dividend shall be subject to shareholders' approval at the forthcoming Annual General Meeting.

## Outlook

In the coming year, the Malaysian economy is expected to be positive driven by domestic demand and supported by expected recovery in external demand. Although the world



economy is on the road to recovery, we expect the coming year to be filled with hurdles.

I am confident that we are prepared to ride the new wave of challenges based on our sound foundation and prudence that we have built over the years.

## Corporate Social Responsibility

We believe that corporate social responsibility is the cornerstone of our efforts in making positive contributions towards in particular the development of human capital and the environment in general.

### Human Capital

The Group is cognisant of the importance of human capital and the role it plays in the future development of our nation.

Under Ken Foundation which was started in 2007, we have raised over RM1.0 million to provide financial aid in the form of full scholarships covering tuition fee, food, accommodation and incidental expenses for needy students to pursue their education at local universities. We will continue to make annual contributions of 1% of the Group's profit before tax as our commitment towards this worthy cause.

Since its launch, we have funded a total of 8 students from various racial background to pursue and complete their tertiary education through which we are certain will make a significant difference in the lives that we have touched.

We have continued 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.

### Environment

Taking the cue from our Prime Minister on Malaysia's commitment to climate change, the Group has taken a positive approach towards focusing its development plans based on environmentally friendly designs and performance

to achieve a sustainable built environment by incorporating best practices in engineering and construction, and the adoption of green building technologies.

KEN BANGSAR showcased its commitment to environmentally friendly design and is now the benchmark of the country's future Green Residential Buildings.

Moving forward, the Group's future developments will be focus on environmentally friendly design and construction to ensure our commitment to preserving the environment for our future generations.

## 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

I wish to warmly welcome YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud who was appointed to our board in 2009. I believe his vast experience would be a great contribution to the Board. 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 support and commitment 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  
31 March 2010



# 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 2009.

## **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 Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. The Non-Executive Directors fulfill a pivotal role in corporate governance accountability, providing unbiased and independent views, advice and evaluation of the strategies proposed by the executive members of the Board ensuring that the long term interests of all stakeholders, namely the company shareholders, employees, customers, business associates and the community as a whole, are always protected.

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 seven (7) members, comprising three (3) Non-Executive Directors of which two are independent and four (4) Executive Directors during financial year ended 31 December 2009 which is in compliance with paragraph 15.02 of Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements in respect of board composition.

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 2009, the Board met on six (6) occasions, where it deliberates 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.

# Statement Of Corporate Governance

(Cont'd)

Record of each Director's meeting attendance for financial year ended 31 December 2009 is contained in the table below:-

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr Tan Boon Kang	(6/6)^			(1/1)^
Mdm Lau Pek Kuan <sup>1</sup>	(2/2*)^			
Mr Sha Thiam Fook	(6/6)^	(5/5)^	(1/1)^	(1/1)^
Mr Tan Chek Siong	(6/6)^			
Mr Tan Moon Hwa	(6/6)^			
Mr Tang Kam Chee	(6/6)^			
YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud <sup>2</sup>	(2/3*)^	(1/2*)^	(0/0*)^	
Dato' Seri Raja Ahmad Zainuddin bin Raja Haji Omar	(6/6)^	(5/5)^	(1/1)^	(1/1)^

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

<sup>1</sup> Retired on 27 April 2009

<sup>2</sup> Appointed on 28 April 2009

\* Reflects the number of meeting held during the tenure of the Director's office

## 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 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.

# Statement Of Corporate Governance

(Cont'd)

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 and the Continuing Education Programme (CEP) prescribed by Bursa Securities. The Directors will continue to undergo other relevant training programmes on a continuous basis in compliance with paragraph 15.08 of Bursa Securities Listing Requirements.

During the financial year ended 31 December 2009, the Directors have attended a training programme conducted by external training providers on the topic - Risk Management and Best Practice.

## 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' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar (Chairman);
2. Mr Sha Thiam Fook
3. YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (appointed on 28 April 2009).

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' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar

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 Non-Executive Directors with individual directors abstaining from decisions in respect of their individual remuneration.

# Statement Of Corporate Governance

(Cont'd)

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.

Fees payable to Company's Directors are subject to yearly approval by shareholders at the Company's AGM.

## d. Directors Remuneration

An analysis of the aggregate Directors remuneration of the Group for the year ended 31 December 2009 categorised in appropriate components is set out below:-

	<b>Fee</b>	<b>Benefits-in-Kind</b>	<b>Salaries and Other Emoluments</b>	<b>Bonus</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive	60	42	1,217	248	1,567
Non-Executive	45	-	35	-	80
	105	42	1,252	248	1,647

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

<b>Range of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	-	3
RM150,001 - RM200,000	2	
RM250,001 - RM300,000	1	
RM850,001 - RM900,000	1	
	4	3

## SHAREHOLDERS

### Investors and Shareholders Relationship

The Board recognises the importance of an effective communication channel between the Board, shareholders and the investment community. 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 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.



# Statement Of Corporate Governance

(Cont'd)

The Board has also appointed Dato' Seri Raja Ahmad Zainuddin bin Raja Haji Omar 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 result 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.

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

	2009 RM'000
Audit fee payable	86
Non-audit fee paid	6
Total	92

### Statement of Internal Control

The Statement of 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**

The Company has complied throughout the financial year with the best practices of the corporate governance set out in Part 2 of the Code except for best practice provisions AAll on the combined roles of Chairman and Managing Director, as the composition of the Board, in particular the roles of the executive and non-executive directors and the appointment of Dato' Seri Raja Ahmad Zainuddin bin Raja Haji Omar as the Senior Independent Director would maintain a balance of power and authority such that powers of decision is by the board as a whole.

This statement was made in accordance with a resolution of the Board dated 24 March 2010.

# 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’ 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 2010.

## 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.

During the year, the internal audit function undertook 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 2010.

The independent consultant appointed to undertake the internal audit function in 2009 had presented the annual audit plan for 2010 which has 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 during the year to monitor compliance with ISO 9001:2008 as well as identify and monitor operational issues;
- Ken Holdings Berhad, KGSB, KPSB, and KTSB have been certified by a certification body for compliance with ISO 9001:2008;
- 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 24 March 2010.

# 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 2009, 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)
	: YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (appointed with effect from 28 April 2009)	(Non-Independent Non-Executive Director)

On the demise of Dato' Ahmad Badri bin Mohamed Basir on 2 November 2008, Bursa Malaysia Securities Berhad ("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 Listing Requirements ("LR"). On 28 April 2009, YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud was appointed to the Board and Audit Committee and the Company has complied 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 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 1st 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.



- (c) No alternate director shall be appointed as a member of the Committee.
- (d) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.
- (e) If one 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 of the event, appoint such number of new members as may be required to correct the breach.
- (f) 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 of 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;

# Audit Committee Report

(Cont'd)

- (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 the Bursa Securities.

## AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 31 December 2009. 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: Sha Thiam Fook (Chairman) (Independent Non-Executive Director)	5/5*
Members: Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar  YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (Non-Independent Non-Executive Director) (appointed with effect from 28 April 2009) *represent the meetings held during the Committee member's tenure of office	5/5*  1/2*

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

The Audit Committee carried out its duties in accordance with its Terms and Reference. During the financial year ended 31 December 2009, the activities of the Audit Committee included the following:-

- (a) Reviewed the unaudited quarterly financial results and announcements of the Company and the Group prior to submission to the Board of Directors for consideration and approval;

# Audit Committee Report

(Cont'd)

- (b) Reviewed the financial statements for the year ended 31 December 2008;
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2008 in relation to audit and accounting issues arising from the audit and the management's response;
- (d) Reviewed the assistance given by the employees to the external auditors in respect of the audit for the financial year ended 31 December 2008;
- (e) Considered the audit fee payable and the nomination of the external auditors for recommendation to the Board for re-appointment;
- (f) Reviewed the Audit Committee Report, Corporate Governance Statement and Statement of Internal Control for the financial year ended 31 December 2008 and recommended its adoption to the Board;
- (g) Reviewed the external auditors' audit plan and scope of audit for the financial year ended 31 December 2009;
- (h) Met with the external auditors twice during the financial year ended 31 December 2009 without presence of any executive Board members.
- (i) Reviewed the appointment and terms of engagement of the internal audit services company for the provision of internal audit function to the Group;
- (j) Reviewed the Internal Audit Plan for year 2009, the scope and focus of the internal audit programmes; and
- (k) Reviewed internal audit reports prepared by the Internal Auditor on the Company and its subsidiaries and management's response to the audit recommendations.

## INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an internal audit services company and the selected team is independent of the activities audited by them and the external auditors.

The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems 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, the internal audit function carried out internal audit activities which include ascertaining the extent of compliance with the established Group policies, procedures and statutory requirements, reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk based approach and recommending improvements to the existing system of controls. Arising from the above activities, Internal Audit reports, incorporating the audit findings, audit recommendations and management responses were issued to and discussed at Audit Committee Meetings and recommendations were duly acted upon by the management.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2009 was RM20,000.

## UTILISATION OF PROCEEDS

No proceed were raised by the Company from any corporate proposal during the financial year ended 31 December 2009.

## SHARE BUY-BACKS

During the financial year ended 31 December 2009, the Company bought back a total of 830,500 of its ordinary shares of RM1.00 each ("Ken Shares") which are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in the open market. The details of the Ken Shares bought back during the financial year are 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		
January	60,000	0.65	0.65	0.65	0.65	39,326
February	102,300	0.65	0.70	0.67	0.67	68,901
March	536,200	0.66	0.70	0.68	0.69	373,416
April	38,000	0.67	0.70	0.68	0.69	26,301
June	22,000	0.69	0.74	0.71	0.70	15,497
July	51,000	0.70	0.70	0.70	0.70	35,961
August	10,000	0.70	0.70	0.70	0.70	7,051
October	11,000	0.73	0.73	0.73	0.73	8,090

All the Ken Shares bought back during the financial year are held as treasury shares in accordance with Section 67A(3A) (b) of the Companies Act, 1965. As at 31 December 2009, a total of 2,119,800 Ken Shares were held as 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 2009.

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

During the financial year ended 31 December 2009, 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 2009.

## 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 2009 amounted to RM6,000.

## VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2009 and the unaudited results previously announced.

## PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2009.

## 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 2009 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 Financial Year Ended 31 December 2009

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 2009.

### Principal activities

The Company is principally engaged in 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 RM'000	Company RM'000
Profit for the year	9,866	3,445

### 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 tax exempt dividend of 4 sen per ordinary share totalling RM3,753,368 in respect of the year ended 31 December 2008 on 25 June 2009.

A first and final tax exempt dividend of 2 sen per ordinary share totalling RM1,874,800 and a first and final dividend of 2 sen per ordinary share less tax totalling RM1,406,100 in respect of the year ended 31 December 2009 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

Tan Moon Hwa

Tan Chek Siong

Tang Kam Chee

Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar

Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (appointed on 28 April 2009)

Lau Pek Kuan (resigned on 27 April 2009)

## For The Financial Year Ended 31 December 2009 (Cont'd)

### Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Company	Number of ordinary shares of RM1.00 each			
	At 1.1.2009 '000	Bought '000	Sold '000	At 31.12.2009 '000
Directors of the Company:				
Interests in the Company:				
Tan Boon Kang	3,195	-	-	3,195
Tan Chek Siong	1,908	-	-	1,908
Tan Moon Hwa	606	-	-	606
Tang Kam Chee	170	-	(55)	115
Indirect interest in the Company:				
Tan Boon Kang	43,791	-	-	43,791

Subsidiary	Number of ordinary shares of HK\$1.00 each			
	At 1.1.2009 '000	Bought '000	Sold '000	At 31.12.2009 '000
Kenly (HK) Ltd.				
Indirect interest in the subsidiary:				
Tan Boon Kang	4,376	-	-	4,376

Company	Number of ordinary shares of RM1.00 each			
	At 1.1.2009 '000	Bought '000	Sold '000	At 31.12.2009 '000
Spouse of Tan Boon Kang:				
Interest in the Company:				
Lau Pek Kuan	1,959	-	-	1,959
Indirect interest in the Company:				
Lau Pek Kuan	45,027	-	-	45,027
Children of Tan Boon Kang:				
Interests in the Company:				
Tan Chek Een	3,000	-	-	3,000
Tan Chek Ying	3,000	-	-	3,000

Subsidiary	Number of ordinary shares of HK\$1.00 each			
	At 1.1.2009 '000	Bought '000	Sold '000	At 31.12.2009 '000
Kenly (HK) Ltd.				
Indirect interest in the subsidiary:				
Lau Pek Kuan	4,376	-	-	4,376

# Directors' Report

## For The Financial Year Ended 31 December 2009 (Cont'd)

### Directors' interests in shares (Cont'd)

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 2009 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 a Director and his spouse 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.

## For The Financial Year Ended 31 December 2009 (Cont'd)

### 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, except for the reversal of allowance for doubtful debts from a third party following the settlement of the legal case against a debtor and the related accruals for payments to be made to consultants as disclosed in note 20 and note 22 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2009 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 event

In prior years, a subsidiary of the Company instituted legal actions against a debtor for outstanding debts of HKD29 million in respect of various contract works. In July 2009, a settlement was reached and a Consent Order was executed.

The settlement stipulated repayment of debts of HKD25 million by the debtor to the Company over a period of 4 years from the date of the said order.

### 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: 24 March 2010



# Balance Sheets

At 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Assets</b>					
Property, plant and equipment	3	18,551	18,625	-	-
Prepaid lease payments	4	4,923	5,000	-	-
Land held for property development	5	22,915	7,438	-	-
Investment properties	6	4,057	4,457	-	-
Investments in subsidiaries	7	-	-	13,333	13,333
Other investments	8	26	26	-	-
Goodwill	9	-	183	-	-
Deferred tax assets	10	4,672	3,138	42	25
Amounts due from subsidiaries	11	-	-	72,637	72,637
<b>Total non-current assets</b>		<b>55,144</b>	<b>38,867</b>	<b>86,012</b>	<b>85,995</b>
Property development costs	12	64,125	72,559	-	-
Inventories	13	2,900	7,678	-	-
Receivables, deposits and prepayments	14	19,022	10,612	7	7
Amounts due from subsidiaries	11	-	-	15,787	16,589
Current tax assets		244	390	-	2
Cash and cash equivalents	15	11,353	23,793	1,720	1,682
Asset classified as held for sale	16	-	327	-	-
<b>Total current assets</b>		<b>97,644</b>	<b>115,359</b>	<b>17,514</b>	<b>18,280</b>
<b>Total assets</b>		<b>152,788</b>	<b>154,226</b>	<b>103,526</b>	<b>104,275</b>
<b>Equity</b>					
Share capital	17	95,860	95,860	95,860	95,860
Treasury shares	18	(1,430)	(855)	(1,430)	(855)
Reserves	18	1,683	1,778	-	-
Retained earnings	18	23,008	16,839	8,573	8,881
<b>Total equity attributable to owners of the Company</b>		<b>119,121</b>	<b>113,622</b>	<b>103,003</b>	<b>103,886</b>
<b>Minority interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>119,121</b>	<b>113,622</b>	<b>103,003</b>	<b>103,886</b>
<b>Liabilities</b>					
Borrowings	19	-	193	-	-
Deferred tax liabilities	10	5,404	5,287	-	-
<b>Total non-current liabilities</b>		<b>5,404</b>	<b>5,480</b>	<b>-</b>	<b>-</b>
Borrowings	19	40	-	-	-
Payables and accruals	20	27,766	33,921	491	363
Deferred income	21	-	335	-	-
Current tax liabilities		457	868	32	26
<b>Total current liabilities</b>		<b>28,263</b>	<b>35,124</b>	<b>523</b>	<b>389</b>
<b>Total liabilities</b>		<b>33,667</b>	<b>40,604</b>	<b>523</b>	<b>389</b>
<b>Total equity and liabilities</b>		<b>152,788</b>	<b>154,226</b>	<b>103,526</b>	<b>104,275</b>

The notes on pages 40 to 73 are an integral part of these financial statements.

# Income Statements

## For The Financial Year Ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>					
- contract revenue		530	2,067	-	-
- property development revenue		30,666	37,061	-	-
- dividends		-	-	4,102	5,075
- management fees		-	-	612	846
		<b>31,196</b>	<b>39,128</b>	<b>4,714</b>	<b>5,921</b>
<b>Cost of sales</b>					
- contract costs		(612)	(1,457)	-	-
- property development costs		(18,000)	(25,123)	-	-
		<b>(18,612)</b>	<b>(26,580)</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>		<b>12,584</b>	<b>12,548</b>	<b>4,714</b>	<b>5,921</b>
Distribution expenses		(97)	(153)	-	-
Administrative expenses		(6,316)	(6,017)	(365)	(340)
Other expenses		(2,479)	-	-	-
Other income		7,875	1,511	-	-
<b>Results from operating activities</b>		<b>11,567</b>	<b>7,889</b>	<b>4,349</b>	<b>5,581</b>
Interest income		347	724	32	57
<b>Profit before tax</b>	22	<b>11,914</b>	<b>8,613</b>	<b>4,381</b>	<b>5,638</b>
Income tax expense	24	(2,048)	(2,336)	(936)	(1,577)
<b>Profit after tax</b>		<b>9,866</b>	<b>6,277</b>	<b>3,445</b>	<b>4,061</b>
Minority interests		-	-	-	-
<b>Profit for the year</b>		<b>9,866</b>	<b>6,277</b>	<b>3,445</b>	<b>4,061</b>
<b>Basic earnings per ordinary share</b>	25	<b>10 sen</b>	<b>7 sen</b>		
<b>Diluted earnings per ordinary share</b>	25	<b>N/A</b>	<b>N/A</b>		
<b>Dividends per ordinary share - gross</b>	26	<b>5 sen</b>	<b>4 sen</b>		

The notes on pages 40 to 73 are an integral part of these financial statements.

# Consolidated Statement Of Changes In Equity

## For The Financial Year Ended 31 December 2009

Group	Note	Attributable to shareholders of the Company					Minority interests	Total equity
		Non-distributable				Distributable		
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	
<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
Own shares acquired		-	(855)	-	-	-	(855)	- (855)
Dividends to owners of the Company	26	-	-	-	-	(4,244)	(4,244)	- (4,244)
<b>At 31 December 2008</b>		95,860	(855)	1,968	(190)	16,839	113,622	- 113,622
<b>At 1 January 2009</b>		95,860	(855)	1,968	(190)	16,839	113,622	- 113,622
Realisation of revaluation reserve		-	-	(56)	-	56	-	-
Foreign exchange translation differences		-	-	-	(39)	-	(39)	- (39)
Net gains or losses recognised directly in equity		-	-	(56)	(39)	56	(39)	- (39)
Profit for the year		-	-	-	-	9,866	9,866	- 9,866
Own shares acquired		-	(575)	-	-	-	(575)	- (575)
Dividends to owners of the Company	26	-	-	-	-	(3,753)	(3,753)	- (3,753)
<b>At 31 December 2009</b>		<b>95,860</b>	<b>(1,430)</b>	<b>1,912</b>	<b>(229)</b>	<b>23,008</b>	<b>119,121</b>	<b>- 119,121</b>
		Note 17	Note 18.3	Note 18.1	Note 18.2			

The notes on pages 40 to 73 are an integral part of these financial statements.

# Statement Of Changes In Equity

## For The Financial Year Ended 31 December 2009

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000
<b>At 1 January 2008</b>		95,860	-	9,064	104,924
Profit for the year		-	-	4,061	4,061
Own shares acquired		-	(855)	-	(855)
Dividends to owners of the Company	26	-	-	(4,244)	(4,244)
<b>At 31 December 2008/1 January 2009</b>		95,860	(855)	8,881	103,886
Profit for the year		-	-	3,445	3,445
Own shares acquired		-	(575)	-	(575)
Dividends to owners of the Company	26	-	-	(3,753)	(3,753)
<b>At 31 December 2009</b>		<b>95,860</b>	<b>(1,430)</b>	<b>8,573</b>	<b>103,003</b>
		Note 17	Note 18.3	Note 18.4	

The notes on pages 40 to 73 are an integral part of these financial statements.

# Cash Flow Statements

## For The Financial Year Ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	11,914	8,613	4,381	5,638
Adjustments for:				
Amortisation of prepaid lease payments	77	77	-	-
Depreciation of investment properties	78	89	-	-
Depreciation of property, plant and equipment	372	511	-	-
Dividend income	-	-	(4,102)	(5,075)
Gain on disposal of asset held for sale	(13)	(29)	-	-
Gain on disposal of investment properties	(11)	-	-	-
Impairment of goodwill	183	-	-	-
Interest income	(347)	(724)	(32)	(57)
Property, plant and equipment written off	-	1	-	-
<b>Operating profit before changes in working capital</b>	<b>12,253</b>	<b>8,538</b>	<b>247</b>	<b>506</b>
Changes in working capital:				
Inventories	4,778	1,440	-	-
Land held for property development	(15,477)	(68)	-	-
Payables and accruals	(6,490)	7,353	128	(549)
Property development costs	8,434	(7,725)	-	-
Receivables, deposits and prepayments	(8,410)	8,950	-	1
Subsidiaries	-	-	311	1,913
<b>Cash (used in) / from operations</b>	<b>(4,912)</b>	<b>18,488</b>	<b>686</b>	<b>1,871</b>
Income tax paid	(4,030)	(2,924)	(108)	(75)
Income tax refunded	300	35	-	-
Interest received	96	220	-	-
<b>Net cash (used in) / from operating activities</b>	<b>(8,546)</b>	<b>15,819</b>	<b>578</b>	<b>1,796</b>
<b>Cash flows from investing activities</b>				
Acquisition of prepaid lease payments	-	(1,945)	-	-
Acquisition of property, plant and equipment	(298)	(56)	-	-
Dividends received	-	-	3,756	2,436
Improvements on investment properties	-	(185)	-	-
Withdrawal/(Placement) of pledged deposits placed with licensed banks	1,574	(673)	1,174	(673)
Interest income from fixed deposits	251	504	32	57
Proceeds from disposal of asset held for sale	340	39	-	-
Proceeds from disposal of investment properties	333	-	-	-
<b>Net cash from / (used in) investing activities</b>	<b>2,200</b>	<b>(2,316)</b>	<b>4,962</b>	<b>1,820</b>

## Cash Flow Statements

### For The Financial Year Ended 31 December 2009 (Cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the Company	(3,753)	(4,244)	(3,753)	(4,244)
Repurchase of treasury shares	(575)	(855)	(575)	(855)
Repayment of loan	(153)	-	-	-
<b>Net cash used in financing activities</b>	<b>(4,481)</b>	<b>(5,099)</b>	<b>(4,328)</b>	<b>(5,099)</b>
Net (decrease)/increase in cash and cash equivalents	(10,827)	8,404	1,212	(1,483)
Effect of exchange rate fluctuations on cash held	(39)	111	-	-
Cash and cash equivalents at 1 January	22,219	13,704	508	1,991
<b>Cash and cash equivalents at 31 December</b>	<b>11,353</b>	<b>22,219</b>	<b>1,720</b>	<b>508</b>

#### Cash and cash equivalents

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

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	15	2,592	2,488	37	32
Deposits (excluding deposits pledged)	15	8,761	19,731	1,683	476
		<b>11,353</b>	<b>22,219</b>	<b>1,720</b>	<b>508</b>

The notes on pages 40 to 73 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 Market 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 2009 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the year ended 31 December 2009 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 authorised for issue by the Board of Directors on 24 March 2010.

## **1. Basis of preparation**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

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

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009**

- FRS 8, *Operating Segments*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements (revised)*
- FRS 123, *Borrowing Costs (revised)*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

## 1. Basis of preparation ((Cont'd)

### (a) Statement of compliance (Cont'd)

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 11, FRS 2, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group or the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2 and IC Interpretation 12 which are not applicable to the Group or the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

#### (i) **FRS 8, Operating Segments**

FRS 8 replaces FRS 114<sub>2004</sub>, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 27).

# Notes To The Financial Statements

(Cont'd)

## 1. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### (ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes which will become effective for the Group and the Company's financial statements for the year ending 31 December 2010. Amendments that have material impact are:

##### **FRS 117, *Leases***

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

This change in accounting policy will result in reclassification of the entire lease of land as at 31 December 2010 from prepaid lease payments to property, plant and equipment.

#### (iii) IC Interpretation 15, *Agreements for the Construction of Real Estate*

IC Interpretation 15 replaces the existing FRS 201<sub>2004</sub>, *Property Development Activities* and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from all property development activities of the Group will change from the percentage of completion method to the completed method.

The profit before tax of the Group for the financial year ending 31 December 2010 is expected to decrease by approximately RM1.5 million on initial application of this interpretation. No impact is expected for the financial year ended 31 December 2011 as all current development of the Company are expected to be completed by 31 December 2011.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 2.

### (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, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 14 - calculation of revenue and cost of sales for construction contracts
- Note 20 and 28 - provisions and contingencies

## 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) *Minority interests*

Minority interests at the end of the reporting period, 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 owners of the Company. Minority interests 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 interests and the owners 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.

#### (iii) *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 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 date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date.

# Notes To The Financial Statements

(Cont'd)

## 2. Significant accounting policies (Cont'd)

### (b) Foreign currency (Cont'd)

#### (i) *Foreign currency transactions (Cont'd)*

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.

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 statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) *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 to the income statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

## 2. Significant accounting policies (Cont'd)

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

#### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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. 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
• site equipment	5 years
• plant and machinery	5 years
• office equipment	5 years
• furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of the reporting period.

### (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 that was accounted for as an operating lease represents 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.

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 in the income statements as an integral part of the total lease expense, over the term of the lease.

### (e) 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.

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.

#### Amortisation

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

# Notes To The Financial Statements

(Cont'd)

## 2. Significant accounting policies (Cont'd)

### (f) Investment properties

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

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

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in the income statements in the period in which the item is derecognised.

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 25 to 50 years for buildings. Freehold land is not depreciated.

#### (ii) *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.

### (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.



## 2. Significant accounting policies (Cont'd)

### (h) Inventories

Completed properties held for sale are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (i) Receivables

Receivables are initially recognised at their costs 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 costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment losses.

### (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 and 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 sheets for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the balance sheets.

### (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.

# Notes To The Financial Statements

(Cont'd)

## 2. Significant accounting policies (Cont'd)

### (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 in 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

The carrying amounts of assets except for financial assets, inventories, deferred tax assets, non-current assets held for sale and assets arising from construction contracts, are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

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 the end of each reporting period 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 since the last impairment loss was recognised. 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.

## 2. Significant accounting policies (Cont'd)

### (q) Equity instruments

Instruments classified as equity 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. Repurchased shares that are not subsequently cancelled 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 liability 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. The unwinding of the discount is recognised as finance costs.

#### *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.

# Notes To The Financial Statements

(Cont'd)

## 2. Significant accounting policies (Cont'd)

### (u) Revenue and other income

#### (i) *Construction contracts*

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 in the income statements on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) *Management fee income*

Management fee income is recognised on an accrual basis.

#### (v) *Rental income*

Rental income is recognised in 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. Rental income from subleased property is recognised as other income.

#### (vi) *Interest income*

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

## 2. Significant accounting policies (Cont'd)

### (v) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheets and their tax bases. 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 or 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 end of the reporting period.

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 the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (w) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

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.

### (x) 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.

# Notes To The Financial Statements

(Cont'd)

## 3. Property, plant and equipment

Group	Freehold building RM'000	Freehold land RM'000	Motor vehicles RM'000	Site equipment RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Under construction RM'000	Total RM'000
<b>Cost / Valuation</b>									
At 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/ 1 January 2009	472	1,428	3,118	530	8,057	879	234	16,141	30,859
Additions	-	-	-	-	-	2	-	296	298
Disposals	-	-	(30)	-	-	-	-	-	(30)
Write off	-	-	-	-	-	(68)	-	-	(68)
Effect of movement in exchange rate	-	-	-	-	-	(2)	-	-	(2)
At 31 December 2009	<b>472</b>	<b>1,428</b>	<b>3,088</b>	<b>530</b>	<b>8,057</b>	<b>811</b>	<b>234</b>	<b>16,437</b>	<b>31,057</b>
<b>Representing items at:</b>									
Cost	-	-	3,088	530	8,057	811	234	16,437	29,157
Valuation - 2005	472	1,428	-	-	-	-	-	-	1,900
At 31 December 2009	<b>472</b>	<b>1,428</b>	<b>3,088</b>	<b>530</b>	<b>8,057</b>	<b>811</b>	<b>234</b>	<b>16,437</b>	<b>31,057</b>
At 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/ 1 January 2009	57	-	2,952	527	7,704	775	219	-	12,234
Depreciation for the year	19	-	107	1	189	49	7	-	372
Disposals	-	-	(30)	-	-	-	-	-	(30)
Write off	-	-	-	-	-	(68)	-	-	(68)
Effect of movement in exchange rate	-	-	-	-	-	(2)	-	-	(2)
At 31 December 2009	<b>76</b>	<b>-</b>	<b>3,029</b>	<b>528</b>	<b>7,893</b>	<b>754</b>	<b>226</b>	<b>-</b>	<b>12,506</b>
<b>Carrying amounts</b>									
At 1 January 2008	434	1,428	369	8	571	119	21	-	2,950
At 31 December 2008/ 1 January 2009	415	1,428	166	3	353	104	15	16,141	18,625
At 31 December 2009	<b>396</b>	<b>1,428</b>	<b>59</b>	<b>2</b>	<b>164</b>	<b>57</b>	<b>8</b>	<b>16,437</b>	<b>18,551</b>

# Notes To The Financial Statements

(Cont'd)

## 3. Property, plant and equipment (Cont'd)

Company	Office equipment RM'000
<b>Cost</b>	
At 1 January 2008/31 December 2008/31 December 2009	1
<b>Depreciation</b>	
At 1 January 2008/31 December 2008/31 December 2009	1
<b>Carrying amounts</b>	
At 1 January 2008/31 December 2008/31 December 2009	-

### 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	2009 RM'000	2008 RM'000
Freehold land	490	490
Freehold building	107	111
	<b>597</b>	601

## 4. Prepaid lease payments

Group	Leasehold land with unexpired period more than 50 years	
	2009 RM'000	2008 RM'000
<b>Cost / Valuation</b>		
At 1 January	5,165	3,220
Addition	-	1,945
At 31 December	<b>5,165</b>	5,165
<b>Representing items at:</b>		
Cost	1,945	1,945
Valuation - 2005	3,220	3,220
At 31 December	<b>5,165</b>	5,165



# Notes To The Financial Statements

(Cont'd)

## 4. Prepaid lease payments (Cont'd)

Group	Leasehold land with unexpired period more than 50 years	
	2009 RM'000	2008 RM'000
<b>Amortisation</b>		
At 1 January	165	88
Amortisation for the year	77	77
At 31 December	242	165
<b>Carrying amounts</b>		
At 31 December	4,923	5,000

### 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 RM1,871,000 (2008 - RM1,898,000).

## 5. Land held for property development

Group	2009 RM'000	2008 RM'000
<b>Cost</b>		
At 1 January	7,438	7,370
Improvements	33	68
Transfer from property development costs	15,444	-
At 31 December	22,915	7,438

## 6. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>			
At 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 2008/1 January 2009	1,741	2,960	4,701
Disposal	-	(350)	(350)
At 31 December 2009	1,741	2,610	4,351

# Notes To The Financial Statements

(Cont'd)

## 6. Investment properties (Cont'd)

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>Depreciation</b>			
At 1 January 2008	-	178	178
Depreciation for the year	-	89	89
Transfer to asset classified as held for sale	-	(23)	(23)
At 31 December 2008/1 January 2009	-	244	244
Depreciation for the year	-	78	78
Disposal	-	(28)	(28)
At 31 December 2009	-	<b>294</b>	<b>294</b>
<b>Carrying amounts</b>			
At 1 January 2008	17,697	3,132	20,829
At 31 December 2008	1,741	2,716	4,457
At 31 December 2009	<b>1,741</b>	<b>2,316</b>	<b>4,057</b>
<b>Fair values</b>			
At 1 January 2008	17,740	3,716	21,456
At 31 December 2008	1,784	3,638	5,422
At 31 December 2009	<b>1,810</b>	<b>3,298</b>	<b>5,108</b>

### Estimation uncertainty and key assumptions

The Group estimates the fair values of all 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 (2008 - 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	2009 RM'000	2008 RM'000
Rental income	182	388
Direct operating expenses		
- income generating investment properties	(51)	(162)

# Notes To The Financial Statements

(Cont'd)

## 7. Investments in subsidiaries

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares - at cost	13,333	13,333

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Effective ownership interest (%)	
		2009	2008
Ken Grouting Sdn. Bhd.	Specialist engineering services, turnkey contracts, building and civil engineering works	100	100
Ken Projects Sdn. Bhd.	Investment holding	100	100
Ken Property Sdn. Bhd.	Property holding and investment and housing developer	100	100
Support Capital Sdn. Bhd.	Investment holding	100	100
<i>The subsidiary of Support Capital Sdn. Bhd. is:</i>			
Kenly (HK) Ltd. †	Dormant	79.4	79.4
<i>The subsidiary of Ken Grouting Sdn. Bhd. is:</i>			
Ken-Chec Sdn. Bhd.	Land reclamation, civil, dredging, and marine engineering	100	100
<i>The subsidiaries of Ken Projects Sdn. Bhd. are:</i>			
Khidmat Tulin Sdn. Bhd.	Property holding and investment and housing developer	100	100
T.B.S. Management Sdn. Bhd.	Property management services	100	100
Ken Rimba Sdn. Bhd. (formerly known as Ken Rimba Jaya Sdn. Bhd.)	Property development and investment holding	100	100
<i>The subsidiaries of Ken Property Sdn. Bhd. are:</i>			
Ken Link Sdn. Bhd.	Property development and investment holding	100	100
Ken TTDI Sdn. Bhd. (formerly known as Aunyang Holdings Sdn. Bhd.)	Investment holding	100	100
<i>The subsidiary of Ken TTDI Sdn. Bhd. is:</i>			
Jewel Estate Sdn. Bhd.	Property management services	100	100

† Not audited by KPMG

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

# Notes To The Financial Statements

(Cont'd)

## 8. Other investments

	2009 RM'000	Group 2008 RM'000
<b>Cost</b>		
Quoted shares in Malaysia	120	120
Less: Allowance for diminution in value	(114)	(114)
	6	6
Unquoted shares	20	20
	26	26
	10	7
Market value of quoted shares in Malaysia		

## 9. Goodwill

	2009 RM'000	Group 2008 RM'000
<b>Cost</b>		
At 1 January 2008/31 December 2008/1 January 2009/31 December 2009	538	538
<b>Impairment loss</b>		
At 1 January	355	355
Impairment loss for the year	183	-
At 31 December	538	355
<b>Carrying amounts</b>	-	183
<b>Impairment loss</b>		

During the year, goodwill has been fully written down as it is attached to inventories developed on a revalued land which were fully sold in 2009. The impairment loss was recognised to other expenses.

## 10. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

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

	2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	2008 RM'000
Deferred tax assets	(4,672)	(3,138)	(42)	(25)
Deferred tax liabilities	5,404	5,287	-	-

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.

# Notes To The Financial Statements

(Cont'd)

## 10. Deferred tax assets and liabilities (Cont'd)

### Recognised deferred tax assets and liabilities (Cont'd)

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment				
- capital allowances	74	79	-	-
- revaluation	519	603	-	-
Property development costs	5,236	5,146	-	-
Capital allowance carry-forwards	(6)	(6)	-	-
Tax loss carry-forwards	(328)	(325)	-	-
Provisions	(42)	(94)	(42)	(25)
Taxable temporary differences	(4,721)	(3,254)	-	-
	732	2,149	(42)	(25)

### Unrecognised deferred tax assets

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Taxable temporary differences	-	(177)	-	-
Capital allowance carry-forwards	32	11	-	-
Tax loss carry-forwards	14,750	19,902	-	-
	14,782	19,736	-	-
@ 16.5%	2,433	3,446	-	-
@ 20%	-	8	-	-
@ 25%	9	-	-	-
	2,442	3,454	-	-

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	
	2009 RM'000	2008 RM'000
<b>Non-current</b>		
- Non-trade	72,637	72,637
<b>Current</b>		
- Non-trade	15,787	16,589
	88,424	89,226

## 11. Amounts due from subsidiaries (Cont'd)

- 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 (2008 - RM72,637,000) 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 RM3,262,000 (2008 - RM3,755,000).

## 12. Property development costs

	Group	
	2009 RM'000	2008 RM'000
At 1 January		
Land	40,385	42,463
Development costs	53,391	65,646
Accumulated costs charged to income statements	(21,217)	(43,275)
	72,559	64,834
Development costs incurred during the year	22,691	30,908
	95,250	95,742
Costs charged to income statements	(15,681)	(21,942)
Costs transferred to inventories	-	(1,241)
Costs transferred to land held for property development	(15,444)	-
	64,125	72,559
At 31 December		
Land	40,385	40,385
Development costs	76,082	53,391
Accumulated costs charged to income statements	(36,898)	(21,217)
	79,569	72,559
Less : Non-current portion	(15,444)	-
Current portion	64,125	72,559

12.1 In 2008, additions to development costs included staff costs amounting to RM190,000.

### 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.



# Notes To The Financial Statements

(Cont'd)

## 13. Inventories

During the year, certain inventories of the Group were written down by RM986,000 to their net realisable value. The write-down was recognised in cost of sales.

## 14. Receivables, deposits and prepayments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade</b>				
Trade receivables	17,979	22,104	-	-
Retention sum	1,527	1,506	-	-
	19,506	23,610	-	-
Less: Allowance for doubtful debts	(4,415)	(15,891)	-	-
	15,091	7,719	-	-
Progress billings receivable	1,427	418	-	-
	16,518	8,137	-	-
<b>Non-trade</b>				
Other receivables, deposits and prepayments	2,530	2,501	7	7
Less: Allowance for doubtful debts	(26)	(26)	-	-
	2,504	2,475	7	7
	19,022	10,612	7	7

### 14.1 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hong Kong Dollar	8,390	15,486	-	-

14.2 During the year, allowance for doubtful debts decreased by RM140,000 (2008 - increased by RM710,000) as a result of foreign exchange differences arising from net investment in a foreign operation.

14.3 During the year, the Group's bad debts amounting to RM2,528,000 were written off against allowance for doubtful debts.

## 14. Receivables, deposits and prepayments (Cont'd)

### 14.4 Construction work-in-progress

	2009 RM'000	Group 2008 RM'000
Aggregate costs incurred to date	-	2,644
Add: Attributable profits	-	949
	-	3,593
Less: Progress billings	-	(3,928)
Deferred income	-	(335)
Additions to aggregate costs incurred during the year include:		
Staff costs	1,070	1,275
Rental of plant and machinery	106	289

### 14.5 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.

## 15. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	2,592	2,488	37	32
Deposits placed with licensed banks	8,761	21,305	1,683	1,650
	11,353	23,793	1,720	1,682

Included in the Group's cash and bank balances is RM756,000 (2008 - RM740,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

In 2008, included in the Group and Company's deposits with licensed banks were RM1,574,000 and RM1,174,000 pledged for bank overdraft and bank guarantee facilities granted to subsidiaries. The deposits were no longer pledged during the year as those subsidiaries no longer required any borrowings.

# Notes To The Financial Statements

(Cont'd)

## 16. Asset classified as held for sale

In 2008, a property held under Ken Grouting Sdn. Bhd., a wholly-owned subsidiary, was presented as asset classified as held for sale following the commitment of the subsidiary to sell the property to a third party. Sale and purchase agreement was signed subsequent in 2009 and the sale was completed during the year.

Asset classified as held for sale was as follows:

	2009 RM'000	Group 2008 RM'000
Property	-	327

Property held for sale comprised the following:

	2009 RM'000	Group 2008 RM'000
<b>Cost</b>		
Leasehold property	-	350
<b>Accumulated depreciation</b>		
Leasehold property	-	(23)
	-	327

## 17. Share capital

### Group and Company

	Number of shares		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Ordinary shares of RM1.00 each:				
Authorised	300,000	300,000	300,000	300,000
Issued and fully paid	95,860	95,860	95,860	95,860

The holders of 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 18.3), all rights are suspended until those shares are reissued.

## 18. Reserves

### 18.1 Revaluation reserve

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

### 18.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

### 18.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 27 April 2009, 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 year ended 31 December 2009, the Company repurchased 830,500 of its issued share capital from the Bursa Malaysia at an average price of RM0.69 per ordinary share. The total consideration paid was RM574,543. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares. None of the treasury shares (including those repurchased in previous years) were resold as at year end.

### 18.4 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 2009 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2007. As such, the remaining Section 108 tax credit as at 31 December 2009 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.

## 19. Borrowings

	Group	
	2009 RM'000	2008 RM'000
Loan from minority shareholder:		
- Non Current	-	193
- Current	40	-
	<b>40</b>	<b>193</b>

As at 31 December 2009, the loan from minority shareholder is unsecured, interest free and repayable on demand. In 2008, the loan from minority shareholder was unsecured, interest free and not expected to be repaid within the next 12 months.

# Notes To The Financial Statements

(Cont'd)

## 20. Payables and accruals

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade</b>				
Trade payables	10,635	12,665	-	-
Progress billings	2,449	7,456	-	-
	13,084	20,121	-	-
<b>Non-trade</b>				
Other payables and accruals	14,330	13,514	278	167
Amount due to Directors	352	286	213	196
	14,682	13,800	491	363
	27,766	33,921	491	363

### 20.1 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hong Kong Dollar	45	189	-	-

20.2 Included in trade payables of the Group are retention sums payable amounting to RM2,655,000 (2008 - RM2,580,000).

20.3 Included in other payables and accruals of the Group are accrual for project costs amounting to RM5,609,000 (2008 - RM9,464,000).

20.4 During the year, included in other payables and accruals of the Group are consultation fees amounting to RM3,188,000 (2008 - Nil) payable to consultants involved in the legal case of a subsidiary settled during the year.

20.5 Amount due to Directors represents accrual of Directors fee payable which is unsecured, interest free and repayable on demand.

## 21. Deferred income

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Construction work in progress	14.4	-	335	-	-

# Notes To The Financial Statements

(Cont'd)

## 22. Profit before tax

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<b>Profit before tax is arrived at after charging:</b>				
Allowance for doubtful debts	2,305	-	-	-
Amortisation of prepaid lease payments	77	77	-	-
Auditors' remuneration				
- Statutory audit				
KPMG	80	80	20	20
Other auditors	6	9	-	-
- Other services				
KPMG	6	6	-	-
Depreciation of investment properties	78	89	-	-
Depreciation of property, plant and equipment	372	511	-	-
Impairment of goodwill	183	-	-	-
Inventories written down	986	-	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	523	530	-	-
- Wages, salaries and others	4,386	4,549	112	122
Property, plant and equipment written off	-	1	-	-
Rental expense on premises	97	116	-	-
<b>and after crediting:</b>				
Dividend income from subsidiaries (unquoted)	-	-	4,102	5,075
Gain on disposal of asset held for sale	24	29	-	-
Inter-company management fees	-	-	612	846
Interest income from:				
- Fixed deposits	251	504	32	57
- Housing Development Account	10	53	-	-
- Purchasers (late payment)	86	167	-	-
Recovery of bad debts	-	266	-	-
Reversal of allowance for doubtful debts	11,113	48	-	-
Rental income from properties	1,160	893	-	-



# Notes To The Financial Statements

(Cont'd)

## 23. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors:				
- Fees	105	99	77	99
- Remuneration	1,500	1,723	35	35
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	42	48	-	-
	1,647	1,870	112	134
Other key management personnel:				
- Emoluments	258	243	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	10	10	-	-
	268	253	-	-
	1,915	2,123	112	134

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

## 24. Income tax expense

Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current tax expense</b>				
Malaysian - current year	3,502	4,585	954	1,412
- (over)/under provision in prior year	(37)	(88)	(1)	38
Total current tax	3,465	4,497	953	1,450
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(1,519)	(1,919)	(17)	178
Under provision in prior year	102	33	-	-
Effect of changes in tax rate	-	(275)	-	(51)
Total deferred tax	(1,417)	(2,161)	(17)	127
Total income tax expense	2,048	2,336	936	1,577

## 24. Income tax expense (Cont'd)

### Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Reconciliation of effective tax expense</b>				
Profit before tax	<b>11,914</b>	8,613	<b>4,381</b>	5,638
Income tax calculated using Malaysian tax rate of 25% (2008 - 26%)	<b>2,979</b>	2,239	<b>1,095</b>	1,466
Effect of lower tax rate for certain subsidiaries *	-	(54)	-	-
Non-deductible expenses	<b>384</b>	388	<b>47</b>	124
Tax exempt income	-	-	<b>(188)</b>	-
Effect of tax losses for which no deferred tax asset was recognised	<b>(1,012)</b>	62	-	-
Effect of changes in tax rates **	-	(275)	-	(51)
Effect of tax rates in foreign jurisdiction ***	<b>(368)</b>	31	-	-
	<b>1,983</b>	2,391	<b>954</b>	1,539
Under/(over) provision in prior year	<b>65</b>	(55)	<b>(18)</b>	38
Total tax expense	<b>2,048</b>	2,336	<b>936</b>	1,577

\* 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.

In the Malaysia Budget 2009, it was announced that with effect from year of assessment 2009, the preferential tax rate entitlement for companies with paid-up capital of RM2.5 million and below will not apply if more than 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by related company which has a paid-up ordinary share capital exceeding RM2.5 million.

\*\* 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 16.5%.

## 25. Earnings per ordinary share

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2009 RM'000	2008 RM'000
Profit for the year attributable to ordinary shareholders	<b>9,866</b>	6,277

# Notes To The Financial Statements

(Cont'd)

## 25. Earnings per ordinary share (Cont'd)

Weighted average number of ordinary shares

	2009 '000	2008 '000
Issued ordinary shares at 1 January	95,860	95,860
Effect of treasury shares held	(1,926)	(331)
Weighted average number of ordinary shares at 31 December	93,934	95,529

### Diluted earnings per ordinary share

For 2009 and 2008, 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 Amount RM'000	Date of payment
<b>2009</b>		
2008 final tax exempt dividend of RM0.04 per share	3,753	25 June 2009
<b>2008</b>		
2007 final dividend of RM0.06 per share less tax at 26%	4,244	25 June 2008

After the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
2009 final tax exempt dividend of RM0.02 per share	2	1,875
2009 final dividend of RM0.02 per share less tax at 25%	2	1,406

## 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.

# Notes To The Financial Statements

(Cont'd)

## 27. Segment reporting (Cont'd)

### 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

Both the construction and property development segment are now operating solely in Malaysia. However, the Group is still maintaining its subsidiary in Hong Kong which was previously involved in the construction segment. The subsidiary is currently dormant.

	Construction		Property development		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Business segments</b>								
Total external revenue	530	2,067	30,666	37,061	-	-	31,196	39,128
Inter-segment revenue	28,152	29,608	-	-	(28,152)	(29,608)	-	-
<b>Total segment revenue</b>	<b>28,682</b>	<b>31,675</b>	<b>30,666</b>	<b>37,061</b>	<b>(28,152)</b>	<b>(29,608)</b>	<b>31,196</b>	<b>39,128</b>
Segment result	6,086	3,135	16,263	7,718	(10,594)	(2,661)	11,755	8,192
Unallocated expenses							(188)	(303)
<b>Results from operating activities</b>							<b>11,567</b>	<b>7,889</b>
Interest income							347	724
<b>Profit before tax</b>							<b>11,914</b>	<b>8,613</b>
Income tax expense							(2,048)	(2,336)
<b>Profit for the year</b>							<b>9,866</b>	<b>6,277</b>
<b>Segment assets</b>	<b>21,053</b>	<b>28,433</b>	<b>115,508</b>	<b>118,786</b>	<b>(6,925)</b>	<b>(14,420)</b>	<b>129,636</b>	<b>132,799</b>
Unallocated assets							23,152	21,427
<b>Total assets</b>							<b>152,788</b>	<b>154,226</b>
<b>Segment liabilities</b>	<b>20,418</b>	<b>19,798</b>	<b>10,825</b>	<b>19,733</b>	<b>(4,788)</b>	<b>(5,697)</b>	<b>26,455</b>	<b>33,834</b>
Unallocated liabilities							7,212	6,770
<b>Total liabilities</b>							<b>33,667</b>	<b>40,604</b>
Capital expenditure	-	1,994	331	260	-	-	331	2,254
Depreciation and amortisation	431	558	96	119	-	-	527	677
Non cash expenses other than depreciation and amortisation	278	1	6,420	-	(6,515)	-	183	1

# Notes To The Financial Statements

(Cont'd)

## 27. Segment reporting (Cont'd)

	Malaysia		Hong Kong		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical segments</b>								
Revenue from external customers	31,196	39,128	-	-	-	-	31,196	39,128
Segment assets	143,282	129,955	9,506	2,844	-	-	152,788	132,799
Capital expenditure	331	2,254	-	-	-	-	331	2,254

## 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.

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<b>Contingent liabilities not considered remote</b>				
i) Corporate guarantees (unsecured)				
Guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	577	1,302
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	-	-	46	852
	-	-	623	2,154

## 29. Related parties

### Identity of 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.

## 29. Related parties (Cont'd)

### Identity of related parties (Cont'd)

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

	Amount transacted for the year ended 31 December		Net balance outstanding at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Group and Company</b>				
Key management personnel of the Group and the Company Tan Boon Kang Lau Pek Kuan				
Rental expense on premises payable by Ken Grouting Sdn. Bhd., a subsidiary, to a company in which these Directors have interests	12	12	-	-

Company	Amount transacted for the year ended 31 December	
	2009 RM'000	2008 RM'000
<b>Subsidiaries</b>		
Management fees receivable		
- Ken Grouting Sdn. Bhd.	(120)	(120)
- Ken Projects Sdn. Bhd.	(252)	(126)
- Ken Property Sdn. Bhd.	(240)	(600)
	(612)	(846)
Dividend income receivable		
- Ken Grouting Sdn. Bhd.	(562)	(1,110)
- Ken Projects Sdn. Bhd.	(750)	-
- Ken Property Sdn. Bhd.	(1,950)	(2,645)
	(3,262)	(3,755)

All of the above outstanding balances are expected to be settled in cash by / to the related party. The outstanding balances from subsidiaries are shown in note 11 to the financial statements.

# Notes To The Financial Statements

(Cont'd)

## 30. Financial instruments

### Financial risk management objectives and policies

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.

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 the end of the reporting period, there is no significant concentration of credit risk for both the Group and the Company. 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 monitor and maintain 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 maintain a sufficient level of cash to meet their working capital requirements while unutilised funds are placed in fixed deposits with approved licensed financial institutions.

### Effective interest rates and repricing analysis

In respect of interest-earning finance asset, the following table indicates its effective interest rate at the balance sheet date and the periods in which it matures, or if earlier, reprices.

Group	Average effective interest rate %	Total RM'000	Within 1 year RM'000
<b>2009</b>			
<b>Financial asset</b>			
Deposit placed with a licensed bank	1.69%	8,761	8,761
<b>2008</b>			
<b>Financial asset</b>			
Deposit placed with a licensed bank	3.08%	21,305	21,305



## 30. Financial instruments (Cont'd)

Company	Average effective interest rate %	Total RM'000	Within 1 year RM'000
<b>2009</b>			
<b>Financial asset</b>			
Deposit placed with a licensed bank	1.50%	1,683	1,683
<b>2008</b>			
<b>Financial asset</b>			
Deposit placed with a licensed bank	2.72%	1,650	1,650

### Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments and payables and accruals, 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.

## 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 73 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 as of 31 December 2009 and of their financial performance and cash flows for the financial 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: 24 March 2010

## 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 73 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 24 March 2010.

.....  
**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 2009 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 financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 73.

#### 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 2009 and of their financial performance and cash flows for the financial 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 auditors, 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: 24 March 2010

#### Lim Hun Soon @ David Lim

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

# Analysis Of Shareholdings

As at 10 March 2010

## 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	:	2,119,800 ordinary shares of RM1.00 each

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100 shares	92	3.82	3,012	0.00
100 – 1,000 shares	215	8.93	184,378	0.20
1,001 – 10,000	1,681	69.78	7,918,550	8.45
10,001 – 100,000	372	15.44	10,224,562	10.91
100,001 to less than 5% of issued shares	47	1.95	32,634,879	34.81
5% and above of issued shares	2	0.08	42,774,819	45.63
Total	2,409	100.00	93,740,200	100.00

# Analysis Of Shareholdings

As at 10 March 2010 (Cont'd)

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Kencana Bahagia Sdn. Bhd.	32,274,819	34.43
2. ABB Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Budaya Dinamik Sdn. Bhd.</i>	10,500,000	11.20
3. Tan Chek Een	3,000,000	3.20
4. Tan Chek Ying	3,000,000	3.20
5. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Seloka Aman Sdn. Bhd.</i>	2,031,000	2.17
6. Tan Boon Kang	1,981,800	2.11
7. Tan Chek Siong	1,907,500	2.03
8. Kencana Bahagia Sdn. Bhd.	1,650,000	1.76
9. Tan Foo See	1,551,989	1.66
10. Yeoh Kean Hua	1,530,000	1.63
11. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Impian Nuri Sdn. Bhd.</i>	1,300,500	1.39
12. M & A Nominee (Asing) Sdn. Bhd. <i>Pedigree Limited</i>	1,222,000	1.30
13. Tan Boon Kang	1,213,500	1.29
14. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Adat Saga Sdn. Bhd.</i>	1,186,600	1.27
15. Soo San Hem	1,152,000	1.23
16. Lau Pek Kuan	1,150,000	1.23
17. Lau Pek Kuan	808,500	0.86
18. Low Siew Choong @ Liew Siew Meng	680,750	0.73
19. Tan Chee Koon	650,900	0.69
20. Tan Moon Hwa	606,340	0.65
21. Lim Hui Huat @ Lim Hooi Chang	454,100	0.48
22. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Axa Affin General Insurance Berhad</i>	430,000	0.46
23. RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loke See Ooi</i>	383,400	0.41
24. Lau Chin Ka	350,660	0.37
25. M & A Nominee (Tempatan) Sdn. Bhd. <i>Titan Express Sdn. Bhd.</i>	346,700	0.37
26. Lim Khuan Eng	326,900	0.35
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. <i>Pledged Securities Account for Soon Ah Ba</i>	230,500	0.25
Total	72,723,748	77.58

# Analysis Of Shareholdings

As at 10 March 2010 (Cont'd)

## 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	3.41	43,790,819	46.72
2) Lau Pek Kuan	1,958,500	2.09	45,027,619	48.03
3) Anton Syazi bin Ahmad Sebi	-	-	10,590,612	11.30
4) Aryati Sasya Binti Ahmad Sebi	-	-	10,590,612	11.30
5) Budaya Dinamik Sdn. Bhd.	10,590,612	11.30	-	-
6) Kencana Bahagia Sdn. Bhd.	33,924,819	36.19	-	-

## STATEMENT OF DIRECTORS' SHAREHOLDINGS

Directors' Name The Company	No. of Ordinary Shares of RM1.00 Each	
	Direct	Indirect
1) Tan Boon Kang	3,195,300	43,790,819
2) YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud	-	-
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 his interest in the Company, Mr. Tan Boon Kang is 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 2009

The properties of the Group as at 31 December 2009 are as follows:

Location	Description/ usage	Tenure/ year of expiry	Age of property/ building	Land/ Built-up area	Net book Value (RM'000)	Year of valuation / acquisition
12 ½ Storey Building with 3 levels of Basement Car Park Geran 7611, Lot No. 40405 Mukim of Kuala Lumpur District of Kuala Lumpur Federal Territory	Commercial building for re-development	Freehold	-	30,742 sq ft	48,343	2005
Geran Nos. 63978 and 35098 Lot No. 20 and 419, Section 1 Bandar Batu Ferringgi District of Timur Laut State of Penang	Two parcels of beach front undeveloped land	Freehold	-	2.53 acres	5,591	2005
Geran 6372A, 6373 to 6377 Lot Nos. 8272 to 8277 Mukim of Chenderiang District of Batang Padang 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 (PT 0011128-135, 137, 140-145, 147-157, 308-315) Mukim of Bentong State of Pahang Darul Makmur	34 lots of vacant bungalow lots	Freehold	-	14.44 acres	1,880	2003
PM 269, Lot No. 13555 Mukim of Sungai Buloh District of Petaling State of Selangor Darul Ehsan	A parcel of land occupied as store	Leasehold/ February 1, 2079	69 years Unexpired Lease	47,006 sq ft	1,626	2005*
PM 270, Lot No. 13559 Locality of Kampung Sungai Kayu Ara Mukim of Sungai Buloh District of Petaling State of Selangor Darul Ehsan	A parcel of land occupied as store	Leasehold/ February 1, 2079	69 years Unexpired Lease	36,909 sq ft	1,418	2005*
Lot 29504, H.S. (O) 4926 Mukim and District of Kuala Lumpur State of Federal Territory Postal address: 6, Jalan Datuk Sulaiman Taman Tun Dr. Ismail 60000 Kuala Lumpur Federal Territory	One unit of three-storey terrace shophouse/occupied as corporate office	Freehold	29 years (Building)	1,875 sq ft	1,824	2005*
Lot A1-G-01 to A1-G-10 and A8-G-01 to A8-G-04 Rumah Pangsa Kampung Aman Satu Jalan SK6/1 Taman Bukit Serdang Seksyen 4&5, 43300 Selangor State of Selangor Darul Ehsan	14 units of Groundfloor Shoplots	Leasehold/ May 1, 2098	9 Years (Building) 88 years Unexpired lease	9,100 sq ft	1,534	2005*



# List Of Properties

As at 31 December 2009 (Cont'd)

Location	Description/ usage	Tenure/ year of expiry	Age of property/ building	Land/ Built-up area	Net book Value (RM'000)	Year of valuation / acquisition
A-3A-1, A-3A-2, A-3A-3, A-3A-3A, A-3A-7, B-3A-5, C-3A-2, C-3A-3, C-3A-6 Ken Damansara Condominium No. 217 Jalan SS2/72 47400 Petaling Jaya State of Selangor Darul Ehsan	9 units of retails commercial lots	Freehold	7 Years	6,247 sq ft	781	2005*
GM 43019 Lot No 37448 and GM 1849 Lot No 17494 Mukim of Kapar District of Klang State of Selangor Darul Ehsan	Two parcels of land for residential development	Freehold	-	Approximately 69.18 acres	25,974	2003
Geran 44855 (formerly H.S.(D) 7212) Lot 31210 and Geran 44856 (formerly H.S.(D) 7213) Lot 31211 Mukim and District of Kuala Lumpur	Two parcels of land for investment	Freehold	-	Approximately 1.21 acres	16,437	2007
11255, Lot 38126 Tempat Kampung Melayu Malra, Sungai Buloh Bandar Sungai Buloh, Daerah Gombak Negeri Selangor Darul Ehsan	A parcel of land to be occupied as store	Leasehold/ August 18, 2068	58 years Unexpired lease	110,543 sq ft	1,880	2008

\* Valuation done in 2005



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-SIXTH ANNUAL GENERAL MEETING** of the Company, to be held at the Dewan Berjaya (Main Club House), Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on Monday, 26 April 2010, 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. Tan Moon Hwa as Director		
5)	Re-election of Mr. Tang Kam Chee as Director		
6)	Re-election of YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud as Director		
7)	Re-appointment of Messrs. KPMG as Auditors		
8)	Ordinary Resolution 1 - Authority to Allot and Issue Shares		
9)	Ordinary Resolution 2 - Proposed Renewal of Authority For Share Buy-Back		

Signed this ..... day of ..... 2010

No. of Shares Held:	
CDS Account No.:	
Tel No. (during office hours):	

.....  
Signature

Notes:-

1. 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.
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 proportions of his/her holdings 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.

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Stamp

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

fold here

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