KEN HOLDINGS BHD
(106173-M)

ANNUAL REPORT 2010

30 years 1980 - 2010
Developing Your Future

KEN RIMBA

KEN RIMBA LEGIAN

Malaysia's 1st recipient BCA Green Mark Gold (Provisional) Award for Landed Residential Terrace House Development

BCA GREEN MARK GOLD AWARD (PROVISIONAL)

"Our commitment to being a responsible corporate citizen through our unwavering adherence to sustainable strategies and practices in our corporate, environmental, economic and social activities have collectively stood us in good stead to create enduring value for our stakeholders."

KEN RIMBA CC

Malaysia's 1st recipient BCA Green Mark Certified (Provisional) Award for Commercial Shoplots Development

BCA GREEN MARK CERTIFIED (PROVISIONAL)

KEN BANGSAR

Malaysia's 1st recipient BCA Green Mark GoldPlus Award for High Rise Residential Development

BCA GREEN MARK GOLD PLUS AWARD

green building index GOLD

CONTENT

FINANCIAL STATEMENTS

Awarded the prestigious Edge-PAM Green Excellence Award 2010 during the Edge Malaysia Top Property Developers Awards for its Ken Bangsar Serviced Residences Project. Ken Bangsar project showcase the Group's commitment to Green Development and incorporates environmentally-friendly and energy-saving features for minimal impact on the environment.

KEN HOLDINGS BERHAD is one of the first carbon neutral companies in Malaysia.

List of awards secured for the Company's commitment to Green Development

Left to Right

1. Best Green Developer Award by News Straits Times 2010;
2. The Edge-PAM Green Excellence Award 2010 during the Edge Malaysia Top Property Developers Awards;
3. Building and Construction Authority (BCA), Singapore Green Mark GoldPLUS Award
4. 2010 Malaysian Green Building Index (GBI) Gold Award

Dear Valued Shareholders,

"Despite the fallout that was being felt internationally from the recent global financial turbulence, I am pleased to report on behalf of the board of directors that Ken Holdings Berhad stayed true to its course of sustainable development, to consolidating our property portfolio to facilitate long-term growth, and to being one of the first Malaysian companies to achieve carbon neutral status. Our commitment to being a responsible corporate citizen through our unwavering adherence to sustainable strategies and practices in our corporate, environmental, economic and social activities have collectively stood us in good stead to create enduring value for our stakeholders."

Financial Review

During the financial year ended 31st December 2010, the Group achieved an operating revenue of RM54.2 million, against RM31.3 million generated the previous year. Post-tax profit of RM19 million represented a 94% increase compared to RM9.8 million reported in 2009. The Group's earnings were mainly from the launches of Ken Bangsar, Ken Rimba Legian, and the Ken Rimba Commercial Centre. Net assets per share increased from RM1.24 in the preceding year to RM1.42 for the financial year just ended. As a result, we can reward shareholders with a net dividend yield of 3.93%, compared to 3.5% of the year before.

Property Development operations

Ken Rimba Legian Residences, comprising 328 two-storey terrace houses in Shah Alam, is a BCA Green Mark Gold (Provisional) and Green Building Index award winning development that is part of KEN RIMBA, Malaysia's first truly green township. Construction of the houses is progressing smoothly and we expect it to be completed on schedule.

The Ken Rimba Commercial Centre, which has also been awarded the BCA Green Mark Certified (Provisional) by the Building Construction Authority (BCA) of Singapore, is also on track to be completed on schedule.

Our KEN TTDI corporate office where construction works commenced in 2011 will be a landmark example of the infinite potential of environmentally sound practices in construction which will incorporate the latest in green-driven technology.

The brand Ken Holdings Berhad has become synonymous with award-winning clean capitalism. To ensure we consolidate on our strengths and continue to build on this already well-regarded brand, thereby creating better value for our stakeholders, all future products will carry the KEN branding.

Awards and Recognition

A remarkable testament to sustainable development, Ken Bangsar continues to garner accolades from industry insiders who recognise the tremendous impact this project will have on future residential projects. In addition to already being awarded the Green Mark GoldPLUS Award (final certificate) from the BCA — the first such award ever accorded to a Malaysian company — Ken Bangsar was also the winner of the 2010 Malaysian Green Building Index (GBI) Gold Award, and the recipient of the Edge's PAM Green Excellence Award 2010. In recognition of its status as the pioneering exponent in the green building movement, Ken Holdings Berhad was also awarded the Best Green Developer 2010 title by the SC Cheah Choice Award in collaboration with the New Straits Times property section.

Corporate Responsibility & Sustainability Reporting

In line with our commitment to conducting business in a socially ethical manner, I am proud to announce that KEN HOLDINGS BERHAD has become one of the first companies in Malaysia to achieve carbon neutral status. This is a very important milestone which reflects not only the needs of our country but that of the world and we hope that this will echo the message and pave the way for more companies to follow in our footsteps in balancing sustainability with everyday business.

As the leading exponent of responsible, sustainable development in Malaysia, we are cognisant of our responsibility to stakeholders and community to continue developing iconic properties that are defined by innovative green technology. In line with our vision to build on this portfolio and to exhibit leadership by example, we will continue to promote environmental awareness to consumers and industry insiders alike, to prioritising green over conventional technology wherever viable, to conserving all natural resources, and to embarking on green developments that will serve as remarkable testaments to the possibilities of sustainable practice.

I am also proud to present to you KEN HOLDINGS BERHAD's first Sustainability Report attached together with this Annual Report which chronicles the efforts of the KEN Group in leading Malaysia towards a more sustainable future.

Ken Foundation

KEN HOLDINGS BERHAD continues its commitment of contributing 1% of its Group profit before tax to KEN FOUNDATION, founded in 2005, to provide the required resources to offer scholarships to qualifying Malaysian students to complete their tertiary education at local public universities. Scholarship recipients are also given internship training at the Group's subsidiary companies to equip them with the requisite practical experience to groom them for their future.

Dividends

The Board has recommended a first and final tax-exempted dividend of 0.55 sen per ordinary share, and franked dividend of 4.5 sen per ordinary share less tax 25% in respect of the year ended 31 December 2010 for your continued support and confidence in us. The proposed dividend shall be subject to shareholders' approval at the forthcoming Annual General Meeting.

Outlook

2010 was a year of cautious optimism and economic recovery as governments around the world rallied to revive their flagging economies. Looking forward to 2011, the Malaysian economy is anticipated to be largely positive, and driven by robust domestic demand. We at Ken Holdings Berhad look forward to a year that will be both profitable and productive.

We face many challenges moving forward, to building a brand that will command respect from our peers and the community which we serve. With the support of our business associates, we are confident that we will meet and transcend those challenges, and as such, look forward to an outstanding year in 2011, during which we will continue to make value creation for our stakeholders a priority.

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 16 through 21 of this Annual Report.

Acknowledging Contributions

As we conclude this financial year, let us take a minute to reflect on the milestones we have achieved together as pioneers in this brave new world of sustainable development. On behalf of the board, I would like to thank our customers, business partners, the government authorities and the financial community, all of whom have been instrumental in helping us to achieve our goals. I would also like to thank the management and staff for their loyalty, hard work and support throughout the year. Finally, I would like to express my deepest gratitude to our valued shareholders for your continued faith in us, and to my fellow board members for their contribution to the ongoing success of the Group.

Tan Boon Kang
Chairman
Kuala Lumpur
25 March 2011

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be held at the Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 18 April 2011, 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 2010 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a first and final dividend comprising franked dividend of 4.5 sen per ordinary share less tax 25% and tax exempt dividend of 0.55 sen per ordinary share in respect of the year ended 31 December 2010. **(Resolution 2)**

3. To approve the Directors' fees of RM126,000 /- (2009: RM105,000) in respect of the year ended 31 December 2010. **(Resolution 3)**

4. To re-elect the following Directors who retire pursuant to Article 101 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-

   (a) Mr. Tan Boon Kang **(Resolution 4)**
   (b) Mr. Tan Chek Siong **(Resolution 5)**
   (c) Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar **(Resolution 6)**

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:-

   (a) As 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) As 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."

(c) As Special Resolution **(Resolution 10)**

Proposed Amendment to the Company's Articles of Association ("Proposed Amendment")

"**THAT** the existing Article 138 of the Company's Articles of Association be deleted in its entirety and in substitution therefore the following new Article 138:-

EXISTING ARTICLE 138 – PAYMENT OF DIVIDENDS BY CHEQUE

"Any dividend may be paid by cheque sent through the post to the registered address of the member or person entitled thereto. Every such cheque shall be made payable to the order of the person to whom it is sent, and payment of the cheque shall be a good discharge to the Company of the dividend to which it relates.

NEW ARTICLE 138 - PAYMENT OF DIVIDENDS

"Subject to the provisions of the Listing Requirements and the Rules, any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the member or person entitled thereto or paid by direct transfer or such other electronic means to the bank account provided by the member whose name appears in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the member or person entitled thereto, and the payment of any such cheque or warrant or the payment by direct transfer or such other electronic means to the bank account provided by the member whose name appears in the Record of Depositors shall operate as a good discharge of the Company's obligation in respect of dividend represented thereby, notwithstanding that it may subsequently appear that the cheque has been stolen or that the endorsement thereon or the instruction for the payment by direct transfer or such other electronic means has been forged. Every such cheque or warrant sent or payment by direct transfer or such other electronic means shall be at the risk of the person entitled to the dividend thereby represented."

AND FURTHER THAT the Directors be and are hereby authorised to take all such steps as they shall deem necessary and expedient to effect and complete the Proposed Amendment."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Twenty-Seventh Annual General Meeting, a first and final dividend comprising franked dividend of 4.5 sen per ordinary share less tax 25% and tax exempt dividend of 0.55 sen per ordinary share in respect of the year ended 31 December 2010 will be payable on 23 June 2011 to depositors registered in the Record of Depositors on 9 June 2011.

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 9 June 2011 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
25 March 2011

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:**

   (a) 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.

   The renewal mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

   (b) 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 25 March 2011 which is circulated together with this Annual Report.

   (c) Resolution pursuant to Proposed Amendment to the Company's Articles of Association
   Resolution No. 10 proposed as a Special Resolution under item 6(c), if passed, will update Article 138 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the directive from Bursa Malaysia Securities Berhad pertaining to eDividend.

CORPORATE INFORMATION

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 BANKER

Malayan Banking Berhad (Maybank)

AUDITORS

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

CORPORATE STRUCTURE

KEN HOLDINGS BHD
(106173-M)

- 100% **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
  - 79.4% **KENLY (HK) LTD.**
    Dormant
- 100% **KEN PROJECTS SDN. BHD.**
  Investment Holding
  - 100% **KHIDMAT TULIN SDN. BHD.**
    Housing Developer
  - 100% **T.B.S. MANAGEMENT SDN. BHD.**
    Property Management Services
  - 100% **KEN RIMBA SDN. BHD.**
    Housing Developer and Investment Holding
    - 100% **GENESIS NATURE 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.**
    Investment Holding
    - 100% **JEWEL ESTATE SDN. BHD.**
      Proprety Management Services
- 100% **SPHERE SUPREME SDN. BHD.**
  Investment Holding

FINANCIAL HIGHLIGHTS

PRINCIPAL ACTIVITIES

The Company

Investment holding and provision of management services.

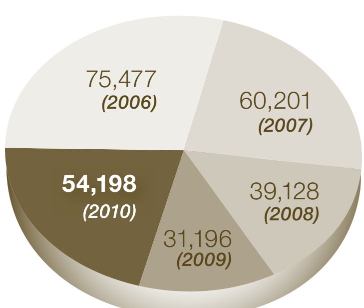
The Subsidiairy Companies

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.

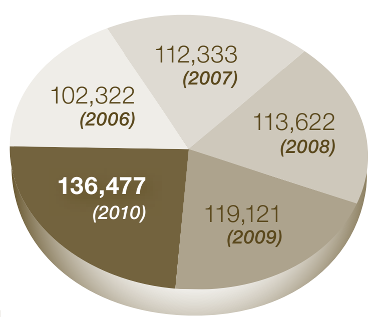
FIVE YEARS GROUP FINANCIAL STATISTICS

RM'000	2006	2007	2008	2009	2010
Revenue	75,477	60,201	39,128	31,196	54,198
Profit before taxation	9,947	11,842	8,613	11,914	24,073
Profit after taxation	3,867	8,430	6,277	9,866	19,020
Profit attributable to shareholders	4,073	8,430	6,277	9,866	19,020
Shareholders' fund	102,322	112,333	113,622	119,121	136,477
Issued share capital	90,285	95,860	95,860	95,860	95,860
Total assets	145,632	147,093	154,226	152,788	176,312
Net asset	102,322	112,333	113,622	119,121	136,477
Net earnings per share (sen)	5	9	7	10	20
Net assets per share (sen)	113	117	119	124	142

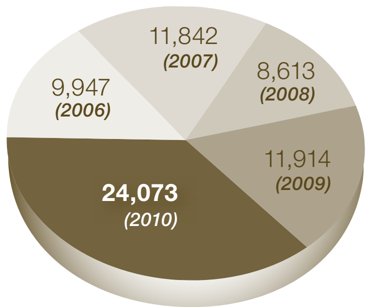
REVENUE (RM'000)



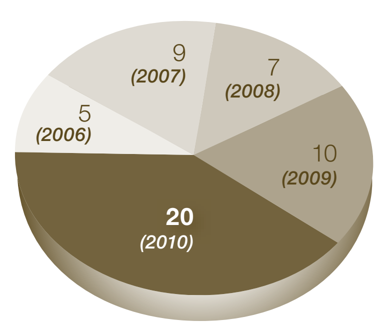
NET ASSET (RM'000)



PROFIT BEFORE TAXATION (RM'000)



NET EARNINGS PER SHARE (SEN)



BOARD OF DIRECTORS

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*** *53 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, Kenly (HK) Limited and Sphere Supreme Sdn Bhd.

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

TAN CHEK SIONG ***Executive Director*** *30 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 also a Director of Ken Grouting Sdn Bhd, Ken Property Sdn Bhd, Ken Rimba Sdn Bhd, Ken TTDI Sdn Bhd and Sphere Supreme Sdn Bhd.

He is the son of Mr Tan Boon Kang who is the Chairman/Managing Director of the Company.

TANG KAM CHEE ***Executive Director*** *56 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, Genesis Nature Sdn Bhd, Sphere Supreme Sdn Bhd and Classic Scenic Berhad.

DIRECTORS' PROFILE (Cont'd)

TAN MOON HWA ***Executive Director*** *48 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, Jewel Estate Sdn Bhd and Genesis Nature Sdn Bhd.

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

SHA THIAM FOOK ***Independent Non-Executive Director*** *60 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
55 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 in 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
36 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.

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.

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 paragraphs 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 2010.

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' 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 2010 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 14 to 15 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 2010, 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.

Record of each Director's meeting attendance for financial year ended 31 December 2010 is contained in the table below:-

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr Tan Boon Kang	(6/6)^			(1/1)^
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	(4/6)^	(3/5)^	(1/1)^	(1/1)^
Dato' Seri Raja Ahmad Zainuddin bin Raja Haji Omar	(6/6)^	(5/5)^	(1/1)^	

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

Supply of Information

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

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

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

Appointment and Re-election of Directors

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

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

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

Directors' Training

All Directors have completed the Mandatory Accreditation Programme 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 2010, the Directors have attended a training programme conducted by external training providers on the topic "Blue Ocean Strategy".

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 24 to 28 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

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

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

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

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 Company for the year ended 31 December 2010 categorised in appropriate components is set our below:-

	Fee RM'000	Benefits-in-Kind RM'000	Salaries and Other Emoluments RM'000	Bonus RM'000	Total RM'000
Executive	60	34	1,266	254	1,614
Non-Executive	45	-	35	-	80
	105	34	1,301	254	1,694

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

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	3
RM150,001 - RM200,000	2	-
RM250,001 - RM300,000	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 Annual General Meeting (AGM) represents the principal forum for dialogue and interaction with shareholders where shareholders are informed of current development. Shareholders are encouraged to participate in discussion and to give their views to the Board. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder(s) with a written answer after the AGM. Additionally, a press conference is held immediately after the AGM to brief members of the media on key events of the Group. The Managing Director and Executive Directors are also present at the press conference to explain any issues.

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*.

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*. The Company also maintains its homepage that allows all shareholders and investors access to information about the Group at *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 24 to 28 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 24 to 28 of this Annual Report.

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

	2010 RM'000
Audit fee payable	88
Non-audit fee paid	6
Total	**94**

Statement of Internal Control

The Statement of Internal Control furnished on pages 22 to 23 of this Annual Report provides an overview on the state of internal control 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 AAII 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 15 March 2011.

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, a new risk and six other 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 2011.

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.

The independent consultant appointed to undertake the internal audit function in 2010 had also presented the annual audit plan for 2011 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for inclusion in the Annual Report of the Company for the year ended 31 December 2010.

This statement was made in accordance with a resolution of the Board dated 15 March 2011.

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 2010, 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	*(Non-Independent Non-Executive Director)*

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:-

(a) 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 Malaysia Securities Berhad ("Bursa securities");

(b) 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

(c) 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

(a) The Committee shall be appointed by the Board from amongst the directors of the Company and shall be composed exclusively of Non-Executive Directors of no fewer than three (3) members, of whom the majority shall be independent.

(b) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 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;

(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 2010. 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 (Independent Non-Executive Director)	5/5
YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (Non-Independent Non-Executive Director)	3/5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The Audit Committee carried out its duties in accordance with its Terms and Reference. During the financial year ended 31 December 2010, 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;

(b) Reviewed the year end financial statements ended 31 December 2009;

(c) Reviewed the external auditors' reports for the financial year ended 31 December 2009 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 2009;

(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 2009 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 2010;

(h) Met with the external auditors twice during the financial year ended 31 December 2010 without the presence of any executive Board members;

(i) Reviewed the Risk Management Assessment Report of the Company and its wholly-owned subsidiaries;

(j) Reviewed Internal Audit Plan for 2010 of the Company, the scope and focus of the internal audit programmes; and

(k) Reviewed internal audit reports of the Company and its operating subsidiaries prepared by the internal auditor, the audit recommendations made and management's response to the recommendations.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an internal audit consulting 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 Auditors conducted the internal control reviews on the operating functions and procedures and recommended action plans for improvement by management. The final audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2010 was RM20,000.

ADDITIONAL DISCLOSURE INFORMATION

UTILISATION OF PROCEEDS

No proceed were raised by the Company from any corporate proposal during the financial year ended 31 December 2010.

SHARE BUY-BACKS

During the financial year ended 31 December 2010, the Company bought back a total of 2,304,500 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 2010	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		
March	272,900	0.795	0.81	0.81	0.81	220,651.53
April	103,000	0.80	0.81	0.81	0.81	83,324.14
May	82,000	0.75	0.77	0.76	0.76	62,254.05
June	201,300	0.75	0.80	0.77	0.77	155,970.26
July	130,800	0.75	0.79	0.76	0.76	99,982.17
August	89,600	0.770	0.80	0.78	0.78	70,301.21
September	67,900	0.77	0.775	0.78	0.78	52,987.91
October	104,600	0.89	0.92	0.92	0.92	96,320.44
November	198,900	0.90	0.98	0.96	0.96	190,611.75
December	1,053,500	0.95	0.965	0.96	0.96	1,015,634.29

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 2010, a total of 4,424,300 Ken Shares were held at treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2010.

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

During the financial year ended 31 December 2010, 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 2010.

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 2010 amounted to RM6,000.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2010.

MATERIAL CONTRACTS

There were no material contracts(not being contract entered into in the ordinary course of business) 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 2010 or, entered into since the end of previous financial year except as disclosed in Note 27 to the Financial Statements.

FINANCIAL STATEMENTS

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 2010.

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 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year	**19,020**	**2,206**

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:

(i) a final tax exempt dividend of 2 sen per ordinary share totalling RM1,864,300 in respect of the year ended 31 December 2009 on 23 June 2010; and

(ii) a final ordinary dividend of 2 sen per ordinary share less tax at 25% totalling RM1,398,270 (1.50 sen net per ordinary share) in respect of the year ended 31 December 2009 on 23 June 2010.

The final tax exempt and ordinary dividends recommended by the Directors in respect of the year ended 31 December 2010 are 0.55 sen per ordinary share totalling RM527,230 and 4.5 sen per ordinary share less tax at 25% totalling RM4,313,700 (3.375 sen net per ordinary share) respectively.

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

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:

	Number of ordinary shares of RM1.00 each			
Company	**At 1.1.2010 '000**	**Bought '000**	**Sold '000**	**At 31.12.2010 '000**
Directors of the Company:				
Interests in the Company:				
Tan Boon Kang	3,195	-	1,213	1,982
Tan Chek Siong	1,908	1,213	-	3,121
Tan Moon Hwa	606	-	-	606
Tang Kam Chee	115	-	-	115
Indirect interests in the Company:				
Tan Boon Kang	43,791	-	-	43,791

	Number of ordinary shares of HK$1.00 each			
	At 1.1.2010 '000	**Bought '000**	**Sold '000**	**At 31.12.2010 '000**
Subsidiary Kenly (HK) Ltd.				
Indirect interests in the subsidiary:				
Tan Boon Kang	4,376	-	-	4,376

	Number of ordinary shares of RM1.00 each			
Company	**At 1.1.2010 '000**	**Bought '000**	**Sold '000**	**At 31.12.2010 '000**
Spouse of Tan Boon Kang:				
Interest in the Company:				
Lau Pek Kuan	1,959	-	-	1,959
Indirect interests 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

	Number of ordinary shares of HK$1.00 each			
	At 1.1.2010 '000	**Bought '000**	**Sold '000**	**At 31.12.2010 '000**
Subsidiary Kenly (HK) Ltd.				
Indirect interests in the subsidiary:				
Tan Chek Siong	4,376	-	-	4,376

By virtue of their interests in the shares of the Company, Tan Boon Kang and Tan Chek Siong 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 2010 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 as disclosed in note 27 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 financial year.

OTHER STATUTORY INFORMATION

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

(i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company 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.

OTHER STATUTORY INFORMATION (CONTINUED)

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.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE YEAR

The major corporate developments of the Group for the year ended 31 December 2010 are as follows:

(i) On 22 October 2010, Ken Rimba Sdn. Bhd., a wholly-owned subsidiary of the Company acquired two (2) ordinary shares of RM1 each representing 100% equity interest in Genesis Nature Sdn. Bhd. for a total cash consideration of RM2.

(ii) On 28 October 2010, the Company acquired two (2) ordinary shares of RM1 each representing 100% equity interest in Sphere Supreme Sdn. Bhd. for a total cash consideration of RM2.

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: 15 March 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		Group			Company	
	Note	31.12.2010 RM'000	31.12.2009 RM'000 Restated	1.1.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Assets						
Property, plant and equipment	3	12,639	23,474	23,625	-	-
Land held for property development	4	20,224	22,915	7,438	-	-
Investment properties	5	21,129	4,057	4,457	-	-
Investments in subsidiaries	6	-	-	-	13,333	13,333
Other investments	7	26	26	26	-	-
Goodwill	8	-	-	183	-	-
Deferred tax assets	9	4,078	4,672	3,138	92	42
Trade and other receivables	10	-	-	-	74,489	72,637
Total non-current assets		**58,096**	**55,144**	**38,867**	**87,914**	**86,012**
Inventories	11	15,947	2,900	7,678	-	-
Property development costs	12	47,276	64,125	72,559	-	-
Trade and other receivables	10	23,881	19,022	10,612	4,229	15,794
Current tax assets		265	244	390	-	-
Cash and cash equivalents	13	30,847	11,353	23,793	8,495	1,720
Aset classified as held for sale		-	-	327	-	-
Total current assets		**118,216**	**97,644**	**115,359**	**12,724**	**17,514**
Total assets		**176,312**	**152,788**	**154,226**	**100,638**	**103,526**
Equity						
Share capital		95,860	95,860	95,860	95,860	95,860
Reserves		40,617	23,261	17,762	4,039	7,143
Total equity	14	136,477	119,121	113,622	99,899	103,003
Liabilities						
Borrowings		-	-	193	-	-
Deferred tax liabilities	9	5,744	5,404	5,287	-	-
Total non-current liabilities		**5,744**	**5,404**	**5,480**	**-**	**-**
Borrowings	15	-	40	-	-	-
Trade and other payables	16	33,246	27,766	33,921	697	491
Current tax liabilities		845	457	868	42	32
Deferred income		-	-	335	-	-
Total current liabilities		**34,091**	**28,263**	**35,124**	**739**	**523**
Total liabilities		**39,835**	**33,667**	**40,604**	**739**	**523**
Total equity and liabilities		**176,312**	**152,788**	**154,226**	**100,638**	**103,526**

The notes on pages 42 to 90 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue					
- contract revenue		-	530	-	-
- property development revenue		54,198	30,666	-	-
- dividends		-	-	2,700	4,102
- management fees		-	-	720	612
		54,198	31,196	3,420	4,714
Cost of sales					
- contract costs		-	(612)	-	-
- property development costs		(20,064)	(18,000)	-	-
		(20,064)	(18,612)	-	-
Gross profit		34,134	12,584	3,420	4,714
Distribution expenses		(4,375)	(97)	-	-
Administrative expenses		(7,664)	(6,316)	(484)	(365)
Other expenses		-	(2,479)	-	-
Other income		1,679	7,875	-	-
Results from operating activities		23,774	11,567	2,936	4,349
Finance income		299	347	40	32
Profit before tax		24,073	11,914	2,976	4,381
Income tax expense	19	(5,053)	(2,048)	(770)	(936)
Profit for the year	17	**19,020**	**9,866**	**2,206**	**3,445**
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(514)	(39)	-	-
Surplus on revaluation of property, plant and equipment		4,300	-	-	-
Total other comprehensive income for the year	20	**3,786**	**(39)**	**-**	**-**
Total comprehensive income for the year		**22,806**	**9,827**	**2,206**	**3,445**
Basic earnings per ordinary share	21	20 sen	10 sen		
Dividends per ordinary share (gross)	22	5 sen	4 sen		

The notes on pages 42 to 90 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Group	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2009		95,860	(855)	1,968	(190)	16,839	113,622
Realisation of revaluation reserves		-	-	(56)	-	56	-
Total comprehensive income for the year	20	-	-	-	(39)	9,866	9,827
Own shares acquired		-	(575)	-	-	-	(575)
Dividends to owners of the Company	22	-	-	-	-	(3,753)	(3,753)
At 31 December 2009		**95,860**	**(1,430)**	**1,912**	**(229)**	**23,008**	**119,121**
At 1 January 2010							
- as previously stated		95,860	(1,430)	1,912	(229)	23,008	119,121
- effect of adopting FRS 139	28	-	-	-	-	(140)	(140)
At 1 January 2010, restated		95,860	(1,430)	1,912	(229)	22,868	118,981
Realisation of revaluation reserves		-	-	(647)	-	647	-
Total comprehensive income for the year	20	-	-	4,300	(514)	19,020	22,806
Own shares acquired	14	-	(2,048)	-	-	-	(2,048)
Dividends to owners of the Company	22	-	-	-	-	(3,262)	(3,262)
At 31 December 2010		**95,860**	**(3,478)**	**5,565**	**(743)**	**39,273**	**136,477**
		Note 14	Note 14	Note 14	Note 14		

The notes on pages 42 to 90 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

Company	Note	← *Non-distributable* Share capital RM'000	Treasury shares RM'000 →	*Distributable* Retained earnings RM'000	Total RM'000
At 1 January 2009		95,860	(855)	8,881	103,886
Total comprehensive income for the year		-	-	3,445	3,445
Own shares acquired		-	(575)	-	(575)
Dividends to owners of the Company	22	-	-	(3,753)	(3,753)
At 31 December 2009/ 1 January 2010		95,860	(1,430)	8,573	103,003
Total comprehensive income for the year		-	-	2,206	2,206
Own shares acquired	14	-	(2,048)	-	(2,048)
Dividends to owners of the Company	22	-	-	(3,262)	(3,262)
At 31 December 2010		**95,860**	**(3,478)**	**7,517**	**99,899**
		Note 14	Note 14	Note 14	

The notes on pages 42 to 90 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000
Cash flows from operating activities					
Profit before tax		24,073	11,914	2,976	4,381
Adjustments for:					
Depreciation of investment properties	5	93	78	-	-
Depreciation of property, plant and equipment	3	478	449	-	-
Dividend income		-	-	(2,700)	(4,102)
Gain on disposal of property, plant and equipment		(79)	-	-	-
Gain on disposal of asset held for sale		-	(13)	-	-
Gain on disposal of investment properties		-	(11)	-	-
Impairment of goodwill	8	-	183	-	-
Interest income		(299)	(347)	(40)	(32)
Operating profit before changes in working capital		**24,266**	**12,253**	**236**	**247**
Changes in working capital:					
Inventories		(13,047)	4,778	-	-
Land held for property development		2,691	(15,477)	-	-
Trade and other payables		5,480	(6,490)	206	128
Property development costs		16,849	8,434	-	-
Trade and other receivables		(5,009)	(8,410)	9,713	311
Cash from/(used in) operations		**31,230**	**(4,912)**	**10,155**	**686**
Income tax paid		(4,841)	(4,030)	(135)	(108)
Income tax refunded		3	300	-	-
Interest received		59	96	-	-
Net cash from/(used in) operating activities		**26,451**	**(8,546)**	**10,020**	**578**

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(685)	(298)	-	-
Dividends received		-	-	2,025	3,756
Withdrawal of pledged deposits placed with licensed banks		-	1,574	-	1,174
Interest income from fixed deposits		240	251	40	32
Improvements in investment property	5	(728)	-	-	-
Proceeds from disposal of property, plant and equipment		80	340	-	-
Proceeds from disposal of investment properties		-	333	-	-
Net cash (used in)/from investing activities		**(1,093)**	**2,200**	**2,065**	**4,962**
Cash flows from financing activities					
Dividends paid to owners of the Company	22	(3,262)	(3,753)	(3,262)	(3,753)
Repurchase of treasury shares	14	(2,048)	(575)	(2,048)	(575)
Repayment of loan	15	(40)	(153)	-	-
Net cash used in financing activities		**(5,350)**	**(4,481)**	**(5,310)**	**(4,328)**
Net increase/(decrease) in cash and cash equivalents		20,008	(10,827)	6,775	1,212
Effect of exchange rate fluctuations on cash held		(514)	(39)	-	-
Cash and cash equivalents at 1 January		11,353	22,219	1,720	508
Cash and cash equivalents at 31 December		**30,847**	**11,353**	**8,495**	**1,720**

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash and bank balances	13	8,433	2,592	598	37
Deposits placed with licensed banks	13	22,414	8,761	7,897	1,683
		30,847	11,353	8,495	1,720

The notes on pages 42 to 90 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 2010 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 2010 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 6.

The financial statements were authorised for issue by the Board of Directors on 15 March 2011.

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 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 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

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

- 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; and

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012.

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

Material impacts of initial application of IC Interpretation 15, *Agreements for the Construction of Real Estate*, which will be applied retrospectively, are disclosed below:

IC Interpretation 15 replaces the existing FRS 201_{2004}, *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.

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.

Following the announcement by the MASB on 1 August 2008, the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012.

(b) Basis of measurement

These 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 the 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 estimates are revised and in any future periods affected.

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

- Note 5 - valuation of investment properties
- Note 12 - calculation of revenue and cost of sales for property development projects
- Note 16 and 26 - 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, other than those disclosed in the following notes:

- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(g) - Investment property
- Note 2(w) - Operating segments

(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 measured in the Company's statement of financial position 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 statement of financial position 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 are presented in the consolidated statement of comprehensive income as an allocation of the comprehensive income 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 transactions, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

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

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR).

(c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 28.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statement when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, are subject to review for impairment (see note 2(o)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured 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. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

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.

The gains or 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 profit or loss. 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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(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 profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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
• leasehold land	25 - 50 years
• motor vehicles	5 years
• machinery and equipment	5 years
• furniture and fittings	5 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position of the Group or the Company.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was 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, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

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 acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, 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 measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

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 profit or loss in the period in which the item is derecognised.

An investment property under construction before 1 January 2010 was classified as property, plant and equipment and measured at cost. Such property is measured at cost until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

Following the amendment made to FRS 140, Investment Property, with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

(ii) Determination of fair value

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. Freehold land is not depreciated. Investment properties under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods for buildings are 25 - 50 years.

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(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 profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(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 billings 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 trade and other receivables as amount due from contract customers in the statement of financial position 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 statement of financial position.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 profit and loss over billings to the purchasers is shown as progress billings under trade and other receivables, while the excess billing to purchasers over revenue recognised in the profit and loss is shown as progress billings under trade and other payables.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy note 2(c).

(o) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, assets arising from construction contract, deferred tax asset) 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 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 profit or loss. 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 profit or loss in the year in which the reversals are recognised.

(p) Equity instruments

Instruments classified as equity are measured 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Loans and borrowings

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

(r) 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 statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(s) 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 cost.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract.

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 profit or loss.

(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 profit and loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or 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 profit or loss 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively 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 statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and 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 apply 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 the 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.

(v) Earnings per share

The Group presents basic 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.

(w) Operating segments

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

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Building RM'000	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
Cost/Valuation									
At 1 January 2009, restated	472	6,593	3,118	530	8,057	879	234	16,141	36,024
Additions	-	-	-	-	-	2	-	296	298
Disposals	-	-	(30)	-	-	-	-	-	(30)
Write off	-	-	-	-	-	(68)	-	-	(68)
Effect of movement in exchange rates	-	-	-	-	-	(2)	-	-	(2)
At 31 December 2009/ 1 January 2010, restated	472	6,593	3,088	530	8,057	811	234	16,437	36,222
Transfer to investment properties	-	-	-	-	-	-	-	(16,437)	(16,437)
Additions	-	-	547	-	77	44	17	-	685
Disposals	-	-	(392)	(2)	-	(11)	-	-	(405)
Effect of movement in exchange rates	-	-	(6)	-	-	(13)	-	-	(19)
Adjustment on revaluation	(95)	(319)	-	-	-	-	-	-	(414)
Revaluation surplus	123	5,273	-	-	-	-	-	-	5,396
At 31 December 2010	**500**	**11,547**	**3,237**	**528**	**8,134**	**831**	**251**	**-**	**25,028**
Representing items at:									
Cost	-	1,847	3,237	528	8,134	831	251	-	14,828
Valuation - 2010	500	9,700	-	-	-	-	-	-	10,200
At 31 December 2010	**500**	**11,547**	**3,237**	**528**	**8,134**	**831**	**251**	**-**	**25,028**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Building RM'000	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
Depreciation									
At 1 January 2009, restated	57	165	2,952	527	7,704	775	219	-	12,399
Depreciation for the year	19	77	107	1	189	49	7	-	449
Disposals	-	-	(30)	-	-	-	-	-	(30)
Write off	-	-	-	-	-	(68)	-	-	(68)
Effect of movement in exchange rate	-	-	-	-	-	(2)	-	-	(2)
At 31 December 2009/ 1 January 2010, restated	76	242	3,029	528	7,893	754	226	-	12,748
Depreciation for the year	19	77	168	1	167	37	9	-	478
Disposals	-	-	(392)	(1)	-	(11)	-	-	(404)
Effect of movement in exchange rate	-	-	(6)	-	-	(13)	-	-	(19)
Adjustment on revaluation	(95)	(319)	-	-	-	-	-	-	(414)
At 31 December 2010	**-**	**-**	**2,799**	**528**	**8,060**	**767**	**235**	**-**	**12,389**
Carrying amounts									
At 1 January 2009, restated	415	6,428	166	3	353	104	15	16,141	23,625
At 31 December 2009/ 1 January 2010, restated	396	6,351	59	2	164	57	8	16,437	23,474
At 31 December 2010	**500**	**11,547**	**438**	**-**	**74**	**64**	**16**	**-**	**12,639**

Company	Office equipment RM'000
Cost	
At 1 January 2009/31 December 2009/31 December 2010	1
Depreciation	
At 1 January 2009/31 December 2009/31 December 2010	1
Carrying amounts	
At 1 January 2009/31 December 2009/31 December 2010	-

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Property, plant and equipment under the revaluation model

The Group's freehold buildings and freehold and leasehold land were revalued by the Directors in 2010 based on valuations carried out on 24 December 2010 and 31 January 2011 by Mr Long Tian Chek and Mr Sr Tew Kok Huat, an independent registered professional valuer with Henry Butcher Malaysia Sdn. Bhd., using the comparison method.

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

	Group	
	2010 RM'000	**2009 RM'000 restated**
Freehold land	490	490
Freehold building	103	107
Leasehold land with unexpired lease period of more than 50 years	1,844	1,871
	2,437	2,468

3.2 Freehold and leasehold land

Included in the carrying amounts of freehold and leasehold land are:

Freehold land	2,700	1,428
Leasehold land with unexpired lease period of more than 50 years	8,847	4,923
	11,547	6,351

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

3.3 Investment property under construction

With the amendment made to FRS 140 with effect from 1 January 2010, property under construction has been classified as investment property.

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	**Note**	**2010 RM'000**	**2009 RM'000**
Cost			
At 1 January		7,471	7,438
Improvements		23	33
Transfer from property development costs	12	12,730	15,444
At 31 December		**20,224**	**22,915**

5. INVESTMENT PROPERTIES

Group	Note	Freehold land RM'000	Buildings RM'000	Under Construction RM'000	Total RM'000
Cost					
At 1 January 2009		1,741	2,960	-	4,701
Disposal		-	(350)	-	(350)
At 31 December 2009/1 January 2010		1,741	2,610	-	4,351
Transfer from property, plant and equipment	3	-	-	16,437	16,437
Additions		-	311	417	728
At 31 December 2010		**1,741**	**2,921**	**16,854**	**21,516**
Depreciation					
At 1 January 2009		-	244	-	244
Depreciation for the year		-	78	-	78
Disposal		-	(28)	-	(28)
At 31 December 2009/1 January 2010		-	294	-	294
Depreciation for the year		-	93	-	93
At 31 December 2010		**-**	**387**	**-**	**387**
Carrying amounts					
At 1 January 2009		1,741	2,716	-	4,457
At 31 December 2009/1 January 2010		1,741	2,316	-	4,057
At 31 December 2010		**1,741**	**2,534**	**16,854**	**21,129**
Fair values					
At 1 January 2009		1,784	3,638	-	5,422
At 31 December 2009/1 January 2010		1,810	3,298	-	5,108
At 31 December 2010		**1,886**	**3,778**	**-**	**5,664**

5. INVESTMENT PROPERTIES (CONTINUED)

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

In 2009, the titles for long term leasehold buildings costing RM1,680,000 were pending issuance of titles to the Group by the relevant authorities. During the year, the authorities have discharged these titles to the Group.

The following are recognised in the profit and loss in respect of investment properties:

Group	2010 RM'000	2009 RM'000
Rental income	200	182
Direct operating expenses		
- income generating investment properties	(45)	(51)

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares - at cost	13,333	13,333

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Effective ownership interest (%) 2010	Effective ownership interest (%) 2009
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
Sphere Supreme Sdn. Bhd.	Investment holding	100	-
The subsidiary of Support Capital Sdn. Bhd. is:			
Kenly (HK) Ltd. †	Dormant	79.4	79.4
The subsidiary of Ken Grouting Sdn. Bhd. is:			
Ken-Chec Sdn. Bhd.	Land reclamation, civil, dredging, and marine engineering	100	100
The subsidiaries of Ken Projects Sdn. Bhd. are:			
Khidmat Tulin Sdn. Bhd.	Housing developer	100	100
T.B.S. Management Sdn. Bhd.	Property management services	100	100
Ken Rimba Sdn. Bhd.	Housing developer and investment holding	100	100
The subsidiary of Ken Rimba Sdn. Bhd. is:			
Genesis Nature Sdn. Bhd.	Property management services	100	-
The subsidiaries of Ken Property Sdn. Bhd. are:			
Ken Link Sdn. Bhd.	Property development and investment holding	100	100
Ken TTDI Sdn. Bhd.	Investment holding	100	100
The subsidiary of Ken TTDI Sdn. Bhd. is:			
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.

7. OTHER INVESTMENTS

		Shares	
	Total RM'000	Unquoted RM'000	Quoted in Malaysia RM'000
2010			
Available-for-sale financial assets	140	20	120
Less: Impairment loss	(114)	-	(114)
	26	20	6
Market value of quoted investments	9	-	9
2009			
At cost	140	20	120
Less: Impairment loss	(114)	-	(114)
	26	20	6
Market value of quoted investments	10	-	10

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

8. GOODWILL

	Group	
	2010 RM'000	2009 RM'000
Cost		
At 1 January 2009/31 December 2009/1 January 2010	538	538
Write off	(538)	-
At 31 December 2010	**-**	**538**
Impairment loss		
At 1 January 2010	538	355
Impairment loss	-	183
Write off	(538)	-
At 31 December 2010	**-**	**538**
Carrying amounts	**-**	**-**

Impairment loss

In previous 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 in other expenses. During the year, goodwill has been written off.

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group						
Property, plant and equipment	-	6	(1,725)	(593)	(1,725)	(587)
Property development costs	-	-	(4,019)	(5,236)	(4,019)	(5,236)
Provisions	92	42	-	-	92	42
Tax loss carry-forwards	-	328	-	-	-	328
Other items	3,986	4,721	-	-	3,986	4,721
Tax assets/(liabilities)	4,078	5,097	(5,744)	(5,829)	(1,666)	(732)
Set off of tax	-	(425)	-	425	-	-
Net tax assets/(liabilities)	4,078	4,672	(5,744)	(5,404)	(1,666)	(732)
Company						
Provisions	**92**	**42**	**-**	**-**	**92**	**42**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment	-	32	-	-
Tax loss carry-forwards	11,511	14,750	-	-
	11,511	**14,782**	**-**	**-**

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.

9. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

Group	At 1.1.2009 RM'000	Recognised in profit or loss (note 19) RM'000	At 31.12.2009/ 1.1.2010 RM'000	Recognised in profit or loss (note 19) RM'000	Recognised directly in equity RM'000	At 31.12.2010 RM'000
Property, plant and equipment	(676)	89	(587)	(52)	(1,086)	(1,725)
Property development costs	(5,146)	(90)	(5,236)	1,217	-	(4,019)
Provisions	94	(52)	42	50	-	92
Tax loss carry-forwards	325	3	328	(328)	-	-
Other items	3,254	1,467	4,721	(735)	-	3,986
	(2,149)	**1,417**	**(732)**	**152**	**(1,086)**	**(1,666)**
Company						
Provisions	**25**	**17**	**42**	**50**	**-**	**92**

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current					
Loan to subsidiaries	10.4	**-**	**-**	**74,489**	**72,637**
Trade					
Trade receivables		20,566	17,979	-	-
Retention sum	10.3	1,370	1,527	-	-
		21,936	19,506	-	-
Less: Allowance for impairment loss		(3,814)	(4,415)	-	-
		18,122	15,091	-	-
Progress billings receivable		3,901	1,427	-	-
		22,023	**16,518**	**-**	**-**
Non-trade					
Amount due from subsidiaries	10.4	-	-	4,219	15,785
Other receivables, deposits and prepayments		2,160	2,530	10	7
Less: Allowance for impairment loss		(302)	(26)	-	-
		1,858	2,504	4,229	15,792
		23,881	**19,022**	**4,229**	**15,792**

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

10.1 In 2009, the Group's bad debts amounting to RM2,528,000 were written off against allowance for impairment loss.

10.2 During the year, allowance for impairment loss decreased by RM519,000 (2009: decreased by RM140,000) as a result of foreign exchange differences arising from net investment in a foreign operation.

10.3 Retentions are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2010 RM'000	**2009 RM'000**
2 - 3 years	1,370	1,527

10.4 The amount due from subsidiaries is non trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, apart of the entitiy's net investment in the subsidiary, it is stated at cost less accumulated impairment.

11. INVENTORIES

Group	**2010 RM'000**	**2009 RM'000**
At cost:		
Completed properties	15,947	2,900
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,025	3,792
Write-down to net realisable value	-	986

12. PROPERTY DEVELOPMENT COSTS

		Group	
	Note	2010 RM'000	2009 RM'000
At 1 January			
Land		40,385	40,385
Development costs		76,082	53,391
Accumulated costs charged to profit or loss		(36,898)	(21,217)
		79,569	72,559
Development costs incurred during the year		26,019	22,691
		105,588	95,250
Costs charged to profit or loss		(30,510)	(15,681)
Costs transferred to inventories		(15,072)	-
		60,006	**79,569**
At 31 December			
Land		40,385	40,385
Development costs		87,029	76,082
Accumulated costs charged to profit or loss		(67,408)	(36,898)
		60,006	79,569
Less:			
Non-current portion	4	(12,730)	(15,444)
Current portion		**47,276**	**64,125**

12.1 Estimation uncertainty and critical judgements

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

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

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

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	8,433	2,592	598	37
Deposits placed with licensed banks	22,414	8,761	7,897	1,683
	30,847	**11,353**	**8,495**	**1,720**

Included in the Group's cash and bank balances is RM1,827,000 (2009: RM756,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

14. CAPITAL AND RESERVES

Group and Company	Number of shares		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 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 (see below), all rights are suspended until those shares are reissued.

Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's property, plant and equipment and certain inventories developed on a revalued land. Revaluation reserve realised during the year relates to sale of inventories.

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.

14. CAPITAL AND RESERVES (CONTINUED)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 26 April 2010, 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.

For the year ended 31 December 2010, the Company repurchased 2,304,500 of its issued share capital from the Bursa Malaysia. The average price paid for the shares repurchased was RM0.89 per share. 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.

At 31 December 2010, the Group held 4,424,300 (2009: 2,119,800) of the Company's shares.

Details of the repurchase of treasury shares were as follows:

	Average repurchase price RM	Highest repurchase price RM	Lowest repurchase price RM	Number of treasury share repurchase	Total consideration paid RM
2010	0.89	0.98	0.75	2,304,500	2,048,037

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 2010 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 2010 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.

15. Borrowings

	Group	
	2010 RM'000	2009 RM'000
Loan from minority shareholder		
Current	-	40

In 2009, the loan from minority shareholder was unsecured, interest free and repayable on demand. During the year, the loan has been repaid by the Group.

16. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade					
Trade payables	16.1&16.2	10,640	10,635	-	-
Progress billings		4,738	2,449	-	-
		15,378	13,084	-	-
Non-trade					
Other payables and accruals	16.3&16.4	17,495	14,330	484	278
Amount due to Directors	16.5	373	352	213	213
		17,868	14,682	697	491
		33,246	27,766	697	491

16.1 **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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Hong Kong Dollar	41	45	-	-

16.2 Included in trade payables of the Group are retention sums payable amounting to RM2,469,000 (2009: RM2,655,000).

16.3 Included in other payables and accruals of the Group are accrual for project costs amounting to RM6,330,000 (2009: RM5,609,000).

16.3.1 Estimation uncertainty and key assumptions

The Group estimates the accrual for project costs based on the best estimate of the expenditure required to settle the present obligation, of which the Directors normally reference against actual costs incurred previously or quotations from supplier.

16.4 Included in other payables and accruals of the Group are consultation fees payable to consultants involved in the legal case of a subsidiary amounting to RM1,931,000 (2009: RM3,188,000).

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

17. PROFIT FOR THE YEAR

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit for the year is arrived at after charging:					
Allowance for impairment loss on other receivables		276	2,305	-	-
Auditors' remuneration					
- Statutory audit					
KPMG		82	80	20	20
Other auditors		6	6	-	-
- Other services					
KPMG		6	6	-	-
Depreciation of investment properties	5	93	78	-	-
Depreciation of property, plant and equipment	3	478	449	-	-
Impairment of goodwill	8	-	183	-	-
Inventories written down	11	-	986	-	-
Personnel expenses (including key management personnel):					
- Contributions to statutory pension fund		508	523	-	-
- Wages, salaries and others		4,262	4,386	-	112
Rental expense on premises		97	97	-	-
and after crediting:					
Dividend income from subsidiaries (unquoted)		-	-	2,700	4,102
Gain on disposal of asset held for sale		-	24	-	-
Gain on disposal of property, plant and equipment		79	-	-	-
Inter-company management fees		-	-	720	612
Interest income from:					
- Fixed deposits		240	251	40	32
- Housing Development Account		16	10	-	-
- Purchasers (late payment)		43	86	-	-
Reversal of impairment loss on trade receivables		82	11,113	-	-
Rental income from properties		1,088	1,160	-	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors:				
- Fees	105	105	105	77
- Remuneration	1,555	1,500	35	35
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	34	42	-	-
	1,694	1,647	140	112
Other key management personnel:				
- Emoluments	-	258	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	-	10	-	-
	-	268	-	-
	1,694	1,915	140	112

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.

19. INCOME TAX EXPENSE

Recognised in the profit or loss

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expenses				
Malaysian - current year	5,186	3,502	822	954
- prior year	19	(37)	(2)	(1)
Total current tax recognised in the profit or loss	5,205	3,465	820	953
Deferred tax expense				
Origination and reversal of temporary differences	(152)	(1,519)	(50)	(17)
Under provision in prior year	-	102	-	-
Total deferred tax recognised in the profit or loss	(152)	(1,417)	(50)	(17)
Total income tax expense	**5,053**	**2,048**	**770**	**936**
Reconciliation of effective tax expense				
Profit before tax	24,073	11,914	2,976	4,381
Income tax calculated using Malaysian tax rate of 25% (2009: 25%)	6,018	2,979	744	1,095
Non-deductible expenses	150	384	28	47
Tax exempt income	-	-	-	(188)
Current year losses for which no deferred tax asset was recognised	(108)	(1,012)	-	-
Effect of tax rates in foreign jurisdiction *	14	(368)	-	-
Cystalisation of deferred tax liability on revaluation surplus of property	(1,040)	-	-	-
Under / (Over) provided in prior years	19	65	(2)	(18)
	5,053	**2,048**	**770**	**936**

* A subsidiary in Hong Kong (see note 6) operates in a tax jurisdiction with a lower tax rate of 16.5%.

20. OTHER COMPREHENSIVE INCOME

Group 2010	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Foreign currency translation differences			
for foreign operations - Losses/ arising during the year	(514)	-	(514)
Surplus on revaluation of property, plant and equipment	5,395	(1,095)	4,300
	4,881	(1,095)	3,786
2009			
Foreign currency translation differences			
For foreign operations - Losses/ arising during the year	(39)	-	(39)

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2010 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2010 RM'000	2009 RM'000
Profit for the year attributable to ordinary shareholders	**19,020**	**9,866**

Weighted average number of ordinary shares

	2010 '000	2009 '000
Issued ordinary shares at 1 January	95,860	95,860
Effect of treasury shares held	(2,747)	(1,926)
Weighted average number of ordinary shares at 31 December	**93,113**	**93,934**

	Group	
	2010 Sen	2009 Sen
Basic earnings per ordinary share	**20**	**10**

Diluted earnings per share

The effect on the basic earnings per share arising from the assumed exercise of ESOS is anti-dilutive for the year 2009 and 2010. Accordingly, diluted earnings per share have not been presented for the year 2009 and 2010.

22. DIVIDENDS

Dividends recognised in the current year by the Company are:

2010	Sen per share (net of tax)	Total amount RM'000	Date of payment
Final 2009 ordinary (Tax exempt)	2.0	1,864	23 June 2010
Final 2009 ordinary	1.5	1,398	23 June 2010
		3,262	
2009			
Final 2008 ordinary (Tax exempt)	4.0	3,753	25 June 2009

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 (net of tax)	Total amount RM'000
Final 2010 ordinary (Tax exempt)	0.55	527
Final ordinary	3.375	4,314
		4,814

23. OPERATING SEGMENT

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies and industry expertise. For each of the strategic business units, the Group's Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable 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.

Other non-reportable segments comprise operations related to the rental of investment property and the provision of property management services.

23. OPERATING SEGMENT (CONTINUED)

There are varying levels of integration between reportable segments. This integration includes construction of building. Inter-segment pricing is determined on negotiated basis. The accounting policies of the reportable segments are the same as described in note 2(w).

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

Segment assets

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

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made on segment liability.

	Construction		Property development		Total	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Segment profit	3,250	6,430	17,108	17,729	20,358	24,158
Included in the measure of segment profit are:						
Revenue from external customers	-	530	54,198	30,666	54,198	31,196
Inter-segment revenue	18,928	28,152	-	-	18,928	28,152
Write-down of inventories	-	-	-	(986)	-	(986)
Not included in the measure of segment profit but provided to Managing Director:						
Depreciation	498	431	73	96	571	527
Finance income	30	38	229	276	259	314
Segment assets	63,584	66,511	173,095	163,959	236,679	230,470
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	975	-	461	331	1,436	331

23. OPERATING SEGMENT (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	2010 RM'000	2009 RM'000
Profit or loss		
Total profit or loss for reportable segments	20,358	24,159
Other non-reportable segments	3,062	5,833
Elimination of inter-segment profits	653	(18,078)
Consolidated profit before tax	24,073	11,914

2010	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
Total reportable segments	54,198	571	259	236,679	1,436
Other non-reportable segments	-	-	40	154,040	-
Elimination of inter-segment transactions or balances	-	-	-	(214,407)	-
Consolidated total	54,198	571	299	176,312	1,436
2009					
Total reportable segments	31,196	527	314	230,470	331
Other non-reportable segments	-	-	33	140,042	-
Elimination of inter-segment transactions or balances	-	-	-	(217,724)	-
Consolidated total	31,196	527	347	152,788	331

23. OPERATING SEGMENT (CONTINUED)

Geographical segments

Both the construction and property development segments 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.

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

Geographical information	Revenue RM'000	Non-current assets RM'000
2010		
Malaysia	54,198	170,743
Hong Kong	-	5,569
	54,198	176,312
2009		
Malaysia	31,196	143,282
Hong Kong	-	9,506
	31,196	152,788

24. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company categorised as Loans and receivables (L&R), Available-for-sale financial assets (AFS) and other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
2010			
Financial assets			
Group			
Other investments	26	-	26
Trade and other receivables	23,881	23,881	-
Cash and cash equivalents	30,847	30,847	-
	54,754	54,728	26
Company			
Trade and other receivables	4,229	4,229	-
Cash and cash equivalents	8,495	8,495	-
	12,724	12,724	-
Financial liabilities			
Group			
Trade and other payables	(33,246)	(33,246)	-
Company			
Trade and other payables	697	697	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gain arising from financial instruments

	Group
	2010 RM'000
Net gain arising on:	
Loans and receivables	105

24.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are from individual purchasers of the Group's properties and are financed through bank loans. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group	
	2010 RM'000	2009 RM'000
Domestic	18,342	9,393
Hong Kong	5,539	9,629
	23,881	19,022

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2010			
Not past due	12,848	-	12,848
Past due more than 120 days	9,088	(3,814)	5,274
	21,936	(3,814)	18,122
2009			
Not past due	6,868	-	6,868
Past due more than 120 days	12,638	(4,415)	8,223
	19,506	(4,415)	15,091

The remaining balance past due not impaired relates to a customer which entered into a repayment plan with the Group. The customer has been servicing all installments to date. Hence, the management is confident that no impairment is required.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and third parties in respect of credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1.22 million (2009: RM0.62 million) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

As at the end of reporting period, the Group and the Company's financial liabilities consist of trade and other payables of RM33.25 million and RM0.70 million. The trade and other payables of the Group do not bear any contractual interest and are expected to be settled within 1 year.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is Hong Kong Dollar (HKD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	2010 Denominated in HKD RM'000	2009 Denominated in HKD RM'000
Trade receivables	5,274	8,390

Currency risk sensitivity analysis

Foreign currency risk arises from trade receivable denominated in Hong Kong Dollar.

A 10 percent strengthening of the Hong Kong Dollar against the Malaysian Ringgit currency at the end of the reporting period would have increased equity by RM527,000. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 10 percent weakening of Hong Kong Dollar against the Malaysian Ringgit currency at the end of the reporting period would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

24.6.2 Interest rate risk

The Group's has no investments in debt securities and borrowings as at the end of the reporting period. Hence, the Group is not exposed to the risk of changes in the interest rates.

24.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities. The exposure to other price risk of the Group is not material and hence, sensitivity analysis is not presented.

24.7 Fair value of financial instruments

The carrying amount of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

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.

25. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the Group.

There were no changes to the Group's capital management strategy during the year.

The Group did not have any debt obligation as at the end of the year.

26. 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.

	Company	
	2010 RM'000	2009 RM'000
Contingent liabilities not considered remote		
(i) Corporate guarantees (unsecured)		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	501	577
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	728	46
	1,229	623

27. 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 or 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 includes all the Directors of the Group, and certain members of senior management of the Group.

27. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see note 18), are as follows:

	Amount transacted for the year ended 31 December		Net balance outstanding at 31 December	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group and Company				
Key management personnel of the Group and the Company Tan Boon Kang				
Rental expense on premises payable by Ken Grouting Sdn. Bhd. a subsidiary to a company in which with the Director have interests	12	12	-	-

	Amount transacted for the year ended 31 December	
	2010 RM'000	2009 RM'000
Company		
Subsidiaries		
Management fees receivable		
- Ken Grouting Sdn. Bhd.	(120)	(120)
- Ken Projects Sdn. Bhd.	(240)	(252)
- Ken Property Sdn. Bhd.	(360)	(240)
	(720)	(612)
Dividend income receivable		
- Ken Grouting Sdn. Bhd.	(750)	(562)
- Ken Projects Sdn. Bhd.	-	(750)
- Ken Property Sdn. Bhd.	(1,950)	(1,950)
	(2,700)	(3,262)

All of the above outstanding balances are expected to be settled in cash by the related party. No impairment loss on receivables has been made on the above outstanding balances.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Group	Retained earning	
	2010 RM'000	2009 RM'000
At 1 January, as previously stated	23,008	16,839
Adjustments arising from adoption of FRS 139:		
- Impairment of trade and other receivables, net of tax	(140)	-
At 1 January, as restated	22,868	16,839

28.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries were measured at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries are now categorised and measured as available-for-sale as detailed in note 2(c).

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

Inter-company loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

28.1 FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

Impairment of trade and other receivables (continued)

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's basic earnings per share.

28.2 FRS 140, *Investment Property*

Before 1 January 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property was measured at cost until construction or development was completed, at which time it would be remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement was recognised in profit or loss.

With the amendment made to FRS 140 with effect from 1January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

Hence, the adoption of FRS 140 does not affect the basic earnings per ordinary share for prior periods and has no material impact to current year's basic earnings per ordinary share.

28.3 FRS 8, *Operating Segments*

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

28.4 FRS 101, *Presentation of Financial Statements (revised)*

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

28.5 FRS 117, *Leases*

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

29. COMPARATIVE FIGURES

29.1 FRS 101, *Presentation of Financial Statements (revised)*

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

29.2 FRS 117, *Leases*

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statements of financial position				
Property, plant and equipment	23,474	18,551	23,625	18,625
Prepaid lease payments	-	4,923	-	5,000
Property, plant and equipment				
Land				
Cost	6,593	1,428	6,593	1,428
Depreciation	242	-	165	-
Prepaid lease payments				
Cost	-	5,165	-	5,165
Amortisation	-	242	-	165

	Group	
	As restated RM'000	As previously stated RM'000
Statements of cash flows		
Amortisation of prepaid lease payments	-	77
Depreciation of property, plant and equipment	449	372

30. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings the Group and the Company as at 31 December 2010 are as follows:

	2010	
	Group	**Company**
	RM'000	**RM'000**
Total retained earnings of the Company and its subsidiaries		
- realised	53,417	7,425
- unrealised	92	92
Less:		
Consolidation adjustments	(14,236)	-
Total retained earnings	**39,273**	**7,517**

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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 36 to 90 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 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 15 March 2011

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 36 to 90 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 15 March 2011.

Tang Kam Chee

Before me:

No. W606
Charanjit Kaur a/p Pritam Singh
Commissioner of 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 statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 89.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements 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 Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of Kenly (HK) Ltd of which we have not acted as auditors, which are indicated in note 6 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/12(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 15 March 2011

ANALYSIS OF SHAREHOLDINGS
AS AT 8 MARCH 2011

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	:	4,424,300 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	95	4.56	2,957	0.01
100 – 1,000 shares	193	9.27	158,983	0.17
1,001 – 10,000	1,432	68.78	6,721,700	7.35
10,001 – 100,000	315	15.13	9,133,212	9.99
100,001 to less than 5% of issued shares	45	2.16	32,644,029	35.70
5% and above of issued shares	2	0.10	42,774,819	46.78
Total	**2,082**	**100.00**	**91,435,700**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1.	Kencana Bahagia Sdn. Bhd.	32,274,819	35.30
2.	ABB Nominee (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Budaya Dinamik Sdn. Bhd.	10,500,000	11.48
3.	Tan Chek Siong	3,121,000	3.41
4.	Tan Chek Een	3,000,000	3.28
5.	Tan Chek Ying	3,000,000	3.28
6.	SJ Sec Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Seloka Aman Sdn. Bhd.	2,031,000	2.22
7.	Tan Boon Kang	1,981,800	2.17
8.	Kencana Bahagia Sdn. Bhd.	1,650,000	1.80
9.	Tan Foo See	1,624,989	1.78
10.	Yeoh Kean Hua	1,530,000	1.67
11.	SJ Sec Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Impian Nuri Sdn. Bhd.	1,300,500	1.42
12.	M & A Nominee (Asing) Sdn. Bhd.		
	Pedigree Limited	1,222,000	1.34
13.	SJ Sec Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Adat Saga Sdn. Bhd.	1,186,600	1.30
14.	Lau Pek Kuan	1,150,000	1.26
15.	Lau Pek Kuan	808,500	0.88
16.	Tan Chee Koon	748,400	0.82
17.	Low Siew Choong @ Liew Siew Meng	680,750	0.75
18.	Lim Hui Huat @ Lim Hooi Chang	642,700	0.70
19.	Tan Moon Hwa	606,340	0.66
20.	Teo Kwee Hock	603,700	0.66
21.	RHB Capital Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Loke See Ooi	554,900	0.61
22.	Cartaban Nominees (Tempatan) Sdn. Bhd.		
	Axa Affin General Insurance Berhad	430,000	0.47
23.	Lim Khuan Eng	400,000	0.44
24.	Lau Chin Ka	350,660	0.38
25.	Tan Bon Sin	338,500	0.37
26.	Lau Chin Kok	311,500	0.34
27.	Lim Hong Liang	246,740	0.27
28.	Tan Bak Fooi @ Tang Kiat	245,050	0.27
29.	RHB Capital Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Susy Ding	232,900	0.26
30.	Mayban Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Soon Ah Ba	230,500	0.25
	Total	**73,003,848**	**79.84**

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	1,981,800	2.17	45,004,319	49.22
2) Lau Pek Kuan	1,958,500	2.14	45,027,619	49.25
3) Anton Syazi bin Ahmad Sebi	-	-	10,590,612	11.58
4) Aryati Sasya Binti Ahmad Sebi	-	-	10,590,612	11.58
5) Budaya Dinamik Sdn. Bhd.	10,590,612	11.58	-	-
6) Kencana Bahagia Sdn. Bhd.	33,924,819	37.10	-	-

STATEMENT OF DIRECTORS' SHAREHOLDINGS

Directors' Name	No. of Ordinary Shares of RM1.00 Each			
The Company	Direct	%	Indirect	%
1) Tan Boon Kang	1,981,800	2.17	45,004,319	49.22
2) YTM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud	-	-	-	-
3) Tan Chek Siong	3,121,000	3.41	-	-
4) Tan Moon Hwa	606,340	0.66	-	-
5) Tang Kam Chee	115,000	0.13	-	-
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 2010

The properties of the Group as at 31 December 2010 are as follows:

No.	Location	Description / usage	Tenure / year of expiry	Age of property/ building	Land/ Built-up area	Net book Value (RM'000)	Year of valuation / acquisition
1.	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	5,598	2005
2.	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
3.	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	1,897	2003
4.	PM 269, Lot No. 13555 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	68 years Unexpired Lease	47,006 sq ft	4,000	2010**
5.	PM 270, Lot No. 13559 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	68 years Unexpired Lease	36,909 sq ft	3,000	2010**
6.	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	30 years (Building)	1,875 sq ft	3,200	2010**

No.	Location	Description / usage	Tenure / year of expiry	Age of property/ building	Land/ Built-up area	Net book Value (RM'000)	Year of valuation / acquisition
7.	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	10 Years (Building) 87 years Unexpired lease	9,100 sq ft	1,497	2005*
8.	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	8 Years	6,247 sq ft	744	2005*
9.	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	28,360	2003
10.	Geran 44855 (formerly H.S.(D) 7212) Lot 31210 and Geran 44856 (formerly H.S.(D) 7213) Lot 31211 Mukim dan District of Kuala Lumpur	Two parcels of land for investment	Freehold	-	Approximately 1.21 acres	16,854	2007
11.	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	57 years Unexpired lease	110,543 sq ft	1,848	2008
12	01-08, 01-10, 01-13, 01-14 Pangsapuri Rimba 2, No. 5, Jalan Lengkuas 16/19, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan	4 units of Shoplots	Freehold	1 Year	2,600 sq ft	461	2010

* Valuation done in 2005

** Valuation done in 2010

PROXY FORM

KEN HOLDINGS BHD

(106173-M)

(Incorporated in Malaysia under the Companies Act, 1965)

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-SEVENTH ANNUAL GENERAL MEETING of the Company to be held at the Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 18 April 2011, 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)	To receive the Audited Financial Statements and Reports		
2)	To declare a First and Final Dividend		
3)	To approve Directors' Fees		
4)	Re-election of Mr. Tan Boon Kang as Director		
5)	Re-election of Mr. Tan Chek Siong as Director		
6)	Re-election of Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar as Director		
7)	Re-appointment of Messrs. KPMG as Auditors		
8)	Ordinary Resolution 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
9)	Ordinary Resolution 2 - Proposed Renewal of Authority For Share Buy-Back		
10)	Special Resolution - Proposed Amendment to the Company's Articles of Association		

Signed this ______________ day of ______________ 2011

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.

STAMP

KEN HOLDINGS BERHAD
(106173-M)

6, JALAN DATUK SULAIMAN
TAMAN TUN DR. ISMAIL
60000 KUALA LUMPUR
MALAYSIA

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