





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



## COVER RATIONALE

This year's theme **"Going GREEN"** is aptly portrayed via a graphic rendition of an eco-friendly global environment, clearly illustrating KEN Holdings Berhad's commitment towards being a forward thinking, environmentally conscious GREEN developer.



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



**KEN RIMBA CC** • Malaysia's 1st recipient BCA Green Mark Certified (Provisional) Award for Commercial Shoplots Development





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# Awards & Recognitions

Another rewarding year in pursuit of excellence showcase by the number of awards received in 2011, including the highly coveted, **Malaysia Property Award 2011 for Sustainable Development** from FIABCI Malaysia which reaffirms KEN Group's commitment and dedication towards Green Development.



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

**LEFT TO RIGHT**

- 1 FIABCI-MALAYSIA Property Award: Sustainable Development;
- 2 FUTURARC Green Leadership Citation Award;
- 3 Carbon Neutral Status;
- 4 PAM Silver Award For Excellence In Architecture

# Past Awards & Recognitions

## 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



## LEFT TO RIGHT

- 4 Recipient of the Green Building Index (GBI) Township Tools by KEN Rimba Legian for being one of the selected participants in Green township development;
- 5 Green Building Index (GBI) Certified Award for KEN RIMBA Legian;
- 6 Green Building Index (GBI) Gold Award for KEN Bangsar Residences

## CHAIRMAN'S STATEMENT



Dear  
Valued Shareholders,

On behalf of the Board of Directors,  
I am pleased to report the Group's  
performance for the financial year ended  
31 December 2011.

### Financial Review

For the financial year ended 31 December 2011, the Group surpassed its preceding year results by recording an operating revenue of RM87.2 million (2010: RM54.2 million) and generated post-tax profit of RM23.2 million (2010: RM19.0 million) representing an increase of 22% from the preceding year.

The Group's earnings were contributed by the respective developments of KEN RIMBA LEGIAN, and KEN RIMBA COMMERCIAL CENTRE. The net assets per share rose from RM1.42 in the preceding year, to RM1.61 for the financial year just ended.

In view of our performance, we can look forward to rewarding our shareholders with a net dividend yield of 4.50% (Gross 6% less tax 25%), compared to 3.93% of the previous year.

### Property Development Operations

KEN RIMBA development in Shah Alam, the 1st Green Township in Malaysia, consisting of the KEN RIMBA LEGIAN double-storey link houses is expected to be handed over to purchasers in two phases, the 1st phase is expected to be handed-over in April 2012 which is ahead of schedule by six months. The 2nd phase which is planned to be handed over in June 2012 will be 8 months ahead of schedule.

The KEN RIMBA COMMERCIAL CENTRE is also planned for handing over ahead of schedule by 8 months in June 2012, and we are working with owners and tenants to ensure a balanced mix of businesses in the Commercial Centre, one that will offer residents and the neighbouring community a mix of recreation, food & beverage, amenities and services, and of course ensuring a thriving business community.

The next phase of our development in KEN RIMBA will be the KEN RIMBA JIMBARAN comprising of 168 units of larger double-storey link homes built in a guarded community.

The construction of our KEN TTDI commercial development is in progress and expected to be completed by 2014. It is targeted to achieve multiple platinum rating in Green Building ranking and also MSC status.

The KEN TTDI development will consist of a combination of corporate suites, grade A office spaces, a commercial podium which is designed to house a ballroom, banking hall, art gallery, various F&B outlets and a purpose-built performing arts theatre. Primed as an environmentally sound building, when completed KEN TTDI will put us on the map as a forward thinking, environmentally conscious, green developer.

### Awards and Recognition

Continuing from the success of KEN BANGSAR in 2010, the Group has been recognised as one of the pioneers in Green development from the Green building awards circuit in 2011, thus reinforcing our position as a sustainable Green developer.

During the year, our KEN BANGSAR project was duly awarded several prestigious awards including the FuturArc Green Leadership Citation Award, the Persatuan Arkitek Malaysia (PAM) Silver Award for excellence in architecture and the highly coveted MALAYSIA PROPERTY AWARD™ 2011 for the Sustainable Development category by FIABCI-Malaysia. This bear testimony and recognition of our commitment and dedication to sustainable development in Malaysia.

## CHAIRMAN'S STATEMENT (Cont'd)

### Corporate Responsibility

As one of the first companies in Malaysia to receive a Carbon Neutral Status in 2010, we have continued to initiate programmes and activities that foster the promotion of an eco-friendly environment.

In our 1st Green Township development, KEN RIMBA LEGIAN home owners shall be provided with a Green handbook to promote and enhance the eco-lifestyle living in an eco-friendly environment. We have also started a campaign to promote the use of bicycles by residents within the neighbourhood as a low-carbon means of transportation. These bicycles which are produced from recyclable materials will be made available to residents as a result of a joint sponsorship with our partners.

To encourage and foster creative excellence and at the same time develop and nurture performing arts culture in Malaysia, a purpose-built theatre will be constructed and housed at KEN TTDI with the aim of providing a platform for young Malaysian talents the opportunity to develop their skills & crafts.

KEN HOLDINGS BERHAD continues its commitment towards education and training our youth who will be the future leaders of tomorrow. KEN FOUNDATION had been providing scholarships to qualifying Malaysians and internship trainings at the Group's subsidiary companies to equip them with the requisite practical experience to groom them for their future.

Our scholarship recipients have since graduated and have joined the Malaysian work force in various disciplines and are contributing towards our national development. Some have joined the Group and are part of our succession plan to build a strong pipeline of future talent as we believe the notable performance of the Group is not only from the quality of assets but also the strength of the people managing and operating those assets.

### Research and Development

Moving forward, research and development in Green technology in construction methods and designs are vital for any eco-friendly development. In 2012, the Group signed a Memorandum of Agreement with Universiti Tunku Abdul Rahman (UTAR), for a partnership to research on maximising energy efficiency in the design and construction of housing development which will benefit and add value to the property development industry in Malaysia.

### Dividends

The Board has recommended a first and final franked dividend of 6.0 sen per ordinary share less tax 25% in respect of the year ended 31 December 2011 for your continued support and confidence in us. The proposed dividend shall be subject to shareholders' approval at the forthcoming Annual General Meeting.

### Outlook

The Malaysian economy is expected to grow between 5% and 5.5% in 2012, with strong domestic demand forecast to anchor growth. With growing consumer confidence, firm commodity prices, moderate inflation and accommodative fiscal and monetary policies, private and public consumption are more likely to be maintained.

With the implementation of Economic Transformation Programme under the 10th Malaysian Plan and the 2012 Budget, public and private investment is expected to accelerate.

Our intrinsic belief and practice of being prudent on risk management and yet sufficiently agile and flexible to adapt quickly to changing business conditions has put us in good stead to be able to pick projects and developments which we firmly believe will deliver both in terms of rewards, and still adhering to our principles of being a sustainable green developer.

Having built strong relationships with our partners, business associates, staff and together with sound fundamentals, we will weather the challenges ahead, and shall continue to strive to make value creation a priority to our stakeholders this year.

### 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

The Board and I would like to take this opportunity to express our appreciation to the management and staff of the Group for their strong dedication, and also to our stakeholders, partners, customers, suppliers, financiers and the authorities for their invaluable support and assistance during the year. We look forward to your continued support in the years to come.

### Tan Boon Kang Chairman

Kuala Lumpur  
26 March 2012



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Eighth Annual General Meeting of the Company will be held at the Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 17 April 2012, at 10.00 a.m. for the transaction of the following businesses:-

1. To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.
2. To declare a first and final dividend of 6 sen per ordinary share less tax of 25% in respect of the year ended 31 December 2011.
3. To approve the payment of Directors' fees of RM140,000/ - (2010: RM126,000) in respect of the year ended 31 December 2011.
4. To re-elect the following Directors who retire pursuant to Company's Articles of Association and, being eligible, offer themselves for re-election:-

(a) Mr. Tan Moon Hwa	Article 101
(b) Mr. Sha Thiam Fook	Article 101
(c) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	Article 106
5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
6. As Special Business:-  
To consider and, if thought fit, to pass the following resolutions:-

**(a) Ordinary Resolution 1**

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."

**(Resolution 1)**

**(Resolution 2)**

**(Resolution 3)**

**(Resolution 4)**

**(Resolution 5)**

**(Resolution 6)**

**(Resolution 7)**

**(Resolution 8)**



## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### (b) Ordinary Resolution 2

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."

(Resolution 9)

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### (c) Special Resolution

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

**"THAT** the proposed amendments to the Company's Articles of Association as set out in Appendix I below be and are hereby approved and adopted;

**AND THAT** the Directors and/ or Secretary be and are hereby authorised to take all such steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments."

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

(Resolution 10)

### Appendix I

#### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Proposed Amendments are to comply with the amendments made to Chapter 7 of the Listing Requirements ("LR") in relation to the following:-

- (a) Appointment of multiple proxies by an exempt authorised nominee; and
- (b) Qualification of proxy.

The details of the Proposed Amendments are set out below:-

The existing Articles of the Company are amended by the alterations, modifications, deletions and/ or additions, wherever necessary whereby the affected existing

Articles are reproduced hereunder alongside with the amended Articles of the Company:-

EXISTING ARTICLES	PROPOSED AMENDMENTS TO THE ARTICLES	RATIONALE
<b>Article 2 Interpretation Words &amp; Expressions</b> No Provision  <b>Meanings</b> No Provision	<b>Article 2 Interpretation Words &amp; Expressions</b> <b>Exempt authorised nominee</b>  <b>Meanings</b> <b>An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.</b>	Pursuant to Paragraph 7.21(2) of the LR
<b>Article 76 (A)</b> The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not, be a member of the Company. A member may appoint up to two persons to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.	<b>Article 76 (A)</b> The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.  <b>A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</b>  A member may appoint up to two persons to be his proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.  <b>A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.</b>	Pursuant to Paragraph 7.21(A) of the LR
<b>Article 76 (B)</b> Any member of the Company that is an authorised nominee as defined under the Central Depositories Act may appoint at least one (1) proxy in respect of each securities account held by it with ordinary shares of the Company standing to the credit of the said securities account.	<b>Article 76(B)</b> <b>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</b>	Pursuant to Paragraph 7.21(1) of the LR

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders at the Twenty-Eighth Annual General Meeting, a first and final dividend of 6 sen per ordinary share less tax of 25% in respect of the year ended 31 December 2011 will be payable on 22 June 2012 to depositors registered in the Record of Depositors on 8 June 2012.

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 8 June 2012 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

26 March 2012

### 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. GENERAL MEETING RECORD OF DEPOSITORS

For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 55(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors as at 9 April 2012 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/ or vote in his stead.

### 6. 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 26 March 2012 which is circulated together with this Annual Report.

#### (c) Resolution pursuant to Proposed Amendments to the Company's Articles of Association

Resolution No. 10 proposed as a Special Resolution under item 6(c), if passed, will streamline the Company's Articles of Association to be aligned with the recent amendments made to Chapter 7 of the Main Market Listing Requirements of Bursa Securities.

# 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

**YAM Tengku Dato' Seri Baderul Zaman  
Ibni Almarhum Sultan Mahmud**  
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

**YAM Dato' Seri Syed Azni Ibni Almarhum  
Tuanku Syed Putra Jamalullail**  
Independent Non-Executive Director

## AUDIT COMMITTEE

**Sha Thiam Fook**  
Chairman

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

**YAM 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

**YAM 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  
e-mail : is.enquiry@my.tricorglobal.com

## 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

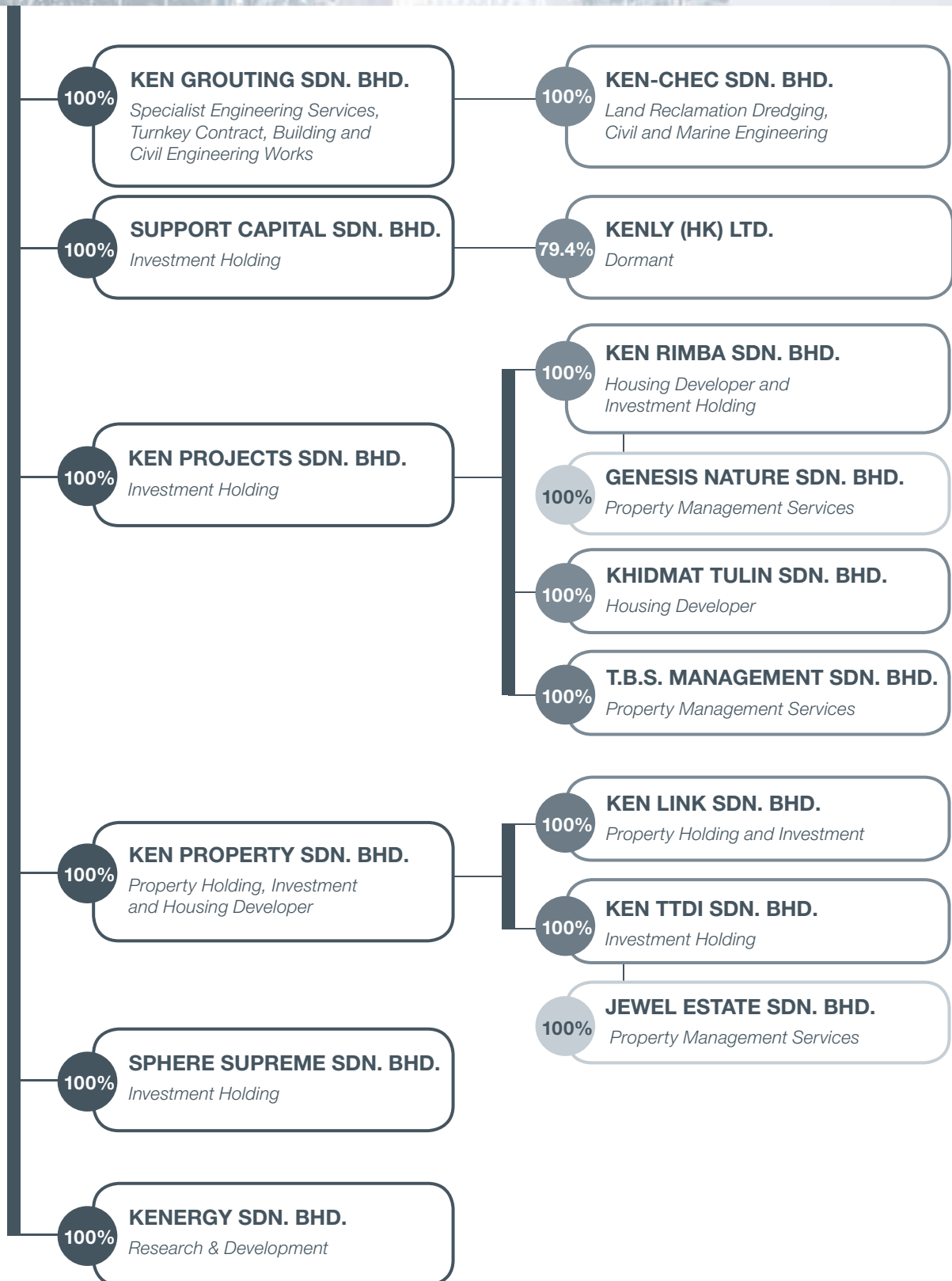
KPMG (Firm No: AF0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8 First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor



## CORPORATE STRUCTURE

# KEN<sup>TM</sup> HOLDINGS BHD

(106173-M)



# FINANCIAL HIGHLIGHTS

## PRINCIPAL ACTIVITIES

### The Company

Investment holding and provision of management services.

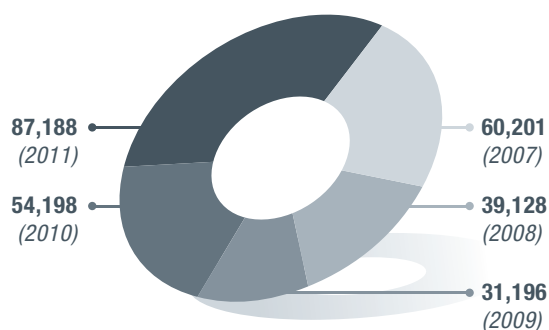
### The Subsidiary Companies

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

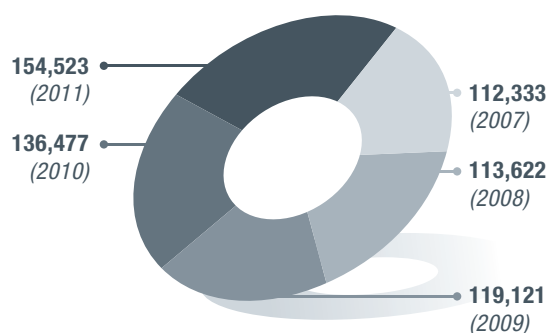
## FIVE YEARS GROUP FINANCIAL STATISTICS

RM'000	2007	2008	2009	2010	2011
Revenue	60,201	39,128	31,196	54,198	87,188
Profit before taxation	11,842	8,613	11,914	24,073	31,350
Profit after taxation	8,430	6,277	9,866	19,020	23,234
Profit attributable to shareholders	8,430	6,277	9,866	19,020	23,234
Shareholders' fund	112,333	113,622	119,121	136,477	154,523
Issued share capital	95,860	95,860	95,860	95,860	95,860
Total assets	147,093	154,226	152,788	176,312	198,242
Net asset	112,333	113,622	119,121	136,477	154,523
Net earnings per share (sen)	9	7	10	20	26
Net assets per share (sen)	117	119	124	142	161

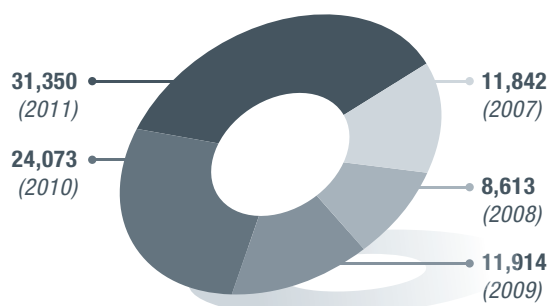
### REVENUE (RM'000)



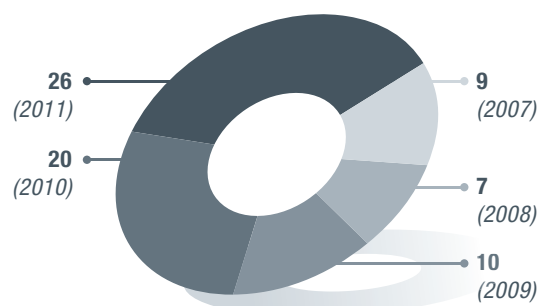
### NET ASSET (RM'000)



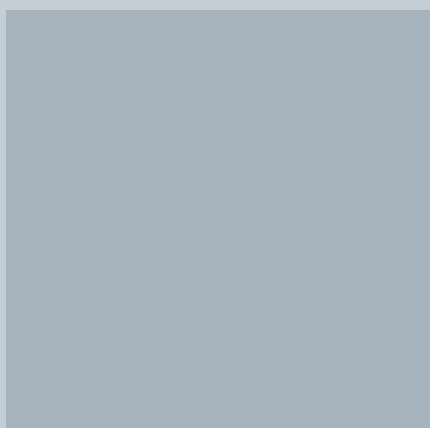
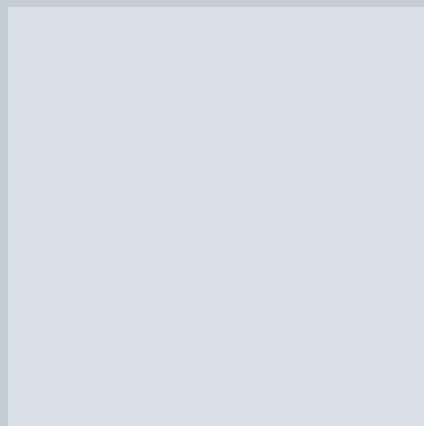
### PROFIT BEFORE TAXATION (RM'000)



### NET EARNINGS PER SHARE (SEN)



## BOARD OF DIRECTORS



1. Tan Boon Kang

5. Sha Thiam Fook

2. Tan Chek Siong

6. Tang Kam Chee

3. YAM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud

7. Dato' Seri Raja Haji Ahmad Zainuddin Bin Raja Haji Omar

4. YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail

8. Tan Moon Hwa



## DIRECTORS' PROFILE

### **TAN BOON KANG**

***Chairman/ Managing Director***

54 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 sits on the board of most of the subsidiaries of KEN Holdings Berhad and several other private limited companies.

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

### **TAN CHEK SIONG**

***Executive Director*** 31 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 and heads the property development, property management and community affairs divisions of the Group. He was also instrumental in spearheading the Green building movement transformation in the Group on sustainable development and the Group has garnered numerous awards, the latest being the FIABCI's Property Award 2011 for Sustainable Development.

He actively serves on the Real Estate & Housing Developer's Association, REHDA National council sitting as the Chairman of the Environment Sub-Committee and Deputy Chairman of REHDA YOUTH.

He is also on the board of most of the subsidiaries of KEN Holdings Berhad and some other private limited companies.

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

### **YAM TENGKU DATO' SERI BADERUL ZAMAN IBNI ALMARHUM SULTAN MAHMUD**

***Independent Non-Executive Director***

37 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.



## DIRECTORS' PROFILE (Cont'd)

### **YAM DATO' SERI SYED AZNI IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**

***Independent Non-Executive Director***

57 years of age • Malaysian

He was appointed to the Board on 7 March 2012. He graduated from University College of Wales, Aberystwyth, UK with a Bachelor of Science in Economic (Hons). He started his career with ICI Paints Malaysia in 1976 as Marketing Manager in the paints division. In 1985 he joined Armitage Shanks Malaysia as General Manager, marketing for its toiletries fittings line of products. In 1995 he ventured into his own business dealing with the trading of construction materials.

### **SHA THIAM FOOK**

***Independent Non-Executive Director***

61 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.

### **TANG KAM CHEE**

***Executive Director*** 57 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 also a Director of some of the subsidiaries of KEN Holdings Berhad.

### **DATO' SERI RAJA HAJI AHMAD ZAINUDIN BIN RAJA HAJI OMAR**

***Independent Non-Executive Director***

56 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.

### **TAN MOON HWA**

***Executive Director*** 49 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 some of the subsidiaries of KEN Holdings Berhad.

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

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 2011.

## 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.

### Composition of the Board

With the redesignation of YAM Tengku Dato Seri Baderul Zaman Ibni Almarhum Sultan Mahmud as Independent Non-Executive Director on 18 April 2011, the Board has seven (7) members, comprising three (3) Independent Non-Executive Directors and four (4) Executive Directors during financial year ended 31 December 2011 which is in compliance with paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements in respect of board composition.

On 7 March 2012, YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail was appointed to the Board as Independent Non-Executive Director.

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 2011, 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.

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

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.

Record of each Director's meeting attendance for financial year ended 31 December 2011 is contained in the table below:-

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Mr Tan Boon Kang	(6/6)^			(1/1)^
Mr Tan Chek Siong	(6/6)^			
Mr Tan Moon Hwa	(6/6)^			
Mr Tang Kam Chee	(6/6)^			
Mr Sha Thiam Fook	(6/6)^	(5/5)^	(1/1)^	(1/1)^
YAM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud	(6/6)^	(5/5)^	(1/1)^	
Dato' Seri Raja Ahmad Zainuddin bin Raja Haji Omar	(6/6)^	(5/5)^	(1/1)^	(1/1)^

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

### 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 senior management. 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.

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### 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. This has been consistently practiced. This also 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 the Annual Report. 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 and size of the Board to be assured that it 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 prescribed by Bursa Securities except for new Directors who shall be expected to complete the programme within scheduled time. 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 2011, the Directors have attended a training programme conducted by external training providers on the topic Resetting growth strategies for results - What it means for the Company.

Updates on companies and securities legislations, and other relevant rules and regulations such as amendments to Companies Act 1965, Listing Requirements of Bursa Securities and Corporate Governance Blueprint 2011, was provided to the Board, together with Board papers, to acquaint them with the latest developments in these areas.

### 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 Non-Executive Directors:-

- (1) Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar (Chairman);
- (2) Mr Sha Thiam Fook
- (3) YAM 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.



## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### c. Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are Independent 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 from outside advice if necessary. None of the Executive Directors participated in anyway in determining their remuneration. The Board as a whole determines their 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 2011 categorised in appropriate components is set out below:-

	<b>Fee RM'000</b>	<b>Benefits-in- Kind RM'000</b>	<b>Salaries and Other Emoluments RM'000</b>	<b>Bonus RM'000</b>	<b>Total RM'000</b>
Executive	80	59	1,485	262	1,886
Non-Executive	60	-	35	-	95
	140	59	1,520	262	1,981

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

<b>Range of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	-	3
RM150,001 - RM200,000	1	-
RM250,001 - RM300,000	1	-
RM350,001 - RM400,000	1	-
RM1,050,001 - RM1,100,000	1	-
	4	3

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### SHAREHOLDERS

#### Investors Relations and Shareholders Communications

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 a 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 and areas of interest. 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](mailto:rajaaz@kenholdings.com.my).

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

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

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

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

## STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

### 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:-

	2011 RM'000
Audit fee payable	98
Non-audit fee payable	10
<b>Total</b>	<b>108</b>

### Statement of Internal Control

The Statement of Internal Controls furnished on pages 22 to 23 of this Annual Report provides an overview on the state of internal controls within the Group.

### Directors' responsibility statement in respect of the preparation of the audited financial statements

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

### Compliance Statement

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

This statement was made in accordance with a resolution of the Board dated 16 March 2012.

## STATEMENT ON INTERNAL CONTROL

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

### RESPONSIBILITY

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

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

### RISK MANAGEMENT

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

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

With the establishment of the risk management framework, the Group has conducted an annual risk assessment exercise in 2011 and identified and evaluated the significant risk affecting the Company and one of its significant subsidiaries, KEN Grouting Sdn Bhd (KGSB). During the year, six risk areas were selected for specific 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 performed in 2011 was subsequently reviewed and approved by the Audit Committee and the Board respectively in March 2012.

### 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 conducted 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 2011 had also presented the annual audit plan for 2012 which has been reviewed and approved by the Audit Committee.



## STATEMENT ON INTERNAL CONTROL (Cont'd)

### OTHER RISK AND CONTROL PROCESS

The Internal Control mechanism established by the Board is embedded within the organisational structure and the procedures used for planning, capital expenditure, information and reporting system for monitoring the Group's performance. The key elements adopted 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 were held monthly to identify, discuss and resolve operational, financial and key management issues;
- Budget was prepared for each subsidiary and reviewed by the Managing Director;
- Management reports were prepared monthly and monitored against budget on a quarterly basis;
- Board Committees comprising 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 were documented in Standard Operating Procedure Manuals and covered:
  - 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;
- KGSB, KPSB, and KTSB have been certified by a certification body for compliance with ISO 9001:2008;
- the Audit Committee reviewed the 2011 quarterly results before approval by the Board for public releases. The Audit Committee also reviewed 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 were fully implemented through its audit reviews on selected risk areas during the year and submitted its findings to the Audit Committee; and
- Appointment of suitable employees with the required qualification and experience to fulfill their responsibilities and to provide education, training and development to enhance employees' skills and to reinforce such qualities.

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

This statement was made in accordance with a resolution of the Board dated 16 March 2012.

# 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 2011, the Committee comprises the following three directors:-

Chairman	: Sha Thiam Fook (MIA member)	<i>(Independent Non-Executive Director)</i>
Member	: Dato' Seri Raja Haji Ahmad Zainuddin bin Raja Haji Omar	<i>(Independent Non-Executive Director)</i>
	: YAM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud	<i>(Independent Non-Executive Director)</i>

## SUMMARY OF THE TERMS OF REFERENCE

### (1) 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 (1) 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 fulfilled 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 Malaysia Securities Berhad ("Bursa Securities") are breached, the Board shall, within three (3) 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.

## AUDIT COMMITTEE REPORT (Cont'd)

### (2) 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.

### (3) FUNCTIONS AND RESPONSIBILITIES

(3.1) 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;

## AUDIT COMMITTEE REPORT (Cont'd)

- (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.

(3.2) The Committee shall establish an internal audit function which is independent of the activities it audits.

(3.3) The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audit as it deems fit.

(3.4) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

(3.5) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

(3.6) 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.

(3.7) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

### (4) QUORUM, ATTENDANCE AND FREQUENCY OF MEETINGS

- (a) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.
- (b) The Finance Director, the representatives of the independent consultant for internal audit function and representatives 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 (2) a year the Committee shall meet with the external auditors without executive Board members present.
- (c) 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.

## AUDIT COMMITTEE REPORT (Cont'd)

### AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 31 December 2011. 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
YAM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud (Independent Non-Executive Director)	5/5

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Audit Committee carried out its duties in accordance with its Terms and Reference. During the financial year ended 31 December 2011, 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 2010;
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2010 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 2010;
- (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 on Internal Control for the financial year ended 31 December 2010 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 2011;
- (h) Met with the external auditors twice (2) during the financial year ended 31 December 2011 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 2011 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.



## **AUDIT COMMITTEE REPORT (Cont'd)**

### **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 2011 was RM22,000.00.

## ADDITIONAL DISCLOSURE INFORMATION

### UTILISATION OF PROCEEDS

No proceed were raised by the Company from any corporate proposal during the financial year ended 31 December 2011.

### SHARE BUY-BACKS

During the financial year ended 31 December 2011, the Company bought back a total of 1,602,400 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 2011	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	4,000	0.98	0.98	0.98	0.98	3,965.18
April	5,000	1.30	1.30	1.30	1.30	6,548.95
August	851,500	1.00	1.11	1.06	1.06	904,220.25
September	266,500	0.94	1.01	0.98	0.99	265,262.13
October	35,000	1.02	1.03	1.03	1.03	36,221.54
November	372,000	1.02	1.05	1.05	1.05	391,452.20
December	68,400	1.02	1.04	1.04	1.04	71,634.18

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 2011, a total of 6,026,700 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 2011.

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

During the financial year ended 31 December 2011, 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 2011.

### 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 2011 amounted to RM10,000.00.

### VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2011 and the unaudited results previously announced.

### PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2011.

### 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 2011 or, entered into since the end of previous financial year except as disclosed in Note 25 to the Financial Statements.



# FINANCIAL STATEMENTS



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

### 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
<b>Profit for the year</b>	<b>23,234</b>	<b>22,361</b>

### 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 0.55 sen per ordinary share totalling RM502,847 in respect of the financial year ended 31 December 2010 on 23 June 2011; and
- (ii) a final ordinary dividend of 4.5 sen per ordinary share less tax at 25% totalling RM3,085,653 (3.375 sen net per ordinary share) in respect of the financial year ended 31 December 2010 on 23 June 2011.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2011 is 6.0 sen per ordinary share less tax at 25% totalling RM4,313,700 (4.5 sen net per ordinary share).

### 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  
Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail (appointed on 7 March 2012)



## DIRECTORS' REPORT (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2011

### 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 financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Company	Number of ordinary shares of RM1.00 each			At 31.12.2011 '000
	At 1.1.2011 '000	Bought '000	Sold '000	
Directors of the Company:				
Interests in the Company:				
Tan Boon Kang	1,982	-	-	1,982
Tan Chek Siong	3,121	-	-	3,121
Tan Moon Hwa	606	-	-	606
Tang Kam Chee	115	-	-	115
Indirect interests in the Company:				
Tan Boon Kang	45,004	-	-	45,004

Subsidiary	Number of ordinary shares of HK\$1.00 each			At 31.12.2011 '000
	At 1.1.2011 '000	Bought '000	Sold '000	
Kenly (HK) Ltd.				
Indirect interests in the subsidiary:				
Tan Boon Kang	6,030	-	-	6,030

Company	Number of ordinary shares of RM1.00 each			At 31.12.2011 '000
	At 1.1.2011 '000	Bought '000	Sold '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

By virtue of their interests in the shares of the Company, Tan Boon Kang is 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 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## **DIRECTORS' REPORT (Cont'd)**

FOR THE YEAR ENDED 31 DECEMBER 2011

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

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) 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 the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the 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.

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.

## **DIRECTORS' REPORT (Cont'd)**

FOR THE YEAR ENDED 31 DECEMBER 2011

### **OTHER STATUTORY INFORMATION (CONTINUED)**

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

In the opinion of the Directors, except for the reversal of provision for road work contributions amounting to RM3,000,000 as disclosed in Note 15 to the Group financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 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**

#### **(i) Acquisition of land**

On 5 October 2011, the Group via its wholly-owned subsidiary, Ken Property Sdn. Bhd., entered into an agreement with a third party to acquire 9 plots of freehold land located in Mukim Cheng, District of Melaka Tengah, Melaka for a total cash consideration of RM5,500,000. The transaction was completed during the year.

#### **(ii) Repurchase of Company's shares**

During the financial year, the Company repurchased 1,602,400 of its issued ordinary shares for a total cash consideration of RM1,679,304 from the open market at an average price of RM1.05 per share. As at 31 December 2011, total treasury shares held by the Company was 6,026,700.

### **EVENT SUBSEQUENT TO FINANCIAL YEAR END**

#### **(i) Acquisition of a subsidiary**

On 5 January 2012, the Company acquired 2 ordinary shares of RM1 each representing 100% of the equity interest in Kenergy Sdn. Bhd. ("Kenergy") for a total cash consideration of RM2. Consequently, Kenergy became a wholly-owned subsidiary of Ken Holdings Berhad.

### **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:

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**Tan Boon Kang**

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**Tang Kam Chee**

Kuala Lumpur, Malaysia

Date: 16 March 2012

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Group		Company	
		31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
<b>Assets</b>					
Property, plant and equipment	3	12,874	12,639	-	-
Land held for property development	4	21,507	20,224	-	-
Investment properties	5	33,898	21,129	-	-
Investments in subsidiaries	6	-	-	13,333	13,333
Other investments	7	26	26	-	-
Deferred tax assets	8	5,999	4,078	82	92
Trade and other receivables	9	-	-	94,020	74,489
<b>Total non-current assets</b>		<b>74,304</b>	<b>58,096</b>	<b>107,435</b>	<b>87,914</b>
Inventories	10	12,942	15,947	-	-
Property development costs	11	39,440	47,276	-	-
Current tax assets		1,296	265	-	-
Trade and other receivables	9	8,111	23,881	1,319	4,229
Cash and cash equivalents	12	62,149	30,847	8,919	8,495
<b>Total current assets</b>		<b>123,938</b>	<b>118,216</b>	<b>10,238</b>	<b>12,724</b>
<b>Total assets</b>		<b>198,242</b>	<b>176,312</b>	<b>117,673</b>	<b>100,638</b>
<b>Equity</b>					
Share capital		95,860	95,860	95,860	95,860
Reserves		58,663	40,617	21,133	4,039
<b>Total equity</b>	13	154,523	136,477	116,993	99,899
<b>Liabilities</b>					
Deferred tax liabilities	8	5,008	5,744	-	-
<b>Total non-current liabilities</b>		<b>5,008</b>	<b>5,744</b>	<b>-</b>	<b>-</b>
Trade and other payables	14	36,728	33,246	670	697
Current tax liabilities		1,983	845	10	42
<b>Total current liabilities</b>		<b>38,711</b>	<b>34,091</b>	<b>680</b>	<b>739</b>
<b>Total liabilities</b>		<b>43,719</b>	<b>39,835</b>	<b>680</b>	<b>739</b>
<b>Total equity and liabilities</b>		<b>198,242</b>	<b>176,312</b>	<b>117,673</b>	<b>100,638</b>

The notes on pages 42 to 85 are an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>					
- property development revenue		87,188	54,198	-	-
- dividends		-	-	24,828	2,700
- management fees		-	-	780	720
		87,188	54,198	25,608	3,420
<b>Cost of sales</b>					
- property development costs		(49,755)	(20,064)	-	-
		37,433	34,134	25,608	3,420
<b>Gross profit</b>					
Other income		1,677	1,679	-	-
Distribution expenses		(1,166)	(4,375)	-	-
Administrative expenses		(8,021)	(7,664)	(564)	(484)
		29,923	23,774	25,044	2,936
<b>Results from operating activities</b>					
Finance income		1,427	299	174	40
		31,350	24,073	25,218	2,976
<b>Profit before tax</b>					
Income tax expense	17	(8,116)	(5,053)	(2,857)	(770)
		23,234	19,020	22,361	2,206
<b>Profit for the year</b>	15				
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		79	(514)	-	-
Surplus on revaluation of property, plant and equipment		-	4,300	-	-
		79	3,786	-	-
<b>Total other comprehensive income for the year</b>	18				
		23,313	22,806	22,361	2,206
<b>Total comprehensive income for the year</b>					
		23,313	22,806	22,361	2,206
<b>Basic earnings per ordinary share</b>	19	26 sen	20 sen		

The notes on pages 42 to 85 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

Group	Note	Attributable to owners of the Company					
		Non-distributable			Distributable		
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2010</b>		95,860	(1,430)	1,912	(229)	22,868	118,981
Realisation of revaluation reserves		-	-	(647)	-	647	-
Reversal of revaluation reserves		-	-	647	-	(647)	-
Total comprehensive income for the year	18	-	-	4,300	(514)	19,020	22,806
Own shares acquired	13	-	(2,048)	-	-	-	(2,048)
Dividends to owners of the Company	20	-	-	-	-	(3,262)	(3,262)
<b>At 31 December 2010, restated</b>		<b>95,860</b>	<b>(3,478)</b>	<b>6,212</b>	<b>(743)</b>	<b>38,626</b>	<b>136,477</b>
<b>At 1 January 2011</b>							
As previously reported		95,860	(3,478)	5,565	(743)	39,273	136,477
Reversal of revaluation reserves		-	-	647	-	(647)	-
<b>Restated</b>		<b>95,860</b>	<b>(3,478)</b>	<b>6,212</b>	<b>(743)</b>	<b>38,626</b>	<b>136,477</b>
Total comprehensive income for the year	18	-	-	-	79	23,234	23,313
Own shares acquired	13	-	(1,679)	-	-	-	(1,679)
Dividends to owners of the Company	20	-	-	-	-	(3,588)	(3,588)
<b>At 31 December 2011</b>		<b>95,860</b>	<b>(5,157)</b>	<b>6,212</b>	<b>(664)</b>	<b>58,272</b>	<b>154,523</b>
		Note 13	Note 13	Note 13	Note 13		

The notes on pages 42 to 85 are an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

Company	Note	← Non-distributable →		Distributable	Total RM'000
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 January 2010</b>		95,860	(1,430)	8,573	103,003
Total comprehensive income for the year		-	-	2,206	2,206
Own shares acquired	13	-	(2,048)	-	(2,048)
Dividends to owners of the Company	20	-	-	(3,262)	(3,262)
<b>At 31 December 2010/ 1 January 2011</b>		95,860	(3,478)	7,517	99,899
Total comprehensive income for the year		-	-	22,361	22,361
Own shares acquired	13	-	(1,679)	-	(1,679)
Dividends to owners of the Company	20	-	-	(3,588)	(3,588)
<b>At 31 December 2011</b>		<b>95,860</b>	<b>(5,157)</b>	<b>26,290</b>	<b>116,993</b>
		Note 13	Note 13	Note 13	

The notes on pages 42 to 85 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		31,350	24,073	25,218	2,976
Adjustments for:					
Depreciation of investment properties	5	155	93	-	-
Depreciation of property, plant and equipment	3	447	478	-	-
Dividend income		-	-	(24,828)	(2,700)
Finance income		(1,427)	(299)	(174)	(40)
Gain on disposal of property, plant and equipment		(61)	(79)	-	-
<b>Operating profit before changes in working capital</b>		<b>30,464</b>	<b>24,266</b>	<b>216</b>	<b>236</b>
Changes in working capital:					
Inventories		3,005	(13,047)	-	-
Land held for property development		(1,283)	2,691	-	-
Property development costs		7,836	16,849	-	-
Trade and other payables		3,408	5,480	(27)	206
Trade and other receivables		15,909	(5,009)	(16,621)	9,713
<b>Cash generated from/(used in) operations</b>		<b>59,339</b>	<b>31,230</b>	<b>(16,432)</b>	<b>10,155</b>
Interest received		293	59	-	-
Income tax paid		(10,669)	(4,841)	(179)	(135)
Income tax refunded		3	3	-	-
<b>Net cash from/(used in) operating activities</b>		<b>48,966</b>	<b>26,451</b>	<b>(16,611)</b>	<b>10,020</b>

## STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment	3	(682)	(685)	-	-
Dividends received		-	-	22,128	2,025
Interest income from fixed deposits		1,134	240	174	40
Additions to investment properties	5	(12,924)	(728)	-	-
Proceeds from disposal of property, plant and equipment		61	80	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(12,411)</b>	<b>(1,093)</b>	<b>22,302</b>	<b>2,065</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company	20	(3,588)	(3,262)	(3,588)	(3,262)
Repurchase of treasury shares	13	(1,679)	(2,048)	(1,679)	(2,048)
Repayment of loan		-	(40)	-	-
<b>Net cash used in financing activities</b>		<b>(5,267)</b>	<b>(5,350)</b>	<b>(5,267)</b>	<b>(5,310)</b>
<b>Net increase in cash and cash equivalents</b>		<b>31,288</b>	<b>20,008</b>	<b>424</b>	<b>6,775</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>14</b>	<b>(514)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 1 January</b>		<b>30,847</b>	<b>11,353</b>	<b>8,495</b>	<b>1,720</b>
<b>Cash and cash equivalents at 31 December</b>		<b>62,149</b>	<b>30,847</b>	<b>8,919</b>	<b>8,495</b>

### Notes to cash flow statements

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

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	12	11,583	8,433	6	598
Deposits placed with licensed banks	12	50,566	22,414	8,913	7,897
		<b>62,149</b>	<b>30,847</b>	<b>8,919</b>	<b>8,495</b>

The notes on pages 42 to 85 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 follow:

## **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 financial year ended 31 December 2011 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 financial year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding activities and provision of management services while the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 16 March 2012.

## **1. BASIS OF PREPARATION**

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

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

#### ***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)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012***

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013***

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investment in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015***

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2012 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 19, Amendments to IC Interpretation 14 and Amendments to FRS 1 which are not applicable to the Group and to the Company.

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.

The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

The Group is an entity within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate* and will be exempted from adopting Malaysian Financial Reporting Standards (MFRSs) and as such is referred to as a "Transitioning Entity". Being a Transitioning Entity, the Group is required to adopt MFRSs for annual period beginning on 1 January 2013.

Hence, the financial statements of the Group and of the Company for the annual period beginning on 1 January 2013 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 July 2012, 1 January 2013, 1 January 2014 and 1 January 2015.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and 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 11 - calculation of revenue and cost of sales for property development projects
- Note 14 and 24 - provisions and contingencies

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### (i) Subsidiaries

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

##### (ii) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had 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 in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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.

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) in equity.

#### (c) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position 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.

##### (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.

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement (continued)

###### *Financial assets (continued)*

###### *(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(l)(i)).

###### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost.

##### (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 expired. 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Property, plant and equipment (continued)

##### (iii) Depreciation (continued)

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

• freehold building	25 years
• leasehold land	60 - 85 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.

#### (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.

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) 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 at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Investment properties (continued)

##### (ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties for disclosure purposes 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, 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 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 building are 25 - 50 years.

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

#### (g) 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.

#### (h) 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activity has been carried out or where 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 any accumulated impairment losses.

Land held for property development is classified as property development costs 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.

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

#### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks which have an insignificant risk of changes in value.

#### (l) 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 to profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (l) Impairment (continued)

##### (i) Financial assets (continued)

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 financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, assets arising from construction contracts and deferred tax assets) 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 (known as 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 or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated 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 cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

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 financial year in which the reversals are recognised.

#### (m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Equity instruments (continued)

##### (ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

#### (n) Employee benefits

##### (i) 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 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.

##### (ii) State plans

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

#### (o) 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.

##### (i) 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (p) 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 profit or 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 financial 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 initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

#### (r) Earnings per ordinary 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, adjusted for own shares held.

#### (s) 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, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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
<b>Cost/Valuation</b>									
At 1 January 2010	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/ 1 January 2011	500	11,547	3,237	528	8,134	831	251	-	25,028
Additions	-	-	575	-	-	87	20	-	682
Disposals	-	-	(460)	-	-	(4)	(4)	-	(468)
Write off	-	-	-	(32)	(540)	(86)	-	-	(658)
Effect of movement in exchange rates	-	-	2	-	-	4	2	-	8
<b>At 31 December 2011</b>	<b>500</b>	<b>11,547</b>	<b>3,354</b>	<b>496</b>	<b>7,594</b>	<b>832</b>	<b>269</b>	<b>-</b>	<b>24,592</b>
<b>Representing items at:</b>									
Cost	-	1,847	3,354	496	7,594	832	269	-	14,392
Valuation - 2010	500	9,700	-	-	-	-	-	-	10,200
<b>At 31 December 2011</b>	<b>500</b>	<b>11,547</b>	<b>3,354</b>	<b>496</b>	<b>7,594</b>	<b>832</b>	<b>269</b>	<b>-</b>	<b>24,592</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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
<b>Depreciation</b>									
At 1 January 2010	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/ 1 January 2011	-	-	2,799	528	8,060	767	235	-	12,389
Depreciation for the year	20	134	224	-	15	43	11	-	447
Disposals	-	-	(460)	-	-	(4)	(4)	-	(468)
Write off	-	-	-	(32)	(540)	(86)	-	-	(658)
Effect of movement in exchange rate	-	-	2	-	-	5	1	-	8
<b>At 31 December 2011</b>	<b>20</b>	<b>134</b>	<b>2,565</b>	<b>496</b>	<b>7,535</b>	<b>725</b>	<b>243</b>	<b>-</b>	<b>11,718</b>
<b>Carrying amounts</b>									
At 1 January 2010	396	6,351	59	2	164	57	8	16,437	23,474
At 31 December 2010/ 1 January 2011	500	11,547	438	-	74	64	16	-	12,639
<b>At 31 December 2011</b>	<b>480</b>	<b>11,413</b>	<b>789</b>	<b>-</b>	<b>59</b>	<b>107</b>	<b>26</b>	<b>-</b>	<b>12,874</b>

Company	Office equipment RM'000
<b>Cost</b>	
At 1 January 2010/31 December 2010/1 January 2011	1
Write off	(1)
<b>At 31 December 2011</b>	<b>-</b>
<b>Depreciation</b>	
At 1 January 2010/31 December 2010/1 January 2011	1
Write off	(1)
<b>At 31 December 2011</b>	<b>-</b>
<b>Carrying amounts</b>	
At 1 January 2010/31 December 2010/31 December 2011	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1 Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years. Property under the revaluation model was last 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, independent registered professional valuers 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	
	2011 RM'000	2010 RM'000
Freehold land	490	490
Freehold building	99	103
Leasehold land with unexpired lease period of more than 50 years	1,818	1,844
	2,407	2,437

#### 3.2 Land

Included in the carrying amounts of land are:

Freehold land	2,700	2,700
Leasehold land with unexpired lease period of more than 50 years	8,713	8,847
	11,413	11,547

### 4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Development costs RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2010	22,744	171	22,915
Additions	-	23	23
Transfer to property development costs	(2,714)	-	(2,714)
<b>At 31 December 2010/1 January 2011</b>	<b>20,030</b>	<b>194</b>	<b>20,224</b>
Additions	-	24	24
Transfer from property development costs	-	1,259	1,259
<b>At 31 December 2011</b>	<b>20,030</b>	<b>1,477</b>	<b>21,507</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. INVESTMENT PROPERTIES

Group	Note	Freehold land RM'000	Buildings RM'000	Under Construction RM'000	Total RM'000
<b>Cost</b>					
At 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 January 2011		1,741	2,921	16,854	21,516
Additions		5,611	1,012	6,301	12,924
<b>At 31 December 2011</b>		<b>7,352</b>	<b>3,933</b>	<b>23,155</b>	<b>34,440</b>
<b>Depreciation</b>					
At 1 January 2010		-	294	-	294
Depreciation for the year		-	93	-	93
At 31 December 2010/1 January 2011		-	387	-	387
Depreciation for the year		-	155	-	155
<b>At 31 December 2011</b>		<b>-</b>	<b>542</b>	<b>-</b>	<b>542</b>
<b>Carrying amounts</b>					
At 1 January 2010		1,741	2,316	-	4,057
At 31 December 2010/1 January 2011		1,741	2,534	16,854	21,129
<b>At 31 December 2011</b>		<b>7,352</b>	<b>3,392</b>	<b>23,154</b>	<b>33,898</b>
<b>Fair values</b>					
At 1 January 2010		1,810	3,298	-	5,108
At 31 December 2010/1 January 2011		1,886	3,778	-	5,664
<b>At 31 December 2011</b>		<b>7,497</b>	<b>5,336</b>	<b>-</b>	<b>12,833</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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.

Fair values of all investment properties are measured based on the above method except for properties with a carrying amount of RM6,561,000 (2010: RM292,000) in which fair value is approximated to cost as these properties were purchased during the financial year.

#### Land titles

The titles for 9 plots of land situated at Mukim Cheng, District of Melaka Tengah, Melaka costing RM5,611,000 is pending issuance by the relevant authority.

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

	Group	
	2011 RM'000	2010 RM'000
Rental income	281	200
Direct operating expenses		
- income generating investment properties	(61)	(45)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares - at cost	13,333	13,333

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest	
		2011 %	2010 %
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	100
<i>The subsidiary of Support Capital Sdn. Bhd. is:</i>			
Kenly (HK) Ltd. †	Dormant	79.4	79.4
<i>The subsidiary of Ken Grouting Sdn. Bhd. is:</i>			
Ken-Chec Sdn. Bhd.	Land reclamation, civil, dredging, and marine engineering	100	100
<i>The subsidiaries of Ken Projects Sdn. Bhd. are:</i>			
Khidmat Tulin Sdn. Bhd.	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
<i>The subsidiary of Ken Rimba Sdn. Bhd. is:</i>			
Genesis Nature Sdn. Bhd.	Property management services	100	100
<i>The subsidiaries of Ken Property Sdn. Bhd. are:</i>			
Ken Link Sdn. Bhd.	Property development and investment holding	100	100
Ken TTDI Sdn. Bhd.	Investment holding	100	100
<i>The subsidiary of Ken TTDI Sdn. Bhd. is:</i>			
Jewel Estate Sdn. Bhd.	Property management services	100	100

† Not audited by member firms of KPMG International.

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. OTHER INVESTMENTS

Group	Total RM'000	Shares	
		Unquoted RM'000	Quoted in Malaysia RM'000
2011			
Available-for-sale financial assets	140	20	120
Less: Impairment loss	(114)	-	(114)
	26	20	6
Market value of quoted investments	8	-	8
2010			
Available-for-sale financial assets	140	20	120
Less: Impairment loss	(114)	-	(114)
	26	20	6
Market value of quoted investments	9	-	9

### 8. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property, plant and equipment	-	-	(1,704)	(1,725)	(1,704)	(1,725)
Property development costs	-	-	(3,304)	(4,019)	(3,304)	(4,019)
Provisions	82	92	-	-	82	92
Other items	5,917	3,986	-	-	5,917	3,986
Tax assets/(liabilities)	5,999	4,078	(5,008)	(5,744)	991	(1,666)
Set off of tax	-	-	-	-	-	-
Net tax assets/(liabilities)	5,999	4,078	(5,008)	(5,744)	991	(1,666)
<b>Company</b>						
Provisions	82	92	-	-	82	92

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

#### Unrecognised deferred tax assets

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax loss carry-forwards	11,747	11,511	-	-

Tax loss carry-forwards relates to a subsidiary incorporated in Hong Kong. The tax losses do not expire under the tax legislation of Hong Kong.

Deferred tax asset has not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

#### Movement in temporary differences during the year

Group	At 1.1.2010 RM'000	Recognised in profit or loss (Note 17) RM'000	Recognised directly in equity RM'000	At 31.12.2010/ 1.1.2011 RM'000	Recognised in profit or loss (Note 17) RM'000	Recognised directly in equity RM'000	At 31.12.2011 RM'000
Property, plant and equipment	(587)	(52)	(1,086)	(1,725)	21	-	(1,704)
Property development costs	(5,236)	1,217	-	(4,019)	715	-	(3,304)
Provisions	42	50	-	92	(10)	-	82
Tax loss carry-forwards	328	(328)	-	-	-	-	-
Other items	4,721	(735)	-	3,986	1,931	-	5,917
	<b>(732)</b>	<b>152</b>	<b>(1,086)</b>	<b>(1,666)</b>	<b>2,657</b>	<b>-</b>	<b>991</b>
<b>Company</b>							
Provisions	<b>42</b>	<b>50</b>	<b>-</b>	<b>92</b>	<b>(10)</b>	<b>-</b>	<b>82</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Non-current</b>					
Amount due from subsidiaries	9.1	-	-	94,020	74,489
<b>Current</b>					
<b>Trade</b>					
Trade receivables		6,815	20,566	-	-
Retention sum	9.2	1,414	1,370	-	-
		8,229	21,936	-	-
Less: Allowance for impairment loss		(2,783)	(3,814)	-	-
		5,446	18,122	-	-
Progress billings receivable		43	3,901	-	-
		<b>5,489</b>	<b>22,023</b>	<b>-</b>	<b>-</b>
<b>Non-trade</b>					
Amount due from subsidiaries	9.1	-	-	1,313	4,219
Other receivables and deposits		2,907	2,160	6	10
Less: Allowance for impairment loss		(285)	(302)	-	-
		2,622	1,858	1,319	4,229
		<b>8,111</b>	<b>23,881</b>	<b>1,319</b>	<b>4,229</b>

9.1 The non-current 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, a part of the Company's net investment in the subsidiaries, it is stated at cost. The remaining current portion is unsecured, interest free and repayable on demand.

9.2 Full impairment losses have been made for the retention sum outstanding at year end.

### 10. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Completed properties	12,942	15,947
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,902	2,025

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 11. PROPERTY DEVELOPMENT COSTS

	Group	
	2011 RM'000	2010 RM'000
At 1 January		
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
Development costs incurred during the year	42,424	26,019
	102,430	105,588
Costs charged to profit or loss	(49,001)	(30,510)
Costs transferred to inventories	-	(15,072)
	<b>53,429</b>	<b>60,006</b>
At 31 December		
Land	40,385	40,385
Development costs	129,453	87,029
Accumulated costs charged to profit or loss	(116,409)	(67,408)
	53,429	60,006
Non-current portion	(13,989)	(12,730)
Current portion	<b>39,440</b>	<b>47,276</b>

#### 11.1 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	11,583	8,433	6	598
Deposits placed with licensed banks	50,566	22,414	8,913	7,897
	<b>62,149</b>	<b>30,847</b>	<b>8,919</b>	<b>8,495</b>

Included in the Group's cash and bank balances is RM8,625,000 (2010: RM1,827,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

### 13. CAPITAL AND RESERVES

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2011 RM'000	2011 '000	2010 RM'000	2010 '000
Ordinary shares of RM1.00 each:				
Authorised	300,000	300,000	300,000	300,000
Issued and fully paid-up	95,860	95,860	95,860	95,860

#### Ordinary shares

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 13. CAPITAL AND RESERVES (CONTINUED)

#### Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 18 April 2011, 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 financial year ended 31 December 2011, the Company repurchased 1,602,400 of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.05 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 2011, the Group held 6,026,700 (2010: 4,424,300) of the Company's shares.

Details of the repurchase of treasury shares were as follows:

	<b>Average repurchase price RM</b>	<b>Highest repurchase price RM</b>	<b>Lowest repurchase price RM</b>	<b>Number of treasury share repurchase</b>	<b>Total consideration paid RM</b>
2011	1.05	1.30	0.94	1,602,400	1,679,304
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 and distribute all of its retained earnings at 31 December 2011 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 2011 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Trade</b>					
Trade payables	14.1	15,935	10,640	-	-
Progress billings		6,948	4,738	-	-
		22,883	15,378	-	-
<b>Non-trade</b>					
Other payables and accruals	14.2&14.3	13,455	17,495	370	484
Amount due to Directors	14.4	390	373	300	213
		13,845	17,868	670	697
		36,728	33,246	670	697

14.1 Included in trade payables of the Group are retention sums payable amounting to RM3,188,000 (2010: RM2,469,000).

14.2 Included in other payables and accruals of the Group are accrual for project costs amounting to RM4,452,000 (2010: RM6,330,000).

There are estimation uncertainty and key assumptions made by management in arriving at the accrual for project costs. 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 would have made references against actual costs incurred previously or quotations from suppliers.

14.3 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 RM1,635,000 (2010: RM1,931,000).

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 15. PROFIT FOR THE YEAR

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Profit for the year is arrived at after charging:</b>					
Allowance for impairment loss on other receivables		-	276	-	-
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		92	82	24	20
Other auditors		6	6	-	-
- Non-audit fees					
KPMG Malaysia		10	6	-	-
Depreciation of investment properties	5	155	93	-	-
Depreciation of property, plant and equipment	3	447	478	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plan		593	508	-	-
- Wages, salaries and others		5,504	4,262	-	-
Rental expense on premises		45	97	-	-
<b>and after crediting:</b>					
Dividend income from subsidiaries (unquoted)		-	-	24,828	2,700
Gain on disposal of property, plant and equipments		61	79	-	-
Inter-company management fees		-	-	780	720
Interest income from:					
- Fixed deposits		1,134	240	174	40
- Housing Development Account		176	16	-	-
- Purchasers (late payment)		117	43	-	-
Rental income from properties		941	1,088	-	-
Reversal of impairment loss on trade receivables		105	82	-	-
Reversal of provision for road work contributions		3,000	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Company's Directors:				
- Fees	140	105	140	105
- Remuneration	1,782	1,555	35	35
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	59	34	-	-
	1,981	1,694	175	140
Other Directors:				
- Remuneration	378	425	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	16	16	-	-
	394	441	-	-
	2,375	2,135	175	140

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17. INCOME TAX EXPENSE

#### Recognised in the profit or loss

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Current tax expense</b>				
Malaysian - current year	10,785	5,186	2,847	822
- prior year	(12)	19	-	(2)
Total current tax recognised in profit or loss	10,773	5,205	2,847	820
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(2,758)	(152)	10	(50)
Under provision in prior year	101	-	-	-
Total deferred tax recognised in profit or loss	(2,657)	(152)	10	(50)
Total income tax expense	<b>8,116</b>	<b>5,053</b>	<b>2,857</b>	<b>770</b>
<b>Reconciliation of tax expense</b>				
Profit for the year	23,234	19,020	22,361	2,206
Total income tax expense	8,116	5,053	2,857	770
Profit excluding tax	31,350	24,073	25,218	2,976
Income tax calculated using Malaysian tax rate of 25% (2010: 25%)	7,837	6,018	6,305	744
Effect of tax rates in foreign jurisdiction *	12	14	-	-
Non-deductible expenses	237	150	59	28
Tax exempt income	-	-	(3,507)	-
Current year losses for which no deferred tax asset was recognised	(59)	(108)	-	-
Crystallisation of deferred tax liability on revaluation surplus of property	-	(1,040)	-	-
Under/(Over) provision in prior year	89	19	-	(2)
	<b>8,116</b>	<b>5,053</b>	<b>2,857</b>	<b>770</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. OTHER COMPREHENSIVE INCOME

Group 2011	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	79	-	79
	79	-	79
<b>2010</b>			
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

### 19. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2011 RM'000	2010 RM'000
Profit for the year attributable to ordinary shareholders	23,234	19,020
Weighted average number of ordinary shares		
	2011 '000	2010 '000
Issued ordinary shares at 1 January	95,860	95,860
Effect of treasury shares held	(4,866)	(2,747)
Weighted average number of ordinary shares at 31 December	90,994	93,113
	Group	
	2011 Sen	2010 Sen
Basic earnings per ordinary share	26	20



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 20. DIVIDENDS

Dividends recognised by the Company:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2011</b>			
Final 2010 ordinary (Tax exempt)	0.55	503	23 June 2011
Final 2010 ordinary	3.375	3,085	23 June 2011
<b>Total amount</b>		<b>3,588</b>	
<b>2010</b>			
Final 2009 ordinary (Tax exempt)	2.0	1,864	23 June 2010
Final 2009 ordinary	1.5	1,398	23 June 2010
<b>Total amount</b>		<b>3,262</b>	

After the reporting period, the following dividend was proposed by the Directors. This dividend 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 ordinary	4.5	4,314

### 21. OPERATING SEGMENTS

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 (the chief operating decision maker) 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. OPERATING SEGMENTS (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(s).

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Segment profit</b>	7,655	3,250	31,861	17,108	39,516	20,358
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	-	-	87,188	54,198	87,188	54,198
Inter-segment revenue	56,362	18,928	-	-	56,362	18,928
<i>Not included in the measure of segment profit but provided to Managing Director:</i>						
Depreciation	520	498	82	73	602	571
Finance income	500	30	753	229	1,253	259
<b>Segment assets</b>	79,215	63,584	175,383	173,095	254,598	236,679
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	1,449	975	5,710	461	7,159	1,436

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. OPERATING SEGMENTS (CONTINUED)

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

	2011 RM'000	2010 RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	39,516	20,358
Other non-reportable segments	39,374	3,062
Elimination of inter-segment profits	(47,540)	653
Consolidated profit before tax	31,350	24,073

	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
<b>2011</b>					
Total reportable segments	87,188	602	1,253	254,598	7,159
Other non-reportable segments	-	-	174	175,458	6,301
Elimination of inter-segment transactions or balances	-	-	-	(231,814)	-
Consolidated total	87,188	602	1,427	198,242	13,460
<b>2010</b>					
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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. OPERATING SEGMENTS (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	Assets RM'000
<b>2011</b>		
Malaysia	87,188	193,583
Hong Kong	-	4,659
	87,188	198,242
<b>2010</b>		
Malaysia	54,198	170,743
Hong Kong	-	5,569
	54,198	176,312

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS

#### 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Available-for-sale financial assets (AFS); and
- (c) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2011</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	26	-	26
Trade and other receivables	8,111	8,111	-
Cash and cash equivalents	62,149	62,149	-
	<b>70,286</b>	<b>70,260</b>	<b>26</b>
<b>Company</b>			
Trade and other receivables	1,319	1,319	-
Cash and cash equivalents	8,919	8,919	-
	<b>10,238</b>	<b>10,238</b>	<b>-</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(36,728)	(36,728)	-
	<b>(670)</b>	<b>(670)</b>	<b>-</b>
<b>Company</b>			
Trade and other payables	(670)	(670)	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2010</b>			
<b>Financial assets</b>			
<b>Group</b>			
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
<b>Company</b>			
Trade and other receivables	4,229	4,229	-
Cash and cash equivalents	8,495	8,495	-
	12,724	12,724	-
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(33,246)	(33,246)	-
<b>Company</b>			
Trade and other payables	(697)	(697)	-

#### 22.2 Net gains arising from financial instruments

	Group	
	2011 RM'000	2010 RM'000
Net gains on:		
Loans and receivables	1,532	105

#### 22.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.4 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 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 given by 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.

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

	Group	
	2011 RM'000	2010 RM'000
Domestic	3,651	18,342
Hong Kong	4,460	5,539
	8,111	23,881



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.4 Credit risk (continued)

##### *Receivables (continued)*

##### *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
<b>2011</b>			
Not past due	1,628	-	1,628
Past due more than 120 days	6,601	(2,783)	3,818
	8,229	(2,783)	5,446
<b>2010</b>			
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

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	3,814	4,415
Impairment loss reversed	(105)	(82)
Impairment loss written off	(954)	-
Effect of foreign exchange differences	28	(519)
At 31 December	2,783	3,814

The remaining past due balances not impaired mainly 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.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.4 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 RM1.44 million (2010: RM1.22 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.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

##### **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 advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current advances to subsidiaries are not overdue.

#### 22.5 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.

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 the reporting period, the Group's and the Company's financial liabilities consist of trade and other payables of RM36.73 million and RM0.67 million respectively. The trade and other payables of the Group and of the Company do not bear any contractual interest and are expected to be settled within 1 year.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.6 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.

##### 22.6.1 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 currency giving rise to this risk is Hong Kong Dollar (HKD).

*Risk management objectives, policies and processes for managing the risk*

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

*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	Denominated in HKD	
	2011 RM'000	2010 RM'000
Trade receivables	3,642	5,274

*Currency risk sensitivity analysis*

A 10 percent strengthening of HKD against RM at the end of the reporting period would have increased equity by RM364,000. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales.

A 10 percent weakening of HKD against RM at the end of the reporting period would have had equal but opposite effect to the amount shown above, on the basis that all other variables remained constant.

##### 22.6.2 Interest rate risk

The Group is not exposed to a risk of change in cash flow due to changes in interest rates as the Group has no short term borrowing as of the financial year end. The Group places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

##### 22.6.3 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.

#### 22.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 23. 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 business. There were no changes to the Group's approach to capital management during the financial year.

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

### 24. 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	
	2011 RM'000	2010 RM'000
<b>Contingent liabilities not considered remote</b>		
Corporate guarantees (unsecured)		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	482	501
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	956	728
	1,438	1,229

### 25. 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. 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 16), are as follows:

	Amount transacted for the year ended 31 December		Net balance outstanding at 31 December	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Group and Company</b>				
Key management personnel				
Tan Boon Kang				
Rental expense on premises payable by a subsidiary, Ken Grouting Sdn. Bhd., to a company in which the Director has interests	12	12	-	-
Tang Kam Chee				
Sale of property by a subsidiary, Ken Property Sdn. Bhd. to the Director	1,326	-	-	-
Discount received via normal employee incentives	(126)	-	-	-
	1,200	-	-	-
Tan Moon Hwa				
Sale of property by a subsidiary, Ken Rimba Sdn. Bhd. to the Director	504	-	-	-
Discount received via normal employee incentives	(39)	-	-	-
	465	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. RELATED PARTIES (CONTINUED)

#### Identity of related parties (continued)

	Amount transacted for the year ended 31 December	
	2011 RM'000	2010 RM'000
<b>Company</b>		
Subsidiaries		
Management fees receivable		
- Ken Grouting Sdn. Bhd.	(120)	(120)
- Ken Projects Sdn. Bhd.	(540)	(240)
- Ken Property Sdn. Bhd.	(120)	(360)
	(780)	(720)
Dividend income receivable		
- Ken Grouting Sdn. Bhd.	(3,000)	(750)
- Ken Projects Sdn. Bhd.	(14,028)	-
- Ken Property Sdn. Bhd.	(7,800)	(1,950)
	(24,828)	(2,700)

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

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

### 26. SIGNIFICANT EVENTS DURING THE YEAR

#### 26.1 Acquisition of land

On 5 October 2011, the Group via its wholly-owned subsidiary, Ken Property Sdn. Bhd., entered into an agreement with a third party to acquire 9 plots of freehold land located in Mukim Cheng, District of Melaka Tengah, Melaka for a total cash consideration of RM5,500,000. The transaction was completed during the year.

#### 26.2 Repurchase of Company's shares

During the financial year, the Company repurchased 1,602,400 of its issued ordinary shares for a total cash consideration of RM1,679,304 from the open market at an average price of RM1.05 per share. As at 31 December 2011, total treasury shares held by the Company was 6,026,700.

### 27. EVENT SUBSEQUENT TO FINANCIAL YEAR END

#### Acquisition of a subsidiary

On 5 January 2012, the Company acquired 2 ordinary shares of RM1 each representing 100% of the equity interest in Kenergy Sdn. Bhd. ("Kenergy") for a total cash consideration of RM2. Consequently, Kenergy became a wholly-owned subsidiary of Ken Holdings Berhad.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 28. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000 restated	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	83,012	53,417	26,208	7,425
- unrealised	(687)	92	82	92
Less: Consolidation adjustments	(24,053)	(14,883)	-	-
<b>Total retained earnings</b>	<b>58,272</b>	<b>38,626</b>	<b>26,290</b>	<b>7,517</b>

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 2011.

## 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 84 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 at 31 December 2011 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 28 on page 85 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:

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**Tan Boon Kang**

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**Tang Kam Chee**

Kuala Lumpur, Malaysia

Date: 16 March 2012

## 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 85 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 16 March 2012.

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**Tang Kam Chee**

Before me:

No. W378  
K Nermala  
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 statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 84.

### 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 Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditor's report of Kenly (HK) Ltd. of which we have not acted as auditors, which is 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.

# INDEPENDENT AUDITORS' REPORT (Cont'd)

## TO THE MEMBERS OF KEN HOLDINGS BERHAD

### 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 28 on page 85 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

#### Chan Kam Chiew

Approval Number: 2055/06/12(J)  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 16 March 2012

## ANALYSIS OF SHAREHOLDINGS

AS AT 8 MARCH 2012

### 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	:	6,046,700 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	94	4.62	2,902	0.00
100 – 1,000 shares	191	9.39	157,438	0.17
1,001 – 10,000	1,370	67.39	6,502,600	7.24
10,001 – 100,000	332	16.33	9,806,312	10.92
100,001 to less than 5% of issued shares	44	2.17	30,569,229	34.04
5% and above of issued shares	2	0.10	42,774,819	47.63
Total	<b>2,033</b>	<b>100.00</b>	<b>89,813,300</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 8 MARCH 2012

### LIST OF THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1.	Kencana Bahagia Sdn. Bhd.	32,274,819	35.94
2.	ABB Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Budaya Dinamik Sdn. Bhd.</i>	10,500,000	11.69
3.	Tan Chek Siong	3,121,000	3.47
4.	Tan Chek Een	3,000,000	3.34
5.	Tan Chek Ying	3,000,000	3.34
6.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Seloka Aman Sdn. Bhd.</i>	2,031,000	2.26
7.	Tan Boon Kang	1,981,800	2.21
8.	Kencana Bahagia Sdn. Bhd.	1,650,000	1.84
9.	Tan Foo See	1,624,989	1.81
10.	Yeoh Kean Hua	1,530,000	1.70
11.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Impian Nuri Sdn. Bhd.</i>	1,300,500	1.45
12.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Adat Saga Sdn. Bhd.</i>	1,186,600	1.32
13.	Lau Pek Kuan	1,150,000	1.28
14.	Lau Pek Kuan	808,500	0.90
15.	Tan Chee Koon	748,400	0.83
16.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loke See Ooi</i>	679,900	0.76
17.	Low Siew Choong @ Liew Siew Meng	645,750	0.72
18.	Tan Moon Hwa	601,340	0.67
19.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Axa Affin General Insurance Berhad</i>	430,000	0.48
20.	Lim Hui Huat @ Lim Hooi Chang	401,600	0.45
21.	Lau Chin Ka	335,660	0.37
22.	Lau Chin Kok	311,500	0.35
23.	Gan Kho @ Gan Hong Leong	286,900	0.32
24.	Lim Hong Liang	246,740	0.27
25.	Tan Bak Fooi @ Tang Kiat	245,050	0.27
26.	OSK Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Cheng Lock</i>	237,500	0.27
27.	Lim Khuan Eng	236,100	0.26
28.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Soon Ah Ba</i>	230,500	0.26
29.	Lim Han Boon @ Han Boon	210,000	0.23
30.	Tng Kee Meng	200,000	0.22
	<b>Total</b>	<b>71,206,148</b>	<b>79.28</b>

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 8 MARCH 2012

### 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	2.21	45,004,319	50.11
2) Lau Pek Kuan	1,958,500	2.18	45,027,619	50.13
3) Anton Syazi bin Ahmad Sebi	-	-	10,590,612	11.79
4) Aryati Sasya Binti Ahmad Sebi	-	-	10,590,612	11.79
5) Budaya Dinamik Sdn. Bhd.	10,590,612	11.79	-	-
6) Kencana Bahagia Sdn. Bhd.	33,924,819	37.77	-	-

### STATEMENT OF DIRECTORS' SHAREHOLDINGS

Directors' Name The Company	No. of Ordinary Shares of RM1.00 Each			
	Direct	%	Indirect	%
1) Tan Boon Kang	1,981,800	2.21	45,004,319	50.11
2) YAM Tengku Dato' Seri Baderul Zaman Ibni Almarhum Sultan Mahmud	-	-	-	-
3) Tan Chek Siong	3,121,000	3.47	-	-
4) Tan Moon Hwa	601,340	0.67	-	-
5) Tang Kam Chee	110,000	0.12	-	-
6) Dato' Seri Raja Haji Ahmad Zainuddin Bin Raja Haji Omar	-	-	-	-
7) Sha Thiam Fook	-	-	-	-
8) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	-	-	-	-

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 2011

The properties of the Group as at 31 December 2011 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	5,604	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	1,914	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	-	47,006 sq ft	3,942	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	-	36,909 sq ft	2,957	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	31 years	1,875 sq ft	3,180	2010**

## LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2011

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	11 Years	9,100 sq ft	1,461	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	9 Years	6,247 sq ft	707	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	39,105	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	23,205	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	-	110,543 sq ft	1,815	2008
12.	01-01, 01-02, 01-03, 01-04, 01-05, 01-06, 01-07, 01-08, 01-09, 01-10, 01-11, 01-12, 01-13, 01-14, 01-15, 01-16, 01-17 Pangsapuri Rimba 2, No. 5, Jalan Lengkuas 16/19, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan	17 units of Shoplots	Freehold	2 Years	2,600 sq ft	1,939	2010/ 2011
13.	GM1431-1438 Lot No 2794-2797, 3511-3514 & HS(M) 1723, PT3747 Mukim Cheng District of Melaka Tengah State of Melaka	Nine parcel of land for investment	Freehold	-	437,671 sq ft	5,611	2011

\* Valuation done in 2005

\*\* Valuation done in 2010

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## PROXY FORM

# KEN<sup>TM</sup> 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-EIGHTH ANNUAL GENERAL MEETING of the Company to be held at the Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 17 April 2012, 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 Moon Hwa as Director		
5)	Re-election of Mr. Sha Thiam Fook as Director		
6)	Re-election of YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail 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 Amendments to the Company's Articles of Association		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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

\_\_\_\_\_  
Signature

### Notes:-

- 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.
- 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.
- In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy must be deposited at the Company's Registered Office at No. 6, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
- General Meeting Record of Depositors
- For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 55(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, a Record of Depositors as at 9 April 2012 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

STAMP

**KEN™ HOLDINGS BHD**

(106173-M)

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

**KEN™ HOLDINGS BHD**  
(106173-M)

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