KEN® HOLDINGS BERHAD
(106173-M)

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

03-7727 9933
03-7728 8246
contact@kenholdings.com.my
www.kenholdings.com.my
www.facebook.com/KEN.Greenbook

KEN® HOLDINGS BERHAD (106173-M)

ANNUAL REPORT 2014

KEN®

35 years 1980 - 2015

Developing Your Future

ANNUAL REPORT **2014**

OUR VISION

Recognising our responsibilities as a developer and nation builder, we will aspire to deliver sustainable, quality developments that exceed customers' expectations.

OUR MISSION

1. We enhance shareholders' value through sustainable resource management and sound corporate governance that promotes steady earnings growth.

2. We are committed to delivering sustainable quality homes that are efficiently planned and innovatively designed on schedule.

3. We embrace sustainable practices to preserve the environment for future generations.

4. We create learning opportunities and a conducive working environment that promote teamwork and work life balance for sustainable job satisfaction.

OUR CORE VALUES

We are hands-on and committed
We will accomplish, learn and coach effectively with our own hands-on experience. We will commit ourselves at all times faithfully fulfilling our responsibilities as a developer to the communities in which we operate.

We take pride in our work
We are proud of our KEN brand and we will keep our brand promise to constantly improve our ability to contribute to our customers. We will be Careful, Mindful and Thoughtful in all things that we do to fulfill our Vision Statement.

We are innovators and we create value
We will continually innovate and create value for our brand to achieve world class recognition.

We are part of the KEN Family
We will treat everyone in KEN as a family member and we will pool our abilities to accomplish our shared goals. No matter how talented we are as individuals, without cooperation and family spirit, we will be a company in name only.

We embrace sustainable practice – "Mottainai"
We must value the precious resources that we have and use them wisely, efficiently and effectively. We will embrace sustainable practices and endeavour to create more value by using lesser resources.

KEN HOLDINGS BERHAD

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ANNUAL REPORT 2014

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CORPORATE MILESTONES

1980

KEN Group was founded by Dato' Tan Boon Kang, Group Executive Chairman and began as a main contractor and specialist engineering services provider such as grouting, underpinning, guniting and structural repair works

1983

The Group expanded and broaden its services to cover geo-technical and slope protection such as design and installation of micro-piles, pipe jacking, soil nailing, rock and soil anchoring

1990

Achieved PKK Class A contractor status which enabled the Group to tender and undertake unlimited-sized projects from government and statutory bodies all over Malaysia

1995

Completed remedial and rehabilitation works for the main block of Hospital Sultanah Aminah, Johor Bahru, Johor

1996

KEN was listed on the Second Board of the then Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)

Listing on KLSE (now known as Bursa Malaysia Securities Berhad)

2004

The second addition to the series of KEN Damansara Condominiums – KEN Damansara II, SS2 Petaling Jaya

KEN Damansara II

2005

- The launch of KEN Damansara III marks the final instalment to the series KEN Damansara Condominiums
- KEN Foundation, a charitable foundation with the objective of providing financial assistance to deserving Malaysian students, was founded

KEN Damansara III

KEN Foundation

2009

KEN Bangsar became the 1st and highest rated green building in Malaysia having won the BCA Green Mark Gold^{Plus} and GBI Gold Award

KEN Bangsar

2010

- KEN Rimba, Malaysia's 1st Multiple Award-Winning Green Township launched with KEN Rimba Legian Residences and KEN Rimba Commercial Centre
- Received the New Straits Times SC Cheah Choice Awards: Best Green Developer

KEN Rimba Legian Residences

KEN Rimba Commercial Centre

SC Cheah Choice Awards

CORPORATE MILESTONES

1998

- Completed the construction of Maktab Perguruan in Kangar, Perlis
- Completed the West Port Development Project – Land reclamation and slope protection

Land Reclamation

2000

- KEN Grouting Sdn Bhd, the construction and engineering arm of the KEN Group achieved MS ISO 9002 status
- Our first foray in property development saw the launch of KEN Damansara Condominium 1 in SS2, Petaling Jaya

KEN Damansara 1

2001

KEN Aman Township was the start of a squatter resettlement project, which went on to launch shoplots and terraced houses

KEN Aman Township

2003

- KEN was promoted to the Main Board of the then Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)

2011

KEN Bangsar was awarded the prestigious FIABCI Malaysia Property Award 2011 in the Sustainable Development Category

FIABCI Malaysia Property Award 2011

2012

KEN was reclassified under the Properties sector of Bursa Malaysia Securities Berhad

2013

Launched KEN Rimba Jimbaran Residences which sets a higher standard for landed homes having achieved the prestigious BCA Green Mark GOLD^{PLUS} Award (Provisional)

KEN Rimba Jimbaran Residences

2014

- KEN Rimba Legian Residences was awarded the prestigious FIABCI Malaysia Property Award 2014 in the Sustainable Development Category
- Launched KEN Rimba Condominium 1, the 1st high-rise residential development being awarded the prestigious BCA Green Mark GOLD^{PLUS} Award (Provisional)

FIABCI Malaysia Property Award 2014

KEN Rimba Condominium 1

AWARDS & RECOGNITION

FIABCI Malaysia Property Award 2011 ■ Sustainable Development

BCA GREEN MARK | green building index | Carbon Neutral Status | Best Green Developer 2010 | PAM AWARD SILVER | The Edge Property Excellence Awards 2010 | FUTURARC GREEN LEADERSHIP AWARD 2011

Year	Award Milestone	
2014	KEN Rimba Legian Residences	FIABCI Malaysia Property Award: Sustainable Development Category
2013	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Condominium 1	BCA Green Mark GOLD^{PLUS} Award (Provisional)
	KEN Rimba Condominium 2	BCA Green Mark Platinum Award (Provisional)
	KEN TTDI	USGBC LEED Platinum Award (Pre-Certification)
		BCA Green Mark Platinum Award (Provisional)
2012	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Jimbaran Residences	BCA Green Mark GOLD^{PLUS} Award (Provisional)

AWARDS & RECOGNITION

KEN Holdings Berhad Certificates

FIABCI Malaysia
Property Award 2014
Sustainable Development

KEN Rimba Legian Residences Certificates

KEN TTDI Certificate

Year	Award Milestone	
2011	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba	GBI Pilot Project for The GBI Township Tool
	KEN Bangsar	FuturArc Green Leadership Citation Award
		PAM Silver Award For Excellence In Architecture
		FIABCI Malaysia Property Award: Sustainable Development Category
2010	KEN Holdings Berhad	New Straits Times SC Cheah Choice Awards: Best Green Developer
		Carbon Neutral Status
	KEN Rimba Legian Residences	BCA Green Mark Gold Award
		GBI Certified Award
	KEN Rimba Commercial Centre	BCA Green Mark Certified Award
	KEN Bangsar	GBI Gold Award
		The Edge-PAM Green Excellence Award
2009	KEN Bangsar	BCA Green Mark GOLD^{PLUS} Award

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of KEN Holdings Berhad ("KEN") ("Board"), it gives me great pleasure to present the Annual Report and the audited Financial Statements of KEN and its subsidiaries for the financial year ended ("FYE") 31 December 2014.

OUTLOOK

The Malaysian economy is expected to remain steady in 2015 but more challenging with the effects of falling oil prices in the later part of 2014, tightening of lending policies by Bank Negara Malaysia and cooling measures imposed by the government. In 2015, inflation is expected to increase 4% - 5%, largely due to the implementation of Goods and Services Tax (GST) and spillover effect of fuel subsidy reduction in October 2014. Domestic spending is expected to moderate following the implementation of GST. However, the impact on the demand for residential property is likely to be temporary and will eventually stabilise thereafter.

The residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. As we strive to continuously provide affordable high rated green developments, we believe that this will continue to attract the growing population of younger working class and long term property investors. Barring any unanticipated changes to the global and local operating environment, the Board is optimistic of the Group achieving favourable performance in 2015.

FINANCIAL REVIEW

For the FYE 31 December 2014, the Group recorded higher revenue of RM91.0 million as compared to the previous financial year of RM55.8 million. As a result of the higher revenue, the Group's pre-tax profit increased to RM43.7 million.

Net assets per share of the Group was RM1.18 as at 31 December 2014 (2013: RM2.05), a decrease from the previous year, which resulted from the increase in number of shares after the share split that was completed in May 2014.

CORPORATE DEVELOPMENT

The proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 in KEN into two (2) ordinary shares of RM0.50 each in KEN, which was approved by the shareholders at the last Annual General Meeting in 2014 was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

DIVIDENDS

The Board is pleased to recommend a first and final single tier ordinary dividend of 6% (3.0 sen) per ordinary share in respect of the FYE 31 December 2014 in recognition of your continued support and confidence in us. The proposed dividend shall be subject to shareholders' approval at the forthcoming AGM.

CORPORATE RESPONSIBILITY

The Group is cognisant of the importance of creating a balance between a successful business that enhances shareholders' value and placing high priority on social and environmental responsibility. As a testament to the Group's commitment to being a responsible developer, the Group has achieved many awards and recognition for its "green" developments and will continue to elevate the Malaysian society towards green concept living by offering high rated green developments for all future developments.

KEN remains fully committed to uphold sustainable practices and to promote green living as a way of life among all stakeholders. Details of the Sustainability Report are set out on pages 29 to 34 of this Annual Report.

CORPORATE GOVERNANCE

The Board is committed to uphold the best practices set out in the Malaysian Code of Corporate Governance 2012 ("Code") in the conduct of activities of the Group with a view to enhance stakeholder value and increasing investors and customers' confidence. The Group's Statement of Corporate Governance pertaining to the implementation of the Code during the year under review can be found on pages 18 to 22 of this Annual Report.

ACKNOWLEDGEMENTS

This year marks another significant milestone for KEN as the Group will be celebrating its 35th Anniversary. On behalf of the Board, I would like to express my sincere appreciation to all the shareholders, purchasers, suppliers, bankers, business associates and the various regulatory authorities who have continued to support and have faith in us over the years. I would also like to commend the management and employees for their unwavering commitment and contribution to the Group's success. Lastly, my special thanks to my fellow Board members for their invaluable contributions, advice and support throughout the year.

With all the continued support given by all stakeholders, we look forward to achieving greater success in the future.

DATO' TAN BOON KANG DPMT., DPNS
Group Executive Chairman
Kuala Lumpur
20 March 2015

MANAGING DIRECTOR'S REVIEW

On behalf of the management,

I am pleased to present a review on the KEN Group's performance for the financial year ended 31 December 2014.

OVERVIEW

The Malaysian economy is expected to sustain its growth momentum in 2015 driven by resilient domestic demand and an improving external sector. Given the better outlook of the global economy and underpinned by the 2015 Budget measures to further support growth and transformation programmes, GDP is expected to expand at a steady pace between 5% and 6% in 2015.

2015 is likely a challenging year for the property sector against the backdrop of tightening of bank lending regulations in order to curb property speculation, upward adjustment of interest rate, the rising inflation and the impending GST implementation in April 2015. Notwithstanding, the property market is expected to remain resilient this year.

PROPERTY DEVELOPMENT OPERATIONS

KEN Rimba Township

KEN Rimba Jimbaran Residences, comprising 168 units of double storey terrace houses complete with a loft have been completed and is in the process of handover to the purchasers. KEN Rimba Jimbaran has been awarded the BCA Green Mark Gold[PLUS] Award (Provisional) setting a new standard for landed homes.

In July 2014, we have launched the first phase of KEN Rimba Condominium 1, which consist of 3 phases comprising 679 units and villas, and received overwhelming response from purchases with a take up rate of approximately 90% within few weeks from the launching. In response to the high take up rate, we have continued to launch the second and final phases thereafter. To-date, we have successfully achieved a take up rate of approximately 75% for the entire project. This is the first high-rise residential development being awarded the prestigious BCA Green Mark Gold[PLUS] Award (Provisional). The project is currently progressing as scheduled and is expected to be completed in 2018.

MENARA KEN @ TTDI

The future corporate headquarters of the Group situated within the affluent vicinity of Taman Tun Dr. Ismail, Kuala Lumpur will comprise premium Grade A corporate office suites, performing arts theatre, art gallery, chains of food and beverage outlets, gymnasium, rooftop pool and skybar. Menara KEN @ TTDI has been awarded the BCA Green Mark Platinum Award (Provisional) and USGBC LEED Platinum Award (Pre-certification) and has obtained the Multimedia Super Corridor (MSC) status. Upon completion, Menara KEN @ TTDI will provide long-term recurring income for the Group. This world-class sustainable corporate office tower is now open for leasing and is expected to be completed by end of 2015.

These ongoing projects are expected to contribute positively to the Group's performance over the next few years.

GREEN EFFORTS WITHIN THE COMPANY

We are consciously mindful of embracing sustainable practices and believe that social, economic and environmental sustainability must be balanced together. Our continuing efforts of integrating corporate responsibility into our working practices include, amongst others, re-cycling of papers and materials, reducing the usage of papers and promoting energy saving through our energy conservation competition within the Group. We have also introduced "KEN Green Allowance", an interest subsidy scheme, which encourages employees of the Group to buy hybrid cars in support to reduce carbon emission.

I would also like to commend the management team as this is the second time we have been awarded the prestigious FIABCI Malaysia Property Award in the Sustainable Development category, whereby this time around was for KEN Rimba Legian Residences. This award is a testament to the Group's commitment in delivering high-quality sustainable developments and creating value for purchasers.

FIABCI Malaysia
Property Award 2014
Sustainable Development

Further details of our corporate responsibility initiatives and activities are set out on pages 29 to 34 of this Annual Report.

As a leading green property developer in Malaysia, we remain committed and endeavour to deliver quality green certified sustainable development which create long term value for homebuyers.

TAN CHEK SIONG
Group Managing Director
Kuala Lumpur
20 March 2015

BOARD OF DIRECTORS

1. **Dato' Tan Boon Kang**
   Group Executive Chairman

2. **Tan Chek Siong**
   Group Managing Director

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

4. **Dato' Ir. Dr. Ashaari bin Mohamad**
   Independent Non-Executive Director

5. **YB Dato' Seri Dr. Raja Haji Ahmad Zainudin bin Raja Haji Omar**
   Independent Non-Executive Director

6. **Tang Kam Chee**
   Executive Director

7. **Tan Moon Hwa**
   Executive Director

8. **Sha Thiam Lu**
   Independent Non-Executive Director

DIRECTORS' PROFILE

Dato' Tan Boon Kang
Group Executive Chairman
57 years of age • Malaysian

Dato' Tan Boon Kang is the founder of the Group and has been the driving force behind the growth of the Group in all its activities over the past 35 years. He was appointed to the Board on 18 March 1996 and has been Chairman/Managing Director of the Group from March 2009 to February 2013. On 28 February 2013, he was re-designated as Group Executive Chairman. He is also a member of the Remuneration Committee.

He has vast experience in the specialist engineering business and was the pioneer in Malaysia for the highly-acclaimed soil-nailing system which is now the most widely used method of slope protection. He has contributed significantly in elevating the Group to one of the more established specialist engineering companies in Malaysia and Hong Kong. He was also 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.

He does not hold any other directorship in other public listed companies.

Dato' Tan is the brother of Mr. Tan Moon Hwa, Executive Director of the Company and is also the father of Mr. Tan Chek Siong, Group Managing Director of the Company.

Tan Chek Siong
Group Managing Director
34 years of age • Malaysian

Tan Chek Siong was appointed to the Board on 24 February 2006 as an Executive Director. On 28 February 2013, he was re-designated as Group Managing 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 a 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 was 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 oversees the Group's operations in property development, construction, property management and sales & marketing. He was also instrumental in spearheading the Green building movement transformation in the Group on sustainable development. The Group has garnered numerous awards, the latest being the prestigious FIABCI Malaysia Property Award 2014 in the Sustainable Development category for KEN Rimba Legian Residences, BCA Green Mark Platinum Award (Provisional) and USGBC LEED Platinum Award (Pre-Certification) for Menara KEN @ TTDI, and BCA Green Mark GOLD^{PLUS} (Provisional) Award for KEN Rimba Condominium 1.

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

He does not hold any other directorship in other public listed companies.

He is the son of Dato' Tan Boon Kang, Group Executive Chairman of the Company and the nephew of Mr. Tan Moon Hwa, Executive Director of the Company.

Tang Kam Chee
Executive Director
60 years of age • Malaysian

Tang Kam Chee was appointed to the Board on 20 February 1998. He is an associate member of the Association of Chartered Certified Accountants and an associate member of 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, namely in the beverage industry with Fraser & Neave Berhad, the 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.

Mr. Tang does not hold any other directorship in other public listed companies.

Tan Moon Hwa
Executive Director
52 years of age • Malaysian

Tan Moon Hwa 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 logistics and maintenance section which supports the construction activities.

He does not hold any other directorship in other public listed companies.

He is the brother of Dato' Tan Boon Kang, Group Executive Chairman of the Company and the uncle of Mr. Tan Chek Siong, Group Managing Director of the Company.

DIRECTORS' PROFILE

YB Dato' Seri Dr. Raja Haji Ahmad Zainudin bin Raja Haji Omar

Independent Non-Executive Director

59 years of age • Malaysian

YB Dato' Seri Dr. Raja Haji Ahmad Zainudin bin Raja Haji Omar was appointed to the Board as an Independent Non-Executive Director on 29 January 2003. He is also the Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee.

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 a Member of Parliament for the constituency of Larut and was also the State Assemblyman in Perak. In 2013, he obtained an Honorary Doctrate from the World Academy of Arts and Culture (WAAC), California, USA.

He is also a director of Majuperak Holdings Berhad.

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

Independent Non-Executive Director

60 years of age • Malaysian

YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail was appointed to the Board on 5 March 2012. He is also a member of the Audit Committee.

He graduated from the University College of Wales, Aberystwyth, United Kingdom 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 a General Manager, marketing its toiletries fittings line of products. In 1995, he ventured into his own business dealing with the trading of construction materials.

He does not hold any other directorship in other public listed companies.

Dato' Ir. Dr. Ashaari bin Mohamad

Independent Non-Executive Director

62 years of age • Malaysian

Dato' Ir. Dr. Ashaari bin Mohamad was appointed as an Independent Non-Executive Director of the Company on 20 February 2013. He is also a member of the Nomination Committee.

He holds a Doctorate of Philosophy in Civil Engineering from University of New Hampshire, United States of America, Master of Science in Engineering from the University of South Carolina, United States of America and a Bachelor of Science degree in Engineering (Civil) from the University of Aberdeen, Scotland.

He was attached with Jabatan Kerja Raya (JKR), Penang, as a State Director from July 2001 to January 2005 and became the Senior Director of the Engineering Branch of JKR in February 2005. He then joined the Minister of Works, Malaysia, as a technical adviser from December 2011 to November 2012.

He does not hold any other directorship in other public listed companies.

Sha Thiam Lu

Independent Non-Executive Director

48 years of age • Malaysian

Mr. Sha was appointed to the Board on 20 February 2013 as an Independent Non-Executive Director of the Company. He is also the Chairman of the Remuneration Committee and a member of the Nomination and Audit Committee.

He graduated from Arkansas State University, United States of America, with a Bachelor of Science in Computer Information System (Hons) in 1990 and Bachelor of Science in Accounting in 1991. He was admitted to the Australian Society of Certified Practising Accountants as a Certified Practising Accountant in 1998. He is also a member of the Malaysian Institute of Accountants and a Certified Financial Planner of the Financial Planning Association of Malaysia. He joined Sha & Co. (now known as Sha, Tan & Co.) in 1993, a public accountants firm, and became a partner of the firm in 1999. Mr Sha has over 20 years of working experience in the field of audit, financial accounting and planning.

He does not hold any other directorship in other public listed companies.

Notes:
1. Save as disclosed above, none of the Directors have any family relationship with any other Directors and/or substantial shareholders of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for any offences against the law other than traffic offences (if any) within the past ten (10) years.
4. Please refer to the Statement of Corporate Governance on pages 18 to 22 of this Annual Report for the Directors' meeting attendance records.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting of Ken Holdings Berhad ("KEN" or the "Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 13 April 2015, 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 2014 together with the Reports of the Directors and the Auditors thereon.

2. To declare a first and final single tier dividend of 6% (3.0 sen) per ordinary share in respect of the year ended 31 December 2014. **(Resolution 1)**

3. To approve the Directors' fees of RM160,000 /- (2013: RM180,000) in respect of the year ended 31 December 2014. **(Resolution 2)**

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

   (a) Mr. Tan Moon Hwa **(Resolution 3)**
   (b) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail **(Resolution 4)**
   (c) Dato' Ir. Dr. Ashaari bin Mohamad **(Resolution 5)**

5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

   (a) Ordinary Resolution 1 **(Resolution 7)**
   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 ("Bursa Securities")."

   (b) Ordinary Resolution 2 **(Resolution 8)**
   Proposed Renewal of Authority for the Company to purchase its own Shares of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Renewal of Share Buy-Back")

   "**THAT**, subject to compliance with the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") 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 RM0.50 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, the Directors are authorised to retain the shares as treasury shares or cancel the shares or retain part of the 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;

NOTICE OF ANNUAL GENERAL MEETING

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

(i) the conclusion of the next Annual General Meeting of the Company following the General Meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in General Meeting,

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

(c) Ordinary Resolution 3 **(Resolution 9)**
Continuing In Office As Independent Non-Executive Director

"**THAT** authority be and is hereby given to YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Thirty-First Annual General Meeting, a first and final single tier dividend of 6% (3.0 sen) per ordinary share in respect of the year ended 31 December 2014 will be payable on 18 June 2015 to depositors registered in the Record of Depositors on 3 June 2015.

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 3 June 2015 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)
Company Secretary

Kuala Lumpur
20 March 2015

Notes:

1. A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint any person as his/her proxy to attend, speak and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. A member may appoint up to two (2) persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. 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.
5. The Proxy Form 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.
6. For purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting 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 Listing Requirements, a Record of Depositors as at 6 April 2015 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend, speak and vote in his/her stead.
7. **Explanatory Notes on Ordinary and Special Business:**

   (a) **Audited Financial Statements for financial year ended 31 December 2014**
   The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put for voting.

   (b) **Resolution pursuant to Section 132D of the Companies Act, 1965**
   Resolution No. 7 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 Annual General Meeting. There was no issuance of new shares during the year.

   The proposed Resolution No. 7, 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 Annual General Meeting.

   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.

NOTICE OF DIVIDEND ENTITLEMENT

(c) **Resolution in respect of the Proposed Renewal of Share Buy-Back**
Resolution No. 8 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 20 March 2015 which is circulated together with this Annual Report.

(d) **Resolution pursuant to Continuing in Office as Independent Non-Executive Director**
In line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and upon its recommendation, the Board of Directors has recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

(i) YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar has fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and hence, he would be able to provide an element of objectivity, independent judgment and balance to the Board.

(ii) His length of service on the Board of more than nine years does not in any way interfere with his exercise of objective judgment or his ability to act in the best interests of the Company and Group. In fact, YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar, having been with the Company for more than nine years, is familiar with the Group's business operations and has devoted sufficient time and commitment to his role and responsibilities as an Independent Director for informed and balance decision making.

(iii) He has exercised due care during his tenure as Independent Director of the Company and has discharged his duties with reasonable skill and competence, bringing independent judgment and depth into the Board's decision making in the interest of the Company and its shareholders.

CORPORATE INFORMATION

Board of Directors

Dato' Tan Boon Kang
Group Executive Chairman

Tan Chek Siong
Group Managing Director

Tan Moon Hwa
Executive Director

Tang Kam Chee
Executive Director

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

YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar
Independent Non-Executive Director

Dato' Ir. Dr. Ashaari bin Mohamad
Independent Non-Executive Director

Sha Thiam Lu
Independent Non-Executive Director

Audit Committee

YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar
Chairman

YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail
Member

Sha Thiam Lu
Member

Nomination Committee

YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar
Chairman

Sha Thiam Lu
Member

Dato' Ir. Dr. Ashaari bin Mohamad
Member

Remuneration Committee

Sha Thiam Lu
Chairman

YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar
Member

Dato' Tan Boon Kang
Member

Company Secretary
Chow Chooi Yoong
(MAICSA 0772574)

Share 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 : contact@kenholdings.com.my
Website : www.kenholdings.com.my

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 7323
Stock Name : KEN
Sector : Properties

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.
Tel : (03) 7721 3388
Fax : (03) 7721 3399

CORPORATE STRUCTURE

KEN® HOLDINGS BERHAD
Investment Holding

- 100% **KEN GROUTING SDN BHD** – Specialist Engineering Services, Turnkey Contract, Building and Civil Engineering Works
  - 100% **KEN-CHEC SDN BHD** – Land Reclamation Dredging, Civil and Marine Engineering
- 100% **KEN PROJECTS SDN BHD** – Investment Holding
  - 100% **KEN RIMBA SDN BHD** – Investment Holding and Property Development
    - 100% **GENESIS NATURE SDN BHD** – Property Management Services
    - 100% **SWIFT FRONTIERS SDN BHD** – Property Management Services
  - 100% **KHIDMAT TULIN SDN BHD** – Property Development
  - 100% **T.B.S. MANAGEMENT SDN BHD** – Property Management Services
- 100% **KEN PROPERTY SDN BHD** – Property Holding, Investment and Property Development
  - 100% **KEN LINK SDN BHD** – Property Holding and Investment
  - 100% **KEN TTDI SDN BHD** – Investment Holding
    - 100% **JEWEL ESTATE SDN BHD** – Property Management Services
  - 100% **KEN CAPITAL SDN BHD** – Dormant
- 100% **SPHERE SUPREME SDN BHD** – Investment Holding
  - 55% **WEALTHY DISCOVERY SDN BHD** – Property Holding and Investment
- 100% **KENERGY SDN BHD** – Research and Development
- 100% **KEN JBCC SDN BHD** – Property Development
- 100% **KEN CITY SDN BHD** – Investment Holding
  - 100% **KEN CITY JB SDN BHD** – Investment Holding
- 100% **KEN JBCC HOLDINGS SDN BHD** – Investment Holding
  - 100% **KEN JBCC LAND SDN BHD** – Investment Holding
- 100% **KEN ESTATE SDN BHD** – Investment Holding
  - 100% **KEN ESTATE PENANG SDN BHD** – Investment Holding
  - 100% **KEN PAHANG LAND SDN BHD** – Investment Holding
  - 100% **KEN KELANTAN LAND SDN BHD** – Investment Holding
  - 100% **KEN ESTATE (MELAKA) SDN BHD** – Investment Holding
  - 100% **KEN SELANGOR LAND SDN BHD** – Investment Holding
  - 100% **KEN DAMANSARA LAND SDN BHD** – Investment Holding

FINANCIAL HIGHLIGHTS

PRINCIPAL ACTIVITIES

The Company

Investment holding and provision of management services.

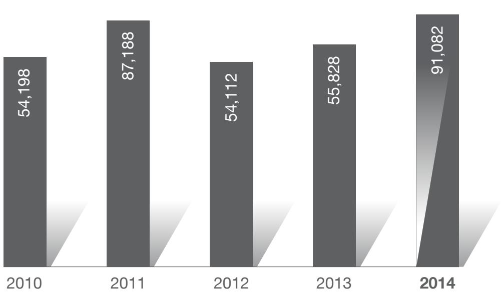
The Subsidiary Companies

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.

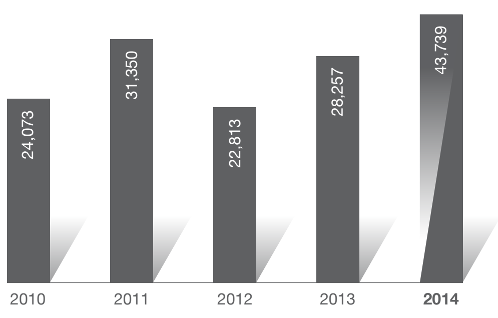
FIVE YEARS GROUP FINANCIAL STATISTICS	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	**2014 RM'000**
Revenue	54,198	87,188	54,112	55,828	**91,082**
Profit before taxation	24,073	31,350	22,813	28,257	**43,739**
Profit after taxation	19,020	23,234	16,477	20,895	**31,952**
Profit attributable to shareholders	19,020	23,234	16,482	20,895	**31,952**
Shareholders' fund	136,477	154,523	166,823	183,563	**212,205**
Issued share capital	95,860	95,860	95,860	95,860	**95,860**
Total assets	176,312	198,242	278,412	279,476	**282,781**
Net asset	136,477	154,523	166,823	183,563	**212,205**
Net earnings per share (sen)	20	25	18	23	**18***
Net assets per share (sen)	146	169	186	205	**118***

**Note: Paid-up share capital RM95.9 million consist of 191,720,000 ordinary shares of RM0.50 per share after share split and 12,375,400 treasury shares.*

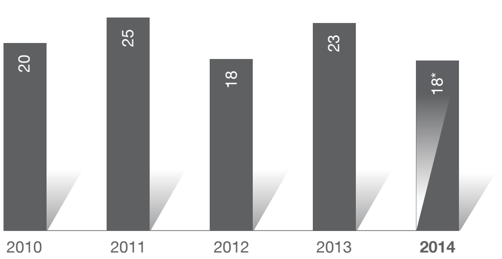
Revenue (RM'000)



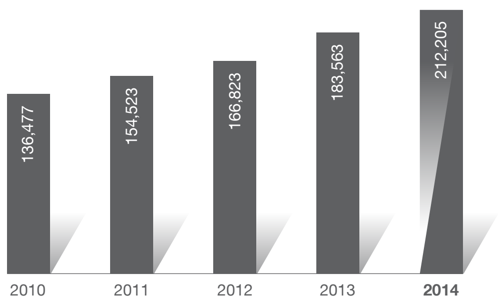
Profit before taxation (RM'000)



Net earnings per share (sen)



Net asset (RM'000)



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("Board") is committed in ensuring that the highest standards of corporate governance are maintained 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 long term shareholder value.

The following paragraphs describe how the Group has applied the principles and recommendations on corporate governance and the extent to which it has complied with the recommendations set out in the Malaysian Code of Corporate Governance 2012 ("Code").

BOARD OF DIRECTORS

Board Responsibilities

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 overall strategic direction and objective 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.

The Board is cognisant of the need to have a reference point through a Board Charter as recommended by the Code. Accordingly, the Board has formalised and adopted the Board Charter to guide Directors in relation to the Board's fiduciary duties and responsibilities, various regulations and best practices governing their conduct and the need for safeguarding the interests of shareholders and stakeholders. The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Composition of the Board

Currently, the Board comprise of four (4) Independent Non-Executive Directors and four (4) Executive Directors, which is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") which requires one third of the Board members to comprise independent members. Each of these four (4) Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

The Board is well represented by individuals with diverse professional backgrounds and experiences in the areas of engineering, finance, accounting, law and property development.

Under Recommendation 3.5 of the Code, it is recommended that if the Chairman of the Board is not an Independent Director, a majority of the Board should comprise of Independent Directors. Though the present number of four (4) Independent Directors are below the majority number of the Board members suggested by the Code, this number of Independent Directors is more than the minimum of Bursa Securities' requirement of minimum two (2) or one third of the board members must be Independent Director. Nevertheless, the Board has noted this recommendation and will continuously evaluate suitable candidates to be appointed as Independent Directors in order to fulfill the said recommendation in the coming years.

The Board also noted one of the recommendations of the Code which states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Company had obtained shareholders' approval at the last Annual General Meeting ("AGM") held on 15 April 2014 for YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company. The Nomination Committee and the Board have determined at the annual assessment carried out that YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar who has served on the Board for more than nine (9) years remains objective and independent in participating in deliberations and decision making of the Board and Board Committees. He has demonstrated independence in expressing his views and carrying out his roles as member of the Board, Audit and Remuneration Committees, and Chairman of the Nomination Committee. The Board has recommended retaining him as an Independent Director and shall seek shareholders' approval at the forthcoming AGM in accordance with the recommendation of the Code.

The Board members' qualifications, skills and experience is set out under the profile of Board as presented on pages 9 to 10 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 financial year ended ("FYE") 31 December 2014, the Board met on five (5) occasions, where it deliberated on a variety of matters including the Group's results, major investments and strategic decisions and direction of the Group.

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

Board meetings for the whole year are scheduled ahead at the end of each financial year to allow the Directors to plan their schedule ahead to enable them to attend the board meetings which have been scheduled for the following year.

STATEMENT OF CORPORATE GOVERNANCE

Record of each Director's meeting attendance for FYE 31 December 2014 is contained in the table below:

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Tan Boon Kang	(5/5)^			(1/1)^
Mr. Tan Chek Siong	(5/5)^			
Mr. Tan Moon Hwa	(5/5)^			
Mr. Tang Kam Chee	(5/5)^			
YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	(5/5)^	(5/5)^	(1/1)^	(1/1)^
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	(5/5)^	(5/5)^		
Dato' Ir. Dr. Ashaari bin Mohamad	(5/5)^		(1/1)^	
Sha Thiam Lu	(5/5)^	(5/5)^	(1/1)^	(1/1)^

Note: ^ denotes membership and ( ) indicate meetings attended out of the 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 unrestricted 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 in a timely manner to all Directors. These Board papers are issued prior to the meeting to allow sufficient time for the Directors to review and obtain further explanations, where necessary in order to be properly briefed before the meeting.

The Directors are regularly updated by the Company Secretary on 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.

Directors' Training

The Board acknowledges the importance for continuous training to keep abreast of the latest regulatory requirements and developments in the related industry. All Directors have completed the Mandatory Accreditation Programme (MAP) and the Continuing Education Programme prescribed by Bursa Securities. The Directors will continue to undergo other relevant training programmes on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements to further enhance their skills and knowledge as well as to effectively discharge their duties and obligations.

During the FYE 31 December 2014, the Directors have individually or collectively attended the following training programmes:

(a) Malaysia Goods & Services Tax and Its Impact In the Property Development Industry conducted by an external consulting firm;

(b) Risk Management & Internal Control: Post Workshops for Audit Committee by Bursa Securities;

(c) The 2015 Budget Seminar conducted by the Malaysian Institute of Accountants; and

(d) Persidangan Cukai Malaysia 2014 conducted by the Malaysian Association of Tax Accountants.

Board Committees

The Board has delegated certain responsibilities to the 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 is responsible for reviewing issues of accounting policy and presentation for external financial reporting, monitoring the work of the internal audit function, reviewing the independence of the Group's external auditors and ensuring that an objective and professional relationship is maintained with the external auditors, who in turn, have access at all times to the Chairman of the Committee.

The Board has established an Audit Committee consisting of the following Non-Executive Directors, all of whom are independent directors:
(a) YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar (Chairman);
(b) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail; and
(c) Mr. Sha Thiam Lu.

A summary of the activities of the Committee during the financial year is set out in the Audit Committee report on pages 25 to 27 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

(b) Nomination Committee

The Nomination Committee has the responsibility for proposing and recommending new nominees to the Board and for assessing Directors on an on-going basis. The Nomination Committee also assesses the effectiveness of the Board as a whole and the contribution of each individual Director and Board Committee members.

The Board has established a Nomination Committee consisting of the following Non-Executive Directors, all of whom are independent directors:
(a) YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar (Chairman); and
(b) Mr. Sha Thiam Lu; and
(c) Dato' Ir. Dr. Ashaari bin Mohamad.

(i) Recruitment or New Appointment of Directors

The Nomination Committee, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of independent non-executive directors, the independence criteria as set out in Paragraph 1.01 of the Listing Requirements as well as the necessary skill and experience to bring an independent and objective judgment on issues considered by the Board and the ability to discharge such responsibilities as expected from independent non-executive directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

(ii) Gender Diversity Policy

The Board has no immediate plans to implement a gender diversity policy. In its selection for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

(iii) Re-election and Re-appointment of Directors

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the AGM.

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment. In addition, 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.

Information of each Director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in this Annual Report.

(iv) Annual Assessment

During the financial year, the Nomination Committee had one (1) meeting and this meeting was attended by all members. In this meeting which was held on 21 February 2014, the Nomination Committee conducted its annual appraisal on the effectiveness of the Board, its Committees and the contribution of each Director. The annual appraisal was conducted via questionnaires.

The Board's effectiveness is assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investor relations. The review criteria for assessing the Directors' performance is largely focus on their meeting attendance, competencies, experience, knowledge and commitment, contribution to interaction – constructive expression of views and issues, quality of input and understanding of role as Director.

The Nomination Committee, upon the review being carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

(c) Remuneration Committee

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

The members of the Remuneration Committee consist of the following Non-Executive Directors, the majority of whom are independent directors:
(a) Mr. Sha Thiam Lu (Chairman);
(b) YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar; and
(c) Dato' Tan Boon Kang.

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.

STATEMENT OF CORPORATE GOVERNANCE

The remuneration of the Non-Executive Directors consist of fees and allowances for their services in connection with the 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 the 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 FYE 31 December 2014 categorised in appropriate components is set out below:

	Fee RM'000	Benefits-in-Kind RM'000	Salaries and Other Emoluments RM'000	Bonus RM'000	Total RM'000
Executive	80	60	2,169	734	3,043
Non-Executive	80	-	46	-	126
	160	60	2,215	734	3,169

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

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM200,001 - RM250,000	1	-
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	-
RM1,800,001 - RM1,850,000	1	-
	4	4

SHAREHOLDERS

Investors Relations and Shareholder Communications

The Board recognises the importance of an effective communication channel between the Board, shareholders and the investment community. The Annual Report, press releases, announcements to Bursa Securities including quarterly results are the primary mode of disseminating information on the Group's business activities and provide regular updates 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 promote effective communication and proactive engagement with its shareholders with the intention of giving shareholders a clear and complete picture of the Group's performance and position as possible.

The AGM represents the principal forum for dialogue and interaction with shareholders where shareholders are informed of current developments. Shareholders are encouraged to participate in the 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 Group Executive Chairman, Group Managing Director and Executive Directors are also present at the press conference to explain any issues.

The Board has also appointed YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar as the Senior Independent Director to whom shareholders can convey their views and concerns by e-mail at rajaaz@kenholdings.com.my.

Bursa Securities also provides the Company to electronically publish all its announcements, including full versions of its quarterly result announcement, circulars and Annual Reports at Bursa Securities' website at www.bursamalaysia.com/market/. The Company also maintains its corporate website that allows all shareholders and investors access to information about the Group at www.kenholdings.com.my. The Group's corporate website is updated regularly to provide the latest information about the Group, including announcements and quarterly results of the Group.

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Relationship with Auditors

The Board through the Audit Committee has established formal and transparent relationship with the external auditors which have 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 25 to 27 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 25 to 27 of this Annual Report.

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

	2014 RM'000
Audit fee payable	118
Non-audit fee payable	10
Total	**128**

Statement on Risk Management and Internal Control

The Statement on Risk Management and Internal Control furnished on pages 23 to 24 of this Annual Report provides an overview on the state of risk management and internal control within the Group.

Whistle Blowing Policy

In its effort to enhance corporate governance, the Group has put in place a Whistle Blowing Policy, which was designed to create a positive environment in which employees and stakeholders can raise genuine concerns without fear of recrimination and to enable prompt corrective actions and measures to be taken where appropriate and necessary.

Sustainability

The Board recognises the importance of sustainability and has taken steps in implementing sustainability practices in the Group's activities and exploring its benefits to the business whilst attempting to achieve the right balance between the needs of the community, shareholders, stakeholders and economic success. A detailed report on the Group's sustainability activities is set out in the Sustainability Report on pages 29 to 34 of this Annual Report.

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 year 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, in all material aspects, complied with the recommendations of the Code throughout the financial year save for the following:

(a) the Board must comprise a majority of independent directors where the chairman of the Board is not an independent director; and

(b) the tenure of an independent director should not exceed a cumulative term of nine years.

The Board has recommended retaining an independent director whose tenure has exceeded nine years and shall seek shareholders' approval at the forthcoming AGM.

This statement was made in accordance with a resolution of the Board dated 11 March 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") believes that the practice of good corporate governance is an important continuous process in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board continues to review the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud. The process is regularly reviewed by the Board and is guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.*

The Board has established a risk management framework which consists of a formalised risk management policy and procedure for a systematic and consistent approach to evaluate and improve the adequacy and effectiveness of the Group's risk management process. The key elements of the risk management framework are as follows:

(a) a documented risk management policy and procedure with defined risk strategy and risk management policy on risk assessment, risk communication and risk monitoring;
(b) defined parameters for risk rating; and
(c) a Risk Management Committee ("RMC") 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 on an ongoing basis.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard investment, the interest of customers, regulators, employees, and the Group's assets.

Key risk management and internal control processes

The key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include:

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

The risk assessment performed in 2014 was subsequently reviewed and approved by the Audit Committee and the Board respectively in March 2015.

(b) 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 was outsourced to an appointed independent consultant which undertook internal audit reviews on selected risk areas of the Company and KGSB and its findings were presented to the Audit Committee and the Board in November 2014 and February 2015.

(c) The key elements adopted to monitor and review the effectiveness of the system of internal control were:

(i) The organisational structure of the Company and its subsidiaries has defined lines of accountability and authority for all aspects of the business;
(ii) Management/project committee meetings and departmental meetings were held monthly to identify, discuss and resolve operational, financial and key management issues;
(iii) Budgets were prepared for each subsidiary and reviewed by the Managing Director;
(iv) Management reports were prepared monthly and monitored against budgets on a quarterly basis;
(v) 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;
(vi) 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; and
- Purchasing processes.

(vii) Internal quality audits were conducted on KEN Rimba Sdn Bhd (KRSB), KEN TTDI Sdn Bhd (KEN TTDI) and KGSB during the year to monitor compliance with ISO 9001:2008 as well as identify and monitor operational issues;
(viii) KGSB, KRSB and KEN TTDI have been certified by a certification body for compliance with ISO 9001:2008;
(ix) the Audit Committee reviewed the 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 minutes of the Audit

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Committee were tabled to the Board on a periodic basis. Further details of the activities of the Audit Committee were set out in the Audit Committee report;

(x) 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

(xi) 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.

There is no material joint venture or non-controlling entities that have not been dealt with as part of the Group for risk management and internal control system.

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

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that cause them to believe that the statement is intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

RPG5 does not require the auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board dated 11 March 2015.

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 2014, the Committee comprise the following Directors:

Chairman:	YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar	***(Independent Non-Executive Director)***
Members:	YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	***(Independent Non-Executive Director)***
	Sha Thiam Lu (MIA member)	***(Independent Non-Executive Director)***

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 three (3) years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("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) In the event of any vacancy in the Committee resulting in the non-compliance of Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Board shall fill the vacancy within three (3) months of the event.

(f) The Board shall review the term of office of Committee members no less than once every three (3) years.

(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

(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 evaluation of the adequacy and effectiveness of the risk management and internal control systems and to review risk management reports from management for risk identification, assessment and management;

(j) 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;

(k) 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

(l) 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 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 representative of the Internal Auditor and a representative of the external auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee, specific to the relevant meeting. However, at least once 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 MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 December 2014. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:

Name of Members	No. of Audit Committee Meetings Attended/Held
Chairman: YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar *(Independent Non-Executive Director)*	5/5
Members: YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail *(Independent Non-Executive Director)*	5/5
Sha Thiam Lu *(Independent Non-Executive Director)*	5/5

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year ended 31 December 2014, 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 2013;

(c) Reviewed the external auditors' reports for the financial year ended 31 December 2013 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 2013;

(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, Statement of Corporate Governance and Statement on Risk Management and Internal Control for the financial year ended 31 December 2013 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 2014;

(h) Met with the external auditors once during the financial year ended 31 December 2014 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 2014 - 2016 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 findings, recommendations made and management's response to the recommendations.

INTERNAL AUDIT FUNCTION

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

The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's system of internal control, risk management process and compliance with the Group's established policies and procedures 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 2014 was RM30,000.

ADDITIONAL DISCLOSURE INFORMATION

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2014.

SHARE BUY-BACK

During the financial year ended 31 December 2014, the Company bought back a total of 1,000 of its ordinary shares of RM1.00 each in KEN ("KEN Share(s)") prior to the share split involving the subdivision of every one (1) existing KEN Share into two (2) ordinary shares of RM0.50 each in KEN ("Split Shares") ("Share Split") and 2,000 Split Shares after the Share Split which are listed on the Main Market of Bursa Malaysia Securities Berhad in the open market. The details of the shares bought back during the financial year are as follows:

Month	No. of shares purchased	Purchase price per share (RM)			Average price per share (RM)	Total consideration (RM)
		Lowest	Highest	Average		
March	1,000*	1.86	1.86	1.86	1.90	1,902.56
November	2,000^	1.04	1.04	1.04	1.06	2,123.63

Notes:
* *KEN Shares purchased prior to the Share Split*
^ *Split Shares purchased after the Share Split*

All the 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 2014, a total of 12,375,400 ordinary shares of RM0.50 each were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2014.

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

During the financial year ended 31 December 2014, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS OR 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 2014.

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 2014 amounted to RM10,000.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2014.

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 2014, or entered into since the end of previous financial year except as disclosed in Note 27 to the Financial Statements.

SUSTAINABILITY REPORT

OUR COMMITMENT TOWARDS SUSTAINABILITY

As a pioneer in the green development movement in the country, we ensure that sustainability is embedded in our vision, mission and core values. The scope of our commitment encompasses three areas of interest – the environment, our community and organisation.

Being a nation builder, we are responsible to provide property needs to our communities and at KEN, we are committed to delivering it in an economical, environmental and social responsible way, both today as well as for the future.

OUR PROJECTS AT A GLANCE

Leveraging on our industry expertise and long-term vision, we actively support sustainable urban planning as part of our approach to our environment and communities. Therefore, every building we develop bears the essence of our vision - to deliver sustainable, quality developments to enrich communities.

KEN RIMBA CONDOMINIUM 1

KEN RIMBA Condominium 1 is the latest addition of high rise residential development to the township. Seamlessly integrating contemporary functionality with modern aesthetic, the condominium consists of 653 freehold units of 3 or 4 bedroom apartments ranging from 1,076 to 2,367 sq. ft. and 26 pool villas of 2,615 sq. ft.

The condominium is sophisticatedly designed with environmentally sound practices and built with energy-efficient technologies to shape every aspect of modern living including water efficient wares and fittings, light sensors in common areas that detect movement and brightness, rainwater harvesting tanks to recycle rainwater for common use and compost bins for organic waste. Oriented in a north-south direction, each unit will receive maximum natural lights filtering in without feeling the heat from direct sunlight. High ceilings with tall glass windows offer natural lighting and ventilation, reducing the dependency on lights and air condition, therefore not only do we save cost, but the environment too.

Lush green landscapes throughout the building were designed to improve outdoor environmental quality and encourage residents to enjoy outdoor living. For those who would like to avoid the hassle of traffic and contribute to reducing carbon footprint, the KTM station which leads directly to KL Sentral is just a breezy walk away via a provided sheltered walkway.

KEN Rimba Condominium 1 has been awarded BCA Green Mark Gold^{PLUS} (Provisional) and is scheduled to be completed in 2018.

SUSTAINABILITY REPORT

MENARA KEN @ TTDI

Scheduled to complete in 2015, this 13-storey iconic Green corporate office tower will be a new landmark within the affluent vicinity of Taman Tun Dr Ismail, Kuala Lumpur. Even before completion, the project has already received the BCA Green Mark Platinum Award (Provisional) and the USGBC LEED Platinum Award (Pre-certification) due to its sustainable design, architecture and green features. The building was granted the MSC status which gives qualified companies relocating here the opportunity to enjoy attractive tax incentives.

Menara KEN @ TTDI, where our corporate head office would also be located, would house 10 levels of grade-A corporate office suites, 3 levels of food and beverage outlets, a performing arts theatre, an art gallery, ballrooms and function rooms of various sizes, rooftop recreation with a gymnasium, swimming pool and sky bar, and 4 levels of parking with valet service.

Designed to embody the essence of energy efficiency, the office features full height double glazed low-E glass panels facing outside while an atrium at the center of the building brings in an abundance of natural light. The offices are designed to be virtually column-free for maximum space optimisation.

Menara KEN @ TTDI utilises individual user-controlled systems which provide zoned air-conditioning, 24 hours. This is ideal for Multinational Companies (MNCs) serving across different countries with multiple time zones. Other energy efficient technologies incorporated would include water efficient wares & fittings, smart lighting in offices and common area which automatically control the lights according to brightness and motion, rainwater harvesting tank for irrigation and flushing, and compost bins to turn horticulture waste into compost to fertilise the plants in the premises. Sheltered bicycle racks will be provided to encourage the community to use modes of transport that are carbon-free.

At KEN, we strive to integrate our role as a corporate citizen in our day-to-day business with the goal to promote sustainability within our organisation, the communities we are engaged in and the nation at large.

OUR ENVIRONMENT

CARBON NEUTRAL

Climate Asia Pte Ltd is a consultancy specialising in carbon management related services to help organisations measure, monitor, reduce and offset their carbon footprint. They had been appointed by KEN to calculate the Company's carbon footprint since 2010, identify the carbon emission 'hotspots' within the specified boundary, determine unavoidable emissions and recommend general carbon reduction commitments, strategies moving forward, offset unavoidable emissions and remain a carbon neutral company. KEN has been consecutively successful in maintaining a carbon neutral status from 2010 to 2013. This is no mean feat, as it requires a great amount of commitment and investment to attain.

Basically being carbon neutral refers to a state where the carbon dioxide produced by the organisation is balanced by the amount of carbon dioxide offset by that organisation. To achieve carbon neutrality, four main avenues need to be addressed:

(i) Carbon offset purchasing.
(ii) The usage of low-energy vehicles or their elimination of them by the use of bicycles, walking or mass transit.
(iii) Minimising carbon dioxide emissions from buildings, factories, etc.
(iv) Focusing on the usage of renewable energy sources such as solar panels, or switching to biofuels.

The carbon emissions generated for the year is calculated after the end of the financial year. Then, carbon credits are calculated for the second to fourth avenues and carbon offset projects are identified for purchase so as to fulfil carbon neutral status.

Carbon offset projects invested by KEN since 2010 are as follows:

Year	Project
2010	• GHANA charcoal stove project • Wind Turbine project in Ningxia, China • Hydro Power Generation project in China
2011	• Rainforest rehabilitation project in Borneo, Malaysia (INFAPRO)
2012	• Clean Drinking Water Through Lifestraw Project in Kenya • Quality Waste Water Management in Thailand
2013	• INFAPRO Project in Borneo, Malaysia

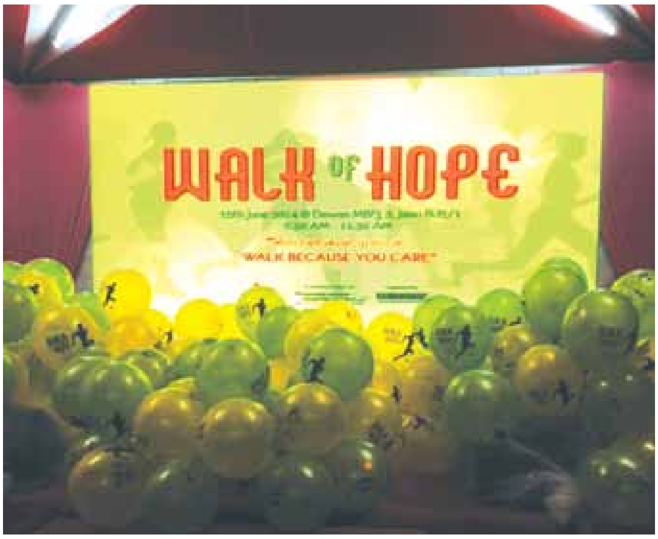
SUSTAINABILITY REPORT

OUR COMMUNITY

As KEN continues to strive for excellence, we remain committed to our responsibilities as a corporate citizen, mainly through our philanthropic activities via the KEN Foundation and engaging our communities throughout our developments.

"WALK OF HOPE"

The KEN Sports and Social Club (KSSK) formed by the employees of KEN, organises events and charity outreach each year. This year, KSSK members participated in the "Walk of Hope" event, a charity run organised by BUDDY (Bandar Utama Dhamma Duta Youth) on 15th June 2014. This is a fundraising event to support "Limb for Life", a welfare project of Bandar Utama Buddhist Society (BUBS) that offers free prosthetic limbs to Malaysian amputees from poor or underprivileged background, regardless of race and religion.



KEN FOUNDATION

KEN Foundation was established in 2005 with the purpose of providing financial assistance to deserving Malaysian students. We believe that a sound educational background is the root to a nation's success and in our mission to be a nation builder; we are committed to fulfilling this goal by offering scholarships to as many deserving Malaysian students as we can.

The Foundation's policy in granting these scholarships is not based on academic excellence, instead we focus in providing the opportunity to deserving students from low income background that have gained acceptance in local tertiary institutions.

The scholarship covers tuition fees, food and lodging so that recipients would be able to focus on their studies instead worrying about these costs. Recipients would also be given internship opportunity within KEN to gain exposure in their field of study and the working environment.

In 2014, 13 more students were granted scholarships from the Foundation. The following are stories from 3 graduate scholars of KEN Foundation who have joined the Group during the year.

SUSTAINABILITY REPORT

Ms. Nur Hanani Fatin bt Arifin was studying for her Bachelor Degree in Building Surveying at University of Malaya when she received the KEN Foundation scholarship in 2010. During her semester breaks, Nur Hanani did her internship at KEN to give her exposure on various parts of the Group's business. She joined KEN as an Assistant in the Contracts Department in July 2014.

"I was surprised to receive the scholarship at the same time I was tremendously grateful as I do not need to apply for PTPTN. I am glad I did not need to burden my family to pay my tuition fees in UM and worry about study loan repayments when I start working.

I am also blessed to be given this opportunity to learn new aspects of the job while working in KEN. As a Building Surveying undergraduate, I was initially worried on how I would be able to fit into the Company but my worries were unfounded. During my time here, I learnt the procedures on how to do Bills of Quantity and now I am able to implement some of the knowledge I learnt during studies into my job."

Another successful recipient of KEN Foundation's scholarship in 2010, Mr Pang Yen Yang, a Bachelor of Building Surveying graduate from University of Malaya, is now a proud employee of KEN as an Assistant Site Supervisor for our flagship project Menara KEN @ TTDI.

"I am the second son from siblings of four and come from a low income family in Labuan. Hence, when I was told that I was accepted for the KEN Foundation scholarship, I was very happy and relieved at the same time as I didn't need to burden my family anymore to support all of my study fees and living cost here, in Kuala Lumpur.

I did my internship as a trainee on-site for Menara KEN @ TTDI and learnt a lot about site operations, construction technologies, quality controls, coordination skills with people and problem solving skills. It was fun and interesting as it was hands-on knowledge instead of theories.

I continued my work at the construction site of Menara KEN @ TTDI when I was employed as an Assistant Site Supervisor upon my graduation. Now, I oversee the quality control of architectural works, such as brickworks, plastering, tiling, etc., while coordinating with sub-contractors."

Ms Nurul Izni bt Mohd Azemi, another 2010 scholarship recipient is now a graduate in Bachelor of Quantity Surveying from International Islamic University Malaysia. She joined KEN in July 2014 as an Assistant in the Contracts Department.

"I received KEN Foundation scholarship during my first year of study. The scholarship has helped me a lot in paying tuition fees and was even enough to support my expenditure while studying.

My father is retiree and my mother is a house wife. Receiving this scholarship has made my student life easier and I did not need to bother my parents with financial issues. For that, I am very thankful and grateful for the Foundation's kindness in providing financial aid to deserving students from low income backgrounds.

Upon joining KEN as an Assistant in Contracts Department, I have managed both administration and QS related tasks including measurement for materials, invitation for sub-contractor to quote, issuing correspondence letters to other parties and etc."

Since its inauguration, KEN Foundation have granted 39 scholarships out of which 9 students have joined various departments within KEN. We will continue to pledge 1% of the Group's annual profit before tax to be channelled into this Foundation and continue to assist deserving students to realise their potential and dreams in becoming leaders of tomorrow.

SUSTAINABILITY REPORT

OUR STAKEHOLDERS

PURCHASERS

We ensure that our sustainability practices are extended to all of our stakeholders including our customers. Upon handing over the keys to their homes, we provide a "Green Building User Guide" for all home owners for them to understand the functions of each green features in their homes and how to optimise it for their comfort and lifestyle.

To foster a sustainable and environmentally conscious environment for the residents, we provide recycling bins and compost bins in every residential development. The horticulture waste turned into compost is used to fertilise the plants in the premises. Cycling and jogging paths along are created throughout the precincts, to foster a communal and open concept amongst the residents.

EMPLOYEES

We recognise that our employees drive our continued success and growth as a sustainable developer. As such the Group strives to maintain high standards of recruitment and retention of competent employees by offering attractive remuneration package, comprehensive medical benefits including provision of insurance coverage under hospitalisation which also extends to their immediate family members, KEN Points which are convertible and redeemable for selected goods/services and Green Car Allowance for employees who drives hybrid cars. Regular festive celebrations and annual company dinner are also organised to foster good working relationships and to show appreciation to all employees.

A Day with Nature

The KSSK team organised a family day themed "A Day with Nature" in Janda Baik, a small village with untouchable natural tropical rainforest and cool breezy climate.

Fun nature-themed activities including water confidence, river trekking, water tubing and contest such as fishing, mini golfing and obstacle course, were organised for all KEN employees and their family members throughout the day. It was a fun and educating experience for all participants while immersing in nature's beauty.

KEN Family Camp

In August 2014, a teambuilding event at Jeram Besu was organised for all KEN employees. This 3-days camp was filled with fun activities assimilated with KEN's core values and encourages teamwork in an open, communal environment outside the office.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2014

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 2014.

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 RM'000	Company RM'000
Profit for the year	31,952	11,653

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid a first and final single tier ordinary dividend of 4.5 sen per ordinary share totalling RM4,035,298 in respect of the financial year ended 31 December 2013 on 16 May 2014.

The first and final single tier ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2014 is 3.0 sen per ordinary share totalling RM5,380,338.

Directors of the Company

Directors who served since the date of the last report are:
- Dato' Tan Boon Kang
- Tan Moon Hwa
- Tan Chek Siong
- Tang Kam Chee
- YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar
- YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail
- Dato' Ir. Dr. Ashaari bin Mohamad
- Sha Thiam Lu

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 spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				
Company	**At 1.1.2014* '000**	**Share split '000**	**Bought '000**	**Sold '000**	**At 31.12.2014 '000**
Directors of the Company:					
Interests in the Company:					
Dato' Tan Boon Kang	1,982	1,982	-	-	**3,964**
Tan Chek Siong	3,121	3,121	-	-	**6,242**
Tan Moon Hwa	601	601	-	-	**1,202**
Tang Kam Chee	100	100	-	-	**200**
Indirect interests in the Company:					
Dato' Tan Boon Kang	41,883	41,883	-	-	**83,766**

Directors' interests in shares (continued)

Company	At 1.1.2014* '000	Share split '000	Bought '000	Sold '000	At 31.12.2014 '000
	Number of ordinary shares of RM0.50 each				
Spouse of Dato' Tan Boon Kang:					
Interests in the Company:					
To' Puan Lau Pek Kuan	1,959	1,959	-	-	**3,918**
Indirect interests in the Company:					
To' Puan Lau Pek Kuan	41,907	41,907	-	-	**83,814**
Children of Dato' Tan Boon Kang:					
Interests in the Company:					
Tan Chek Een	3,000	3,000	-	-	**6,000**
Tan Chek Ying	3,000	3,000	-	-	**6,000**

* *The ordinary shares as at 1 January 2014 refers to ordinary shares of RM1.00 each.*

By virtue of his interest in the shares of the Company, Dato' 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 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 26 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

The Company undertook a Share Split involving the subdivision of every one (1) existing Company's share into two (2) split shares. The Share Split was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) 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.

DIRECTORS' REPORT
for the year ended 31 December 2014

Other statutory information (continued)

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.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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

(i) Share Split

On 24 February 2014, the Company announced to undertake a Proposed Share Split involving the subdivision of every one (1) existing Company's share into two (2) split shares.

Following the approval by shareholders at the AGM dated 15 April 2014, the Share Split was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

(ii) Disposal of a subsidiary

On 25 July 2014, the Group entered into a Share Sale Agreement with Serapi Suria Sdn. Bhd. ("Purchaser") for the disposal of 2 ordinary shares of RM1.00 each in Support Capital Sdn. Bhd. ("SCSB") representing 100% of the issued and paid-up capital of SCSB for a total cash consideration of RM2. Management committed to a plan to sell this subsidiary due to the strategic decision to place greater focus on the Group's core operations in Malaysia.

The above transaction was completed during the financial year.

(iii) Repurchase of Company's shares

During the financial year, the Company repurchased 4,000 of its issued ordinary shares for a total cash consideration of RM4,026 from the open market at an average price of RM1.34 per share. As at 31 December 2014, total treasury shares held by the Company was 12,375,400.

DIRECTORS' REPORT
for the year ended 31 December 2014

Subsequent event

Acquisition of additional shares in a subsidiary

On 16 January 2015, the Company announced the acquisition of 15,000 ordinary shares of RM1.00 each, representing 15% equity interest in Wealthy Discovery Sdn. Bhd. ("WDSB") via its wholly-owned subsidiary, Sphere Supreme Sdn. Bhd. ("SSSB") for a total cash consideration of RM495,000 ("Acquisition"). The Acquisition has been completed subsequent to the year end and WDSB is now a subsidiary of the Group via SSSB.

The Company does not expect the above transaction to have any material impact to the financial statements for the financial year ending 31 December 2015.

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:

Dato' Tan Boon Kang

Tang Kam Chee

Kuala Lumpur, Malaysia

Date: 11 March 2015

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Property, plant and equipment	3	**12,462**	13,070	**-**	-
Land held for property development	4	**98,623**	103,908	**-**	-
Investment properties	5	**67,543**	53,809	**-**	-
Investments in subsidiaries	6	**-**	-	**53,891**	53,891
Other investments	7	**26**	26	**-**	-
Deferred tax assets	8	**9,782**	10,246	**206**	202
Total non-current assets		**188,436**	181,059	**54,097**	54,093
Inventories	9	**57,756**	52,893	**-**	-
Property development costs	10	**17,996**	21,007	**-**	-
Current tax assets		**294**	208	**-**	-
Trade and other receivables	11	**6,505**	15,353	**73,274**	75,112
Cash and cash equivalents	12	**11,794**	8,956	**29**	19
Total current assets		**94,345**	98,417	**73,303**	75,131
Total assets		**282,781**	279,476	**127,400**	129,224
Equity					
Share capital		**95,860**	95,860	**95,860**	95,860
Reserves		**116,345**	87,703	**27,525**	19,911
Equity attributable to owners of the Company	13	**212,205**	183,563	**123,385**	115,771
Non-controlling interests		**55**	55	**-**	-
Total equity		**212,260**	183,618	**123,385**	115,771
Liabilities					
Deferred tax liabilities	8	**17,209**	17,963	**-**	-
Total non-current liabilities		**17,209**	17,963	**-**	-
Trade and other payables	14	**46,966**	73,957	**1,934**	11,938
Loans and borrowings	15	**2,000**	1,500	**2,000**	1,500
Current tax liabilities		**4,346**	2,438	**81**	15
Total current liabilities		**53,312**	77,895	**4,015**	13,453
Total liabilities		**70,521**	95,858	**4,015**	13,453
Total equity and liabilities		**282,781**	279,476	**127,400**	129,224

The notes on pages 46 to 82 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue					
- property development revenue		**90,688**	55,492	**-**	-
- dividends		**-**	-	**11,872**	17,814
- management fees		**394**	336	**948**	750
		91,082	55,828	**12,820**	18,564
Cost of sales					
- property development costs		**(35,816)**	(20,130)	**-**	-
Gross profit		**55,266**	35,698	**12,820**	18,564
Other income		**3,150**	3,014	**-**	-
Distribution expenses		**(1,187)**	(487)	**-**	-
Administrative expenses		**(13,620)**	(9,824)	**(822)**	(17,266)
Results from operating activities		**43,609**	28,401	**11,998**	1,298
Finance income		**320**	117	**5**	-
Finance costs		**(190)**	(261)	**(110)**	(165)
Profit before tax		**43,739**	28,257	**11,893**	1,133
Tax expense	16	**(12,018)**	(7,362)	**(240)**	(990)
Profit from continuing operations		**31,721**	20,895	**11,653**	143
Discontinued operation					
Profit from discontinued operation, net of tax	17	**231**	-	**-**	-
Profit for the year	18	**31,952**	20,895	**11,653**	143
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		**(8)**	9	**-**	-
Total other comprehensive (expenses)/income for the year		**(8)**	9	**-**	-
Total comprehensive income for the year		**31,944**	20,904	**11,653**	143
Profit for the year attributable to:					
Owners of the Company		**31,952**	20,895	**11,653**	143
Total comprehensive income for the year attributable to:					
Owners of the Company		**31,944**	20,904	**11,653**	143
Basic earnings per ordinary share (sen):					
- continuing operations	19	**18**	11*		
- discontinued operations		**#**	-*		
		18	11		

Denotes less than 1 sen.

* *The earnings per share for 2013 has been restated to account for the effect of the share subdivision into two ordinary shares of RM0.50 each for every one ordinary share of RM1.00 each in the Company as mentioned in Note 13.1.*

The notes on pages 46 to 82 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

		<--------- Attributable to owners of the Company --------->							
		<-------------- Non-distributable -------------->				*Distributable*		Non-	
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Revaluation reserve RM'000**	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**controlling interests RM'000**	**Total equity RM'000**
At 1 January 2013		95,860	(5,225)	6,212	(738)	70,714	166,823	55	166,878
Profit for the year		-	-	-	-	20,895	20,895	-	20,895
Foreign currency translation difference for foreign operations		-	-	-	9	-	9	-	9
Total comprehensive income for the year		-	-	-	9	20,895	20,904	-	20,904
Own shares acquired	13	-	(129)	-	-	-	(129)	-	(129)
Dividends paid to owners of the Company	20	-	-	-	-	(4,035)	(4,035)	-	(4,035)
At 31 December 2013		95,860	(5,354)	6,212	(729)	87,574	183,563	55	183,618
		Note 13	Note 13	Note 13	Note 13				
At 1 January 2014		95,860	(5,354)	6,212	(729)	87,574	183,563	55	183,618
Profit for the year		-	-	-	-	31,952	31,952	-	31,952
Foreign currency translation difference for foreign operations		-	-	-	(8)	-	(8)	-	(8)
Realisation of translation reserve from disposal of a subsidiary		-	-	-	737	-	737	-	737
Total comprehensive income for the year		-	-	-	729	31,952	32,681	-	32,681
Own shares acquired	13	-	(4)	-	-	-	(4)	-	(4)
Dividends paid to owners of the Company	20	-	-	-	-	(4,035)	(4,035)	-	(4,035)
At 31 December 2014		**95,860**	**(5,358)**	**6,212**	**-**	**115,491**	**212,205**	**55**	**212,260**
		Note 13	Note 13	Note 13	Note 13				

The notes on pages 46 to 82 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

Company	Note	<-- *Non-distributable* --> Share capital RM'000	Treasury shares RM'000	*Distributable* Retained earnings RM'000	Total RM'000
At 1 January 2013		95,860	(5,225)	29,157	119,792
Total comprehensive income for the year		-	-	143	143
Own shares acquired	13	-	(129)	-	(129)
Dividends paid to owners of the Company	20	-	-	(4,035)	(4,035)
At 31 December 2013/1 January 2014		95,860	(5,354)	25,265	115,771
Total comprehensive income for the year		-	-	11,653	11,653
Own shares acquired	13	-	(4)	-	(4)
Dividends paid to owners of the Company	20	-	-	(4,035)	(4,035)
At 31 December 2014		**95,860**	**(5,358)**	**32,883**	**123,385**
		Note 13	Note 13	Note 13	

The notes on pages 46 to 82 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities					
Profit before tax from:					
- continuing operations		**43,739**	28,257	**11,893**	1,133
- discontinued operation		**231**	-	**-**	-
		43,970	28,257	**11,893**	1,133
Adjustments for:					
Depreciation of investment properties	5	**155**	155	**-**	-
Depreciation of property, plant and equipment	3	**751**	680	**-**	-
Dividend income		**-**	-	**(11,872)**	(17,814)
Finance income		**(320)**	(117)	**(5)**	-
Finance costs		**190**	261	**110**	165
Gain on disposal of property, plant and equipment		**(5)**	(36)	**-**	-
Reversal of accrual for project costs		**(3,207)**	(788)	**-**	-
Accrual for project costs		**-**	311	**-**	-
Waiver of debts owed by a subsidiary		**-**	-	**-**	16,678
Unrealised loss on foreign exchange		**-**	(350)	**-**	-
Operating profit before changes in working capital		**41,534**	28,373	**126**	162
Changes in working capital:					
Inventories		**(4,863)**	(4,381)	**-**	-
Land held for property development		**(439)**	(1,679)	**-**	-
Property development costs		**8,734**	8,115	**-**	-
Trade and other payables		**(22,576)**	(11,236)	**(10,011)**	(506)
Trade and other receivables		**8,848**	8,755	**1,838**	2,884
Cash generated from/(used in) operations		**31,238**	27,947	**(8,047)**	2,540
Interest received		**275**	62	**-**	-
Tax paid		**(10,743)**	(9,199)	**(178)**	(181)
Tax refunded		**257**	219	**-**	-
Net cash from/(used in) operating activities		**21,027**	19,029	**(8,225)**	2,359
Cash flows from investing activities					
Additions to property, plant and equipment	3	**(143)**	(438)	**-**	-
Proceeds from disposal of a subsidiary, net of cash and cash equivalents disposed of	17	**(478)**	-	**-**	-
Dividends received		**-**	-	**11,872**	4,893
Interest income from fixed deposits		**45**	55	**5**	-
Additions to investment properties	5	**(13,889)**	(11,651)	**-**	-
Proceeds from disposal of property, plant and equipment		**5**	36	**-**	-
Net cash (used in)/ from investing activities		**(14,460)**	(11,998)	**11,877**	4,893

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	20	**(4,035)**	(4,035)	**(4,035)**	(4,035)
Drawdown of loans and borrowings		**9,350**	14,500	**9,350**	14,500
Repayment of loans and borrowings		**(8,850)**	(16,500)	**(8,850)**	(16,500)
Repurchase of treasury shares	13	**(4)**	(129)	**(4)**	(129)
Interest paid		**(190)**	(261)	**(103)**	(165)
Net cash used in financing activities		**(3,729)**	(6,425)	**(3,642)**	(6,329)
Net increase in cash and cash equivalents		**2,838**	606	**10**	923
Effect of exchange rate fluctuations on cash held		**-**	359	**-**	-
Cash and cash equivalents at 1 January		**8,956**	7,991	**19**	(904)
Cash and cash equivalents at 31 December		**11,794**	8,956	**29**	19

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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash and bank balances	12	**11,384**	5,790	**29**	19
Deposits placed with licensed banks	12	**410**	3,166	**-**	-
		11,794	8,956	**29**	19

The notes on pages 46 to 82 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business/Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 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 2014 do not include other entities.

The Company is principally engaged in investment holding activities and provision of management services whilst 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 11 March 2015.

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") and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations 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 2014

- Amendment to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRSs 2011-2013 Cycle)*
- Amendment to FRS 2, *Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendment to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendment to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendment to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendment to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendment to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 5, *Non-current assets held for sale and discontinued operations (2012 - 2014)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (2012 - 2014)*
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128 - *Sales or contribution of assets between an investor and its associates or joint venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138*, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employees Benefit (2012 - 2014)*
- Amendments to FRS 127, *Equity Method in separate financial statements*
- Amendments to FRS 134, *Interim Financial Statements (2012 - 2014)*

1. **Basis of preparation** (continued)

(a) **Statement of compliance** (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to FRS 2 and Amendments to FRS 138, which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for FRS 14 which is not applicable to the Group and the Company.

Amendments to FRS 10, *Consolidated Financial Statements,* FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

The amendments to FRS 10, FRS 12 and FRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

The Group and the Company's financial statements beginning on 1 January 2017 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by MASB and International Financial Reporting Standards ("IFRS").

The initial application of the other accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

The Group and the Company fall within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Group and the Company is currently exempted from adopting the MFRSs and is referred to as a "Transitioning Entity".

(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 Financial Reporting Standards ("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 – fair values of investment properties
- Note 10 – calculation of revenue and cost of sales for property development projects
- Notes 14 and 25 – provisions and contingencies

NOTES TO THE FINANCIAL STATEMENTS

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 structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Non-controlling interests

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 owners of the Company.

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.

(v) 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.

(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 end of 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.

In the consolidated financial statement, when a settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Foreign Currency Translation Reserve (“FCTR”) in equity.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. **Significant accounting policies** (continued)

(c) **Financial instruments** (continued)

(ii) **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) ***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

(b) ***Available-for-sale financial assets***

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

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

All financial assets are subject to review for impairment (see Note 2(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 is 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 control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. 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, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 a component 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 component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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 from the date that they are available for use. 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Leased assets

Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. 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.

(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 value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see Note 2(w)).

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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 at the end of the reporting period and adjusted as appropriate.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. **Significant accounting policies** (continued)

(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.

(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 on hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

(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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

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.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in 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 or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups 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.

(ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS

2. **Significant accounting policies** (continued)

(m) **Equity instruments** (continued)

(iii) **Repurchase of share capital (treasury shares)**

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.

When treasury shares are sold or reissued subsequently, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised 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. Prepaid contributions are recognised as an asset to the extend that a cash refund or a reduction future payments is available.

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. **Significant accounting policies** (continued)

(p) **Revenue and other income** (continued)

(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.

Revenue from the sale of completed properties is measured at fair value of the consideration received or receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the customer.

(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.

(q) **Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(r) **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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(r) Income tax (continued)

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.

(s) Discontinued operations

A discontinued operation is a component of the Group's business that represents a geographical area of operations that has been disposed of. When on operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(t) 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.

(u) 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.

(v) Contingencies

(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 not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of 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.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of the 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 assets unless the probability of inflow of economic benefits is remote.

(w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

2. **Significant accounting policies** (continued)

(w) **Fair value measurement** (continued)

When measuring the fair value of an asset or a liability, the Group use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.
Level 3: unobservable inputs for the investment property.

The Group recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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	Total RM'000
Cost/Valuation								
At 1 January 2013	500	11,547	3,951	496	7,594	867	227	25,182
Additions	-	-	83	-	-	260	95	438
Disposals	-	-	(609)	-	-	(6)	-	(615)
Write off	-	-	-	(138)	(92)	-	-	(230)
At 31 December 2013/ 1 January 2014	**500**	**11,547**	**3,425**	**358**	**7,502**	**1,121**	**322**	**24,775**
Additions	**-**	**-**	**-**	**-**	**46**	**83**	**14**	**143**
Disposals	**-**	**-**	**(34)**	**-**	**-**	**-**	**-**	**(34)**
Transfer	**-**	**-**	**-**	**-**	**-**	**(12)**	**12**	**-**
At 31 December 2014	**500**	**11,547**	**3,391**	**358**	**7,548**	**1,192**	**348**	**24,884**
Representing items at:								
Cost	**-**	**1,847**	**3,391**	**358**	**7,548**	**1,192**	**348**	**14,684**
Valuation - 2010	**500**	**9,700**	**-**	**-**	**-**	**-**	**-**	**10,200**
At 31 December 2014	**500**	**11,547**	**3,391**	**358**	**7,548**	**1,192**	**348**	**24,884**
Depreciation								
At 1 January 2013	40	268	2,693	496	7,550	622	201	11,870
Depreciation for the year	20	134	399	-	15	93	19	680
Disposals	-	-	(609)	-	-	(6)	-	(615)
Write off	-	-	-	(138)	(92)	-	-	(230)
At 31 December 2013/ 1 January 2014	**60**	**402**	**2,483**	**358**	**7,473**	**709**	**220**	**11,705**
Depreciation for the year	**20**	**134**	**414**	**-**	**23**	**128**	**32**	**751**
Disposals	**-**	**-**	**(34)**	**-**	**-**	**-**	**-**	**(34)**
Transfer	**-**	**-**	**-**	**-**	**-**	**(5)**	**5**	**-**
At 31 December 2014	**80**	**536**	**2,863**	**358**	**7,496**	**832**	**257**	**12,422**
Carrying amounts								
At 1 January 2013	460	11,279	1,258	-	44	245	26	13,312
At 31 December 2013/ 1 January 2014	**440**	**11,145**	**942**	**-**	**29**	**412**	**102**	**13,070**
At 31 December 2014	**420**	**11,011**	**528**	**-**	**52**	**360**	**91**	**12,462**

NOTES TO THE FINANCIAL STATEMENTS

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	
	2014	**2013**
	RM'000	**RM'000**
Freehold land	**490**	490
Freehold building	**86**	90
Leasehold land with unexpired lease period of more than 50 years	**1,738**	1,766
	2,314	2,346

3.2 Land

Included in the carrying amount of land are:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Freehold land	**2,700**	2,700
Leasehold land with unexpired lease period of more than 50 years	**8,311**	8,445
	11,011	11,145

4. Land held for property development

Group	**Freehold land**	**Development costs**	**Total**
	RM'000	**RM'000**	**RM'000**
Cost			
At 1 January 2013	100,733	1,496	102,229
Additions	349	1,330	1,679
At 31 December 2013/1 January 2014	101,082	2,826	103,908
Additions	341	98	439
Less: Transferred to Property Development Costs	(4,715)	(1,009)	(5,724)
At 31 December 2014	96,708	1,915	98,623

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Under construction RM'000	Total RM'000
Cost				
At 1 January 2013	7,507	3,933	31,570	43,010
Additions	-	-	11,651	11,651
At 31 December 2013/1 January 2014	**7,507**	**3,933**	**43,221**	**54,661**
Additions	**-**	**-**	**13,889**	**13,889**
At 31 December 2014	**7,507**	**3,933**	**57,110**	**68,550**
Depreciation				
At 1 January 2013	-	697	-	697
Depreciation for the year	-	155	-	155
At 31 December 2013/1 January 2014	**-**	**852**	**-**	**852**
Depreciation for the year	**-**	**155**	**-**	**155**
At 31 December 2014	**-**	**1,007**	**-**	**1,007**
Carrying amounts				
At 1 January 2013	7,507	3,236	31,570	42,313
At 31 December 2013/1 January 2014	**7,507**	**3,081**	**43,221**	**53,809**
At 31 December 2014	**7,507**	**2,926**	**57,110**	**67,543**
Fair values				
At 1 January 2013	8,451	5,508	-	13,959
At 31 December 2013/1 January 2014	**8,451**	**5,599**	**-**	**14,050**
At 31 December 2014	**9,522**	**6,344**	**-**	**15,866**

A commercial office building is currently under construction and the fair value of the property is not determined yet as there are uncertainties in estimating its fair value. The building has started its construction since 2011. The estimated fair value is likely to be similar to that of the cost incurred to date until its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Freehold land	**-**	**-**	**9,522**	**9,522**
Buildings	**-**	**-**	**6,344**	**6,344**
	-	**-**	**15,866**	**15,866**
2013				
Freehold land	-	-	8,451	8,451
Buildings	-	-	5,599	5,599
	-	-	14,050	14,050

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

5. **Investment properties** (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation technique used in the determination of fair values within level 3 as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value 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.*	• *Market price of property per square feet ("sq ft") in vicinity compared.*	*The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).*

Valuation processes applied by the Group for Level 3 fair value

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

Highest and best use

The Group's investment properties represent a number of commercial properties that are partially tenanted and two pieces of vacant land. The highest and best use of these properties and land is for rental generation as they are located in the vicinity of the commercial area.

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Rental income	**406**	377
Direct operating expenses		
- income generating investment properties	**(66)**	(66)

Security

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2013: RM15.8 million) to secure banking facilities granted to the Company (Note 15).

6. **Investments in subsidiaries**

	Company	
	2014	**2013**
	RM'000	**RM'000**
Unquoted shares - at cost	**53,891**	53,891

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
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
Sphere Supreme Sdn. Bhd.	Investment holding	**100**	100
Kenergy Sdn. Bhd. †	Dormant	**100**	100
Ken JBCC Sdn. Bhd.	Property development	**100**	100
Ken JBCC Holdings Sdn. Bhd. †	Investment holding	**100**	100
Ken Estate Sdn. Bhd. †	Investment holding	**100**	100
Ken City Sdn. Bhd. †	Dormant	**100**	100
The subsidiary of Ken City Sdn. Bhd. is:			
Ken City JB Sdn. Bhd. †	Dormant	**100**	100
The subsidiary of Support Capital Sdn. Bhd. is:			
Kenly (HK) Ltd. @	Dormant	**-**	79.4
The subsidiary of Ken Grouting Sdn. Bhd. is:			
Ken-Chec Sdn. Bhd. †	Land reclamation, civil, dredging, and marine engineering	**100**	100
The subsidiary of Ken JBCC Holdings Sdn. Bhd. is:			
Ken JBCC Land Sdn. Bhd. †	Dormant	**100**	100
The subsidiaries of Ken Projects Sdn. Bhd. are:			
Khidmat Tulin Sdn. Bhd.	Housing developer	**100**	100
T.B.S. Management Sdn. Bhd. †	Property management services	**100**	100
Ken Rimba Sdn. Bhd.	Housing developer and investment holding	**100**	100
The subsidiaries of Ken Rimba Sdn. Bhd. are:			
Genesis Nature Sdn. Bhd. †	Property management services	**100**	100
Swift Frontiers Sdn. Bhd. †	Property management services	**100**	100
The subsidiaries of Ken Property Sdn. Bhd. are:			
Ken Link Sdn. Bhd.	Property development and investment holding	**100**	100
Ken TTDI Sdn. Bhd.	Investment holding	**100**	100
Ken Capital Sdn. Bhd. †	Dormant	**100**	100
The subsidiaries of Ken Estate Sdn. Bhd. are:			
Ken Estate Penang Sdn. Bhd. †	Dormant	**100**	100
Ken Estate (Melaka) Sdn. Bhd. †	Dormant	**100**	100
Ken Pahang Land Sdn. Bhd. †	Dormant	**100**	100
Ken Selangor Land Sdn. Bhd. †	Dormant	**100**	100
Ken Kelantan Land Sdn. Bhd. †	Dormant	**100**	100
Ken Damansara Land Sdn. Bhd. †	Dormant	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

6. **Investments in subsidiaries** (continued)

Name of subsidiary	Principal activities	Effective ownership interest 2014 %	2013 %
The subsidiary of Sphere Supreme Sdn. Bhd. is:			
Wealthy Discovery Sdn. Bhd. †	Dormant	**40**	40
The subsidiary of Ken TTDI Sdn. Bhd. is:			
Jewel Estate Sdn. Bhd. †	Property management services	**100**	100

† Not audited by member firms of KPMG International.

@ Disposed of during the year.

All the subsidiaries were incorporated in Malaysia, except for Kenly (HK) Ltd., which was incorporated in Hong Kong (Note 28.2).

As at 31 December 2014, the Directors have determined that the Group controls Wealthy Discovery Sdn. Bhd. ("WDSB") by virtue of absolute right to the joint development agreement entered into by a wholly-owned subsidiary of the Company and WDSB although the Group owns less than half of the ownership interest and the voting power in this entity.

On 16 January 2015, the Company announced the acquisition of 15,000 ordinary shares of RM1.00 each representing 15% equity interest in WDSB via its wholly-owned subsidiary, Sphere Supreme Sdn Bhd ("SSSB") for a total cash consideration of RM495,000 ("Acquisition").

The Acquisition has been completed subsequent to the year end and WDSB is now a subsidiary of the Group via SSSB.

7. **Other investments**

Group	Total	Shares Unquoted	Shares Quoted in Malaysia
2014	**RM'000**	**RM'000**	**RM'000**
Available-for-sale financial assets	**140**	**20**	**120**
Less: Impairment loss	**(114)**	**-**	**(114)**
	26	**20**	**6**
Market value of quoted investment	**7**	**-**	**7**
2013			
Available-for-sale financial assets	140	20	120
Less: Impairment loss	(114)	-	(114)
	26	20	6
Market value of quoted investment	11	-	11

NOTES TO THE FINANCIAL STATEMENTS

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	**-**	-	**(1,653)**	(1,786)	**(1,653)**	(1,786)
Property development costs	**-**	-	**(1,727)**	(2,348)	**(1,727)**	(2,348)
Land held for property development	**-**	-	**(13,829)**	(13,829)	**(13,829)**	(13,829)
Provisions	**206**	202	**-**	-	**206**	202
Other items	**9,576**	10,044	**-**	-	**9,576**	10,044
Net tax assets/(liabilities)	**9,782**	10,246	**(17,209)**	(17,963)	**(7,427)**	(7,717)
Company						
Provisions	**206**	202	**-**	-	**206**	202

Unrecognised deferred tax assets

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Tax loss carry-forward	**-**	12,365	**-**	-

Tax loss carry-forward 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 was not probable that future taxable profit will be available against which the Group can utilise the benefits there from. The Group has since disposed of the subsidiary in Hong Kong (Note 28.2).

Movement in temporary differences during the year

Group	At 1.1.2013 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2013/ 1.1.2014 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2014 RM'000
Property, plant and equipment	(1,758)	(28)	(1,786)	133	(1,653)
Property development costs	(2,916)	568	(2,348)	621	(1,727)
Land held for property development	(13,829)	-	(13,829)	-	(13,829)
Provisions	143	59	202	4	206
Other items	8,722	1,322	10,044	(468)	9,576
	(9,638)	1,921	(7,717)	290	(7,427)
Company					
Provisions	143	59	202	4	207

NOTES TO THE FINANCIAL STATEMENTS

9. Inventories

	Group 2014 RM'000	Group 2013 RM'000
Completed properties	**57,756**	52,893
Recognised in profit or loss:		
Inventories recognised as cost of sales	**1,259**	246

10. Property development costs

	Group 2014 RM'000	Group 2013 RM'000
At 1 January		
Land	**8,500**	18,441
Development costs	**31,761**	76,387
Accumulated costs charged to profit or loss	**(19,349)**	(57,995)
	20,912	36,833
Development costs incurred during the year	**27,906**	13,750
Transfer from land held for property development	**5,724**	-
	54,542	50,583
Costs charged to profit or loss	**(24,277)**	(21,865)
Costs transferred to inventories	**(12,269)**	(7,711)
	17,996	21,007
At 31 December		
Land	**10,503**	8,883
Development costs	**44,446**	34,072
Accumulated costs charged to profit or loss	**(36,953)**	(21,948)
Current portion	**17,996**	21,007

10.1 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

11. Trade and other receivables

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Trade					
Trade receivables		**1,780**	8,218	**-**	-
Retention sum		**-**	1,303	**-**	-
		1,780	9,521	**-**	-
Less: Allowance for impairment loss		**(509)**	(1,822)	**-**	-
		1,271	7,699	**-**	-
Non-trade					
Amounts due from subsidiaries	11.1	**-**	-	**73,269**	75,107
Other receivables and deposits	11.2	**5,234**	7,654	**5**	5
		5,234	7,654	**73,274**	75,112
		6,505	15,353	**73,274**	75,112

11.1 The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

11.2 Included in other receivables and deposits of the Group are:

i) an advance of RM2,000,000 (2013: RM2,000,000) paid by a subsidiary to a third party for services to be rendered in the normal course of business; and

ii) a deposit of RM500,000 (2013: RM500,000) paid to a third party for a joint development project entered into by a subsidiary during the year.

12. Cash and cash equivalents

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash and bank balances	**11,384**	5,790	**29**	19
Deposits placed with licensed banks	**410**	3,166	**-**	-
	11,794	8,956	**29**	19

Included in the Group's cash and bank balances is monies maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991 of RM1,639,050 (2013: RM812,149).

13. Capital and reserves

Share Capital

Ordinary shares:	Group and Company Amount 2014 RM'000	Number of shares 2014 '000	Amount 2013 RM'000	Number of shares 2013 '000
Authorised:				
Ordinary shares of RM1.00 each	**-**	**-**	300,000	300,000
Ordinary shares of RM0.50 each	**300,000**	**600,000**	-	-
	300,000	**600,000**	300,000	300,000
Issued and fully paid-up:				
Ordinary shares of RM1.00 each				
At 1 January#	**95,860**	**95,860**	95,860	95,860
Share Split*	**-**	**95,860**	-	-
	95,860	**191,720**	95,860	95,860

The ordinary shares for the year ended 31 December 2013 refers to ordinary shares of RM1.00 each.

* *Refers to subdivision of every one existing Company's share into two split shares of RM0.50 each.*

13. Capital and reserves (continued)

13.1 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.

The Company undertook a Share Split involving the subdivision of every one (1) existing Company's share into two (2) split shares. The Share Split was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

13.2 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.

13.3 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.

13.4 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 15 April 2014, 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 2014, the Company repurchased 4,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.34 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 2014, the Group held 12,375,400 (2013: 6,185,700) of the Company's shares.

Details of the repurchase of treasury shares were as follows:

	Average repurchase	Highest repurchase price	Lowest repurchase price	Number of treasury share	Total consideration paid
	RM	RM	RM	repurchase	RM
2014	**1.00**	**1.86**	**1.04**	**4,000**	**4,020**
2013	1.26	1.51	1.21	102,000	128,520

Included in the total treasury shares repurchased are 1,000 ordinary shares (2013: 102,000) that are repurchased on par value of RM1.00 each. These shares are subsequently subdivided to 2,000 (2013: 204,000) after the Company's Share Split exercise.

14. Trade and other payables

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables	14.1	**13,590**	12,264	**-**	-
Progress billings		**9,748**	33,210	**-**	-
		23,338	45,474	**-**	-
Non-trade					
Other payables and accruals	14.2	**23,160**	28,006	**939**	858
Amounts due to Directors	14.3	**468**	477	**359**	369
Amounts due to subsidiaries	14.4	**-**	-	**636**	10,711
		23,628	28,483	**1,934**	11,938
		46,966	73,957	**1,934**	11,938

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other payables (continued)

14.1 Included in trade payables of the Group are retention sums payable amounting to RM4,120,619 (2013: RM3,205,619).

14.2 Included in other payables and accruals of the Group are accrual for project costs amounting to RM4,191,155 (2013: RM9,648,000).

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 Amounts due to Directors represents accrual of Directors fee payable which are unsecured, interest free and repayable on demand.

14.4 The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

15. Loans and borrowings

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Current		
Secured		
Revolving credit	**2,000**	1,500

Security

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2013: RM15.8 million) (Note 5) to secure the above banking facilities granted to the Company.

16. Tax expense

Recognised in profit or loss

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysian - current year	**12,326**	8,867	**213**	1,049
- (over)/under provision in prior year	**(18)**	416	**31**	-
Total current tax recognised in profit or loss	**12,308**	9,283	**244**	1,049
Deferred tax expense				
Reversal of temporary differences	**(306)**	(1,909)	**(74)**	(62)
Under/(over) provision in prior year	**16**	(12)	**70**	3
Total deferred tax recognised in profit or loss	**(290)**	(1,921)	**(4)**	(59)
Total income tax expense	**12,018**	7,362	**240**	990
Reconciliation of tax expense				
Profit for the year	**31,721**	20,895	**11,653**	143
Total income tax expense	**12,018**	7,362	**240**	990
Profit excluding tax	**43,739**	28,257	**11,893**	1,133
Income tax calculated using Malaysian tax rate of 25%	**10,993**	7,064	**2,973**	(283)
Effect of tax rates in foreign jurisdiction *	**-**	5	**-**	-
Non-deductible expenses	**1,155**	282	**133**	4,965
Tax exempt income	**(148)**	(428)	**(2,967)**	(4,261)
Current year losses for which no deferred tax asset was recognised	**20**	35	**-**	-
(Over)/under provision in prior year	**(2)**	404	**101**	3
	12,018	7,362	**240**	990

* 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

17. Disposal of a subsidiary

On 25 July 2014, the Group entered into a Share Sale Agreement with Serapi Suria Sdn. Bhd. for the disposal of 2 ordinary shares of RM1.00 each in Support Capital Sdn. Bhd. ("SCSB") representing 100% of the issued and paid-up capital of SCSB for a total cash consideration of RM2. Management committed to a plan to sell this subsidiary due to the strategic decision to place greater focus on the Group's core operations in Malaysia.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation	**Group RM'000**
Other operating income	286
Expenses	(55)
Results from operating activities	231
Gain on sale of disposal of a subsidiary	-
Profit for the year	231

The profit from discontinued operations of RM231,000 is attributable entirely to the owners of the Company.

Cash flows used in disposal of a subsidiary	**Group RM'000**
Net cash used in operating activities	(55)
Net cash used in investing activities	(478)
Effect on cash flow	(533)

Effect of disposal on the financial position on the Group	**Group RM'000**
Cash and cash equivalents	478
Other payables and accruals	(478)
Net assets and liabilities	-*
Gain on sale of disposal of a subsidiary	-
Consideration received	-*
Cash and cash equivalents disposed of	(478)
Net cash out flows	(478)

* Consideration received of RM2 is equivalent to the net assets and liabilities disposed of.

18. Profit for the year

		Group		**Company**	
	Note	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit for the year is arrived at after charging:					
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		**107**	110	**26**	26
Other auditors		**11**	17	**-**	-
- Non-audit fees					
KPMG Malaysia		**10**	10	**10**	10
Depreciation of investment properties	5	**155**	155	**-**	-
Depreciation of property, plant and equipment	3	**751**	680	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

18. Profit for the year (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Personnel expenses (including key management personnel):					
- Contributions to state plans		**858**	886	**-**	-
- Wages, salaries and others		**8,823**	6,888	**-**	-
Rental expense on premises		**64**	62	**-**	-
Finance costs		**190**	261	**110**	165
Accrual for project costs		**-**	311	**-**	-
Waiver of debts owed by a subsidiary		**-**	-	**-**	16,678
Profit for the year is arrived at after crediting:					
Dividend income from subsidiaries (unquoted)		**-**	-	**11,872**	17,814
Gain on disposal of property, plant and equipment		**5**	36	**-**	-
Inter-company management fees		**-**	-	**948**	750
Interest income from:					
- Fixed deposits		**33**	55	**5**	-
- Housing Development Account		**94**	25	**-**	-
- Purchasers (late payment)		**19**	37	**-**	-
- Stakeholder sum		**174**	-	**-**	-
Rental income from properties		**2,573**	1,702	**-**	-
Reversal of impairment loss on trade receivables		**10**	327	**-**	-
Reversal of accrual for project costs		**3,207**	788	**-**	-
Unrealised gain on foreign exchange		**-**	350	**-**	-

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2014 RM'000	Group 2013 RM'000
Profit for the year attributable to owners of the Company		
- continuing operations	**31,721**	20,895
- discontinued operations	**231**	-
	31,952	20,895

Weighted average number of ordinary shares

	Group 2014 '000	Group 2013 '000 Restated
Issued ordinary shares at 1 January	**95,860**	95,860
Effect of treasury shares held before share split	**(6,187)**	(6,084)
Weighted average number of ordinary shares before share split	**89,673**	89,776
Add: Share split on every one (1) share into two (2)	**95,860**	95,860
Effect of treasury shares held after share split	**(6,187)**	(6,084)
Weighted average number of ordinary shares at 31 December	**179,346**	179,552

NOTES TO THE FINANCIAL STATEMENTS

19. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

	Group 2014	Group 2013 Restated
Basic earnings per ordinary share (sen):		
- continuing operations	**18**	11*
- discontinued operation	**#**	-*
	18	11*

 # Denotes less than 1 sen.
** Accounted for the adjustment of share split which was completed on 19 May 2014.*

20. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2014			
First and final 2013 ordinary (single tier)	**4.5**	**4,035**	**16 May 2014**
2013			
First and final 2012 ordinary (net of tax)	4.5	4,035	21 June 2013

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 (Single tier)	Total amount RM'000
First and final ordinary	3.0	5,380

21. Key management personnel compensation

The key management personnel compensations are as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Company's Directors:				
- Fees	**160**	180	**160**	180
- Remuneration	**2,949**	2,686	**46**	58
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**60**	60	**-**	-
	3,169	2,926	**206**	238
Other Directors:				
- Remuneration	**523**	467	**-**	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**29**	29	**-**	-
	552	496	**-**	-
	3,721	3,422	**206**	238

NOTES TO THE FINANCIAL STATEMENTS

22. 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 techniques and 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.

There are varying levels of integration between the 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(u).

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**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Segment profit	**8,784**	7,489	**37,572**	42,402	**46,356**	49,891
Included in the measure of segment profit are:						
Revenue from external customers	**-**	-	**90,688**	54,731	**90,688**	54,731
Inter-segment revenue	**58,114**	33,775	**-**	-	**58,114**	33,775
Not included in the measure of segment profit but provided to Managing Director:						
Depreciation	**(759)**	(725)	**(143)**	(108)	**(902)**	(833)
Finance income	**18**	1	**296**	116	**314**	117
Segment assets	**69,279**	67,188	**203,532**	223,862	**272,811**	291,050
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	**68**	227	**467**	1,892	**535**	2,119

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

	2014	**2013**
	RM'000	**RM'000**
Profit or loss		
Total profit or loss for reportable segments	**46,356**	49,891
Other non-reportable segments	**33,564**	(8,814)
Elimination of inter-segment profits	**(36,181)**	(12,820)
Consolidated profit before tax	**43,739**	28,257

NOTES TO THE FINANCIAL STATEMENTS

22. Operating segments (continued)

2014	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
Total reportable segments	**90,688**	**(902)**	**314**	**272,811**	**535**
Other non-reportable segments	**394**	**(4)**	**6**	**228,980**	**13,667**
Elimination of inter-segment transactions or balances	**-**	**-**	**-**	**(219,010)**	**270**
Consolidated total	**91,082**	**(906)**	**320**	**282,781**	**14,472**
2013					
Total reportable segments	55,492	(833)	117	291,050	2,119
Other non-reportable segments	336	(2)	-	196,052	11,379
Elimination of inter-segment transactions or balances	-	-	-	(207,626)	270
Consolidated total	55,828	(835)	117	279,476	13,768

Geographical segments

Both the construction and property development segments are now operating solely in Malaysia. During the financial year, the subsidiary in Hong Kong has been disposed of via Support Capital Sdn. Bhd..

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
2014		
Malaysia	**91,082**	**282,781**
Hong Kong	**-**	**-**
	91,082	**282,781**
2013		
Malaysia	55,828	277,662
Hong Kong	-	1,814
	55,828	279,476

23. Financial instruments

23.1 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 ("FL").

2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Other investments	**26**	**-**	**26**
Trade and other receivables	**6,505**	**6,505**	**-**
Cash and cash equivalents	**11,794**	**11,794**	**-**
	18,325	**18,299**	**26**

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Company			
Trade and other receivables	**73,274**	**73,274**	-
Cash and cash equivalents	**29**	**29**	-
	73,303	**73,303**	-
Financial liabilities			
Group			
Trade and other payables	**(46,966)**	**(46,966)**	-
Loans and borrowings	**(2,000)**	**(2,000)**	-
	(48,966)	**(48,966)**	-
Company			
Trade and other payables	**(1,934)**	**(1,934)**	-
Loans and borrowings	**(2,000)**	**(2,000)**	-
	(3,934)	**(3,934)**	-
2013			
Financial assets			
Group			
Other investments	26	-	26
Trade and other receivables	15,353	15,353	-
Cash and cash equivalents	8,956	8,956	-
	24,335	24,309	26
Company			
Trade and other receivables	75,112	75,112	-
Cash and cash equivalents	19	19	-
	75,131	75,131	-
Financial liabilities			
Group			
Trade and other payables	(73,957)	(73,957)	-
Loans and borrowings	(1,500)	(1,500)	-
	(75,457)	(75,457)	-
Company			
Trade and other payables	(11,938)	(11,938)	-
Loans and borrowings	(1,500)	(1,500)	-
	(13,438)	(13,438)	-

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	**162**	794	**-**	(16,678)
Other financial liabilities measured at amortised cost	**(190)**	(261)	**(110)**	(165)

NOTES TO THE FINANCIAL STATEMENTS

23. **Financial instruments** (continued)

23.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

23.4 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.

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 stated 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	
	2014	**2013**
	RM'000	**RM'000**
Domestic	**6,505**	13,660
Hong Kong	**-**	1,693
	6,505	15,353

Receivables

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only.

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

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2014			
Not past due	**948**	**-**	**948**
Past due 0-30 days	**288**	**-**	**288**
Past due 31-120 days	**13**	**-**	**13**
Past due more than 120 days	**531**	**(509)**	**22**
	1,780	**(509)**	**1,271**
2013			
Not past due	3,992	-	3,992
Past due 0-30 days	7	-	7
Past due 31-120 days	9	-	9
Past due more than 120 days	5,513	(1,822)	3,691
	9,521	(1,822)	7,699

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

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

	Group	
	2014 RM'000	2013 RM'000
At 1 January	**1,822**	2,676
Impairment loss reversed	**(10)**	(327)
Impairment loss written off	**-**	(634)
Discontinued operations	**(1,303)**	-
Effect of foreign exchange differences	**-**	107
At 31 December	**509**	1,822

The allowance account in respect of trade 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.

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 RM3.81 million (2013: RM1.46 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 loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured 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.

23.5 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, loans and borrowings.

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2014	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 Year RM'000
Group				
Non-derivative financial liabilities				
Trade and other payables	**46,966**		**46,966**	**46,966**
Revolving credit	**2,000**	**5.10%**	**2,000**	**2,000**
	48,966		**48,966**	**48,966**
Company				
Non-derivative financial liabilities				
Trade and other payables	**1,934**		**1,934**	**1,934**
Revolving credit	**2,000**	**5.10%**	**2,000**	**2,000**
	3,934		**3,934**	**3,934**
2013				
Group				
Non-derivative financial liabilities				
Trade and other payables	73,957		73,957	73,957
Revolving credit	1,500	4.85%	1,500	1,500
	75,457		75,457	75,457
Company				
Non-derivative financial liabilities				
Trade and other payables	11,938		11,938	11,938
Revolving credit	1,500	4.85%	1,500	1,500
	13,438		13,438	13,438

23.6 Market risk

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

23.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, foreign bank balances and short term deposits with a licensed bank 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.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

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 were:

	Denominated in HKD	
	2014	**2013**
Group	**RM'000**	**RM'000**
Trade and other receivables	-	1,693
Cash and bank balances	**295**	5,170
	295	6,863

Currency risk sensitivity analysis

A 10 percent strengthening of HKD against RM at the end of the reporting period would have increased equity by RM29,548 and post-tax profit or loss by RM22,161. This analysis assumes that all other variables, in particular interest rates, remained constant.

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

23.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirement.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**410**	3,166	-	-
Floating rate instruments				
Financial liabilities	**(2,000)**	(1,500)	**(2,000)**	(1,500)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

The exposure to interest rate risk of the Group on variable rate instruments is not material and hence, sensitivity analysis is not presented.

23.6.3 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.

23. Financial instruments (continued)

23.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings are 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.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of the quoted investments of the Group amounting to RM7,000 not carried at fair value is categorised as Level 1.

24. 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. During the year, the Group has undertaken loans and borrowings from a licensed bank to finance its working capital purposes.

The debt-to-equity ratio at 31 December 2014 was as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Total borrowings (Note 15)	**2,000**	1,500
Total equity	**212,260**	183,618
Debt-to-equity ratio	**0.01**	0.01

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.

25. Capital commitment

	Group	
	2014	**2013**
	RM'000	**RM'000**
Capital expenditure commitment		
Investment property		
Approved but not contracted for	**770**	-

The above acquisition was completed on 30 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

26. Contingencies

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

	Company	
	2014	**2013**
Contingent liabilities not considered remote	**RM'000**	**RM'000**
Guarantees given to financial institutions for credit facilities granted to subsidiaries	**3,464**	1,126
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	**350**	338
	3,814	1,464

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 21) are shown below. Significant related parties balances related to the below transactions are disclosed in Notes 11 and 14 to the financial statements.

Group and Company

	2014	**2013**
	RM'000	**RM'000**
Key management personnel		
Dato' 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
Company		
Subsidiaries		
Management fees receivable		
- Ken Grouting Sdn. Bhd.	**(360)**	(360)
- Ken Projects Sdn. Bhd.	**(588)**	(390)
	(948)	(750)
Dividend income receivable		
- Ken Grouting Sdn. Bhd.	**(750)**	(3,000)
- Ken Projects Sdn. Bhd.	**(11,122)**	(14,229)
- Ken Property Sdn. Bhd.	**-**	(585)
	(11,872)	(17,814)

28. Significant events

28.1 Share Split

On 24 February 2014, the Company announced to undertake a Proposed Share Split involving the subdivision of every one (1) existing Company's share into two (2) split shares.

Following the approval by shareholders at the AGM dated 15 April 2014, the Share Split was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

28.2 Disposal of a subsidiary

On 25 July 2014, the Company entered into a Share Sale Agreement with Serapi Suria Sdn. Bhd. ("Purchaser") for the disposal of 2 ordinary shares of RM1.00 each in Support Capital Sdn. Bhd. ("SCSB") representing 100% of the issued and paid-up capital of SCSB for a total cash consideration of RM2. Management committed to a plan to sell this subsidairy due to the strategic decision to place greater focus on the Group's core operations in Malaysia.

The above transaction was completed during the financial year.

28.3 Repurchase of Company's shares

During the financial year, the Company repurchased 4,000 of its issued ordinary shares for a total cash consideration of RM4,026 from the open market at an average price of RM1.34 per share. As at 31 December 2014, total treasury shares held by the Company was 12,375,400.

29. Subsequent event

On 16 January 2015, the Company announced the acquisition of 15,000 ordinary shares of RM1.00 each representing 15% equity interest in Wealthy Discovery Sdn. Bhd. ("WDSB") via its wholly-owned subsidiary, Sphere Supreme Sdn. Bhd. ("SSSB") for a total cash consideration of RM495,000 ("Acquisition"). The Acquisition has been completed subsequent to the year end and WDSB is now a subsidiary of the Group via SSSB.

The Company does not expect the above transaction to have any material impact to the financial statements for the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

30. 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 Securities Berhad Listing Requirements, are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	**174,014**	129,225	**32,619**	25,063
- unrealised	**(4,192)**	(6,704)	**264**	202
Less: Consolidation adjustments	**(54,331)**	(34,947)	**-**	-
Total retained earnings	**115,491**	87,574	**32,883**	25,265

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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 40 to 81 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 82 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:

Dato' Tan Boon Kang

Tang Kam Chee

Kuala Lumpur, Malaysia

Date: 11 March 2015

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 40 to 81 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 11 March 2015.

Tang Kam Chee

Before me:

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 2014 of the Group and of the Company, and the statements of profit or loss and other 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 40 to 81.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

i) 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.

ii) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

iii) 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.

iv) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 82 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. 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: 2055/06/16(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 11 March 2015

LIST OF PROPERTIES
as at 31 December 2014

The properties of the Group as at 31 December 2014 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 Feringgi District of Timor Laut State of Penang	Two parcels of land for development	Freehold	-	2.53 acres	5,641	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 for investment	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 for development	Freehold	-	14.44 acres	1,947	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/ 1 February 2079	-	47,006 sq ft	3,768	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/ 1 February 2079	-	36,909 sq ft	2,826	2010**
6.	Lot 29504, H.S. (D) 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	34 years	1,875 sq ft	3,120	2010**
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 ground floor shoplots for investment	Leasehold/ 9 February 2104	14 years	9,192 sq ft	1,351	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 retail commercial lots for investment	Freehold	12 years	6,653 sq ft	595	2005*

LIST OF PROPERTIES
as at 31 December 2014

The properties of the Group as at 31 December 2014 are as follows: (continued)

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
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 5.64 acres	2,600	2003
10.	GRN 75652 Lot 480009 Lot 31211 Mukim dan District of Kuala Lumpur	A parcel of land under construction	Freehold	-	Approximately 1.21 acres	55,059	2007
11.	PM11255, 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/ 18 August 2068	-	110,543 sq ft	1,717	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 ground floor shoplots for investment	Freehold	5 years	11,050 sq ft	1,694	2010
13.	GM1431-1438 Lot No. 2794-2797, 3511-3514 & HS(M) 1723, PT3747 Mukim Cheng District of Melaka Tengah State of Melaka	Nine parcels of land for investment	Freehold	-	437,671 sq ft	5,766	2011
14.	HS(D) 10382 Lot PT 11205 and HS(D) 10386 Lot 11209 Mukim and District of Bentong State of Pahang	Two parcels of land for development	Freehold	-	Approximately 4.95 acres	16,503	2012
15.	PN 38964, 38965, 38966 and 38967 Lots 22642, 22643, 22644 and 22645 Town and District of Johor Bahru State of Johor	Four parcels of land for development	Leasehold/ 8 March 2091	-	992,368 sq ft	71,933	2012

** Valuation done in 2005   ** Valuation done in 2010*

ANALYSIS OF SHAREHOLDINGS

as at 2 March 2014

SHARE CAPITAL

Authorised share capital	:	RM300,000,000/-
Issued and fully paid-up capital	:	RM191,720,000/-
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per ordinary share
No. of treasury shares held	:	12,375,400 ordinary shares of RM0.50 each

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	73	4.38	1,664	0.00
100 – 1,000 shares	110	6.61	47,616	0.03
1,001 – 10,000	938	56.34	5,645,100	3.15
10,001 – 100,000	468	28.11	13,239,900	7.38
100,001 to less than 5% of issued shares	74	4.44	74,779,458	41.69
5% and above of issued shares	2	0.12	85,630,862	47.75
Total	1,665	100.00	179,344,600	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name	No. of shares held	%
1.	Kencana Bahagia Sdn. Bhd.	64,549,638	35.99
2.	SJ Sec Nominees (Tempatan) Sdn. Bhd. *Budaya Dinamik Sdn. Bhd.*	21,081,224	11.75
3.	SJ Sec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Seloka Aman Sdn. Bhd.*	6,663,000	3.72
4.	Tan Chek Siong	6,242,000	3.48
5.	Tan Chek Een	6,000,000	3.35
6.	Tan Chek Ying	6,000,000	3.35
7.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kian Aik*	4,739,600	2.64
8.	Dato' Tan Boon Kang	3,963,600	2.21
9.	Kencana Bahagia Sdn. Bhd.	3,300,000	1.84
10.	Tan Foo See	3,249,978	1.81
11.	Yeoh Peck Leng	3,060,000	1.71
12.	SJ Sec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Adat Saga Sdn. Bhd.*	2,373,200	1.32
13.	To' Puan Lau Pek Kuan	2,300,000	1.28
14.	Teo Kwee Hock	2,092,000	1.17
15.	I-Wen Morsingh	1,687,000	0.94
16.	To' Puan Lau Pek Kuan	1,617,000	0.90
17.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kian Aik*	1,588,600	0.89
18.	Tan Chee Koon	1,496,800	0.83
19.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-ASING)*	1,301,800	0.72
20.	Low Siew Choong @ Liew Siew Meng	1,265,500	0.70

ANALYSIS OF SHAREHOLDINGS
as at 2 March 2014

LIST OF THIRTY LARGEST SHAREHOLDERS (continued)

	Name	No. of shares held	%
21.	Tan Moon Hwa	1,202,680	0.67
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Chai Beng*	900,000	0.50
23.	Cartaban Nominees (Tempatan) Sdn. Bhd. *AXA Affin General Insurance Berhad*	860,000	0.48
24.	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teo Siew Lai (Margin)*	719,300	0.40
25.	Yeo Khee Huat	656,000	0.37
26.	Lau Chin Kok	623,000	0.35
27.	Lau Chin Ka	599,320	0.33
28.	Bernard Chang Tze Wah	500,000	0.28
29.	Lim Hong Liang	493,480	0.28
30.	Sek Kiang Noi	430,000	0.24
	Total	151,554,720	84.50

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		No. of ordinary shares of RM0.50 each			
Name of substantial shareholders		**Direct**	**%**	**Indirect**	**%**
1)	Kencana Bahagia Sdn. Bhd.	67,849,638	37.83	-	-
2)	Dato' Tan Boon Kang	3,963,600	2.21	83,766,638(1)	46.71
3)	To' Puan Lau Pek Kuan	3,917,000	2.18	83,813,238(1)	46.73
4)	Anton Syazi bin Ahmad Sebi	-	-	21,081,224(2)	11.75
5)	Aryati Sasya binti Ahmad Sebi	-	-	21,081,224(2)	11.75
6)	Budaya Dinamik Sdn. Bhd.	21,081,224	11.75	-	-

STATEMENT OF DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares of RM0.50 each			
Directors' name		**Direct**	**%**	**Indirect**	**%**
1)	Dato' Tan Boon Kang	3,963,600	2.21	83,766,638 (1)	46.71
2)	Tan Chek Siong	6,242,000	3.48	-	-
3)	Tan Moon Hwa	1,202,680	0.67	-	-
4)	Tang Kam Chee	200,000	0.11	-	-
5)	YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar	-	-	-	-
6)	YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	-	-	-	-
7)	Dato' Ir. Dr. Ashaari bin Mohamad	-	-	-	-
8)	Sha Thiam Lu	-	-	-	-

By virtue of his interest in the Company, Dato' Tan Boon Kang is deemed to be interested in the shares in all subsidiaries to the extent that the Company has an interest.

Notes:
(1) Deemed interested by virtue of his/her substantial shareholding in Kencana Bahagia Sdn. Bhd. and the shareholdings of his/her spouse and children in the Company.
(2) Deemed interested by virtue of his/her substantial shareholding in Budaya Dinamik Sdn. Bhd.

KEN HOLDINGS BERHAD
(Company No.: 106173-M)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

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 THIRTY-FIRST ANNUAL GENERAL MEETING of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 13 April 2015, 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 declare a first and final single tier dividend		
2)	To approve Directors' fees		
3)	Re-election of Mr. Tan Moon Hwa as Director		
4)	Re-election of YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail as Director		
5)	Re-election of Dato' Ir. Dr. Ashaari bin Mohamad as Director		
6)	Re-appointment of Messrs. KPMG as Auditors		
7)	Ordinary Resolution 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8)	Ordinary Resolution 2 - Proposed Renewal of Share Buy-Back		
9)	Ordinary Resolution 3 - Continuing in Office as Independent Non-Executive Director		

Signed this____________day of_____________2015

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

____
Signature

Notes:

1. A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint any person as his/her proxy to attend, speak and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. A member may appoint up to two (2) persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. 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.
5. The Proxy Form 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.
6. For purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting 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 Malaysia Securities Berhad, a Record of Depositors as at 6 April 2015 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend, speak and vote in his/her stead.

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STAMP

KEN HOLDINGS BERHAD (106173-M)
6, JALAN DATUK SULAIMAN
TAMAN TUN DR ISMAIL
60000 KUALA LUMPUR
MALAYSIA

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