

KIA LIM BERHAD (342

## KIA LIM BERHAD

Wisma Ng Hoo Tee, No. 79, Jalan Muar, 83500 Parit Sulong, Batu Pahat, Johor Darul Takzim, Malaysia. Tel: 607-418 8999, 418 6249 Fax: 607-418 8820

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**CLAYON** offers facing bricks of exceptional quality and timeless beauty, a lifetime of strength and durability.

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Cream - Rockface Facing Brick

NOTES.

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PROPERTY.

Cream - Barkface Facing Brick

Super Red - Smooth Face Facing Brick

Heritage Red

CERCER

CLAYON pavers are natural, solid and durable in a variety of natural colours and earthly tones ranging from cream to brown.

With/its range of texture, size and profile, our pavers produce a natural and astonishing effect.

Heritage Brown

Heritage Cream



# Is EconBlock ....

• Economical'?	
Better quality?	
Faster installation?	
Better appearance?	
• Fire resistance?	
Better sound proof?	
Cooler?	
• Easy to work?	
• Stronger?	

Perforated (air pocket) design improves acoustic characteristic and makes your house cooler.

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Bigger size translates to bigger saving.

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The peak & valley (groove) design ensures better grip during installation and cement rendering.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of Kia Lim Berhad will be held at Minyak Beku Agrotourism Resort, Room Straits View 2 (SV 2), PTD 3077a, PTD 3438, PTD 3732, Batu 5, Minyak Beku, 83030 Batu Pahat, Johor Darul Takzim on Wednesday, 30 May 2012 at 12.00 noon to transact the following businesses.

## Agenda

## ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Report thereon.	RESOLUTION 1
2.	To approve the payment of Directors' fees for the year ended 31 December 2011.	<b>RESOLUTION 2</b>
3.	To re-elect the following Directors who retire during the year in accordance with Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:-	
	<ul><li>(i) YB Datuk Ariss Bin Samsudin</li><li>(ii) En Mohd Salleh Bin Jantan</li></ul>	RESOLUTION 3 RESOLUTION 4
4.	To consider, and if thought fit, to pass the following resolution:-	
	(i) "THAT pursuant to Section 129(6) of the Companies Act, 1965 ("Act"), Dr Ng Yam Puan @ Ng Ah Bah be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	RESOLUTION 5
	(ii) "THAT pursuant to Section 129(6) of the Act, Mr Tan See Chip be and is hereby re- appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."	RESOLUTION 6
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.	RESOLUTION 7
SP	ECIAL BUSINESS	
6.	To consider and, if thought fit, to pass the following Ordinary Resolutions:-	

#### ORDINARY RESOLUTION 1 AUTHORITY TO ALLOT SHARES - SECTION 132D

"THAT pursuant to Section 132D of the Act and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time 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 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM') of the Company."

#### ORDINARY RESOLUTION 2 PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed RSM")

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties mentioned under section 2.1.1 of the Circular to Shareholders dated 4 May 2012 which are necessary in the ordinary course of business of the Company and its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

**RESOLUTION 9** 

**RESOLUTION 8** 

# NOTICE OF ANNUAL GENERAL MEETING

- (a) the conclusion of the next AGM following the forthcoming AGM at which such Proposed RSM was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in an AGM or EGM,

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

#### ORDINARY RESOLUTION 3 PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed SM")

**RESOLUTION 10** 

"THAT approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties mentioned under section 2.1.2 of the Circular to Shareholders dated 4 May 2012 which are necessary in the ordinary course of business of the Company and its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until: -

- (a) the conclusion of the next AGM following the forthcoming AGM at which such Proposed SM was passed, at which time will lapse, unless by ordinary resolution passed at an AGM whereby the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in an AGM or EGM,

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

#### SPECIAL RESOLUTION PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the proposed alterations, modifications, amendments or deletion to the Articles of Association of the Company as contained in Appendix A be hereby approved."

7. To transact any other business appropriate to an AGM, due notice of which shall have been previously given in accordance with the Act and the Company's Articles of Association.

BY ORDER OF THE BOARD

LEONG SIEW FOONG MAICSA No. 7007572 Company Secretary

Johor Bahru 4 May 2012

NOTES:

- 1. A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 2. A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, Section 149 of the Act shall not be applicable.
- 3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
- 4. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

RESOLUTION 11

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# NOTICE OF ANNUAL GENERAL MEETING

#### EXPLANATORY NOTES ON SPECIAL BUSINESS:

#### 1. Resolution 8

The proposed Ordinary Resolution No. 1 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The general mandate sought for issue of securities is a renewal to a general mandate sought in the preceding year. The Company did not utilize the mandate sought during the financial year ended 31 December 2011. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

#### 2. Resolution 9 & Resolution 10

The Proposed RSM under Ordinary Resolution 2 was intended to renew the shareholders' mandate granted by the shareholders of the Company at an AGM of the Company held on 30 May 2012.

The Proposed SM under Ordinary Resolution 3 was intended to obtain shareholders' mandate for New Recurrent Related Party Transactions from the shareholders of the Company at this AGM.

The Proposed RSM and Proposed SM are to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed RSM and Proposed SM are set out in the Circular to Shareholders of the Company which is despatched together with the Annual Report of the Company for the financial year ended 31 December 2011.

#### 3. Resolution 11

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Appendix A is attached together with the Circular to Shareholders dated 4 May 2012.

# CORPORATE INFORMATION

#### BOARD OF DIRECTORS

Mr Loh Chee Kan - Chairman (Independent Non-Executive Director) YB Datuk Ariss Bin Samsudin - Vice Chairman (Executive Director) Datuk Ng Yeng Keng @ Ng Ka Hiat - Chief Executive Officer (Executive Director) Mr Tan See Chip (Executive Director) Mr Ng Chin Kang (Executive Director) Dr Ng Yam Puan @ Ng Ah Bah (Non-Executive Director) Mr Chua Syer Cin (Independent Non-Executive Director) En Mohd Salleh Bin Jantan (Independent Non-Executive Director)

## AUDIT COMMITTEE

Mr Loh Chee Kan Mr Chua Syer Cin En Mohd Salleh Bin Jantan

#### NOMINATION COMMITTEE

Mr Loh Chee Kan Mr Chua Syer Cin En Mohd Salleh Bin Jantan

#### REMUNERATION COMMITTEE

Datuk Ng Yeng Keng @ Ng Ka Hiat Mr Loh Chee Kan Mr Chua Syer Cin En Mohd Salleh Bin Jantan

#### COMPANY SECRETARY

Ms Leong Siew Foong MAICSA No. 7007572

#### **REGISTERED OFFICE**

Suite 6.1A Level 6 Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel : 07-3323536 Fax : 07-3324536

#### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-W) Level 6 Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Tel : 03-78418000 Fax : 03-78418151

#### PRINCIPAL PLACE OF BUSINESS

Wisma Ng Hoo Tee 79 Jalan Muar 83500 Parit Sulong Batu Pahat Johor Darul Takzim

#### AUDITORS

Ernst & Young (Chartered Accountants) Suite 11.2 Level 11 Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim

#### PRINCIPAL BANKERS

CIMB Bank Berhad Hong Leong Bank Berhad (formerly known as EON Bank Berhad) Malaysian Industrial Development Finance Berhad RHB Bank Berhad

#### STOCK EXCHANGE

Main Market of the Bursa Malaysia Securities Berhad Stock Code : 6211

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# AUDIT COMMITTEE REPORT

## MEMBERS

#### Mr Loh Chee Kan

- Chairman, Independent Non-Executive Director

## Mr Chua Syer Cin

- Member, Independent Non-Executive Director

### En Mohd Salleh Bin Jantan

- Member, Independent Non-Executive Director

## MEMBERSHIP

The Committee shall be appointed by the Board from amongst its Directors excluding alternate directors which fulfils the following requirements:

- (a) the Audit Committee must be composed of no fewer than three (3) members;
- (b) a majority of the Audit Committee must be independent directors (as defined in the Listing Requirements) and all members of the Audit Committee should be non-executive directors and financially literate; and
- (c) at least one member of the Audit Committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
    - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  - (iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Committee shall elect a chairman from amongst the Audit Committee members who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

The terms of reference of Audit Committee complies with Chapter 15 Part C of Bursa Securities Listing Requirements.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has conducted its activities in accordance with its existing Terms of Reference. The activities are as follows:

- Reviewed and recommended for the Board's approval the quarterly financial results for public announcement;
- Reviewed with the external auditors their audit plan prior to the commencement of the audit activities;
- Discussed the annual audited financial statements with the external auditors and ensured that the financial reporting and disclosure requirements are complied with the relevant authorities, as well as their findings and recommendations;
- Discussed with the external auditors to ensure that internal control system is adequate and functioning and any weaknesses identified are properly remedied;
- Reviewed related party transactions entered into by the Group in its ordinary course of business;
- Discussed and reviewed the updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board; and
- Reviewed and approved the internal audit reports.

AUDIT COMMITTEE REPORT

#### ATTENDANCE OF AUDIT COMMITTEE MEETINGS

Details of attendance at Audit Committee Meetings held in the financial year ended 31 December 2011 as follows:

No.	Name of Audit Committee Members	Number of Meetings Attended
1	Mr Loh Chee Kan	4
2	Mr Chua Syer Cin	3
3	En Mohd Salleh Bin Jantan	4

A total of four (4) Audit Committee Meetings were held during the financial year ended 31 December 2011.

The Board has reviewed the term of office and performance assessment of Committee and each of its members during the financial year. Such assessment has been properly documented and recorded.

#### INTERNAL AUDIT FUNCTIONS

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Board has outsourced its internal audit function to an independent professional service firm.

The Outsourced Internal Auditors had met with the Audit Committee to present their reports and to discuss their findings and the adequacy of the internal control system of the Group.

The cost incurred in maintaining the Internal Audit Function for the financial year ended 31 December 2011 was RM32,265.

# PROFILE OF BOARD OF DIRECTORS

MR LOH CHEE KAN, aged 57, Malaysian, was appointed as Independent Non-Executive Director of Kia Lim Berhad ("KLB") on 5 March 1996 and redesignated as Chairman of the Company on 1 March 2011. Presently, he is the Chairman of the Audit Committee, member of the Nomination Committee and the Remuneration Committee.

He obtained his Bachelor of Science (Honours) Degree in Management Sciences from the University of Warwick in the United Kingdom in 1978. His career experience includes a twelve (12) years attachment with Ernst & Young, an international accounting and consultancy practice, and later with Juan Kuang (M) Industrial Bhd where he stayed for two (2) years. He is currently the Finance Director of JK Capital Sdn Bhd group of companies.

Mr Loh Chee Kan has no shareholding in the Company or in any of its subsidiaries; no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; and no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

YB DATUK ARISS BIN SAMSUDIN, aged 56, Malaysian, was appointed as Vice Chairman & Executive Director of KLB on 5 March 1996 and was appointed to the Board of Syarikat Kia Lim Kilang Batu Bata Sdn Bhd ("SKL") on 28 February 1995. He also sits on the Board of several other private limited companies.

Prior to joining SKL, he was appointed to the Board of Directors of Naluri Berhad in 1994 and had resigned in 2000. He has previously held the position of a Business Development Manager (Southern-Johor state) in Kretam Holdings Berhad from 1 April 1994 to 30 October 1994 and subsequently went on to join Jeffa Construction Sdn Bhd in a similar position from 1 November 1994 to 29 February 1996. On 1 March 1996, he joined Kretam Management Sdn Bhd as a Business Development Manager (Southern-Johor state) and resigned on 16 November 1998. YB Datuk Ariss had been in the civil service for about ten (10) years from 1984 to 1994 before moving on to business. Socially, he is currently a member of State Assembly of Semerah, Johor, and MARA Council Member 2011-2013.

YB Datuk Ariss has no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company and has no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

DATUK NG YENG KENG @ NG KA HIAT, aged 66, Malaysian, was appointed as Executive Director of KLB on 5 March 1996 and redesignated as Deputy Managing Director on 29 November 2006. Subsequently, on 8 October 2007, Datuk Ng Yeng Keng was redesignated as Chief Executive Officer of the Company.

He has over twenty eight (28) years of experience in the manufacturing of clay bricks, building and civil engineering works, sawmilling, logging and manufacturing of wood-based products. He was an Executive Director of Syarikat Kayu Wangi Berhad since 1981 and resigned in 2005. He also sits on the Board of several other private limited companies.

Datuk Ng Yeng Keng is the brother of Dr Ng Yam Puan, brother-in-law of Mr Tan See Chip and uncle of Mr Ng Chin Kang, the Directors and/or major shareholders of the Company. His related family members who are also substantial shareholders of the Company are Mdm Kour Siok Leen (sister-in-law of Datuk Ng Yeng Keng) and his nephew, namely, Mr Ng Chin Lan. He has no conflict of interest with the Company and has no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

## PROFILE OF BOARD OF DIRECTORS

MR TAN SEE CHIP, aged 72, Malaysian, was appointed as Executive Director of KLB on 5 March 1996 and is also one of the founder members of SKL and Kangkar Raya Batu Bata Sdn Bhd ("KRBB"). He has over thirty one (31) years of experience in the manufacturing of clay bricks, building and civil engineering works. He also sits on the Board of several other private limited companies.

Mr Tan See Chip is the brother-in-law of Dr Ng Yam Puan, Datuk Ng Yeng Keng and Mdm Kour Siok Leen, uncle of Mr Ng Chin Kang and Mr Ng Chin Lan, the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

**MR NG CHIN KANG**, aged 41, Malaysian, was appointed as Executive Director of KLB on 26 November 2001. He graduated with a Bachelor of Commerce with Honours degree from University of Western Australia and ASIA Graduate Diploma from Security Institute of Australia. He also holds a MBA from Sydney University and Master of Arts in Business Research from Macquarie University, Australia.

He worked with Medical Benefits Funds of Australia Limited in the senior executive management team from 1999 to March 2002. Prior to that, Mr Ng Chin Kang had served as senior officer in the investment banking arm of Commonwealth Bank of Australia for approximately five (5) years. He is also a Director of several other private limited companies.

Mr Ng Chin Kang is the nephew of Dr Ng Yam Puan and Datuk Ng Yeng Keng and cousin of Mr Ng Chin Lan, the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past ten (10) years.

He attended three (3) out of the total four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

DR NG YAM PUAN @ NG AH BAH, aged 74, Malaysian, was appointed as Non-Executive Director of KLB on 5 March 1996 and is a graduate from the Tohoku National University, Japan with a Bachelor of Medicine and Bachelor of Surgery in 1967 and Doctor of Philosophy in Internal Medicine in 1972. He started his medical career at the Johor Bahru General Hospital as a medical officer in 1973. He has since left the civil service in 1977 to establish his own private clinic in Batu Pahat. He is also a Director of several other private limited companies.

Dr Ng Yam Puan is the brother of Datuk Ng Yeng Keng, brother-in-law of Mr Tan See Chip and uncle of Mr Ng Chin Kang, the Directors and major shareholders of the Company. His related family members who are also shareholders of the Company are Mdm Kour Siok Leen (sister-in-law of Dr Ng Yam Puan) and his nephew, namely, Mr Ng Chin Lan. He has no conflict of interest with the Company and has no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

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## PROFILE OF BOARD OF DIRECTORS

EN MOHD SALLEH BIN JANTAN, aged 69, Malaysian, was appointed as Non-Executive Director of KLB on 5 March 1996 and redesignated as Independent Non-Executive Director on 26 May 2010. He has over thirty five (35) years experience in the manufacturing of clay bricks and building and civil engineering works. Presently, he is the member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He was the Board member of Syarikat Kayu Wangi Berhad and resigned in 2005. He is also the Director of several other private limited companies.

En Mohd Salleh has no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; and no conviction for offences within the past ten (10) years.

He attended all of the four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

MR CHUA SYER CIN, aged 40, Malaysian, was appointed as Independent Non-Executive Director of KLB on 1 November 2001 and is presently a member of the Audit Committee, Nomination Committee and the Remuneration Committee of the Company.

Upon graduation from the Charles Sturt University, Australia in 1994, he joined the accounting practice of Ernst & Young as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Melaka. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and has since been the sole proprietor of the firm.

He is presently a member of Malaysian Institute of Accountants and CPA Australia. He was an Independent Non-Executive Director of Syarikat Kayu Wangi Berhad and resigned in 2005. He is also the Board member of Poh Huat Resources Holdings Berhad as well as several private limited companies.

Mr Chua Syer Cin has no shareholding in the Company or in any of its subsidiaries; no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; and no conviction for offences within the past ten (10) years.

He attended three (3) out of the total four (4) Board Meetings of the Company held during the financial year ended 31 December 2011.

Note:

(1) Please refer to page 65 and page 67 of this Annual Report for Directors' shareholdings and warrant holdings.





The Board values the support, trust and confidence of shareholders, customers and business associates and therefore it has applied the Principles of Malaysian Code of Corporate Governance and Best Practices in Corporate Governance ("the Code").

#### THE BOARD OF DIRECTORS

The Group is led and managed by an experienced Board comprising members with a wide range of experience and expertise in relevant fields such as accounting, business administration, finance, operations and public services. The Board has overall responsibility for corporate governance, strategic direction, overseeing the conduct of the Group's business and its management, reviewing the adequacy and the integrity of the Group's internal control systems. It is the ultimate body in decision making for outlining and implementation of corporate objectives and directions.

#### a) Composition

The Board consists of the Chairman, who is an Independent Non-Executive Director, the Vice Chairman, who is an Executive Director, the Chief Executive Officer, two (2) other Executive Directors and three (3) Non-Executive Directors of which two (2) are Independent Non-Executive Directors. With the above appointments, Kia Lim Berhad has thus complied with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least one-third (1/3) of the Board to be Independent Directors. It is the Company's practice that newly appointed Director is given briefing on the history of the Company, operations, financial control system to enable them to have a good understanding of the Company's operation. A brief profile of each Director is presented separately in this Annual Report.

The Chief Executive Officer, who is also an Executive Director is assisted in the management of the business on a day-to-day basis by the Executive Directors and an experienced management team. He has extensive knowledge and experience in the manufacturing of clay bricks, building and civil engineering works, sawmilling, logging and manufacturing of wood-based products and has the caliber to ensure that strategies and policies approved by the Board are effectively implemented. The Independent Non-Executive Directors are independent of management and free from any business or personal relationships that could materially interfere with the exercise of their independent judgement. They play an important role to ensure the strategies or views proposed by the Management are professional and independent and that the advice and judgement made to issues and decisions are to the best interest of the stakeholders and the Group.

There is a clear and distinct division of responsibility between the Chairman and the Chief Executive Officer to ensure a proper balance of power and authority. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval while the Chief Executive Officer has the executive responsibility to manage the business. All decisions of the Board are based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision making process. This enable the Board to effectively discharge its principal responsibility as set out in the Code.

In accordance with Best Practices of the Code, the Board has delegated certain functions to several Board Committees to assist in the execution of its responsibilities which operates within clearly defined terms of reference. The Board Committees include the Audit Committee, the Nomination Committee and the Remuneration Committee. The Chairman of the respective Committees reports to the Board on the outcome of each Committee's Meetings and proceedings are incorporated in the minutes of Board Meeting. These Committees operate within clearly defined terms of reference.

#### b) Board Meetings

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly.

#### THE BOARD OF DIRECTORS (CONT'D)

#### b) Board Meetings (cont'd)

There were four (4) Board Meetings held during the financial year ended 31 December 2011. A majority of the Directors attended all the Board Meetings held during their tenure. Details of attendance are as follows:

Directors	Status	Board Meeting Attended
Mr Loh Chee Kan	Chairman & Independent Non-Executive Director	4/4
YB Datuk Ariss Bin Samsudin	Vice Chairman & Executive Director	4/4
Datuk Ng Yeng Keng @ Ng Ka Hiat	Chief Executive Officer	4/4
Mr Tan See Chip	Executive Director	4/4
Mr Ng Chin Kang	Executive Director	3/4
Dr Ng Yam Puan @ Ng Ah Bah	Non-Executive Director	4/4
En Mohd Salleh Bin Jantan	Independent Non-Executive Director	4/4
Mr Chua Syer Cin	Independent Non-Executive Director	3/4

#### c) Supply of information

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed in a timely manner. Relevant Directors will provide explanation on pertinent issues. All proceedings and the conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965. The Company Secretary attends all the board meetings.

The Board is kept updated on the Company's financial performance activities and operations as well as other performance factors on a regular basis. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are followed. Senior management staffs are also invited to attend Board meetings when necessary to provide the Board with further explanation and clarification on matters being tabled for consideration by the Board. Minutes of the Board meetings are also maintained by the Company Secretary.

In addition, the Board has put in place a procedure for Directors, whether as a full board or in their individual capacity, to have access to all information within the Company and to take independent advice where necessary, in the furtherance of their duties and at the Company's expense.

#### d) Appointment and Re-election of the Board

The Bursa Securities Listing Requirements provides that each Director, including the Managing and/or Executive Directors must retire from office at least once in three (3) years and shall be eligible for re-election at the Annual General Meeting ("AGM"). Directors who are newly appointed by the Board are subject to re-election by the shareholders at the immediate next AGM held following their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

#### e) Nomination Committee

The role of the Nomination Committee is to ensure that the Board of Directors comprises directors with an appropriate mix of responsibilities, skill and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis an appropriate balance and size of non-executive participation, establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director including Independent Non-Executive Directors. Such assessment has been properly documented and recorded.

In carrying out its duties and responsibilities, the Nomination Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Nomination Committee is permitted to use the services of professional recruitment firm to source for the right candidate for directorship or seek independent professional advice.

#### THE BOARD OF DIRECTORS (CONT'D)

#### e) Nomination Committee (cont'd)

The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met. The members of the Committee are as follows:

Mr Loh Chee Kan	Member
Mr Chua Syer Cin	Member
En Mohd Salleh Bin Jantan	Member

#### f) Remuneration Committee

The Remuneration Committee is responsible to assist the Board in assessing the remuneration packages of the Directors of the Company and Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.

The members of the Committee are as follows:

Mr Loh Chee Kan	Member
Mr Chua Syer Cin	Member
Datuk Ng Yeng Keng @ Ng Ka Hiat	Member
En Mohd Salleh Bin Jantan (Appointed on 24 February 2012)	Member

#### g) Directors' Remuneration

The Board constantly takes note of the contribution and performance of the existing Directors. The objective of the Company is to ensure the level of remuneration is sufficient to attract and retain the Directors to run the Company successfully. In carrying out its duties and responsibilities, the Remuneration Committee will in principle have full, free and unrestricted access to the Company's records and personnel.

The remuneration packages of the Executive Directors are structured to link to the corporate and individual performance and commitment. The individual Director did not participate in discussion and determination of his own remuneration. Non-Executive Directors are paid a meeting allowance for each meeting they attended. The Company reimburses expenses incurred by the Directors in the course of their duties as Directors. The Directors' fees would be endorsed by the Board for approval by shareholders in the forthcoming Annual General Meeting.

The aggregate remuneration of Directors, received or receivable, categorised into appropriate components for the financial year ended 31 December 2011 are as follows:

	Salaries and Other Emoluments RM	Estimated Value of Benefits in Kind RM	Fees RM	
Executive	590,884	38,425	27,200	
Non-Executive	15,000	-	36,200	
Total	605,884	38,425	63,400	

The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number o Executive	of Directors Non-Executive
RM50.000		1
,	-	4
RM50,001 to RM100,000	3	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-

Details of the remuneration of each Director are not disclosed due to security reasons.

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#### THE BOARD OF DIRECTORS (CONT'D)

#### h) Directors' Training

All the Directors have attended Mandatory Accreditation Programme ("MAP") and Continuing Education Programme ("CEP") prescribed by the Bursa Securities.

The training programme or seminars attended by all/most of the Directors for the financial year ended 31 December 2011 are as follows:

- i) Expanded Governance Role of The Audit Committee and Recent Changes to The Financial Reporting Standards (FRS)
- ii) The Board's Responsibility for Corporate Culture Selected Governance Concerns and Tools for addressing Corporate Culture and Board Performance
- iii) Workshop on New Public Rulings in 2010 & 2011
- iv) Tax Planning For Mergers and Acquisitions and Initial Public Offering
- v) Accounting for Deferred Taxation A Fundamental and Practice
- vi) Workshop on Maximising Tax Incentives
- vii) Seminar on 2012 Budget Proposals & Recent Tax Developments
- viii) Seminar on National Taxation 2011
- ix) Guide to Disclosure by Directors & Secretarial Practice Issues
- x) Workshop on Recent Tax Cases: Successes and Surprises in Court

The Directors will continue to attend trainings and seminars to enhance their skills and knowledge and keep them abreast with relevant developments in the business and regulatory environment on a continuous basis in compliance with Paragraph 15.09 of Listing Requirements of Bursa Securities.

#### DIALOGUE WITH SHAREHOLDERS OR INVESTORS

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that they are well informed of major developments of the Company. The information is communicated to them through the issuance of Annual Report, Circular to Shareholders and announcements made to the Bursa Securities including quarterly results. Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities and the Company. Our website www.kialim.com.my is available for access of information by shareholders and the public. Information posted on the website is updated periodically.

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days prior to the date of meeting, providing separate resolutions to be proposed at the AGM for each distinct issue, where necessary.

Board members are available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Securities at the end of the meeting day. Proceedings of the AGM are properly minuted.



#### ACCOUNTABILITY AND AUDIT

#### a) Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospect. Thus, the Board has undertaken the responsibilities to ensure that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 1965; and applicable Financial Reporting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results and Annual Report were reviewed by the Audit Committee and approved by the Board before releasing to the Bursa Securities.

#### b) Internal Control

The Board acknowledges the overall responsibilities in maintaining a sound system of internal control, covering not only financial controls but also operational and compliance controls and reviewing its effectiveness. This is vital to ensure that they are consistent with the overall Company's objectives so as to safeguard the shareholders' investment and the Group's assets.

The Group is continuously looking into the adequacy and integrity of its system of internal controls through improvement and updating of regular operational reports and management information system. The Board also undertakes on-going review of the key performance indicators and financial risk facing by the Group's business and ensuring compliance of the law and regulations.

The Statement on Internal Control in pages 19 and 20 of this Annual Report provides an overview of the state of internal controls within the Group.

#### c) Relationship with External Auditors

The external auditors, Messrs Ernst & Young has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. The Board has established a formal and transparent arrangement for the achievement of objectives and maintenance of professional relationship with the external auditors. The external auditors have access to the books and records of the Group at all times and highlight to the Audit Committee and Board on matters that require the Board's attention.

#### OTHER INFORMATION

#### a) Conflict of Interest

None of the Directors and/or major shareholders of Kia Lim Berhad have any personal interest in any business arrangement involving the Company. None of the Directors have had convictions for any offences within the past ten (10) years.

#### b) Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

#### c) Share Buybacks

There were no share buybacks by the Company during the financial year.

#### d) Exercise of Options or Convertible Securities

The Company has not issued any options or convertible securities during the financial year.

#### e) Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

#### OTHER INFORMATION (CONT'D)

#### f) Depository Receipts Programme

The Company did not sponsor any Depository Receipts programmes during the financial year.

#### g) Non-Audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year was RM8,000.

#### h) Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection for the financial year. There was no variance between the results for the financial year and the unaudited results previously released by the Company.

#### i) Profit Guarantee

During the year, there was no profit guarantee given by the Company.

#### j) Material Contracts

None of the Directors and major shareholders have any material contracts with the Company and/or its subsidiaries during the financial year.

#### k) Contracts Relating to Loan

There were no contracts relating to a loan by the Company and/or its subsidiaries in respect of the preceding item.

#### I) Recurrent Related Party Transactions

Please refer to Circular to Shareholders dated 4 May 2012.



# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the income statement and cash flows of the Group and of the Company for the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 26 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Group and of the Company for the year ended 31 December 2011, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have ensured timely release of quarterly and annual financial results of the Group and of the Company to Bursa Securities so that public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

# CORPORATE SOCIAL RESPONSIBILITY

As a corporate entity, the Group has continued to fulfil its share of social obligations and responsibility owed to the public.

We always strive to give something back to the neighbouring communities in which we operate. The spirit of caring and sharing has been amply demonstrated by the Management of the Group.

We also strive to maintain high standards of recruitment, development and retention of employees. We have several initiatives in the workplace. These include the followings:

- i) Environment, health and safety;
- ii) Employee communication channels;
- iii) Sports and wellness programs; and
- iv) Employee training and development.

The Corporate Social Responsibility ("CSR") activities undertaken in 2011 were as follows:

- On 19 June 2011, the Group organised a badminton competition with an aim to encourage employees to lead healthy lifestyles.
- On 4 September 2011, the Group organised a blood donation campaign together with the Hospital Batu Pahat for the well being of society at large.
- Team Building activities were held from 1 October 2011 to 2 October 2011 to foster better relationship and teamwork among employees of the Group.
- During the year, the Group has given financial assistance and in-kind contribution for various charitable causes and to certain needy bodies, such as schools, orphanage house, etc.

Going forward, the Group will continue to help the community by undertaking CSR programmes that will benefit the underprivileged and less fortunate people.

# STATEMENT ON INTERNAL CONTROL

#### Introduction

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Kia Lim Berhad ("the Group") is pleased to provide the following status review of the Group's state of internal control, which has been prepared in accordance with the "Statement on Internal Control : Guidance for Directors of Public Listed Companies" issued by the Bursa Securities's Task Force on Internal Control.

#### **Board Responsibility**

The Board recognises its responsibilities to maintain a sound system of internal control which includes the establishment of an appropriate control environment as well as reviewing its adequacy and integrity. The Group's system of internal controls is designed to safeguard shareholders' investment and its assets. However, in view of the inherent limitations in any system of internal controls, the system is designed to manage rather than eliminate the risk of failure to achieve its corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against misstatement or loss.

#### Key Elements of Internal Control

The following key elements of a system of internal control are present in the Group:

#### (i) Strategic business direction and risk management

The Group's business objectives are communicated through its business plan and regular interactions between the Executive Directors with management and other employees. Throughout the financial year under review, the Board has evaluated and managed the key principal risks faced by the Group through the monitoring of the Group's operations, performance and profitability at its Board meetings. The Board enlists the assistance of the internal audit unit to further review and improve the existing risk management processes within the Group. These processes further sensitise all key employees and management on their responsibilities towards internal controls in managing and controlling risks.

#### (ii) Organisational structure and corporate culture

The Chief Executive Officer plays the role as the channel of communication between the Board and the management. The Chief Executive Officer, Executive Directors and senior management team are actively involved in managing the day-to-day affairs of the Group. They attend meetings, which are held at both management and operational levels to deliberate and resolve business and operational matters. The authority of the Directors is required for key treasury matters including changes to equity and loan financing, interest rates, cheque signatories, opening of the bank accounts and foreign operations.

#### (iii) Definition of employees' roles and responsibilities

The roles and responsibilities of key positions are clearly defined and specified in the job description manuals.

#### (iv) Reporting and review

Adequate financial and operational information systems are in place to capture pertinent internal business information. Financial and operational reports are periodically prepared and presented to management or the Board for discussion and review on a timely basis.

#### (v) Procedures and control environment

Established control activities for day-to-day financial and operating activities are in place covering preventive controls, detective controls, corrective controls, manual controls, computer controls and management controls. These include top-level reviews of financial and operating performance, authorisations, verifications, reconciliation, physical controls over assets, segregation of duties and controls over information systems.

The Directors have ensured that safety and health regulations have been considered and complied with. Quality is always given prominence in all products manufactured. The subsidiary companies have obtained ISO 9001 certificate for their operational processes. Internal procedures and standard operating procedures have been properly documented and surveillance audits are conducted yearly by assessors of the ISO certification body to ensure that the system is implemented as per ISO 9001:2008 requirements.

# STATEMENT ON INTERNAL CONTROL

#### Key Elements of Internal Control (Cont'd)

#### (vi) Audit Committee

The Audit Committee analyses the Group's current quarter and year-to-date performance compared to previous quarter, previous corresponding quarter and year-to-date and then reports to the Board. The Report of the Audit Committee is set out on pages 7 to 8 of the Annual Report.

#### (vii) Internal audit function

The Board has outsourced its internal audit function to an independent professional service firm, in order to assist the Audit Committee in discharging its duties with regards to the adequacy and integrity of the system of internal control. The annual internal audit plan is agreed with the Audit Committee. The Internal Auditors will discuss areas for improvement, identify and co-develop remedial action plans with management and also monitor the management's adoption of the External Auditors' recommendations for improvement on internal controls weaknesses noted during their annual audit, if any.

#### (viii) Review of statement of Internal Control

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2011 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal controls and risk management.

#### Effectiveness of Internal Control

The Directors have reviewed the adequacy, integrity and effectiveness of the systems of internal control in operation during the financial year through the monitoring process set out above. Internal control weaknesses were identified during the year under review but none have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report. The Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group.

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# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Kia Lim Berhad Group for the financial year ended 31 December 2011.

#### FINANCIAL PERFORMANCE

In tandem with a stronger market demand for the Group's bricks product this year, the financial results of the Group is back in the black again.

The Group posted higher revenue of RM63.3 million this year as compared to RM48.4 million last year, up 30.8%. In line with the higher revenue achieved this year, the Group recorded profit before taxation of RM6.5 million as compared to loss before taxation of RM4.0 million last year.

The improved financial results for the year was primarily due to higher selling prices for the Group's various bricks product. On the other hand, the loss before taxation last year was partly due to lower production as a result of shutting down of several production lines for major repair and maintenance.

#### PROSPECT

The Malaysian property market and the construction industry has remained buoyant so far into the year 2012. However, with the many challenges facing the global economy like the Euro zone debt crisis and the spike in oil prices, there is much uncertainty going forward, as to the overall performance of the domestic economy in general and in particular the construction sector.

Apart from the above, the intense competition within the bricks industry itself may pose great challenges to the Group. Any significant and sustained slack in demand resulting in a situation of overcapacity in the industry will cause downward pressure on the prices of bricks. The surge in energy prices adds further pressure on the Group's bottom line as energy costs represent a significant portion of the production cost in the bricks manufacturing.

Nevertheless, on the positive side, the various initiatives under the Government's Economic Transformation Programme will help to boost domestic demand and have a positive impact on the economy.

Against this backdrop, the Group will strive to sustain its competitive position by focusing on its productivity improvements and cost efficiency internally.

The Board is cautiously optimistic that the Group will achieve a satisfactory financial results in year 2012.

#### DIVIDENDS

The Board does not recommend any dividends for the financial year ended 31 December 2011.

#### APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to our customers, suppliers, and business associates, as well as the regulatory authorities, bankers and advisors for their part in the well being of the Group. To our shareholders, I thank you for your patience and continuing confidence in the Group. I wish also to express my appreciation to the management and all our employees for their effort and sacrifices in ensuring the continue well being of the Group.

Lastly, I would like to extend my personal thanks to my fellow members of the Board for their dedication and counsel throughout the year.

Thank you.

Loh Chee Kan Chairman



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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associate are as disclosed under Notes 11 and 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

#### RESULTS

	Group RM	Company RM
Profit/(Loss) net of tax	6,526,119	(762,561)
Attributable to: Equity holders of the Company	6,526,119	(762,561)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

#### DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend payment of any dividend for the current financial year.

#### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Loh Chee Kan Y.B. Datuk Ariss Bin Samsudin Datuk Ng Yeng Keng @ Ng Ka Hiat Tan See Chip Ng Yam Puan @ Ng Ah Bah Mohd Salleh Bin Jantan Chua Syer Cin Ng Chin Kang

#### **DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

**DIRECTORS' REPORT** 

#### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and in warrants in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 January 31 D		31 December	
The Company	2011	Bought	Sold	2011
Direct interest				
Datuk Ng Yeng Keng @ Ng Ka Hiat	1,542,255	-	-	1,542,255
Tan See Chip	799,935	-	-	799,935
Ng Yam Puan @ Ng Ah Bah	309,499	-	-	309,499
Mohd Salleh Bin Jantan	1,636,316	-	320,500	1,315,816
Y.B. Datuk Ariss Bin Samsudin	303,000	-	-	303,000
Indirect interest *				
Datuk Ng Yeng Keng @ Ng Ka Hiat	170,998	-	-	170,998
Tan See Chip	41,100	-	-	41,100
Deemed interest				
Datuk Ng Yeng Keng @ Ng Ka Hiat	24,673,220	678,680	-	25,351,900
Ng Chin Kang	10,798,254	678,680	-	11,476,934
Tan See Chip	17,000	-	-	17,000
	Number of warrants			
	1 January	1 January 31 December		31 December
The Company	2011	Bought	Sold	2011
Deemed interest				
Datuk Ng Yeng Keng @ Ng Ka Hiat	3,996,427	-	-	3,996,427
Ng Chin Kang	782,534	-	-	782,534

\* Indirect interest represents the interest of spouse and child of the director of the Company in the shares of the Company under Section 134(12)(c) of the Companies (Amendment) Act, 2007.

Datuk Ng Yeng Keng @ Ng Ka Hiat and Ng Chin Kang by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

#### WARRANTS

The Warrants 2006/2016 were constituted by a Deed Poll dated 28 November 2005. The Warrants were listed on Bursa Malaysia Securities Berhad on 15 February 2006. The main features of the Warrants are as follows:

- (a) Each Warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (b) The exercise price of each Warrant has been fixed at RM1.00, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (c) The expiry date of Warrants shall be the day falling on the tenth (10th) anniversary of the date of issue of the warrants, whereupon any Warrant which has not been exercised will lapse and cease thereafter to be valid for any purpose.
- (d) The new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants.

For the purpose hereof, record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

# DIRECTORS' REPORT

#### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their book value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributable to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

#### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 April 2012.

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

We, Datuk Ng Yeng Keng @ Ng Ka Hiat and Tan See Chip, being two of the directors of Kia Lim Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 32 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 April 2012

Datuk Ng Yeng Keng @ Ng Ka Hiat

Tan See Chip

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

I, Datuk Ng Yeng Keng @ Ng Ka Hiat, being the director primarily responsible for the financial management of Kia Lim Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 62 are in my opinion 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.

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Subscribed and solemnly declared by the abovenamed Datuk Ng Yeng Keng @ Ng Ka Hiat at Batu Pahat in the State of Johor Darul Ta'zim on 5 April 2012

Datuk Ng Yeng Keng @ Ng Ka Hiat

Before me,

Rahini A/P Nagappan No. J130 Commissioner for Oaths

Batu Pahat, Malaysia

5 April 2012

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIA LIM BERHAD

(INCORPORATED IN MALAYSIA)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Kia Lim Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 61.

#### Directors' responsibility for the financial statements

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

#### Auditors' responsibility

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

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

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

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

#### Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIA LIM BERHAD (INCORPORATED IN MALAYSIA)

#### Other matters

The supplementary information set out in Note 32 to the financial statements on page 62 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young AF 0039 Chartered Accountants Wun Mow Sang 1821/12/12(J) Chartered Accountant

Johor Bahru, Malaysia

5 April 2012

# STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue Cost of sales	3	63,318,348 (43,934,097)	48,431,358 (40,564,774)	- -	-
Gross profit		19,384,251	7,866,584	-	-
Other items of income Other income		604,385	1,129,010	708,292	649,574
Other items of expense Administrative expenses Selling and distribution expenses Finance costs	4	(3,838,847) (7,228,602) (2,388,097)	(3,566,185) (6,900,898) (2,527,131)	(344,844) - (1,126,292)	(363,670) - (1,085,500)
Share of loss of associate		(711)	-	-	-
Profit/(Loss) before tax Income tax	5 8	6,532,379 (6,260)	(3,998,620)	(762,844) 283	(799,596)
Profit/(Loss) net of tax, representing total comprehensive income for the year		6,526,119	(3,998,620)	(762,561)	(799,596)
Attributable to: Equity holders of the Company		6,526,119	(3,998,620)	(762,561)	(799,596)
Earnings/(Loss) per share attributable to equity holders of the Company (sen): Basic and diluted	9	10.5	(6.5)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 RM	Group 2010 RM	C 2011 RM	Company 2010 RM
ASSETS Non-current assets Property, plant and equipment Investment in subsidiaries Investment in associate Investment property Investment securities Other receivables	10 11 12 13 14 15	83,643,576 - 81,826 240,865 5,037 -	86,552,940 82,537 240,865 136,641	639,634 13,592,891 - - 38,691,924	667,405 13,592,891 - - 38,691,924
		83,971,304	87,012,983	52,924,449	52,952,220
Current assets Inventories Trade and other receivables Other current asset Cash and bank balances	16 15 17 18	13,720,473 15,233,530 131,548 28,796	11,528,782 11,650,776 166,751 26,819	6,953,834 2,634	7,192,993
		29,114,347	23,373,128	6,956,468	7,197,622
		113,085,651	110,386,111	59,880,917	60,149,842
EQUITY AND LIABILITIES Current liabilities Trade and other payables Borrowings	21 19	21,218,858 15,637,356	21,518,226 17,800,381	381,693 -	385,185 -
		36,856,214	39,318,607	381,693	385,185
Net current (liabilities)/assets		(7,741,867)	(15,945,479)	6,574,775	6,812,437
Non-current liabilities Borrowings	19	14,078,313	15,442,499	13,241,430	12,744,302
Total liabilities		50,934,527	54,761,106	13,623,123	13,129,487
Net assets		62,151,124	55,625,005	46,257,794	47,020,355
Equity attributable to equity holders of the Company Share capital Share premium Revaluation reserve Accumulated losses	22 23	61,937,451 7,283,230 22,417,530 (29,487,087)	61,937,451 7,283,230 22,417,530 (36,013,206)	61,937,451 7,283,230 - (22,962,887)	61,937,451 7,283,230 - (22,200,326)
Total equity		62,151,124	55,625,005	46,257,794	47,020,355
TOTAL EQUITY AND LIABILITIES		113,085,651	110,386,111	59,880,917	60,149,842

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	✓ Non-distributable →				
	Share capital RM (Note 22)	Share premium RM	Revaluation reserve RM (Note 23)	Accumulated losses RM	Total RM
At 1 January 2011	61,937,451	7,283,230	22,417,530	(36,013,206)	55,625,005
Total comprehensive income for the year	-	-	-	6,526,119	6,526,119
At 31 December 2011	61,937,451	7,283,230	22,417,530	(29,487,087)	62,151,124
At 1 January 2010	61,937,451	7,283,230	22,417,530	(35,039,544)	56,598,667
Adoption of FRS 139	-	-	-	3,024,958	3,024,958
Total comprehensive income for the year	-	-	-	(3,998,620)	(3,998,620)
At 31 December 2010	61,937,451	7,283,230	22,417,530	(36,013,206)	55,625,005

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	<ul> <li>Non-dist</li> <li>Share</li> <li>capital</li> </ul>	ributable → Share premium	Accumulated	Total
	RM (Note 22)	RM	RM	RM
At 1 January 2011	61,937,451	7,283,230	(22,200,326)	47,020,355
Total comprehensive income for the year	-	-	(762,561)	(762,561)
At 31 December 2011	61,937,451	7,283,230	(22,962,887)	46,257,794
At 1 January 2010	61,937,451	7,283,230	(24,828,754)	44,391,927
Adoption of FRS 139	-	-	3,428,024	3,428,024
Total comprehensive income for the year	-	-	(799,596)	(799,596)
At 31 December 2010	61,937,451	7,283,230	(22,200,326)	47,020,355

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011	. 2010	2011	2010
	RM	RM	RM	RM
Operating activities Profit/(Loss) before tax Adjustments for:	6,532,379	(3,998,620)	(762,844)	(799,596)
Bad debts written off Depreciation of property, plant and equipment	3,640 6,138,819	20,483 5,907,608	- 27,771	20,400 27,771
Dividend income Loss/(Gain) on disposal of property, plant and equipment Impairment loss of investment securities	(60) 79,475 131,604	(15) (2,436)	-	-
Impairment loss of trade receivables Interest expenses	840 2,388,097	101,363 2,527,131	- 1,126,292	۔ 1,085,500
Interest income Provision for slow moving inventories Reversal of impairment loss of trade receivables	- 232,708 (358,360)	- - (305,661)	(629,164) -	(629,174) -
Share of loss of associate Unrealised foreign exchange loss/(gain)	(338,300) 711 23,315	(303,001) - (9,039)	-	-
Write down of inventories	56,617	-	-	-
Operating cash flows before changes in working capital Inventories	15,229,785 (2,481,016)	4,240,814 371,905	(237,945) -	(295,099)
Receivables Other current asset Payables	(3,252,189) 35,203 (299,368)	825,934 37,888 2,472,824	8,223 - (3,492)	106,180 - 67,196
Cash flows generated from/(used in) operations Interest received Interest paid	9,232,415 - (1,890,969)	7,949,365 - (2,070,805)	(233,214) 629,164 (629,164)	(121,723) 629,174 (629,174)
Tax paid Tax refunded	(6,543) 283	-	- 283	-
Net cash flows generated from/(used in) operating activities	7,335,186	5,878,560	(232,931)	(121,723)
Investing activities Purchase of property, plant and equipment Proceeds from disposal of property, plant and equipment Repayment from subsidiary companies Net dividend received	(2,486,902) 145,672 - 60	(3,309,618) 9,706 - 15	- - 230,936 -	- - 125,636 -
Net cash flows (used in)/generated from investing activities	(2,341,170)	(3,299,897)	230,936	125,636
Financing activities Repayment of term loan Repayment of obligations under finance lease Repayment of bankers' acceptances	(4,128,726) (286,725) (228,000)	(2,466,812) (302,878) (50,000)	- -	- -
Net cash flows used in financing activities	(4,643,451)	(2,819,690)	-	-
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at 1 January	350,565 (4,999,104)	(241,027) (4,758,077)	(1,995) 4,629	3,913 716
Cash and cash equivalents at 31 December (Note 18)	(4,648,539)	(4,999,104)	2,634	4,629

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

#### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at 79, Jalan Muar, 83500 Parit Sulong, Batu Pahat, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are as disclosed in Notes 11 and 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Description	Effective for annual periods beginning on or after
<ul> <li>FRS 1 First-time Adoption of Financial Reporting Standards</li> <li>Amendments to FRS 2 Share-based Payment</li> <li>FRS 3 Business Combinations</li> <li>Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations</li> <li>Amendments to FRS 127 Consolidated and Separate Financial Statements</li> <li>Amendments to FRS 138 Intangible Assets</li> <li>Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives</li> <li>IC Interpretation 12 Service Concession Arrangements</li> <li>IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation</li> <li>IC Interpretation 17 Distributions of Non-cash Assets to Owners</li> <li>Amendments to FRS 132: Classification of Rights Issues</li> <li>IC Interpretation 18 Transfers of Assets from Customers</li> <li>Amendments to FRS 1: Limited Exemptions for First-time Adopters</li> <li>Amendments to FRS 1: Additional Exemptions for First-time Adopters</li> <li>Amendments to FRS 2: Group Cash Settled Share - based Payment Transactions</li> <li>IC Interpretation 4 Determining Whether an Arrangement contains a Lease</li> <li>Improvements to FRS issued in 2010</li> </ul>	1 July 2010 1 January 2011 1 January 2011
•	,

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

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

#### 2.3 Standards issued but not yet effective

### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ended 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, restrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

### 2.5 Foreign currency

### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

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

### 2.5 Foreign currency (cont'd)

### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### 2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10 - 50 years
Plant and machinery	5 - 25 years
Motor vehicles	5 years
Other assets	5 - 10 years

Assets under construction are not depreciated as these assets are not yet available for use.

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

### 2.6 Property, plant and equipment and depreciation (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

### 2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.9 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

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

#### 2.10 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, the investment in associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 2.11 Financial assets

Financial assets are recognised in the statements of financial position only when the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include the following:

### (a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

Available-for-sale financial assets are those that are designated as available for sale or are not classified in any of the other categories.

The Group's available-for-sale financial assets comprise investments in unquoted equity instruments whose fair value cannot be reliably measured. These are measured at cost less impairment loss.

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

### 2.11 Financial assets (cont'd)

### (b) Available-for-sale financial assets (cont'd)

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

### 2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

#### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Indirect materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted-average basis.

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

### 2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classify its financial liabilities as other financial liabilities.

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

#### 2.18 Employee benefits

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.19 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

### (b) Rental income

Rental income is recognised on accrual basis.

### (c) Dividend income

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

### (d) Interest income

Interest income is recognised using the effective interest method.

### 2.21 Income taxes

### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

### 2.21 Income taxes (cont'd)

### (b) Deferred tax (cont'd)

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (c) Sales and service taxes

Revenues, expenses and assets are recognised net of the amount of sales and service tax except:

- Where the sales or service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales or service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales or service tax included.

The amount of sales or service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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### 3. REVENUE

Revenue of the Group represents invoiced value of goods sold less returns and trade discounts. Intra-group transactions are excluded from the Group's revenue.

## 4. FINANCE COSTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
- Bankers' acceptances and overdraft	704,596	662,331	-	-
- Obligations under finance lease	60,518	54,479	-	-
- Term loans	496,691	724,821	-	-
- Redeemable convertible secured loan stocks	1,126,292	1,085,500	1,126,292	1,085,500
	2,388,097	2,527,131	1,126,292	1,085,500

## 5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is stated after charging/(crediting):

	(	Group	Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Employee benefits expense (Note 6) Non-executive directors' remuneration (Note 7) Auditors' remuneration - Statutory audit	7,263,747 51,200 73,000	5,818,018 42,483 64,000	70,000 50,000 10,000	65,867 41,283 8,000
- Other services Bad debts written off Depreciation of property, plant and equipment (Note 10) Dividend income from available-for-sale financial assets Foreign exchange (gain)/loss	8,000 3,640 6,138,819 (60)	25,500 20,483 5,907,608 (15)	4,000 - 27,771 -	6,500 20,400 27,771 -
<ul> <li>realised</li> <li>unrealised</li> <li>Gain on early settlement by debtor (Note 15)</li> <li>Impairment loss of investment securities</li> </ul>	(129,303) 23,315 (23,281) 131,604	(130,456) (9,039) (379,786)	-	
Impairment loss of trade receivables (Note 15) Interest expenses Interest income Loss/(Gain) on disposal of property, plant and equipment	840 2,388,097 - 79,475	101,363 2,527,131 - (2,436)	- 1,126,292 (629,164) -	- 1,085,500 (629,174) -
Provision for slow moving inventories Rental income Rental of premises Reversal of impairment loss of trade receivables (Note 15) Vehicle rental income Write down of inventories	232,708 (82,128) 96,000 (358,360) (4,932) 56,617	(21,600) 101,500 (305,661) (347,680)	(79,128) - - -	- (20,400) - - - -

### 6. EMPLOYEE BENEFITS EXPENSE

	Group		Co	mpany
	2011	2010	2011	2010
	RM	RM	RM	RM
Wages and salaries	6,618,727	5,289,335	70,000	65,867
Defined contribution plan	578,399	466,991	-	-
Social security contributions	66,621	61,692	-	-
	7,263,747	5,818,018	70,000	65,867

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM618,084 (2010 : RM707,908) and RM20,000 (2010 : RM24,584) respectively as further disclosed in Note 7.

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### 7. DIRECTORS' REMUNERATION

	(	Group	Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors' remuneration Fees Other emoluments	27,200 590,884	33,984 673,924	20,000	24,584
Non-executive directors' remuneration	618,084	707,908	20,000	24,584
Fees Other emoluments	36,200 15,000	28,283 14,200	35,000 15,000	27,083 14,200
	51,200	42,483	50,000	41,283
Total directors' remuneration (excluding benefits-in-kind) Estimated money value of benefits-in-kind	669,284 38,425	750,391 60,525	70,000	65,867
Total directors' remuneration (including benefits-in-kind)	707,709	810,916	70,000	65,867

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as follows:

	Number 2011	of Directors 2010
Executive directors: RM50,001 - RM100,000 RM150,001 - RM200,000 RM250,001 - RM300,000	3 - 1	3 1 1
Non-executive directors: <rm50,000< td=""><td>4</td><td>5</td></rm50,000<>	4	5

### 8. INCOME TAX

### Major component of income tax

The major component of income tax for the years ended 31 December 2011 and 2010 are:

	Group		Company	
Statement of comprehensive income:	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax: - Under/(Over) provision in respect of prior years, representing income tax recognised in profit or loss	6,260	-	(283)	-

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	2011 RM	Group 2010 RM	Co 2011 RM	ompany 2010 RM
Profit/(Loss) before taxation	6,532,379	(3,998,620)	(762,844)	(799,596)
Taxation at Malaysian statutory tax rate of 25% (2010 : 25%) Expenses not deductible for tax purposes Deferred tax assets not recognised Benefits from previously unrecognised unabsorbed capital allowances Deferred tax assets recognised in respect of previously unrecognised unutilised reinvestment allowances Under/(Over) provision in respect of prior years	1,633,095 490,041 15,135 (467,687) (1,670,584) 6,260	(999,655) 311,149 688,506 - - -	(190,711) 190,711 - - (283)	(199,899) 199,899 - - - -
Income tax recognised in profit or loss	6,260	-	(283)	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010 : 25%) of the estimated assessable profit for the year.

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### 9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amount is calculated by dividing profit/(loss) net of tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As the conversions of all potential ordinary shares from warrants are not dilutive, the diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share.

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/ (loss) per share for the years ended 31 December:

	2011 RM	2010 RM
Profit/(Loss) attributable to ordinary equity holders of the Company	6,526,119	(3,998,620)
Weighted average number of ordinary shares in issue	61,937,451	61,937,451
	2011 Sen	2010 Sen
Basic and diluted earnings/(loss) per share	10.5	(6.5)

## 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
Group At 31 December 2011					
Cost or valuation At 1 January 2011 At cost At valuation	1,505,495 41,050,000	128,009,653 -	8,454,956 -	3,918,429 -	141,888,533 41,050,000
Additions Disposals	42,555,495 104,772 -	128,009,653 2,236,939 (2,335,249)	8,454,956 1,091,306 (497,691)	3,918,429 21,585 (26,584)	182,938,533 3,454,602 (2,859,524)
At 31 December 2011	42,660,267	127,911,343	9,048,571	3,913,430	183,533,611
Representing: At cost At valuation	1,610,267 41,050,000	127,911,343	9,048,571	3,913,430 -	142,483,611 41,050,000
At 31 December 2011	42,660,267	127,911,343	9,048,571	3,913,430	183,533,611
Accumulated depreciation At 1 January 2011 Depreciation charge for the year (Note 5) Disposals	2,724,095 648,337 -	82,948,671 4,893,791 (669,674)	7,175,801 541,370 (497,691)	2,090,232 55,321 (20,218)	94,938,799 6,138,819 (1,187,583)
At 31 December 2011	3,372,432	87,172,788	7,219,480	2,125,335	99,890,035
Accumulated impairment losses At 1 January 2011 Disposals	-	1,446,794 (1,446,794)	- -	-	1,446,794 (1,446,794)
At 31 December 2011	-	-	-	-	-
<b>Net carrying amount</b> At cost At valuation	322,253 38,965,582	40,738,555	1,829,091 -	1,788,095 -	44,677,994 38,965,582
At 31 December 2011	38,965,582	40,738,555	1,829,091	1,788,095	83,643,576

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## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
Group At 31 December 2010					
Cost or valuation At 1 January 2010 At cost	1,145,419	125,242,853	8,467,749	4,153,602	139,009,623
At valuation	41,050,000	-		4,133,002	41,050,000
Additions Disposals	42,195,419 360,076 -	125,242,853 2,869,354 (102,554)	8,467,749 68,330 (81,123)	4,153,602 46,858 (282,031)	180,059,623 3,344,618 (465,708)
At 31 December 2010	42,555,495	128,009,653	8,454,956	3,918,429	182,938,533
Representing: At cost At valuation	1,505,495 41,050,000	128,009,653	8,454,956	3,918,429 -	141,888,533 41,050,000
At 31 December 2010	42,555,495	128,009,653	8,454,956	3,918,429	182,938,533
Accumulated depreciation At 1 January 2010 Depreciation charge for the year (Note 5) Disposals	2,081,093 643,002	78,358,771 4,692,454 (102,554)	6,739,913 517,011 (81,123)	2,309,852 55,141 (274,761)	89,489,629 5,907,608 (458,438)
At 31 December 2010	2,724,095	82,948,671	7,175,801	2,090,232	94,938,799
Accumulated impairment losses At 1 January/ 31 December 2010	-	1,446,794	-	-	1,446,794
<b>Net carrying amount</b> At cost At valuation	322,253 39,509,147	43,614,188	1,279,155 -	1,828,197 -	47,043,793 39,509,147
At 31 December 2010	39,831,400	43,614,188	1,279,155	1,828,197	86,552,940

Company At 31 December 2011	Freehold land and buildings RM	Other assets RM	Total RM
Cost or valuation At 1 January 2011/31 December 2011	750,000	10,287	760,287
Accumulated depreciation At 1 January 2011 Depreciation charge for the year (Note 5)	82,986 27,662	9,896 109	92,882 27,771
At 31 December 2011	110,648	10,005	120,653
Net carrying amount	639,352	282	639,634

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### 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company At 31 December 2010	Freehold land and buildings RM	Other assets RM	Total RM
Cost or valuation At 1 January 2010/31 December 2010	750,000	10,287	760,287
Accumulated depreciation At 1 January 2010 Depreciation charge for the year (Note 5)	55,324 27,662	9,787 109	65,111 27,771
At 31 December 2010	82,986	9,896	92,882
Net carrying amount	667,014	391	667,405

Freehold land and buildings of the Group and of the Company were revalued on 31 December 2007, by Colliers Jordan Lee & Jaafar (JH) Sdn Bhd, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

At 31 December 2011, had the revalued freehold land and buildings of the Group been carried under the cost model, the carrying amount would have been RM16,221,089 (2010 : RM16,425,589).

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM967,700 (2010 : RM35,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM2,486,902 (2010 : RM3,309,618).

The carrying amount of motor vehicles held under finance leases at the reporting date was RM1,393,122 (2010 : RM757,263). Leased assets are pledged as security for the related finance lease liabilities (Note 19).

Certain property, plant and equipment of the Group with net carrying amount of RM81,610,820 (2010 : RM85,344,773) have been pledged as security for borrowings as disclosed in Note 19 and Note 20.

Other assets of the Group include capital work-in-progress which comprise expenditures incurred for labour quarters amounting to RM49,200 (2010 : RM49,200) and machinery under construction amounting to RM1,025,380 (2010 : RM1,572,109).

### 11. INVESTMENT IN SUBSIDIARIES

	Company		
	2011 RM	2010 RM	
Unquoted shares at cost Less: Accumulated impairment losses	34,616,709 (21,023,818)	34,616,709 (21,023,818)	
	13,592,891	13,592,891	
Details of the subsidiaries are so follows:			

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Propor Ownershi 2011	
Kangkar Raya Batu Bata Sdn. Bhd.	Malaysia	Manufacturing of bricks and roofing tiles	100%	100%
Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	Malaysia	Manufacturing of bricks	100%	100%

Both subsidiaries are audited by Ernst & Young, Malaysia.

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### 12. INVESTMENT IN ASSOCIATE

	2011 RM	Group 2010 RM
Unquoted shares at cost Share of post-acquisition reserves	54,000 27,826	54,000 28,537
	81,826	82,537

Details of the associate which has a financial year end of 31 August, are as follows:

Name of Associate	Country of Incorporation	Principal Activities		portion of rship Interest 2010
Sersen Tile Sdn. Bhd.	Malaysia	Property owner	27%	27%
13. INVESTMENT PROPER	TIES			Group
			2011 RM	2010 RM
<b>Cost</b> At 1 January/31 Decemt	Der		240,865	240,865

The directors are of the opinion that the fair value of the investment property does not differ significantly from its carrying amount.

### 14. INVESTMENT SECURITIES

Group	Carrying amount 2011 RM	Market value of quoted investment 2011 RM	Carrying amount 2010 RM	Market value of quoted investment 2010 RM
Non-current Available-for-sale financial assets				
Quoted equity instruments, at cost Less: Accumulated impairment losses	5,036	5,036	761,898 (625,257)	136,641
	5,036		136,641	
Unquoted equity instruments, at cost Less: Accumulated impairment losses	756,862 (756,861)		-	
	1		-	
Total investment securities	5,037		136,641	

During the financial year, the Group reclassified its investment in quoted equity instruments of Syarikat Kayu Wangi Berhad ("SKW") to unquoted equity instruments, when SKW was delisted from the official list of Bursa Malaysia Securities Berhad.

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### 15. TRADE AND OTHER RECEIVABLES

		Group	C	ompany
	2011	2010	2011	2010
Current	RM	RM	RM	RM
Trade receivables				
Third parties	15,150,793	11,295,395	-	-
Related parties	161,843	694,054	-	
Loos, Allowers for impoint	15,312,636	11,989,449	-	-
Less: Allowance for impairment Third parties	(341,673)	(340,833)	-	-
Related parties	-	(381,641)	-	-
	(341,673)	(722,474)	-	-
	14,970,963	11,266,975	-	-
Other receivables				
Subsidiaries Related parties	- 3,130	- 30,795	6,938,704	7,169,640
nelaleu parties		30,793		_
Denesite	3,130	30,795	6,938,704	7,169,640
Deposits Sundry receivables	59,930 253,843	59,000 348,342	15,130 -	15,130 8,223
,				
Less: Allowance for impairment	316,903	438,137	6,953,834	7,192,993
Third parties	(54,336)	(54,336)	-	-
	262,567	383,801	6,953,834	7,192,993
Total trade and other receivables (current)	15,233,530	11,650,776	6,953,834	7,192,993
Non-current				
Other receivables				
Subsidiaries	-	-	38,691,924	38,691,924
Total trade and other receivables (current and				
non-current)	15,233,530	11,650,776	45,645,758	45,884,917
Add: Cash and bank balances (Note 18)	28,796	26,819	2,634	4,629
Total loans and receivables	15,262,326	11,677,595	45,648,392	45,889,546

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2010 : 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		
	2011 RM	2010 RM	
Neither past due nor impaired	14,726,042	10,989,032	
1 to 30 days past due not impaired	57,653	202,508	
31 to 60 days past due not impaired	-	16,036	
More than 91 days past due not impaired	187,268	59,399	
	244,921	277,943	
Impaired	341,673	722,474	
	15,312,636	11,989,449	

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### 15. TRADE AND OTHER RECEIVABLES (CONT'D)

### (a) Trade receivables (cont'd)

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM244,921 (2010 : RM277,943) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long term relationship with the Group.

### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

		Group
	2011 RM	2010 RM
Individually impaired Trade receivables - nominal amounts Less: Allowance for impairment	341,673 (341,673)	722,474 (722,474)
	-	-
Movement in allowance accounts:		Group
	2011 RM	2010 RM
At 1 January Effect of adopting FRS 139 Charge for the year (Note 5) Reversal of impairment losses (Note 5) Gain on early settlement by debtor (Note 5) Written off	722,474 840 (358,360) (23,281)	984,012 403,066 101,363 (305,661) (379,786) (80,520)
At 31 December	341,673	722,474

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Other receivables - current

These receivables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

### (c) Other receivables - non-current

Included in the Company's amount due from subsidiaries is a loan amounting to RM15,716,000 (2010 : RM15,716,000) which bears interest at 4% (2010 : 4%) per annum and is not expected to be repaid within the next 12 months. The balance of the amount owing from the subsidiaries is unsecured, non-interest bearing and is not expected to be repaid within the next 12 months.

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### 16. INVENTORIES

		Group		
	2011 RM	2010 RM		
At cost		IXIVI		
Raw materials	18,907	217,522		
Indirect materials	10,584,887	7,388,536		
Work-in-progress	441,742	375,004		
Finished products	2,496,886	3,431,514		
At net realisable value	13,542,422	11,412,576		
Finished products	178,051	116,206		
	13,720,473	11,528,782		

The cost of inventories sold during the year is RM43,934,097 (2010 : RM40,564,774).

## 17. OTHER CURRENT ASSET

	Group	
	2011	2010
	RM	RM
Prepayment	131,548	166,751

## 18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash and bank balances	28,796	26,819	2,634	4,629
Bank overdrafts (Note 19)	(4,677,335)	(5,025,923)	-	
	(4,648,539)	(4,999,104)	2,634	4,629

### 19. BORROWINGS

		Group	C	company
	2011	2010	2011	2010
Short term borrowings	RM	RM	RM	RM
Secured:				
Bank overdrafts (Note 18) Bankers' acceptances	4,677,335 6,975,000	5,025,923 7,203,000	-	-
Term loans	3,595,636	5,354,166	-	-
Obligations under finance lease (Note 26)	389,385	217,292	-	-
Long term borrowings	15,637,356	17,800,381	-	-
Secured:				
Term loans Redeemable convertible accured loan stacks (Note 20)	-	2,370,196 12,744,302	-	- 12,744,302
Redeemable convertible secured loan stocks (Note 20) Obligations under finance lease (Note 26)	13,241,430 836,883	328,001	13,241,430	-
	14,078,313	15,442,499	13,241,430	12,744,302
Total borrowings				
Bank overdrafts (Note 18)	4,677,335 6,975,000	5,025,923 7,203,000	-	-
Bankers' acceptances Term loans	3,595,636	7,203,000	-	-
Redeemable convertible secured loan stocks (Note 20) Obligations under finance lease (Note 26)	13,241,430 1,226,268	12,744,302 545,293	13,241,430	12,744,302
	29,715,669	33,242,880	13,241,430	12,744,302

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### 19. BORROWINGS (CONT'D)

The borrowings bear interest at the following rates:

	2011 %	2010 %
Bank overdrafts Bankers' acceptances Term loans Redeemable convertible secured loan stocks Obligations under finance lease	5.00 - 6.00 7.10 8.75	8.05 - 9.25 4.23 - 5.68 6.05 - 8.25 8.75 2.28 - 6.50

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

		Group	C	Company
	2011	2010	2011	2010
	RM	RM	RM	RM
On demand or within one year	15,637,356	17,800,381	-	-
More than 1 year and less than 2 years	323,882	2,556,878	-	-
More than 2 years and less than 5 years	13,754,431	12,885,621	13,241,430	12,744,302
	29,715,669	33,242,880	13,241,430	12,744,302

The borrowings are secured by a fixed charge on certain property, plant and equipment of the Group as disclosed in Note 10.

### 20. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS

On 28 April 2006, the Company issued 15,716,000 units of 10-year Redeemable Convertible Secured Loan Stocks ("RCSLS") 2006/2016 at a nominal value of RM1.00 each pursuant to a Debt Restructuring Scheme ("DRS") exercise undertaken by its subsidiary companies with their Lenders. The terms of the RCSLS are as follows:

(a) Conversion Rights	The registered holders of the RCSLS will have the rights to convert such nominal value of RCSLS at the conversion price, into new ordinary shares in the Company during the conversion period.
(b) Conversion Rate	The conversion price is set at the par value of the Company's shares of RM1.00 each on the basis of one (1) share for every RM1.00 nominal value of the RCSLS.
(c) Conversion Period	The RCSLS may be converted, based on the maximum amount as stated below, by the RCSLS holders into new ordinary shares in the Company at the conversion price, two (2) years after the date of issue of the RCSLS up to the maturity date or the date of declaration of an Event of Default, whichever is earlier.
	The maximum amount of RCSLS convertible in any given month during the conversion period shall be as follows:
	(1) the Lenders shall only be entitled to convert in each of the first 4 years of the conversion period:-
	(a) up to one-quater (1/4) of the total amount of the RCSLS issued to the Lenders; and
	(b) the aggregate of the RCSLS that the Lenders had become entitled to convert in the preceding conversion period which have not been actually converted by the lenders; and
	(2) there are no restrictions on the rights of the Lenders to convert any amount of the RCSLS upon the expiry of the first 4 years of the conversion

period.

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### 20. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (CONT'D)

(d)	Coupon Rate -	Coupon rate of four per cent (4%) per annum due shall be payable on the last day of every six (6) month period (subject to adjustment for non-business days) commencing on and calculated from the date of issue of the RCSLS.
(e)	Status of Shares - Upon Conversion	The new shares in the Company of up to 15,716,000 to be issued on conversion of the RCSLS shall rank pari passu in all respects with the then existing shares of the Company in issue except that they shall not be entitled to any rights, dividends, allotment and/or other distributions, the entitlement date for which, is on or before the date of issue of the new shares arising from the conversion of the RCSLS.
(f)	Early Redemption -	Redemption of the RCSLS prior to the maturity date is allowed at the option of the Company, in whole or in part, at any time commencing from and including the date of issue of the RCSLS subject to 14 days notice given, if the cash flows of the Group allows for it.
(g)	Final Redemption -	Unless previously redeemed or purchased or converted and cancelled, the RCSLS will be redeemed at 100% of the nominal value of the RCSLS, at maturity.
(h)	Security -	The RCSLS is secured by way of a fixed charge on certain property, plant and equipment of the Group as disclosed in Note 10.

### 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current Trade payables Third parties Related parties	13,660,109 870,914	13,181,528 949,397	-	-
Other payables	14,531,023	14,130,925	-	-
Related parties Accruals Other payables	1,425,645 2,761,742 2,500,448	1,807,378 1,903,471 3,676,452	- 106,519 275,174	- 106,517 278,668
	6,687,835	7,387,301	381,693	385,185
Total trade and other payables Add: Loans and borrowings (Note 19)	21,218,858 29,715,669	21,518,226 33,242,880	381,693 13,241,430	385,185 12,744,302
Total financial liabilities carried at amortised cost	50,934,527	54,761,106	13,623,123	13,129,487

### (a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

### (b) Other payables

Other payables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

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### 22. SHARE CAPITAL

	Number of ordinary shares of RM1 each Amount			
	2011	2010	2011 RM	2010 RM
Authorised share capital:				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Share capital issued and fully paid:				
At 1 January/31 December	61,937,451	61,937,451	61,937,451	61,937,451

### 23. REVALUATION RESERVE

The non distributable revaluation reserve of the Group represents the surplus arising from the revaluation of land and buildings net of deferred taxation.

### 24. DEFERRED TAX

Deferred income tax assets/(liabilities) as at 31 December relates to the following:

Group	Property, plant and equipment RM	Unabsorbed capital allowances RM	Unutilised reinvestment allowances RM	Total RM
At 1 January 2011 Recognised in profit or loss	(11,720,000) 1,111,000	9,100,000 (443,000)	2,620,000 (668,000)	-
At 31 December 2011	(10,609,000)	8,657,000	1,952,000	-
At 1 January 2010 Recognised in profit or loss	(11,883,000) 163,000	9,192,000 (92,000)	2,691,000 (71,000)	-
At 31 December 2010	(11,720,000)	9,100,000	2,620,000	-

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

		Group
	2011 RM	2010 RM
Unutilised tax losses Unabsorbed capital allowances Unutilised reinvestment allowances	17,426,000 23,336,000 24,586,000	17,426,000 25,192,000 30,301,000

The above unutilised tax losses, capital allowances and reinvestment allowances are available for offset against future taxable profits of the companies in which these losses and allowances arose. No deferred tax assets were recognised due to uncertainty of their recoverability. The availability of the unutilised tax losses and allowances for offsetting against future taxable profits of the respective subsidiaries are subject to guidelines issued by the tax authority.

### 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Co	ompany
	2011 RM	2010 RM
Interest recouped from subsidiaries: Kangkar Raya Batu Bata Sdn. Bhd. Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	352,293 276,871	352,299 276,875

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### 25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

		Group
	2011 RM	2010 RM
Sales of spare parts and upkeep of tools to: Sri Senanggar Batu Bata Sdn. Bhd. (note b)	43,714	38,041
Sales of finished goods to: E.S. Ng Pembinaan Perniagaan Sdn. Bhd.(note a) Kia Lim Timber Trading Sdn. Bhd. (note d)	- 626	1,200
Purchases of spare parts and upkeep of tools from: Kia Lim Timber Trading Sdn. Bhd. (note d)	-	927
Purchases of indirect materials from: Ban Dung Palm Oil Industries Sdn. Bhd. (note e)	1,525,823	1,253,842
Insurance premium payable to: Kia Lim Timber Trading Sdn. Bhd. (note d)	108,891	76,009
Rental payable to: Kia Lim Timber Trading Sdn. Bhd. (note d) Rengam Batu Bata Sdn. Bhd. (note c) Sri Senanggar Batu Bata Sdn. Bhd. (note b)	96,000 - 47,588	96,000 3,750 43,791
Rental receivable from: Original Clay Industries Sdn. Bhd. (note a)	528	1,755
Transport charges receivable from: Original Clay Industries Sdn. Bhd. (note a)	2,552	1,900

Group

Related parties are those enterprises which are subject to the same source of influence as the Company through common directors and shareholders.

Notes:

- (a) A director and former director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat and Datuk Ng Eng Sos @ Bah Chik respectively, and their family members are directors and/or substantial shareholders of that company.
- (b) A director of the Company, namely Tan See Chip, and certain family members of certain directors and a former director, Datuk Ng Yeng Keng @ Ng Ka Hiat, Tan See Chip and Datuk Ng Eng Sos @ Bah Chik, are directors of that company. Certain directors and a former director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, Tan See Chip, Datuk Ng Eng Sos @ Bah Chik, and/or their family members are also substantial shareholders of that company.
- (c) A director of the Company, namely Tan See Chip, and certain family members of a director, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, are directors of that company. Certain directors of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Chin Kang, Mohd Salleh Bin Jantan and/or their family members are also substantial shareholders of that company.
- (d) Certain directors of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Yam Puan @ Ng Ah Bah and Ng Chin Kang, are directors and substantial shareholders of that company.
- (e) Certain directors and a former director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiat, Ng Chin Kang and Datuk Ng Eng Sos @ Bah Chik are directors of that company and have substantial interest in that company.

The key management personnel of the Group are the directors and their remuneration are disclosed in Note 7.

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### 26. COMMITMENTS

#### (a) Capital commitments

		Group
	2011 RM	2010 RM
Capital expenditure Approved and contracted for:		
Property, plant and equipment	675,794	191,000

### (b) Finance lease commitments

The Group has finance leases for certain motor vehicles. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

		Group
	2011 RM	2010 RM
Future minimum lease payments: Not later than 1 year Later than 1 year and not later than 2 years Later than 2 years and not later than 5 years	474,192 380,405 556,218	254,409 213,084 161,876
Total future minimum lease payments Less: Future finance charges	1,410,815 (184,547)	629,369 (84,076)
Present value of finance lease liabilities (Note 19)	1,226,268	545,293
Analysis of present value of finance lease liabilities: Not later than 1 year Later than 1 year and not later than 2 years Later than 2 years and not later than 5 years	389,385 323,882 513,001	217,292 186,681 141,320
Less: Amount due within 12 months (Note 19)	1,226,268 (389,385)	545,293 (217,292)
Amount due after 12 months (Note 19)	836,883	328,001

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors review and agree on policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

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### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (cont'd)

### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

### Credit risk concentration profile

The Group does not have any significant concentration of credit risk.

As at the reporting date, almost all of the Company's receivables were balances with the subsidiaries.

Financial assets that are neither past due nor impaired

Information on trade and other receivables that are neither past due nor impaired is disclosed in Note 15.

### Financial assets that are either past due or impaired

Information on trade and other receivables that are either past due or impaired is disclosed in Note 15.

### Financial guarantees

	U U	ompany
	2011	2010
	RM	RM
Unsecured:		
Corporate guarantees to banks for credit facilities granted to subsidiaries	15,246,972	19,953,286

**^** 

The Company is also exposed to credit risk arising from the financial guarantees it has given to certain banks for credit facilities granted to the subsidiaries. The fair value of the financial guarantees is determined by reference to the interest rate difference that would have been charged by the banks had these guarantees has not been available. The directors have determined that the fair values of these guarantees are not significant to the Company's financial position and results.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 53% (2010 : 54%) of the Group's loan and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. None (2010 : none) of the Company's loan and borrowings will mature in less than one year from the reporting date.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2011 Financial liabilities	On demand or within one year RM	One to five years RM	Total RM
<b>Group</b> Trade and other payables Loans and borrowings	21,218,858 16,470,529	- 18,538,543	21,218,858 35,009,072
	37,689,387	18,538,543	56,227,930
<b>Company</b> Trade and other payables Loans and borrowings	381,693 628,640	- 17,601,920	381,693 18,230,560
	1,010,333	17,601,920	18,612,253



### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

2010 Financial liabilities	On demand or within one year RM	One to five years RM	Total RM
<b>Group</b> Trade and other payables Loans and borrowings	21,518,226 18,981,106	- 21,038,379	21,518,226 40,019,485
Company	40,499,332	21,038,379	61,537,711
<b>Company</b> Trade and other payables Loans and borrowings	385,185 628,640	- 18,230,560	385,185 18,859,200
	1,013,825	18,230,560	19,244,385

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings.

### Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's net profit after tax would have been approximately RM86,060 (2010 : RM102,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales which are denominated in a currency other than the functional currency of Group entities, which is Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollars ("SGD"), United States Dollars ("USD") and Euro ("EUR").

The net financial assets/(liabilities) of the Group which are not denominated in its functional currency are as follows:

### Financial assets/(liabilities) held in non-functional currencies

	2011 RM	2010 RM
SGD USD EUR	1,868,628 (74,198) (575,545)	61,606 38,700 (724,969)
	1,218,885	(624,663)

The Company does not hedge its foreign currency exposure.

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### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (d) Foreign currency risk (cont'd)

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the SGD/RM, USD/RM and EUR/RM exchange rates, with all other variables held constant.

		e/(Decrease) s) net of tax 2010 RM
SGD/RM - strengthen by 5%	93,432	3,081
- weaken by 5%	(93,432)	(3,081)
USD/RM - strengthen by 5%	(3,710)	1,935
- weaken by 5%	3,710	(1,935)
EUR/RM - strengthen by 5%	(28,777)	(36,249)
- weaken by 5%	28,777	36,249

### (e) Fair values

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:
Note

Trade and other receivables (current)	15
Borrowings	19
Trade and other payables	21

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

### Investment in equity instruments carried at cost less impairment

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments that are carried at cost less impairment because the fair value cannot be measured reliably due to the lack of an active market for these instruments. These equity instruments primarily comprise ordinary shares in a Malaysian company that is involved in the manufacture of building materials and property development.

### Other receivables - non-current

Fair value information has not been disclosed for the non-current portion of the Company's other receivables (comprising amount due from subsidiaries) because the fair value cannot be measured reliably. This is principally due to a lack of fixed terms of repayment entered by the parties involved.



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### 28. FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Company as at 31 December are categorised into the following classes:

Craw	Note	2011 RM	2010 RM
Group			
(a) Loans and receivables Trade and other receivables Cash and cash equivalents	15 18	15,233,530 28,796	11,650,776 26,819
		15,262,326	11,677,595
(b) Available-for-sale financial assets measured at cost less impairment Investment securities	14	5,037	136,641
(c) Financial liabilities measured at amortised cost Trade and other payables Borrowings	21 19	21,218,858 29,715,669	21,518,226 33,242,880
Company		50,934,527	54,761,106
(a) Loans and receivables Trade and other receivables Cash and cash equivalents	15 18	45,645,758 2,634	45,884,917 4,629
		45,648,392	45,889,546
(b) Financial liabilities measured at amortised cost Trade and other payables Borrowings	21 19	381,693 13,241,430 13,623,123	385,185 12,744,302 13,129,487

### 29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

	Note	2011 RM	2010 RM
Group			
Borrowings Trade and other payables Less: Cash and bank balances	19 21 18	29,715,669 21,218,858 (28,796)	33,242,880 21,518,226 (26,819)
Net debt		50,905,731	54,734,287
Equity attributable to the owners of the Company, representing total capital		62,151,124	55,625,005
Capital and net debt		113,056,855	110,359,292
Gearing ratio		45%	50%

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### 29. CAPITAL MANAGEMENT (CONT'D)

Company	Note	2011 RM	2010 RM
Borrowings Trade and other payables Less: Cash and bank balances	19 21 18	13,241,430 381,693 (2,634)	12,744,302 385,185 (4,629)
Net debt		13,620,489	13,124,858
Equity attributable to the owners of the Company, representing total capital		46,257,794	47,020,355
Capital and net debt		59,878,283	60,145,213
Gearing ratio		23%	22%

### 30. SEGMENT INFORMATION

Segmental disclosures are not applicable as the Group operates principally within one industry and one country.

### 31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 5 April 2012.



# SUPPLEMENTARY INFORMATION

# 32. SUPPLEMENTARY INFORMATION - BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2011 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		C	ompany
	2011 RM	2010 RM	2011 RM	2010 RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised - Unrealised	(36,182,237) (23,315)	(42,741,391) 9,039	(22,962,887) -	(22,200,326)
Total share of retained profits from associated company:	(36,205,552)	(42,732,352)	(22,962,887)	(22,200,326)
- Realised	27,856	28,537	-	-
Less: Consolidated adjustments	(36,177,696) 6,690,609	(42,703,815) 6,690,609	(22,962,887) -	(22,200,326) -
Accumulated losses as per financial statements	(29,487,087)	(36,013,206)	(22,962,887)	(22,200,326)

# STATEMENT OF SHAREHOLDINGS

AS AT 9 APRIL 2012

Authorised capital:Issued and fully paid-up capital:Voting rights:

RM100,000,000.00 divided into 100,000,000 ordinary shares of RM1-00 each 61,937,451 ordinary shares of RM1-00 each One vote for one ordinary share

### ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
3	Less than 100	145	0.00
793	100 - 1,000	774,927	1.25
739	1,001 - 10,000	2,918,949	4.71
196	10,001 to 100,000	6,258,963	10.11
50	100,001 to less than 5% of issued shares	24,492,355	39.54
5	5% and above of issued shares	27,492,112	44.39
1,786		61,937,451	100.00

### THIRTY LARGEST SHAREHOLDERS

Nai	ne of Shareholders	Number of Shares	Percentage of Shares
1. 2.	Kia Lim Realty Sdn. Bhd. RHB Capital Nominees (Tempatan) Sdn. Bhd.	7,110,393	11.48
3.	Pledged Securities Account for Kia Lim Timber Trading Sdn. Bho RHB Capital Nominees (Tempatan) Sdn. Bhd.	d. 6,440,270	10.40
	RHB Bank Berhad	5,405,694	8.73
4. 5.	Malaysian Industrial Development Finance Berhad Maybank Securities Nominees (Tempatan) Sdn. Bhd.	5,400,230	8.72
	Pledged Securities Account for Ng Hoo Tee Holdings Sdn. Bhd.	3,135,525	5.06
6. 7.	Sutera Istimewa Sdn. Bhd. Maybank Securities Nominees (Tempatan) Sdn. Bhd.	3,000,200	4.84
8.	Pledged Securities Account for Kia Lim Realty Sdn. Bhd. Maybank Securities Nominees (Tempatan) Sdn. Bhd.	2,931,600	4.73
	Pledged Securities Account for Kia Lim Timber Trading Sdn. Bh		4.46
9. 10.	Ng Yeng Keng @ Ng Ka Hiat Ambank (M) Berhad	1,187,464	1.92
	Pledged Securities Account for Mohd Salleh Bin Jantan	1,163,500	1.88
	Ban Dung Palm Oil Industries Sdn. Bhd.	1,117,200	1.80
	Kia Lim Timber Trading Sdn. Bhd.	981,864	1.59
	Tan See Chip	799,935	1.29
14.	Maybank Securities Nominees (Tempatan) Sdn. Bhd.		
	Pledged Securities Account for Goh May Lee	717,000	1.16
	Ng Yan Kian	706,196	1.14
	Ng Hoo Tee Holdings Sdn. Bhd.	697,448	1.13
	Syarikat Jaya Diri Kemajuan Sdn. Bhd.	629,900	1.02
	Nam Heng Oil Mill Company Sdn. Berhad	600,000	0.97
	Wong Taek Boon @ Guan Taek Boon Cimsec Nominees (Tempatan) Sdn. Bhd.	442,800	0.71
21.	Pledged Securities Account for Ng Geok Wah CIMB Group Nominees (Tempatan) Sdn. Bhd.	400,000	0.65
	Pledged Securities Account for Ng Eng Sos @ Bah Chik	391,590	0.63
	Ng Yam Puan @ Ng Ah Bah	320,143	0.52
23.	Ariss Bin Samsudin, Datuk	303,000	0.49
24.	Ambank (M) Berhad		
	Pledged Securities Account for Chin Choon Lan	284,900	0.46
25.	Leow Soon Seng	261,300	0.42
	Tan Teck Peng	252,800	0.41
27.	Kour Siok Leen	246,790	0.40
	Abu Hassan Bin Hashim	236,000	0.38
	Yeo Lek	224,100	0.36
30.	Yap Siew Chong	218,900	0.35

AS AT 9 APRIL 2012

### SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company: -

		Direct Interest		Deer		
	Shareholder	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Note
1	E.S. Ng Holdings Sdn Bhd	-	-	10,095,993	16.30	А
2	Kia Lim Realty Sdn Bhd	10,041,993	16.21	54,000	0.09	В
3	Kia Lim Timber Trading Sdn Bhd	10,214,534	16.49	1,262,400	2.04	С
4	Ng Hoo Tee Holdings Sdn Bhd	3,832,973	6.19	1,208,400	1.95	D
5	Datuk Ng Eng Sos @ Bah Chik	528,590	0.85	25,351,900	40.93	E
6	Datuk Ng Yeng Keng @ Ng Ka Hiat	1,542,255	2.49	25,351,900	40.93	E
7	Ng Chin Lan	10,000	0.02	10,095,993	16.30	А
8	Ng Chin Kang	-	-	11,476,934	18.53	F
9	Ng Yeng Keng Holdings Sdn Bhd	-	-	10,095,993	16.30	А
10	Kour Siok Leen	401,054	0.65	10,095,993	16.30	А

Notes:

- А Deemed interest through his or its shareholdings in Kia Lim Realty Sdn Bhd and Sersen Tiles Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- B C Deemed interest through its shareholdings in Sersen Tiles Sdn Bhd by virtue of Section 6A of the Companies Act, 1965. Deemed interest through its shareholdings in Sersen Tiles Sdn Bhd and Ban Dung Palm Oil Industries Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- D

Deemed interest through its shareholdings in Ban Dung Palm Oil Industries Sdn Bhd by virtue of Section 6A of the Companies Act, 1965. Deemed interest through his shareholdings in Kia Lim Realty Sdn Bhd, Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Е

Industries Sdn Bhd and Ng Hoo Tee Holdings Sdn Bhd by virtue of Section 6A of the Companies Act, 1965. Deemed to have indirect interest through his shareholding in Kia Lim Timber Trading Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd and Sersen Tiles Sdn Bhd by virtue of Section 6A of the Companies Act, 1965. F

# STATEMENT OF SHAREHOLDINGS

AS AT 9 APRIL 2012

### LIST OF DIRECTORS' SHAREHOLDINGS AS AT 9 APRIL 2012

		Direct Interest		Deemeo	Interest	
No.	Director	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	
1.	MR LOH CHEE KAN	-	-	-	-	
2.	YB DATUK ARISS BIN SAMSUDIN	303,000	0.49	-	-	
3.	DATUK NG YENG KENG @ NG KA HIAT	1,542,255	2.49	25,522,898	41.21	*
4.	MR TAN SEE CHIP	799,935	1.29	58,100	0.09	#
5.	MR NG CHIN KANG	-	-	11,476,934	18.53	^
6.	MR CHUA SYER CIN	-	-	-	-	
7.	DR NG YAM PUAN @ NG AH BAH	309,499	0.50	-	-	
8.	EN MOHD SALLEH BIN JANTAN	1,315,816	2.12	-	-	

Notes:

\* Deemed interest in ordinary shares of the Director is of the same as disclosed under notes to the substantial shareholding and pursuant to Section 134 (12) (C) of the Companies (Amendment) Act, 2007.

# Deemed interest through his or its shareholdings in Tan See Chip Sdn Bhd by virtue of Section 6A of the Companies Act, 1965, and pursuant to Section 134 (12) (C) of the Companies (Amendment) Act, 2007.

^ Deemed interest in ordinary shares of the Director is of the same as disclosed under notes to the substantial shareholding.

# STATEMENT OF WARRANT HOLDINGS

AS AT 10 APRIL 2012

Warrant Issued: 4,122,527Voting Rights: One vote for one each New Share to which such holder would be entitled at a<br/>Subscription Price on the exercise in full of the Subscription Rights represented by<br/>such Warrant Holders.

### ANALYSIS OF WARRANT HOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
0	Less than 100	0	0.00
111	100 - 1,000	15,200	0.37
8	1,001 - 10,000	38,600	0.94
3	10,001 to 100,000	92,100	2.23
3	100,001 to less than 5% of issued shares	416,100	10.09
4	5% and above of issued shares	3,560,527	86.37
129		4,122,527	100.00

## THIRTY LARGEST WARRANT HOLDERS

Name of Warrant Holders	Number of Warrants	Percentage of Warrants
<ol> <li>Kia Lim Realty Sdn. Bhd.</li> <li>Maybank Securities Nominees (Tempatan) Sdn. Bhd.</li> </ol>	2,088,540	50.66
Pledged Securities Account for Ng Hoo Tee Holdings Sdn. Bhd. 3. Maybank Securities Nominees (Tempatan) Sdn. Bhd.	522,587	12.68
<ul> <li>Pledged Securities Account for Kia Lim Realty Sdn. Bhd.</li> <li>Maybank Securities Nominees (Tempatan) Sdn. Bhd.</li> </ul>	488,600	11.85
Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	460,800	11.18
5. Ban Dung Palm Oil Industries Sdn. Bhd.	186,200	4.52
6. Kia Lim Timber Trading Sdn. Bhd.	115,734	2.81
7. Ng Hoo Tee Holdings Sdn. Bhd.	114,166	2.77
8. Wee Hwei Kiat	60,000	1.46
9. Ng Boon Huah	16,900	0.41
10. Ban Dung Palm Oil Industries Sdn. Bhd.	15,200	0.37
11. Teh Hock Seng	10,000	0.24
12. Quek Khen Sian	8,000	0.19
13. Abdul Aziz Bin Bador	5,000	0.12
14. Kia Lim Timber Trading Sdn. Bhd.	4,600	0.11
15. James Chan Khay Syn	4,000	0.10
16. Loh Mooi	3,000	0.07
17. Maha Perkasa Sdn. Bhd.	2,000	0.05
18. Mohd Nooh Bin Shafien	2,000	0.05
19. Ooi Chye Seng @ Ng Chai Seng	1,000	0.02
20. Phong Hon Wai	1,000	0.02
21. Goh Soo Cheng @ Goh Su Mei	600	0.01
22. Choi Yaw Tong	400	0.01
23. Lee Kok Peng	400	0.01
24. Lee Yoon Wah	400	0.01
25. Chong Miau Moi	200	0.00
26. Chua Ah Moi	200	0.00
27. Chua Thean Cheang	200	0.00
28. Hee Lee Ping	200	0.00
29. Ho Ming Kou @ Ho Keat Thong	200	0.00
30. Low Eng Choon	200	0.00

# STATEMENT OF WARRANT HOLDINGS

AS AT 10 APRIL 2012

### LIST OF DIRECTORS' WARRANT HOLDINGS AS AT 10 APRIL 2012

		Direct Interest		Deemed Interest		
No.	Director	Number of Warrants	Percentage of Warrants	Number of Warrants	Percentage of Warrants	
1.	MR LOH CHEE KAN	-	-	-	-	
2.	YB DATUK ARISS BIN SAMSUDIN	-	-	-	-	
3.	DATUK NG YENG KENG @ NG KA HIAT	-	-	3,996,427	96.94	*
4.	MR TAN SEE CHIP	-	-	-	-	
5.	MR NG CHIN KANG	-	-	782,534	18.98	#
6.	MR CHUA SYER CIN	-	-	-	-	
7.	DR NG YAM PUAN @ NG AH BAH	-	-	-	-	
8.	EN MOHD SALLEH BIN JANTAN	-	-	-	-	

Notes:

\* Deemed interest through his warrant holdings in Kia Lim Realty Sdn Bhd, Kia Lim Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd and Ng Hoo Tee Holdings Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

# Deemed to have indirect interest through his warrant holdings in Kia Lim Trading Sdn Bhd, Sersen Tiles Sdn Bhd and Ban Dung Palm Oil Industries Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

# LIST OF PROPERTIES

31 December 2011

Location of Properties	Description	Tenure / Age of Buildings	Approximately Land Area / (Built-up Area)	Net Book Value RM'000	Date of Acquisition/ Valuation	
5 plots of land comprising Lot Nos : PT 5032, 5033 5034, 5035 and 5036 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with factory for brick making plant, office, store and workshop)	Freehold (Between 19 - 26 years)	23.2923 acres (68,988 sq.ft)	7,934	31.12.2007	
2 plots of land Lot Nos : 25 and 26 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 1 open-sided factory buidings for paver plants)	Freehold (Between 13 years)	5.8686 acres (159,375 sq.ft)	10,223	31.12.2007	
2 plots of land comprising Lot Nos : PTD 6922 and 1186 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	24.3376 acres (N/A)	1,220	31.12.2007	
4 plots of land comprising Lot Nos : 1187, 27, 24 and 20 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	18.3562 acres (N/A)	1,107	31.12.2007	
Lot No : 1617 Mukim Simpang Kiri 4, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	5.0812 acres (N/A)	180	31.12.2007	
Lot No : PTD 6920 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 2 open-sided factory buildings for brick making plants)	Freehold (Between 26 years)	7.0000 acres (111,705 sq.ft)	4,419	31.12.2007	
Lot Nos : PTD 6988 and PTD 6989 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with open-sided factory buildings for roofing tiles plants, office building cum store and laboratory)	Freehold (Between 15 years)	8.7810 acres (224,772 sq.ft)	11,294	31.12.2007	
Lot No : PTD 6921 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	20.5597 acres (N/A)	1,030	31.12.2007	
3 plots of land comprising Lot Nos : PTD 8029, 6642, and 809 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	22.9330 acres (N/A)	1,050	31.12.2007	
EMR 3460 Lot 6641 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	1.6311 acres (N/A)	90	31.12.2007	
EMR 3134 Lot 6625 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	4.0747 acres (N/A)	120	31.12.2007	
Suite No 1604 Tower A Menara Atlas Plaza Pantai Kuala Lumpur.	Office building	Freehold (14 years)	2,360 sq.ft	695	31.12.2007	
N0. 20, Jalan Sri Mutiara 2, Taman Mutiara, 83300 Sri Gading, Batu Pahat, Johor Darul Takzim,	Single storey workshop	Freehold (3 year)	2,000 sq.ft	241	20.02.2009	

Johor Darul Takzim.

	KIA LIM BERHAD (342868-F
CDS ACCOUNT NO.	FORM OF PROXY
NO. OF SHARES HELD	
I/We	of
	being a member/members
of Kia Lim Berhad, hereby appoint (1)	r/Ms
(NRIC No	) of
or failing whom,	(NRIC No) o
(the next name and address sh	Id be completed where it is desired to appoint two proxies) *(2) Mr/Ms
	(NRIC No) o
	or failing whom
	(NRIC No
of	

as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the **Seventeenth Annual General Meeting** of the Company to be held at Minyak Beku Agrotourism Resort, Room Straits View 2 (SV 2), PTD 3077a, PTD 3438, PTD 3732, Batu 5, Minyak Beku, 83030 Batu Pahat, Johor Darul Takzim, Malaysia on Wednesday, 30 May 2012 at 12.00 noon and, at every adjournment thereof \*for/against the resolutions to be proposed thereat.

The proportion of \*my/our proxies are as follows: (This paragraph should be completed only when two proxies are appointed)

First Proxy (1) \_\_\_\_\_%

### Second Proxy (2) \_\_\_\_\_%

\*My/Our proxy is to vote as indicated below: -

Resolutions	Agenda	For	Against	
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Directors' and Auditors' Report thereon.			
2.	To approve the payment of Directors' fees for the year ended 31 December 2011.			
	To re-elect the following Directors retiring according to the Company's Articles of Association:-			
3.	(i) YB Datuk Ariss Bin Samsudin			
4.	(ii) En Mohd Salleh Bin Jantan			
	To re-appoint the following Directors pursuant to Section 129 (6) of the Companies Act, 1965:-			
5.	(i) Dr Ng Yam Puan @ Ng Ah Bah			
6.	(ii) Mr Tan See Chip			
7.	To re-appoint Messrs Ernst & Young as auditors.			
8.	Authority to allot shares - Section 132D.			
9.	Proposed Renewal of the existing shareholders' mandate for recurrent related party transactions.			
10.	Proposed shareholders' mandate for new recurrent related party transactions			
11.	Proposed Amendments to the Articles of Association			

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

As witness my hand this ...... day of ......2012

### Signature of Member(s)

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, Section 149 of the Act shall not be applicable.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.

4. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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STAMP

The Company Secretary KIA LIM BERHAD (Company No.: 342868-P)

Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim.

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