



KPS Consortium Bhd

(143816-V)



Annual Report 2008

Contents

Notice of Annual General Meeting	2-3
Statement Accompanying Notice of Annual General Meeting	4
Corporate Information	5-6
Profile of the Board of Directors	7-8
Corporate Governance Statement	9-16
Other Information Required Pursuant to Part A, Appendix 9C of the BMSB Listing Requirements	17
Audit Committee	18-21
Statement on Internal Control	22-23
Chairman/Group Managing Director's Statement	24-25
Financial Statements	27
- Directors' Report	28-31
- Statement by Directors and Statutory Declaration	32
- Independent Auditors' Report	33-34
- Balance Sheets	35
- Income Statements	36
- Statements of Changes in Equity	37-38
- Cash Flow Statements	39-41
- Notes to the Financial Statements	42-82
List of Properties	83-84
Shareholdings Structure	85-86
Proxy Form	Enclosed

NOTICE OF ANNUAL GENERAL MEETING

KPS CONSORTIUM BERHAD

(Company No. 143816-V)

Incorporated in Malaysia

NOTICE IS HEREBY GIVEN THAT the Twenty Third Annual General Meeting of the Company will be held at Klang Executive Club, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on Saturday, 27 June 2009 at 11.00 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1).
2. To re-elect the following Director retiring in accordance with the Company's Articles of Association:-

a) Mr Koh Poh Seng	- Article 80	Resolution 1
b) Mr Faun Chee Yarn	- Article 87	Resolution 2
c) Mr Tan Kong Ang	- Article 87	Resolution 3
d) Mr Lim Choon Liat	- Article 87	Resolution 4
3. To approve the payment of Directors' fee for the financial year ended 31 December 2008. **Resolution 5**
4. To re-appoint Messrs SJ Grant Thornton as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution:-

5. ORDINARY RESOLUTION

- **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

" THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval from other relevant governmental/regulatory 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 deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company at the date of this Annual General Meeting and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Resolution 7

6. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By order of the Board

LIM SECK WAH (MAICSA 0799845)

M. CHANDRASEGARAN A/L S.MURUGASU (MAICSA 0781031)

Company Secretaries

Selangor Darul Ehsan

Dated this: 5 June 2009

NOTES:-

1. *The Agenda No. 1 is meant for discussion only as the provision of S169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward for voting.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote in his place. A proxy needs not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.*
5. *If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.*
6. *The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's Registered Office, Lot 765, Jalan Haji Sirat Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or adjourned meeting as the case maybe.*
7. *Explanatory notes on the Special Business*
 - 7.1 *The proposed Resolution 7 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. NAME OF INDIVIDUALS WHO ARE STANDING FOR RE-ELECTION:

- a) Mr Koh Poh Seng - retires pursuant to Article 80 which provides that at least one-third of the directors serving not more than 3 years shall retire at the forthcoming AGM but shall be eligible for re-election.
- b) Mr Faun Chee Yarn - retires pursuant to Article 87 which provides that a director appointed during the year shall subject for re-election at the forthcoming AGM.
- c) Mr. Tan Kong Ang - retires pursuant to Article 87 which provides that a director appointed during the year shall subject for re-election at the forthcoming AGM.
- d) Mr. Lim Choon Liat - retires pursuant to Article 87 which provides that a director appointed during the year shall subject for re-election at the forthcoming AGM.

The particulars of the above-named Directors who are standing for re-election, has been disclosed in the Profile of the Board of Directors' Profile and Analysis of Shareholdings in this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:

Four (4) Board of Directors' Meetings was held during the financial year ended 31 December 2008 and the details of attendance by each of the Directors are noted in the Corporate Governance Statement in this 2008 Annual Report.

3. THE PLACE, DATE AND HOUR OF THE GENERAL MEETING:

The annual general meeting will be held as follows:

Place : Klang Executive Club,
Persiaran Bukit Raja 2,
Bandar Baru Klang,
41150 Klang,
Selangor Darul Ehsan.

Date : 27 June 2009

Time : 11.00 am

CORPORATE INFORMATION

BOARD OF DIRECTORS	
Chairman/ Group Managing Director	Koh Poh Seng
Directors	<p>Lau Fook Meng Executive Director</p> <p>Faun Chee Yarn (Appointed on 1/11/2008) Independent and Non-Executive Director</p> <p>Tan Kong Ang (Appointed on 26/5/2009) Independent and Non-Executive Director</p> <p>Lim Choon Liat (Appointed on 26/5/2009) Independent and Non-Executive Director</p> <p>Lee Whay Hoong (Resigned on 26/5/2009) Independent and Non-Executive Director</p> <p>Dr Kow Cheong Wei (Resigned on 1/11/2008) Independent and Non-Executive Director</p>
COMPANY SECRETARIES	<p>Lim Seck Wah (MAICSA 0799845) M. Chandrasegaran a/l S.Murugasu (MAICSA 0781031)</p>
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad, Second Board
AUDIT COMMITTEE	
Chairman	<p>Faun Chee Yarn (Appointed on 26/5/2009) Lee Whay Hoong (Resigned on 26/5/2009)</p>
Member	<p>Tan Kong Ang (Appointed on 26/5/2009) Lim Choon Liat (Appointed on 26/5/2009) Lau Fook Meng (Resigned on 26/2/2009)</p>
NOMINATION COMMITTEE	
Chairman	<p>Faun Chee Yarn (Appointed on 26/5/2009) Lee Whay Hoong (Resigned on 26/5/2009)</p>
Member	<p>Tan Kong Ang (Appointed on 26/5/2009) Lim Choon Liat (Appointed on 26/5/2009)</p>

CORPORATE INFORMATION (CONT'D)

REMUNERATION COMMITTEE	
Chairman	Faun Chee Yarn (Appointed on 26/5/2009) Lee Whay Hoong (Resigned on 26/5/2009)
Member	Koh Poh Seng Tan Kong Ang (Appointed on 26/5/2009) Lim Choon Liat (Appointed on 26/5/2009)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Lot 765, Jalan Haji Sirat Off Jalan Meru 42100 Klang, Selangor Tel: (603) 3291 5566 Fax: (603) 3291 4489
REGISTRAR	Mega Corporate Services Sdn Bhd Level 15-2, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel: (603) 2692 4271 Fax: (603) 2732 5388
AUDITORS	SJ Grant Thornton (Member of Grant Thornton International) Level 11, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel: (603) 2692 4022 Fax: (603) 2732 5119
PRINCIPAL BANKERS	AmBank Berhad Malayan Banking Berhad
SOLICITORS	Messrs Soo Thien Ming & Nashrah Rhiza & Richard, Advocates & Associates
WEBSITE	http://www.haiming.com
E-MAIL ADDRESS	enquiry@haiming.com

PROFILE OF BOARD OF DIRECTORS

The Board of Directors of KPS Consortium Berhad ("KPSCB" or "the Company") comprising the Chairman/ Group Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors.

The Board meets quarterly and additional Board Meetings are held as and when required. The Board met four (4) times during the financial year ended 31 December 2008.

Particulars of the Directors are as follows:

KOH POH SENG, Malaysian, age 53, is the founder and Managing Director of KPS Plywood Sdn Bhd ("KPSP") and was appointed as the Chairman and Group Managing Director of KPS Consortium Berhad ("KPSCB") on 18 September 2002. He has more than twenty years of experience in trading of plywood and wood related products. In 1990, KPSP was set up by Mr Koh to undertake the business of trading in plywood. KPSP ventured into the trading of cement and steel bars since 1998.

Presently, Mr Koh is also a director of various other private companies, whereby their principal activities are that of construction and timber.

He is a member of the Remuneration Committee.

LAU FOOK MENG, Malaysian, age 57, was appointed Executive Director of KPSCB on 19 September 2002. He is a chartered accountant who has obtained his Fellowship from the Institute of Chartered Accountant of England & Wales. Upon graduation, he joined Asiatic Development Bhd in 1981 as an Accountant until 1983. In 1984, he joined Unico Holdings Bhd as the Group Accountant and left in 1992. From 1993 to 2002, he was the General Manager of Nichmurni Sdn Bhd.

FAUN CHEE YARN, Malaysian, age 49 was appointed as an Independent and Non-Executive Director of KPSCB on 1 November 2008. He is a Fellow Member of the Malaysian Institute of Accountants and certified member of the Financial Planning Association of Malaysia.

He has many years of experiences in private sector as an Auditor, Accountant, Finance Manager and General Manager in various sectors including software, insurance agency, recycling and vehicle fleet management. Presently he is the Finance Manager of a renowned recycling company in Malaysia.

He is a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

TAN KONG ANG, Malaysian, age 49 was appointed as an Independent and Non-Executive Director of KPSCB on 26 May 2009. He is a Member of Chartered Institute of Marketing UK for more than 20 years.

He is a professional manager with more than 26 years of working experiences in sale, marketing, purchasing, operation, administration and management. He possesses extensive working experiences in the textile industry, electrical and electronic, agencies house, wholesaler, retailer, distributor, oil and gas, hardware, building material, chemical, steel industry, financial products, life and general insurance organizations.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

LIM CHOON LIAT, Malaysian, age 48 was appointed as an Independent and Non-Executive Director of KPSCB on 26 May 2009. He obtained Bachelor of Science (Forestry) from Faculty of Forestry, University Pertanian Malaysia, Serdang, Selangor Darul Ehsan.

Between 1986 and 1991, he worked as a Technical Training Officer at Malaysian Timber Industry Board (MTIB), Ministry of Primary Industries. He organized technical training courses at national level for the Malaysian furniture industries/timber industrialist, in the area of furniture production technology, furniture finishing, furniture design, furniture marketing and technical aspects of timber i.e. preservation of timber, kiln drying of timber, identification of timber and grading of timber.

He is also conducted Malaysian timber export mission to Middle East and China and worked in liaison with various national/regional/international agencies, e.g. UNIDO, TRADA, FIRA, ITTO, FRIM, JICA, JETRO in various aspects of timber utilization/engineering/marketing.

Between 1991 and 1995, he was appointed as the Executive Director in Furnicom Machinery Sdn Bhd, Camycom Sdn Bhd and Camycom Engineering Sdn Bhd. The companies deal with woodworking/plywood machineries. In particular, in promoting wood working machinery for the various timber/furniture sectors, in the production of timber flooring, timber doors, MDF, particleboard and furniture. He sold various specialized machineries e.g. profile-wrapping machines, plywood machines, veneer machines, machines for furniture production, finishing machinery to the furniture and plywood industries in Malaysia.

He also provided consultancy services to furniture industries with regard to the feasibility of investment in the area of furniture production. List of clients serviced was Guthrie Group Berhad, Kuala Lumpur; Samling Corporation Sdn Bhd, Sarawak; TSH Resources, Ipoh, Perak and Pembangunan Papanlapis Sdn Bhd (Aokam Perdana).

He had accomplished the sale of turnkey projects for production of laminated flooring for TSH Ekowwod; BKB Hevea Products Sdn Bhd and Samling Flooring Sdn Bhd.

From 1995 to present, he is the Managing Director for Bonaprimo Resources Sdn Bhd, a Woodworking Machinery business as well as consultancy services for the furniture industries. Besides, doing trading of rubber wood and tropical wood, American hardwoods, timber flooring and doors.

He is also an Associate Senior Consultant of Sage Forestry & Timber Consultants Sdn Bhd. He is involved in providing consultancy services for Pengurusan Danaharta, in assessing the assets of failed furniture companies with non performing loans and in the Study for MIDA – A study of the Impact of AFTA and AIA on the Wood/Cane/Bamboo-based Industry in Malaysia.

He provided inputs for an International Consultant, Dr Lew Wing Hing, in the project on the establishment of private forest plantations for a PLC in Perak and consulting services to Serisar Industries Sdn Bhd, Sabah (2003-2005) for the commissioning of Wood Chipping Plan at designed capacity of 100 tonnes per hour, using Acacia mangium logs at Telaga, Sabah.

He too conducted various consulting sales-related services on veneering machineries to furniture & door factory for the slicing of wood, splicing of veneer, veneer lamination and veneer processing. Besides, he had accomplished for LP Global Sdn Bhd, Surewell Sdn Bhd, Sun Scan Sdn Bhd and Weng Meng Industries Sdn Bhd.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Note:

All the above-named Directors of the Company have no family relationship with the other directors or substantial shareholders of the Company; and have not been convicted of any criminal offences (other than ordinary traffic offences, if any) and do not have any conflict of interest of the Company.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors fully acknowledges the importance of good corporate governance and is taking steps to evaluate the status of the corporate governance practices adopted by the Group as tabulated below and its compliance with the code of best practices as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB") throughout the financial year from 1 January 2008 to 31 December 2008. The Board will continually evaluate the status of the Group's corporate governance practices and procedures to ensure conformance and enhance performance in pursuit of its commitment to the highest standards of corporate governance.

1.0 BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Board currently has five (5) members, comprising the Chairman/Group Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The Company is in compliance with Paragraph 15.02 of the BMSB Listing Requirements whereby one-third of its Board members are independent directors. The profile of each Director is presented separately in the Annual Report.

All Board members participate fully in decisions making on the key issues involving the Group. The Chairman/Group Managing Director has primary responsibilities for managing the Group's day-to-day operations and together with the Executive Director and Non-Executive Directors to ensure that the strategies proposed by the management are fully discussed and examined, and take into account the long term interests of the various stakeholders including shareholders, employees, clients, suppliers and the various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from Management and major shareholders of the Company. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. Together with the Chairman/Group Managing Director and Executive Director who have intimate knowledge of the Company's and Group's business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

As part of its commitment, the Board supports the highest standards of corporate governance and the development of the best practices for the Group.

In addition to the role of guidance by the Non-Executive Directors, each Director brings independent judgment to bear on issues of strategy, performance, resources and standard of conduct.

1.2 Duties and Responsibilities of the Board

The Board retains full and effective control of the Company and the Group. This includes responsibility for determining the Group's overall strategic direction as well as development and control of the Group. The Group Managing Director also undertakes the role of the Chairman. Despite that the roles are combined, there is a strong independent element on the Board as there are adequate number of independent directors who are particularly important as they provide unbiased and independent views, advice and judgment.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.0 BOARD OF DIRECTORS (CONT'D)

1.3 Board Meetings and Supply of Information

Four (4) Board Meetings were held during the financial year ended 31 December 2008 and the details of attendance of each director are set out below:

Name of Directors	Total Number of Meetings Attended
Mr Koh Poh Seng	4/4
Mr Lau Fook Meng	4/4
Mr Lee Whay Hoong (resigned on 26/5/09)	4/4
Dr Kow Cheong Wei (resigned on 1/11/08)	3/3
Mr Faun Chee Yarn (appointed on 1/11/08)	1/1
Mr Tan Kong Ang (appointed on 26/5/09)	-
Mr Lim Choon Liat (appointed on 26/5/09)	-

The Board Meetings were held at No.3, Jalan BK 1/10, Bandar Kinrara Industrial Centre, Puchong, Selangor.

The date and time of the meetings held were as follows:

Date	Time
28 February 2008	11.00 am
30 May 2008	11.30 am
28 August 2008	11.30 am
28 November 2008	12.30 pm

All Directors have complied with the minimum attendance at Board meetings as stipulated in the Listing Requirements of the BMSB during the financial period.

The agenda and Board papers for each item as well as minutes of previous meetings are duly served to all Board members few days before the Board meetings to give Directors time to review and study and thus, to deliberate on the issues to be raised at the Board meetings.

In arriving at any decision on recommendations by the Management, thorough deliberation and discussion by the Board is a pre-requisite. All proceedings of the Board Meetings are minuted and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

The Board is kept updated on the Company and Group's activities and its operations on a regular basis. The directors also have access to reports on the Group's activities, both financial and operational.

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that board procedures are followed and the Board may also take independence advice, at the Company's expense, in the furtherance of their duties if so required. The Board also has unlimited access to all information with regard to the activities of the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.0 BOARD OF DIRECTORS (CONT'D)

1.4 Directors' Training

The Board as a whole ensures that it appoints only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. The Board of Directors is aware of the importance of continuously pursuing for the relevant seminars/training programmes to equip themselves to discharge their duties diligently.

The new appointed Directors will be attending the Mandatory Accreditation Programme (MAP) in year 2009.

The Board members have attended the continuous education programme for the financial year 2008. Training programmes and seminars attended by the Directors during the financial year are as follows:

Mr Koh Poh Seng

- Managing Corporate Turnaround

Mr Lau Fook Meng

- Corporate Entity Valuation – Intermediate Level

Mr Lee Whay Hoong

- Strategic Tax Planning for Corporate Restructuring

Mr Faun Chee Yarn

- Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)
- Managing Corporate Turnaround.

1.5 Appointments to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board.

The Nomination Committee is empowered by the Board and its terms of reference to consider and evaluate the appointment of new Directors and Directors to Board Committees of the Company. The Nomination Committee will recommend the candidates to the Board for the appointment. The Nomination Committee also keeps under review the Board structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. In addition, the Nomination Committee will deliberate on Board succession plan as and when appropriate. The Nomination Committee will also assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on at least an annual basis.

The Nomination Committee comprises the following:-

- Mr Faun Chee Yarn (Chairman)
- Mr Tan Kong Ang
- Mr Lim Choon Liat

1.6 Retirement and Re-election

In accordance with the Articles of Association of the Company, at least one-third of the Directors shall retire by rotation at each Annual General Meeting and can offer themselves for re-election at the Annual General Meeting ("AGM"). Directors who are appointed by the Board to fill casual vacancies or as additional directors during the financial year are subject to re-election by shareholders at the next AGM following their appointment. All Directors shall retire from office at least once in every three years, but shall be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.0 BOARD OF DIRECTORS (CONT'D)

1.7 Relationship of the Board to Management

- **Quality of Information**

Information plays a key role in the Board's decision-making and in setting up the policies and strategies of the Company. The Board has unrestricted access to timely and accurate information, which is not only confined to qualitative and quantitative information, but also to other information deemed suitable such as customer satisfaction, products and services quality, market share and market reaction and macro economic performance.

- **Access to information**

Prior to the board meetings, all Directors receive an agenda and Board Papers containing information relevant to the business of the meeting including information on major financial, operational and corporate matters relating to the activities and performance of the Group. This is issued in sufficient time to enable Directors to obtain further explanation, where necessary, in order to be properly informed before the meeting.

All Board members have unlimited access to the financial information. They get the advice from the Company Secretary, Auditors, legal advisor or any other resources, be it from the organization or externally.

- **Use of Board Committees**

As appropriate, the Board has delegated certain responsibilities to Board Committees that operate within clearly defined terms of reference. The Committees are as follows:

- a. Audit Committee
- b. Remuneration Committee
- c. Nomination Committee

All the above Committees have written terms of reference and operating procedures. Each of the committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate decision on all matters lies with the Board.

1.8 The relationship between the Board and the shareholders

The principal forum for dialogue with shareholders is the AGM, during which shareholders are encouraged to participate and pose questions to the Board regarding operational and financial information. The AGM also allows shareholders an opportunity to interact directly with the Board and seek first-hand information on the above matters. Extraordinary General Meetings are held as and when shareholders' approvals are required on specific matters and shareholders are notified of such meetings requirements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2.0 DIRECTORS' REMUNERATION

2.1 The Level and Make-Up of Remuneration

The remuneration of the Directors of the Company and for the financial year ended 31 December 2008 is set out below:

- (i) Aggregate remuneration of Directors with categorisation into appropriate components:

	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	60,000	3,000	63,000
Salary & other emoluments	48,000	-	48,000
Total	108,000	3,000	111,000

- (ii) Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	(RM) Executive Director	(RM) Non-Executive Directors	(RM) Total
Below RM50,000	-	1	1
RM50,001 to RM100,000	2	-	2
RM100,001 to RM150,000	-	-	-

There is no contract of service between any Directors and the Company or its subsidiary Companies.

2.2 Procedure

In compliance with the Listing Requirements of the BMSB, the Board has established a Remuneration Committee comprising Independent Non-Executive Directors and the Chairman/Group Managing Director. The Committee's primary responsibility is to recommend to the Board, the remuneration of Directors. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

However, the final decision on remuneration for Directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration. The members of the Remuneration Committee are as follows:

- a. Mr Faun Chee Yarn (Chairman)
- b. Mr Koh Poh Seng
- c. Mr Tan Kong Ang
- d. Mr Lim Choon Liat

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3.0 SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Group values dialogue with investors as a mean of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

The AGM is the principal forum for dialogue with individual shareholders. It is a crucial mechanism in shareholder communication for the Company. At the Company's AGM, shareholders have direct access to the Board and are given the opportunity to ask questions during the open questions and answers session prior to moving for approval of the Company's Audited Financial Statements and Directors' Report for the financial year and other businesses (if applicable). The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

The Chairman/Group Managing Director also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the new financial year.

The Board is also committed to ensure that shareholders are well informed of major developments of the Company and the Group and the information is also communicated to them through the following channels:-

- a. the Annual Report;
- b. various disclosures and announcements made to the BMSB including the quarterly results and annual results; and
- c. the Company's website www.haiming.com through which shareholders and the public in general can gain access to the latest corporate and product information of the Group.

3.2 Annual General Meeting ("AGM")

Notice of AGM and annual reports are sent out to shareholders at least 21 days before the date of the meeting.

At the AGM, the Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Directors and senior management staff are available to provide responses to shareholders' questions during these meetings.

For the re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4.0 ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is aware of its responsibilities to shareholders and the requirement to present a balanced and comprehensive assessment of the Group's financial position, by means of the annual and quarterly reports and other published information. In this regard, the Board is primarily responsible for the preparation of a financial statement to present a fair and balanced report of the financial state of affairs of the Group.

Before releasing to the Bursa Malaysia Securities Berhad, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors. The details of the Company and the Group's financial positions are included in the Financial Statements section of the Annual Report.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Company and the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal controls involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them. Ongoing reviews are continuously being carried out to ensure that the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

4.3 Audit Committee

The Audit Committee meets periodically with senior financial management staff and the external auditors to review the Company's and the Group's financial reporting, the nature and scope of audit reviews, and the effectiveness of the systems of internal control and compliance.

The terms of reference of the Audit Committee have recently been revised to conform to the Listing Requirements of the BMSB. The terms of reference and activities of the Audit Committee during the financial year ended 31 December 2008 are provided separately in this Annual Report.

4.4 Relationship with Auditors

The Company's external auditors, SJ Grant Thornton 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. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5.0 STATEMENT ON THE EXTENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE SET OUT IN PART 2 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

Save as disclosed below, the Group has substantially complied with the Best Practices of the Code throughout the financial year:

- a) The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group.
- b) The Board has not developed position descriptions for the Board and the Group Chief Executive Officer. This is mainly due to the current set-up of the Board and the various Board Committees that are in place to facilitate the smooth functioning of the Group. Nevertheless, in order to enhance the existing corporate governance practice of the Company, the Board will consider adopting a Board Charter which delineates the role and function of the Board as well as the differing roles of Executive Directors and Non-Executive Directors.
- c) The Board, through various management committees, has been able to identify business risks and ensure the implementation of appropriate measures to manage these risks. Nevertheless, the Board is of the view that a more structured risk management process would need to be established to better identify, monitor and manage the business risks affecting the Group.

6.0 DIRECTORS' RESPONSIBILITY STATEMENT ON ANNUAL AUDITED ACCOUNTS

The Board of Directors is required under Paragraph 15.27(a) of the Listing Requirements of the BMSB to issue a statement explaining their responsibility in the preparation of the annual financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

In preparing those financial statements, the Directors are required to:-

- a) use appropriate accounting policies and consistently apply them;
- b) make judgements and estimates that are reasonable and prudent; and
- c) state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Company and of the Group and to enable them to ensure that the accounts comply with the Companies Act, 1965. The Directors had also ensured that proper internal controls had been implemented.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2008, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors are of the opinion that all relevant approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

OTHER INFORMATION REQUIRED PURSUANT TO PART A, APPENDIX 9C OF THE BMSB LISTING REQUIREMENTS

In conformance with the Bursa Malaysia Securities Berhad Listing Requirements, the following information is provided:

- **Utilisation of Proceeds**
No proceeds were raised from any corporate proposal during the financial year.
- **Share buybacks**
During the financial year, there were no share buybacks by the Company.
- **Option, Warrants and Convertible Securities**
The Company has not issued any options, warrants or convertible securities during the financial year.
- **American Depository Receipt (“ADR”)/Global Depository Receipt (“GDR”)**
During the financial year, the Company did not sponsor any ADR or GDR programme.
- **Sanctions and/or Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management staff by the relevant regulatory bodies during the financial year.
- **Non-Audit Fee**
There was no non-audit fee payable to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2008.
- **Variance from Profit Forecast or Unaudited Results Previously Made**
There were no variances exceeding 10% from the unaudited results previously released by the Company.
- **Profit Guarantee**
During the financial year, there were no profit guarantees given by the Company.
- **Material Contracts**
There were no material contracts (not being contracts entered into in the ordinary course of business) subsisting as at or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interests of the Directors and major shareholders.
- **Revaluation of landed properties**
The Group does not have a revaluation policy for its landed properties.
- **Recurrent related party transactions of a revenue nature**
There were no recurrent related party transactions of a revenue nature during the year.
- **Corporate Social Responsibility**
The Group looks after the welfare of the employees such as providing lodging, food and organizing Family Day for the employees and their family. The Group heeds the save the environment by involving in recycling of papers for the production of jumbo toilet rolls and serviette. The factories preserve environment and nature by make good use of waste wood, oil palm waste (bio-slab) and sawdust.

The Group emphasizes an Environment, Health and Safety and provides safety measurements to the factory members.

AUDIT COMMITTEE

1. MEMBERS

The current members of the Committee and their respective designations are as follows:

- Mr Faun Chee Yarn
Chairman / Independent and Non-Executive Director
- Mr Tan Kong Ang
Member / Independent and Non-Executive Director
- Mr Lim Choon Liat
Member / Independent and Non-Executive Director

The Audit Committee consists of three (3) members all of whom are Independent Non-Executive directors. The Company has complied with Paragraph 15.10 of Bursa Malaysia Securities Berhad's Listing Requirements, which requires the majority of the Audit Committee members to be Independent Directors.

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee had been revised to conform to the Listing Requirements of the BMSB.

Composition

The Audit Committee shall be appointed from among their members and should consist of no fewer than three (3) members and must be all Non-Executive Directors of whom the majority must be Independent Directors.

At least one (1) member of the Committee:-

- i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- ii) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1968; or
 - 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
 - fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Committee.

The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.

In the event of any vacancy in the Audit Committee resulting in the number of members being reduced to below three, the Company must fill the vacancy within three (3) months.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

AUDIT COMMITTEE (CONT'D)

3. AUDIT COMMITTEE MEETINGS ATTENDANCE

The Audit Committee had conducted four (4) meetings for the financial year ended 31 December 2008. Details of attendance of the Audit Committee members during this financial period are set out as below:

Name of Committee Member	No. of meetings attended/held during member's tenure
Mr Lau Fook Meng	4/4
Mr Lee Whay Hoong (Resigned on 26/5/2009)	4/4
Dr Kow Cheong Wei (Resigned on 1/11/2008)	3/3
Mr Faun Chee Yarn (Appointed on 1/11/2008)	1/1
Mr Tan Kong Ang (Appointed on 26/5/2009)	-
Mr Lim Choon Liat (Appointed on 26/5/2009)	-

4. ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial period were summarized as follows:

- (a) Reviewed the quarterly financial results and announcements for the financial quarters prior to the Board of Directors for consideration and approval;
- (b) Reviewed the audited financial statements for the financial year ended 31 December 2008;
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2008 in relation to audit and accounting issues arising from the audit;
- (d) Reviewed the external auditors' audit plan for the year ended 31 December 2008;
- (e) Considered the nomination of external auditors for recommendation to the Board for reappointment;
- (f) Reviewed the internal audit plan, findings, reports and management implementation of audit recommendations;
- (g) Reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement on Internal Control and recommended to the Board for adoption;
- (h) Deliberated the disclosure requirements for corporate social responsibility and identified the management action plan.

5. INTERNAL AUDIT FUNCTION

The internal audit function is essential in assisting the Audit Committee in reviewing the state of the system of internal control maintained by the management.

The Company outsourced its internal audit function to an internal audit consulting company. The audit team members are independent of the activities audited by them. The internal auditors review and assess the Group's system of internal control and report to the Committee functionally.

The Committee approves the annual internal audit plan before the commencement of the internal audit reviews for each financial year. During the financial year, the internal auditors conducted reviews on the operations of the Group and presented their reports to the Audit Committee. Areas of improvement identified were communicated to the management for further action.

AUDIT COMMITTEE (CONT'D)

6. AUTHORITY

The Committee is authorized by the Board:-

- (i) To investigate any matter within its terms of reference;
- (ii) To have the resources which are required to perform its duties;
- (iii) To have full and unrestricted access to any information pertaining to the Company;
- (iv) To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (v) To obtain independent professional or other advice; and
- (vi) To convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees, whenever deemed necessary.

7. FUNCTIONS

The functions of the Committee are as follows:-

- (a) The Committee shall review, appraise and report to the Board on:
 - the discussion with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit and to ensure co-ordination of audit where more than one audit firm is involved;
 - the review with the external auditors, his evaluation of the system of internal controls, his management letter and management's response;
 - the discussion of problems and reservations arising from the external audits, the audit report and any matters the external auditors may wish to discuss;
 - the assistance given by the employees of the Group to the external and internal auditors;
 - any related party transaction and conflict of interest situation that may arise within the Group or Company including any transaction, procedure or course of conduct that raises questions of management integrity.
- (b) To review where appropriate whether there is a reason to believe that the Group's external auditors is not suitable for re-appointment;
- (c) To consider any question of resignation or dismissal of the external auditors;
- (d) To review quarterly reporting and year end financial statements of the Group before submission to the Board, focusing particularly on:-
 - changes in or implementation of major accounting policy;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE (CONT'D)

7. FUNCTIONS (CONT'D)

- (e) To review the following in respect of internal audit function:-
- Adequacy of the scope, functions, competency and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;
 - Internal audit programmes;
 - The major findings of internal audit investigations and management's responses, and ensure that appropriate actions are taken on the recommendations of the Internal Audit Department;
 - Appraisal or assessments of the performance of the senior staff of the Internal Audit Department;
 - Approval of any appointment or termination of senior staff member of the Internal Audit Department;
 - Resignations of senior internal audit staff members and providing the resigning staff member an opportunity to submit his/her reason for resignation;
- (f) To consider the major findings of internal audit investigations and management's response;
- (g) To recommend the nomination and appointment of external auditors as well as the audit fee;
- (h) To promptly report any matters resulting in breach of the Bursa Securities Listing Requirements to the Board. Where the Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Committee shall promptly report such matter to Bursa Securities; and
- (i) Any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

Attendance At Meetings

The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other directors and employees may attend any particular audit committee meeting only at the Committee's invitation, specific to the relevant meeting. However, the Committee should meet with the external auditors without the presence of the executive directors, at least twice a year.

The Company Secretary shall act as secretary of the Committee and shall attend the meetings.

Frequency Of Meetings

Meetings shall be held not less than four (4) times a year to review the quarterly results and year-end financial statements. Other meetings may be held as and when required.

STATEMENT ON INTERNAL CONTROL

It is a requirement of the Malaysian Code of Corporate Governance that the Board of Directors should maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and Statement on Internal Control: Guidance for Directors of Public-Listed Companies, the Board of Directors are pleased to present the Statement on Internal Control of the Group comprising KPS Consortium Berhad and its subsidiaries for the financial year ended 31 December 2008.

BOARD RESPONSIBILITY

The Board of Directors Board affirms its responsibility in maintaining a sound system of internal control and risk management procedures within the Group and for reviewing its adequacy and integrity. However, the Board recognises that reviewing of the Group's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. In striving for continuous improvement, the Board will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal controls.

INTERNAL CONTROL

The internal controls system is established after considering the overall control environment of the Group. The system is designed to achieve proper balance between risks undertaken and the potential returns to shareholders. The key elements of the Group's system of internal controls are as described below:

- Key responsibilities and lines of accountability within the Group are defined, with clear reporting lines up to the Senior Management of the Group and to the Board of Directors. The Group's delegation of authority sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board approval.
- The Group's management teams carry out quarterly monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance. The Group's management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern.
- Operating Procedures Manuals that set out certain policies and procedures are maintained by certain companies in the Group, to ensure accountabilities and standard control procedures are in place. The manuals are regularly reviewed to ensure the alignment, standardisation and comprehensiveness of the procedures. Greater communication is ensured on key internal control procedures, including those relating to authorisation, accountability, monitoring and reconciliation processes.

INTERNAL AUDIT

The Group had engaged an independent professional services firm to carry out the Internal Audit function within the Group. Internal audits are carried out to review the adequacy and integrity of the internal control systems of certain business units.

The cost incurred in respect of the internal audit function for the financial year ended 31 December 2008 was RM7,000.

STATEMENT ON INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT

The Group hopes to establish a process for identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives. The risk management practice ensures that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management.

CONCLUSION

The Board of Directors is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2008. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

CHAIRMAN/GROUP MANAGING DIRECTOR'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of the Group and of the Company for the financial year ended 31 December 2008.

OVERVIEW OF GROUP RESULTS

Operating Results

For the financial year ended 31 Dec 2008, Group's turnover was RM289.7 million (2007 : RM329.0 million). We recorded a pre-tax profit of RM6.3 million as compared to RM7.8 million in the previous year.

At Company level, no turnover in term of dividend income from subsidiaries was recorded.

Review of Operations

The Groups performance are explained under the various activity reports below:

Paper Milling

The Group's tissue mill registered external revenue of RM11.1 million compared with previous year of RM11.7 million. This division registered higher operating profit before tax and finance cost of RM2.1 million as compared to profit of RM2.0 million in year 2007.

Paper Converting and Trading of Woodfree Paper

I am glad to report that this division recorded higher turnover of RM41.3 million as compared to RM39.5 million previously. This division managed to show a profit before tax and finance cost of RM1.4 million as compared to a profit of RM1.2 million in the previous year 2007.

Plywood and Building Materials Trading and Timber Manufacturing

The Plywood and Building Materials Division registered lower turnover of RM213.0 million (2007:RM252.0 million) and operating profit before tax and finance cost of RM5.0 million compared with operating profit of RM6.8 million. Operating profit margin for year 2008 and 2007 were about the same.

The year 2008 Sales were affected in the 4th quarter due to the world economic recession and financial crisis.

Others – trading of paper products and general household products

Turnover for this division was RM24.0 million in year 2008 compared with RM24.8 million for the previous year. This division made a profit before taxation of RM0.34 million.

CHAIRMAN/GROUP MANAGING DIRECTOR'S STATEMENT (CONT'D)

Dividend

The Board is unable to propose any dividend.

Outlook and Prospects

The future outlook for most of the divisions are expected to register slightly lower revenue due to the current world economic recession but mitigated by efforts of the Malaysian Government to boost domestic economy. After tax profits should show improvements due to efforts by the Management to control costs and improve operating margins.

Acknowledgement

The last few years have proven the resilience of the Company and I would like to thank the shareholders for their unwavering support so far.

The Board would like to thank Dr Kow Cheong Wei who resigned on 1 November 2008 respectively for his past contribution to the Group. We wish him every success in his future endeavours.

We owe a similar gratitude to our customers and business associates for their unwavering support throughout the difficult times of the last few years. I would also like to express our appreciation to all Government agencies and regulatory authorities for their assistance and guidance.

Finally and above all, on behalf of the Board, I wish to offer our heartfelt thanks to all our staff for their dedication and loyalty over the past year and their steadfastness and resilience in facing the new challenges.



Koh Poh Seng

Chairman/Group Managing Director

This page has been intentionally left blank

Financial Statements

Directors' Report	28-31
Statement by Directors and Statutory Declaration	32
Independent Auditors' Report	33-34
Balance Sheets	35
Income Statements	36
Statements of Changes in Equity	37-38
Cash Flow Statements	39-41
Notes to the Financial Statements	42-82

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 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	5,184,914	(195,422)
Attributable to:-		
Equity holders of the Company	5,180,125	(195,422)
Minority interests	4,789	-
	5,184,914	(195,422)

DIVIDENDS

There were no dividends paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued during the financial year.

DIRECTORS' REPORT (CONT'D)

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements.

In the opinion of the Directors:-

- (a) the results of 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; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are as follows:-

Koh Poh Seng (Chairman/Group Managing Director)

Lau Fook Meng (Executive Director)

Lee Whay Hoong (Independent Non-Executive Director)

Faun Chee Yarn (Independent Non-Executive Director, appointed on 1.11.2008)

Dr Kow Cheong Wei, PhD, SIS, PJK (Independent and Non-Executive Director, resigned on 1.11.2008)

In accordance with Article 80 and 87 of the Company's Articles of Association, Mr Koh Poh Seng and Mr Faun Chee Yarn will retire from the Board at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:-

	Ordinary Shares of RM1 Each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Direct interest				
Koh Poh Seng	58,989,725	2,101,500	476,700	60,614,525

By virtue of Mr Koh Poh Seng's interest in the Company, he is also deemed to have interest in the shares of all the subsidiary companies to the extent that the company has an interest under Section 6A of the Companies Act, 1965.

Other than those disclosed above, no other Directors at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 23 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

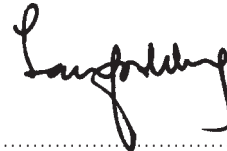
STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 82 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of its financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board



KOH POH SENG



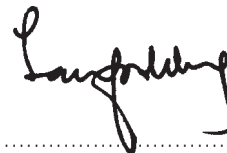
LAU FOOK MENG

Kuala Lumpur
13 April 2009

STATUTORY DECLARATION

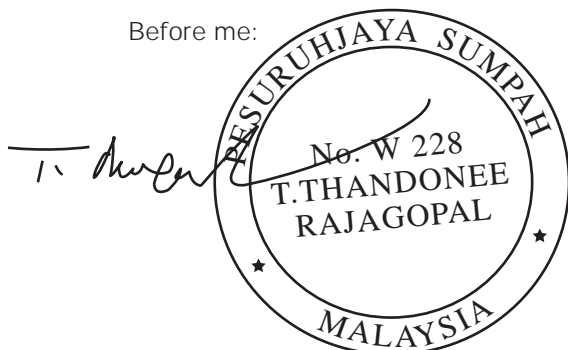
I, Lau Fook Meng, being the Director primarily responsible for the financial management of KPS Consortium Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 35 to 82 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
13 April 2009)



LAU FOOK MENG

Before me:



Lot LG 27B, Lower Ground Floor,
Wilayah Complex,
2, Jalan Munshi Abdullah
50100 Kuala Lumpur
MALAYSIA

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of KPS Consortium Berhad, which comprise the balance sheets as at 31 December 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 82.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of its financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the Financial Statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any comment made under Section 174 (3) of the Act.

OTHER MATTERS

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

The financial statements of the Group and of the Company as at 31 December 2007 were audited by another audit firm whose report dated 30 April 2008 expressed an unqualified opinion on those statements.



SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS



DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(J/PH))
PARTNER

Kuala Lumpur
13 April 2009

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
SHARE CAPITAL	5	147,827,158	147,827,158	147,827,158	147,827,158
SHARE PREMIUM		5,400,842	5,400,842	5,400,842	5,400,842
ACCUMULATED LOSSES		(10,599,088)	(15,779,213)	(32,085,655)	(31,890,233)
		142,628,912	137,448,787	121,142,345	121,337,767
MINORITY INTERESTS		52,758	47,969	-	-
Total equity		142,681,670	137,496,756	121,142,345	121,337,767
NON-CURRENT LIABILITIES					
Borrowings	6	559,489	889,780	-	-
Deferred taxation	7	88,000	57,407	-	-
Finance creditors	8	210,291	207,011	-	-
		143,539,450	138,650,954	121,142,345	121,337,767
REPRESENTED BY:-					
NON-CURRENT ASSETS					
Property, plant and equipment	9	39,291,148	36,571,770	-	-
Prepaid land lease payments	10	2,413,644	2,485,872	-	-
Investment properties	11	4,562,334	4,087,138	-	-
Investment in subsidiary companies	12	-	-	117,204,492	117,204,492
Other investments	13	-	1,804	-	-
Goodwill on consolidation	14	43,151,039	43,151,039	-	-
Deferred tax asset	7	-	26,989	-	-
Total non-current assets		89,418,165	86,324,612	117,204,492	117,204,492
CURRENT ASSETS					
Inventories	15	29,419,085	28,726,915	-	-
Trade receivables	16	57,907,641	74,680,094	-	-
Other receivables	17	2,623,288	2,584,631	36,913	-
Amount due from subsidiary companies	12	-	-	13,949,126	14,786,786
Tax recoverable		29,309	204,266	-	-
Fixed deposits with licensed banks	18	11,154,761	13,894,772	-	-
Cash and bank balances		8,080,800	6,901,414	19,953	24,691
Total current assets		109,214,884	126,992,092	14,005,992	14,811,477
CURRENT LIABILITIES					
Trade payables	19	11,465,410	13,536,814	-	-
Other payables	20	3,904,265	2,663,523	105,607	77,431
Amount due to subsidiary companies	12	-	-	9,962,532	10,600,771
Amount due to Directors	21	26,198	-	-	-
Tax payable		217,510	130,966	-	-
Borrowings	6	39,480,216	58,334,447	-	-
Total current liabilities		55,093,599	74,665,750	10,068,139	10,678,202
NET CURRENT ASSETS		54,121,285	52,326,342	3,937,853	4,133,275
		143,539,450	138,650,954	121,142,345	121,337,767

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Continuing Operations					
Revenue	22	289,724,807	329,087,166	-	-
Cost of sales		(265,642,812)	(306,153,526)	-	-
Gross profit		24,081,995	22,933,640	-	-
Other income		2,313,189	2,216,744	-	-
Distribution costs		(6,211,020)	(6,137,246)	-	-
Administrative expenses		(6,414,236)	(6,521,816)	(187,897)	(151,189)
Finance costs		(2,373,065)	(2,899,845)	-	-
Other expenses		(5,040,159)	(1,777,868)	(7,525)	(3,700)
Profit/(loss) before taxation	23	6,356,704	7,813,609	(195,422)	(154,889)
Taxation	24	(1,171,790)	(1,266,685)	-	-
Profit/(loss) for the financial year from continuing operations		5,184,914	6,546,924	(195,422)	(154,889)
Discontinued Operation					
Loss for the financial year from discontinued operation	25	-	(2,233,932)	-	-
Profit/(loss) for the financial year		5,184,914	4,312,992	(195,422)	(154,889)
Attributable to:-					
Equity holders of the Company		5,180,125	4,308,060	(195,422)	(154,889)
Minority interests		4,789	4,932	-	-
		5,184,914	4,312,992	(195,422)	(154,889)
Earnings/(loss) per share attributable to equity holders of the Company:					
- Basic, for profit from continuing operations	26	3.50	4.61		
- Basic, for loss from discontinuing operations		-	(1.58)		
- Basic, for profit for the financial year		3.50	3.03		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Group	Attributable to equity holders of the Company						
	Share capital RM	ICULS RM	Non- distributable Share premium RM	Distributable Accumulated losses RM	Total RM	Minority interests RM	Total equity RM
Balance at 1 January 2007	140,252,636	11,892,000	1,083,364	(19,662,093)	133,565,907	43,037	133,608,944
Profit for the financial year	-	-	-	4,308,060	4,308,060	4,932	4,312,992
Distribution to holders of ICULS	-	-	-	(425,180)	(425,180)	-	(425,180)
Effect of conversion of ICULS to ordinary shares	7,574,522	(11,892,000)	4,317,478	-	-	-	-
Balance at 31 December 2007	147,827,158	-	5,400,842	(15,779,213)	137,448,787	47,969	137,496,756
Profit for the financial year	-	-	-	5,180,125	5,180,125	4,789	5,184,914
Balance at 31 December 2008	147,827,158	-	5,400,842	(10,599,088)	142,628,912	52,758	142,681,670

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Share capital RM	ICULS RM	Non- distributable Share premium RM	Distributable Accumulated losses RM	Total RM
Company					
Balance at 1 January 2007	140,252,636	11,892,000	1,083,364	(31,310,164)	121,917,836
Loss for the financial year	-	-	-	(154,889)	(154,889)
Distribution to holders of ICULS	-	-	-	(425,180)	(425,180)
Effect of conversion of ICULS to ordinary shares	7,574,522	(11,892,000)	4,317,478	-	-
Balance at 31 December 2007	147,827,158	-	5,400,842	(31,890,233)	121,337,767
Loss for the financial year	-	-	-	(195,422)	(195,422)
Balance at 31 December 2008	147,827,158	-	5,400,842	(32,085,655)	121,142,345

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation				
Continuing operations	6,356,704	7,813,609	(195,422)	(154,889)
Discontinued operations	-	(2,233,932)	-	-
Adjustments for:-				
Amortisation of prepaid land lease payments	72,228	72,228	-	-
Allowance for slow moving inventories	48,675	-	-	-
Bad debts written off	325,033	400,076	-	-
Depreciation of property, plant and equipment	2,440,873	2,139,758	-	-
Depreciation of investment properties	94,638	90,401	-	-
Loss on disposal of property, plant and equipment	15,504	635,961	-	-
Loss on disposal of other investments	8,441	-	-	-
Interest expenses	2,006,519	2,278,375	-	-
Inventories written down	-	13,680	-	-
Inventories written off	456,393	4,763	-	-
Impairment loss on other investments	-	10,220	-	-
Property, plant and equipment written off	97,534	87,874	-	-
Reversal of investment properties cost	11,061	-	-	-
Allowance for doubtful debts				
- current year	3,926,348	1,394,618	7,525	3,701
- no longer required	(827,998)	(66,903)	-	-
Allowance for slow moving inventories no longer required	(187,424)	(29,361)	-	-
Allowance for diminution in value of other investments no longer required	(10,220)	-	-	-
Gain on disposal of property, plant and equipment	(199)	(317,246)	-	-
Gain on disposal of investment properties	-	(1,061)	-	-
Interest income	(253,233)	(476,786)	-	-
Operating profit/(loss) before working capital changes	14,580,877	11,816,274	(187,897)	(151,188)

CASH FLOW STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Changes in working capital:-					
Inventories		(1,009,814)	5,027,021	-	-
Receivables		13,310,412	(8,477,117)	(44,438)	-
Payables		(875,196)	2,122,481	28,176	(121,123)
Subsidiary companies		-	-	199,421	669,352
Bill Payables		(18,869,892)	(567,240)	-	-
Directors		26,198	-	-	-
Cash generated from operations		7,162,585	9,921,419	(4,738)	397,041
Interest paid		(2,006,519)	(2,278,375)	-	(425,180)
Interest received		253,233	476,786	-	-
Taxes paid		(897,172)	(1,131,392)	-	-
Net cash from/(used in) operating activities		4,512,127	6,988,438	(4,738)	(28,139)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(4,997,289)	(4,287,585)	-	-
Purchase of investment properties		(580,894)	-	-	-
Proceeds from disposal of property, plant and equipment		19,199	1,053,185	-	-
Proceeds from disposal of other investments		3,583	47,590	-	-
Net cash used in investing activities		(5,555,401)	(3,186,810)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan		498,788	1,561,780	-	-
Repayment of term loan		(813,418)	(1,888,264)	-	-
Repayment of finance creditors		(202,721)	(85,111)	-	-
Distribution to ICULS holders		-	(425,180)	-	-
Net cash used in financing activities		(517,351)	(836,775)	-	-
CASH AND CASH EQUIVALENTS					
Net (decrease)/increase		(1,560,625)	2,964,853	(4,738)	(28,139)
Brought forward		20,796,186	17,831,333	24,691	52,830
Carried forward	B	19,235,561	20,796,186	19,953	24,691

CASH FLOW STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

NOTES TO THE CASH FLOW STATEMENTS

A. PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment properties with an aggregate cost of RM5,292,289 (2007: RM4,637,585) of which RM295,000 (2007: RM350,000) was acquired by means of hire purchase. Cash payments of RM4,997,289 (2007: RM4,287,585) were made by the Group to purchase the property, plant and equipment.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets items:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	8,080,800	6,901,414	19,953	24,691
Fixed deposits with licensed banks	11,154,761	13,894,772	-	-
	19,235,561	20,796,186	19,953	24,691

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Companies Act, 1965 in Malaysia and Financial Reporting Standards issued by Malaysian Accounting Standard Board ("MASB").

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

2.1 Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's and the Company policy is to minimise the exposure of foreign currency risk to transaction risk by matching local currency income against local currency costs.

2.2 Credit Risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

2.3 Market Risk

For key product purchases, the Group establishes floating and fixed price levels that the Group and the Company's considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk from changes in price level.

2.4 Liquidity and Cash Flow Risks

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

2.5 Interest Rate Risk

The Group's exposure to interest rate risk for changes in interest rates primarily to investment portfolio in fixed deposits and cash equivalents with financial institution. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group's debts include bank overdrafts, short-term and long-term borrowings. The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM) which is the Group's and the Company's functional currency.

3.2 Adoption of Revised Financial Reporting Standards ("FRSs")

(a) The amendments to published standards and IC Interpretations to existing standards effective for the Group and the Company for the financial period beginning on or after 1 January 2008 are as follows:-

- | | |
|------|--|
| (1) | Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation |
| (2) | IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| (3) | IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments |
| (4) | IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| (5) | IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment |
| (6) | IC Interpretation 7 - Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies |
| (7) | IC Interpretation 8 - Scope of FRS 2 |
| (8) | FRS 107 - Cash Flow Statements |
| (9) | FRS 111 - Construction Contracts |
| (10) | FRS 112 - Income Taxes |
| (11) | FRS 118 - Revenue |
| (12) | FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance |
| (13) | FRS 134 - Interim Financial Reporting |
| (14) | FRS 137 - Provisions, Contingent Liabilities and Contingent Assets |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Adoption of Revised Financial Reporting Standards ("FRSs") (cont'd)

(b) The following are the standards and IC Interpretations that not yet effective and have not been early adopted by the Group and the Company:-

- (1) FRS 4 - Insurance contracts
- (2) FRS 7 - Financial Instruments: Disclosures
- (3) FRS 8 - Operating Segments
- (4) FRS 139 - Financial Instruments: Recognition and Measurement.
- (5) IC Interpretation 9 - Reassessment of Embedded Derivatives
- (6) IC Interpretation 10 - Interim Financial Reporting and Impairment

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The above standards and IC Interpretations shall be effective for accounting period beginning on or after 1 January 2010 except for FRS 8 - Operating Segments, which shall apply to accounting period beginning on or after 1 July 2009.

The above Interpretation 9 and FRS 4 are not applicable to the Group and the Company.

The initial application of the Interpretations 10 and FRS 7, 8 and 139 are not expected to have any material impact on the financial statements of the Group and of the Company.

(c) The effects of changes in accounting policies arising from adoption of revised FRSs are as follows:-

Initial application of the above FRS 107, 112, 118, 134 and 137 did not result in significant changes to the accounting policies of the Group and of the Company.

The above Amendments, Interpretations, FRS 111 and 120 are not applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Significant Account Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual result may differ from these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of goodwill

The Group determines whether goodwill is impaired at least once annually. This requires the estimation of the value in use of the cash-generating units to which goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Income taxes/deferred tax liabilities

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment are depreciated in a straight-line basis over their useful life. Management estimated the useful life of these assets to be within 3 to 50 years for property, plant and equipment and 50 years for investment properties. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of property, plant and equipment and investment properties

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generated unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Subsidiary companies

A subsidiary company is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies is stated at cost. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

3.5 Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 3.6.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:-

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill shall not be reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and any impairment losses. Depreciation of plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life of the property, plant and equipment concerned. Freehold land is not depreciated.

The principal annual depreciation rate used are as follows:-

Buildings	2% - 5%
Plant and machineries	6% - 10%
Motor vehicles	10% - 20%
Furniture, fittings and office equipment	10% - 33.3%

Restoration cost relating to an item of the property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previous assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment

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 arising on derecognition of the asset is included in the income statement in the financial year the asset is derecognised.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.9 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.10 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Assets acquired under lease agreements

(i) Finance leases

Lease of property, plant and equipment acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under hire purchase and finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase and finance lease arrangements are allocated to income statement over the period of the respective agreements.

(ii) Leasehold land at cost

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the Group by the end of the lease term is treated as operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments and is amortised over the remaining lease period from 22 to 47 years.

3.12 Investment Properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are treated as long-term investment and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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

Depreciation is provided on the straight line basis to write off the cost of the asset over its estimated useful life of the investment properties concerned at the following annual rates:-

Freehold building	2%
Long leasehold buildings	remaining period of 68 years

Freehold land is not depreciated.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined using weighted average method. Cost of raw material is determined by using the weighted average method less cost of bring into present condition. Cost of finished goods and work-in-progress comprise costs of direct materials, labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Other Investments

Investment is shown at cost and allowance is only made where, in the opinion of the Directors, there is a diminution in value. Diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

Investment in quoted shares, are stated at market value. Market value is calculated by reference to stock exchange quoted selling price at the close of business on the balance sheet date. Increase or decrease in the carrying amount of the investment are credited or charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

3.15 Interest-bearing Borrowings

Interest-bearing bank borrowings are recorded at the amount of proceeds received net of transaction costs.

All borrowings are recognised as an expense in the income statement in the year it is incurred.

3.16 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue from sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Dividend income

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

(iii) Rental income

Rental income from investment property is recognised over the term of tenancy.

(iv) Interest income

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

3.18 Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, the Group make such contributions to the Employees Provident Fund ("EPF").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Foreign Currency Translation and Balances

The financial statements are presented in Malaysia Ringgit, which is also the functional currency of the Group.

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the income statement as they arise.

3.20 Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. Asset is tested for impairment annually at financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

Intangible assets which have an indefinite useful life such as goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicator of impairment are identified.

An impairment loss is recognised as an expense in the income statement immediately.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.21 Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, investments, borrowings and payables. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Segmental Results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all operating assets used by a segment and consist principally of cash, receivables, inventories, intangible assets and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. The majority of the segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include tax recoverable and deferred income taxes.

3.23 Intersegment Transfers

Segment revenue, expenses and result include transfers between segments. The prices charged on intersegment transactions are at negotiated basis. These transfers are eliminated on consolidation.

3.24 Equity Instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

3.25 Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profit in the period on which they are declared and approved.

4. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The principal activities of the subsidiary companies are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

5. SHARE CAPITAL

	Group and Company	
	2008	2007
	RM	RM
Authorised:-		
Ordinary shares at RM1.00	200,000,000	200,000,000
Issued and fully paid:-		
Ordinary shares at RM1.00		
Brought forward	147,827,158	140,252,636
Issue of shares from conversion of ICULS	-	7,574,522
Carried forward	147,827,158	147,827,158

In previous financial year, all the remaining ICULS was converted into ordinary shares in accordance with the terms of the Trust Deed at the conversion price of RM1.57 for each ordinary share.

6. BORROWINGS

	Group	
	2008	2007
	RM	RM
Non-current		
<u>Secured:-</u>		
Term loans	559,489	889,780
Current		
<u>Secured:-</u>		
Bankers' acceptances and trust receipts	37,285,216	51,684,107
Term loans	816,000	800,340
	38,101,216	52,484,447
<u>Unsecured:-</u>		
Bankers' acceptances and trust receipts	1,379,000	5,850,000
	39,480,216	58,334,447
<u>Repayable:</u>		
Within one year	39,480,216	58,334,447
More than 1 year and less than 2 years	559,489	889,780
	40,039,705	59,224,227

(a) The secured term loans are obtained by way of:-

- (i) A lien holder caveat on the short leasehold land, long leasehold land and buildings of a subsidiary company as disclosed in Note 9 and 10 to the financial statements;
- (ii) Corporate guarantee of RM2.3 million by the Company and a subsidiary company;
- (iii) Personal guarantee of RM2.3 million by a Director of the Company;
- (iv) Negative pledge; and
- (v) Letter of subordinates

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

6. BORROWINGS (CONT'D)

- (b) The bankers' acceptances and trust receipts are secured in the following manner:
- (i) Charge and deeds of assignment over the land and properties of certain subsidiary companies as disclosed in Note 9, 10 and 11 to the financial statements;
 - (ii) Pledge of deposits with licensed banks of subsidiary companies;
 - (iii) Jointly and severally guarantee by certain directors; and
 - (iv) Corporate guarantee by the Company.
- (c) The unsecured bankers' acceptances and trust receipts are guaranteed by the Company and a personal guarantee of the Directors of the Company.
- (d) The borrowings bears interest rates ranging from 3.00% to 6.75% (2007: 3.25% to 6.70%) per annum. The repayment term for term loans are arranged for 35 monthly installments.

7. DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS

	2008 RM	Group 2007 RM
Brought forward	30,418	(80,433)
Transfer from income statement	57,582	110,851
Carried forward	88,000	30,418
Presented after appropriate off-setting as follows:-		
Deferred tax liabilities	88,000	57,407
Deferred tax assets	-	(26,989)
	88,000	30,418

The components of deferred tax liabilities and assets are made up of temporary difference arising from:-

	2008 RM	Group 2007 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	198,000	57,407
Receivables - allowance for doubtful debts	(110,000)	(26,989)
	88,000	30,418

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

7. DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS (CONT'D)

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

	2008 RM	Group 2007 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,740,000	1,469,000
Unabsorbed business losses	(6,922,000)	(7,406,000)
Unutilised reinvestment allowances	(1,229,000)	(1,386,000)
Unutilised capital allowances	(962,000)	(1,572,000)
	(7,373,000)	(8,895,000)

The potential deferred tax assets of the Group are not recognised in the financial statements as it is anticipated that the tax effects of such benefits will not be realised in the foreseeable future.

The company has unabsorbed business losses, unutilised capital allowance and unutilised reinvestment allowances which can be carried forward to offset against future taxable profit amounted to approximately RM27,686,000 (2007:RM28,483,000), RM3,850,000 (2007:RM6,046,000) and RM4,916,000 (2007: RM5,331,000) respectively.

The availability of the unabsorbed business losses, unutilised capital allowances and unutilised reinvestment allowances for offsetting against future taxable profits on the Company is subject to no substantial changes in shareholdings of the Company under Section 44(5A) & 5B of Income Tax Act, 1967.

8. FINANCE CREDITORS

	2008 RM	Group 2007 RM
Minimum lease payments:-		
- within 1 year	264,436	167,844
- more than 1 year but not later than 2 years	237,255	167,844
- more than 2 years but not later than 5 years	-	65,580
	501,691	401,268
Interest-in-suspense	(53,013)	(44,869)
	448,678	356,399
Analysed as:-		
- within 1 year	238,387	149,388
- more than 1 year but not later than 2 years	210,291	149,388
- more than 2 years but not later than 5 years	-	57,623
	448,678	356,399

The amount payables within one year had been included in other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Total 2008 RM	Total 2007 RM
Group						
Cost or valuation						
Brought forward						
- cost	21,384,626	19,393,658	3,828,784	6,578,904	51,185,972	50,488,953
- valuation	12,218,235	-	-	-	12,218,235	12,218,235
	33,602,861	19,393,658	3,828,784	6,578,904	63,404,207	62,707,188
Additions	-	4,997,393	250,969	43,927	5,292,289	4,637,585
Disposal	-	-	(215,305)	(2,045)	(217,350)	(3,776,649)
Written off	(161,749)	(1,500)	-	(350,909)	(514,158)	(163,917)
Reclassification	189	3,487,931	-	(3,488,120)	-	-
Carried forward	33,441,301	27,877,482	3,864,448	2,781,757	67,964,988	63,404,207
Representing:-						
- cost	21,223,066	27,877,482	3,864,448	2,781,757	55,746,753	51,185,972
- valuation	12,218,235	-	-	-	12,218,235	12,218,235
	33,441,301	27,877,482	3,864,448	2,781,757	67,964,988	63,404,207
Accumulated depreciation						
Brought forward	7,473,176	14,217,307	2,774,589	2,367,365	26,832,437	26,965,102
Charge for the financial year	634,881	1,338,682	333,719	133,591	2,440,873	2,139,758
Disposals	-	-	(180,801)	(2,045)	(182,846)	(2,404,749)
Written off	(64,701)	(1,088)	-	(350,835)	(416,624)	(76,043)
Reclassification	(7,183)	110,518	-	(103,335)	-	208,369
Carried forward	8,036,173	15,665,419	2,927,507	2,044,741	28,673,840	26,832,437
Net carrying amount						
31 December 2008	25,405,128	12,212,063	936,941	737,016	39,291,148	-
31 December 2007	26,129,685	5,176,351	1,054,195	4,211,539	-	36,571,770
Depreciation charge for the financial year ended 31 December 2007	648,538	1,083,133	230,531	177,556	-	2,139,758

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings:-

	Freehold land RM	Freehold buildings RM	Short leasehold buildings RM	Total 2008 RM	Total 2007 RM
Group					
Cost of valuation					
Brought forward					
- cost	3,703,925	6,719,636	10,961,065	21,384,626	21,026,430
- valuation	2,358,905	7,191,107	2,668,223	12,218,235	12,218,235
	6,062,830	13,910,743	13,629,288	33,602,861	32,244,665
Additions	-	-	-	-	358,196
Written off	-	(161,749)	-	(161,749)	-
Reclassification	-	189	-	189	-
Carried forward	6,062,830	13,749,183	13,629,288	33,441,301	33,602,861
Accumulated depreciation					
Brought forward	-	3,420,169	4,053,007	7,473,176	6,616,269
Charge for the financial year	-	278,440	356,441	634,881	648,538
Written off	-	(64,701)	-	(64,701)	-
Reclassification	-	(7,183)	-	(7,183)	208,369
Carried forward	-	3,626,725	4,409,448	8,036,173	7,473,176
Net carrying amount					
31 December 2008	6,062,830	10,122,458	9,219,840	25,405,128	-
31 December 2007	6,062,830	10,490,574	9,576,281	-	26,129,685

- (a) Had the land and buildings of the Group not been revalued in year 1992 and 1993 under the cost model, the net carrying amount would have been RM11,090,159 (2007: RM11,447,125)

Land and buildings of the Group were revalued in 1993 by the Directors based on valuation done by an independent professional valuer on an open market value basis. These land and buildings are continued to be stated at 1993 valuation pursuant to the transitional provisions of International Accounting Standards No. 16 (Revised), Property, Plant and Equipment, as allowed by MASB.

- (b) Land and buildings of the Group with net carrying amount of RM17,057,613 (2007: RM17,523,310) have been pledged to banks for banking facilities granted to certain subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (c) The net carrying amount of property, plant and equipment which are under hire purchase or finance lease arrangement is as follows:-

	2008 RM	Group 2007 RM
Motor vehicle	586,357	654,826
Plant and machinery	77,778	-
	664,135	654,826

10. PREPAID LAND LEASE PAYMENTS

	Short term leasehold land RM	Total 2008 RM	Total 2007 RM
Group			
Cost or Valuation			
Brought forward			
- Cost	2,007,068	2,007,068	2,007,068
- Valuation	1,549,000	1,549,000	1,549,000
Carried forward	3,556,068	3,556,068	3,556,068
Accumulated amortisation			
Brought forward	1,070,196	1,070,196	1,206,337
Amortisation for the financial year	72,228	72,228	72,228
Reclassification	-	-	(208,369)
Carried forward	1,142,424	1,142,424	1,070,196
Analysed into:-			
31 December 2008	2,413,644	2,413,644	-
31 December 2007	2,485,872	-	2,485,872

Short leasehold land were revalued in 1993 by Directors based on valuation done by an independent professional valuer on an open market value basis and short leasehold land of the Group have not been revalued ever since. The Company retained the unamortised revalued amount as the surrogate carrying amount of prepaid land lease payments in accordance with the transitional provision of FRS 117.

Short leasehold land had been pledged to a licensed bank for banking facilities granted to the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

11. INVESTMENT PROPERTIES

	Freehold land RM	Freehold buildings RM	Long Leasehold buildings RM	Total 2008 RM	Total 2007 RM
Group					
Cost					
Brought forward	231,388	582,497	4,371,131	5,185,016	5,258,986
Reversal	-	-	(11,060)	(11,060)	-
Additions	-	-	580,894	580,894	-
Disposal	-	-	-	-	(73,970)
Reclassification	250,001	-	(250,001)	-	-
Carried forward	481,389	582,497	4,690,964	5,754,850	5,185,016
Accumulated depreciation and impairment losses					
Brought forward					
- accumulated depreciation	-	128,749	131,115	259,864	196,904
- accumulated impairment	-	-	838,014	838,014	838,014
Depreciation for the financial year	-	128,749	969,129	1,097,878	1,034,918
Disposal	-	29,125	65,513	94,638	90,401
Carried forward	-	157,874	1,034,642	1,192,516	1,097,878
Analysed into:-					
Accumulated depreciation	-	157,874	196,628	354,502	259,864
Accumulated impairment losses	-	-	838,014	838,014	838,014
	-	157,874	1,034,642	1,192,516	1,097,878
Net carrying amount					
31 December 2008	481,389	424,623	3,656,322	4,562,334	-
31 December 2007	231,388	453,748	3,402,002	-	4,087,138
Fair value at 31 December	2,020,302	512,714	4,975,371	7,508,387	6,933,302
Rental generated for investment properties	-	-	19,814	19,814	19,814
Direct operating expenses for investment properties	-	-	3,729	3,729	3,729

The net carrying amount of freehold land and long leasehold buildings which are pledged to licensed bank for banking facilities granted to a third party and subsidiary companies amounted to RM231,384 (2007: RM231,384) and RM3,081,237 (2007: RM3,402,000) respectively.

Fair value is estimated by reference made to the published selling price for properties in vicinity locations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008 RM	2007 RM
At cost	133,126,793	133,126,793
Less: Impairment losses	(15,922,301)	(15,922,301)
	117,204,492	117,204,492

The details of the subsidiary companies are as follows:-

Name of Company	Place of incorporation	Equity interest		Principal activities
		2008 %	2007 %	
Hai Ming Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Hai Ming Development Sdn. Bhd.	Malaysia	100	100	Dormant
Hai Ming Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Hai Ming Industries Sdn. Bhd.	Malaysia	100	100	Converting of paper into related products
Hai Ming Management Sdn. Bhd.	Malaysia	100	100	Providing management services
Hai Ming Paper Products Sdn. Bhd.	Malaysia	100	100	Dormant
Hai Ming Paper Mills Sdn. Bhd.	Malaysia	100	100	Manufacturing of tissue paper and tissue related products
Hai Ming Trading Co. Sdn. Bhd.	Malaysia	100	100	Trading in paper products, stationery and general household products
KPS Food Industries Sdn. Bhd.	Malaysia	100	100	Dormant
Paragon Paper Mill Sdn. Bhd.	Malaysia	99.9	99.9	Manufacturing of tissue paper and tissue related products
KPS Plywood Sdn. Bhd.	Malaysia	100	100	Trading of plywood and investment holding
Subsidiary company of Paragon Paper Mill Sdn. Bhd.:-				
Paragon Marketing Sdn. Bhd.	Malaysia	100	100	Trading in tissue related products

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows (cont'd):-

Name of Company	Place of incorporation	Equity interest		Principal activities
		2008 %	2007 %	
Subsidiary companies of KPS Plywood Sdn. Bhd.:-				
Akateak Sdn. Bhd.	Malaysia	100	100	Distributor and retailer of wooden doors, plywood and related building material
I'Kranji Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in printed laminated plywood
Vector Marketing Sdn. Bhd.	Malaysia	60	60	Trading in plywood and related products
Hai Ming Marketing Sdn. Bhd.	Malaysia	100	100	Trading in paper products

The amount due from subsidiary companies is unsecured, bears no interest and no fixed term of repayment has been arranged.

	Company	
	2008 RM	2007 RM
Amount due from subsidiary companies	38,356,798	39,186,933
Less: Allowance for doubtful debts	(24,407,672)	(24,400,147)
	<u>13,949,126</u>	<u>14,786,786</u>

13. OTHER INVESTMENTS

	Group	
	2008 RM	2007 RM
At cost:		
Quoted investment in Malaysia	-	6,012
Unquoted investment in Malaysia	-	6,012
	-	12,024
Accumulated impairment losses	-	(10,220)
	-	1,804
Market value:		
Quoted investment in Malaysia	-	1,623

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

14. GOODWILL ON CONSOLIDATION

	2008 RM	Group 2007 RM
Goodwill at acquisition		
Brought forward/Carried forward	43,151,039	43,151,039

Impairment test for goodwill

Goodwill has been allocated to the Group's CGU, being Akateak Sdn. Bhd. and KPS Plywood Sdn. Bhd., both of which are in the plywood business segment. No impairment loss was required for the goodwill on consolidation as its recoverable values was in excess of their carrying values.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The values assigned to key assumptions is in respect of management's assessment of future trends in the industry. The values assigned Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are as follows:-

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements. The average gross margin applied was 5%.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate anticipated for the entities based on its past performance and industry demand. The average growth rate applied was 2.5% per annum.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the plywood segment. The discount rate applied was 8% per annum.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU relating to trading in plywood products, management believes there are possible changes in key assumptions which could cause the carrying value of the CGU to exceed its recoverable amount. The estimated CGU relating to recoverable amount for the unit exceeds its carrying amount by approximately RM50 million.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

15. INVENTORIES

	2008 RM	Group 2007 RM
At cost:		
Raw materials	2,810,822	726,137
Consumables	1,134,258	887,737
Work-in-progress	108,209	54,541
Goods-in-transit	51,733	20,906
Finished goods	26,464,161	28,326,441
	30,569,183	30,015,762
Less: Allowance for slow moving inventories	(1,150,098)	(1,288,847)
	29,419,085	28,726,915

16. TRADE RECEIVABLES

	2008 RM	Group 2007 RM
Trade receivables	64,515,693	78,395,633
Less: Allowance for doubtful debts	(6,608,052)	(3,715,539)
	57,907,641	74,680,094

The Group's normal trade credit term ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade receivables is as follows (foreign currency are unhedged):-

	2008 RM	Group 2007 RM
Ringgit Malaysia	56,462,165	69,809,121
US Dollar	1,002,640	4,071,027
Singapore	442,836	799,946
	57,907,641	74,680,094

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

17. OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-trade receivables	1,460,266	2,262,322	14,999	-
Less: Allowance for doubtful debts	(919,566)	(713,729)	-	-
	540,700	1,548,593	14,999	-
Deposits	691,410	668,709	-	-
Prepayments	298,347	367,329	21,914	-
Prepayments to adjuster for marine accident investigation	1,092,831	-	-	-
	2,623,288	2,584,631	36,913	-

The currency exposure profile of other receivables is as follows (foreign currency are unhedged):-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	2,571,774	2,584,631	36,913	-
US Dollar	51,514	-	-	-
	2,623,288	2,584,631	36,913	-

18. FIXED DEPOSIT WITH LICENSED BANKS

	2008 RM	2007 RM
Pledged to licensed banks for banking facilities granted to subsidiary companies	11,154,761	13,894,772

19. TRADE PAYABLES

The normal trade credit term granted by suppliers of the Group ranges from 30 days to 90 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

20. OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	2,474,228	1,211,642	34,039	24,539
Accruals of expenses	975,653	964,990	71,568	52,892
Deposits	215,997	337,503	-	-
Finance creditors	238,387	149,388	-	-
	3,904,265	2,663,523	105,607	77,431

21. AMOUNT DUE TO DIRECTORS

Amount due to Directors is unsecured, interest free and no scheme of repayment has been arranged.

22. REVENUE

Revenue for the Group represents sales of goods outside the Group net of discounts, returns and sales tax.

23. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging/(crediting) amongst other items the following:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Auditors' remuneration				
- statutory audits	180,000	193,000	38,000	26,000
- underprovision in prior years	-	8,500	16,000	-
- others	66,100	56,100	2,200	2,200
Allowance for doubtful debts	3,926,348	1,394,618	7,525	3,701
Allowance for slow moving inventories	48,675	-	-	-
Bad debts written off	325,033	400,076	-	-
Depreciation of property, plant and equipment	2,440,873	2,139,758	-	-
Depreciation of investment properties	94,638	90,401	-	-
Amortisation of prepaid land lease payments	72,228	72,228	-	-
Interest expenses				
- banker acceptance	1,877,325	2,151,031	-	-
- hire purchase	23,795	15,569	-	-
- term loan	105,399	111,775	-	-
Impairment loss on other investments	-	10,220	-	-
Inventories written down	-	13,680	-	-
Inventories written off	456,393	4,763	-	-
Loss on disposal of property, plant and equipment	15,504	3,171	-	-
Loss on disposal of other investments	8,441	-	-	-
Property, plant and equipment written off	97,534	87,874	-	-
Rental expenses				
- equipment	-	92,403	-	-
- warehouse	284,904	258,969	-	-
- office	50,400	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

23. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is stated after charging/(crediting) amongst other items the following (cont'd):-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
And crediting as follows:-				
Allowance for diminution in value of other investments no longer required	(10,220)	-	-	-
Allowance for doubtful debts no longer required	(827,998)	(66,903)	-	-
Allowance for slow moving inventories no longer required	(187,424)	(29,361)	-	-
Bad debts recovered	(10,274)	(452,259)	-	-
Gain on disposal of property, plant and equipment	(199)	(317,246)	-	-
Gain on disposal of property, investment properties	-	(1,061)	-	-
Hiring income	(12,929)	-	-	-
Interest income				
- fixed deposits	(253,233)	(394,079)	-	-
- others	-	(82,707)	-	-
Realised foreign exchange gain	(25,355)	(85,211)	-	-
Rental income	(980,999)	(843,312)	-	-

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors:				
Salaries and other emoluments	48,000	82,817	-	-
Fees	60,000	60,000	-	-
Defined contribution plan	-	7,733	-	-
	108,000	150,550	-	-
Non-Executive Director:				
Fees	3,000	-	3,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

24. TAXATION

	2008 RM	Group 2007 RM
Continuing operations Income tax:		
Current year provision	961,827	1,176,560
Under/(Over) provision in prior years	152,381	(20,726)
Transfer to deferred taxation	57,582	110,851
Income tax expenses from continuing operations	1,171,790	1,266,685

Malaysian income tax is calculated at the statutory rate of 26% (2007: 27%) of the estimated taxable profit for the financial year. The statutory tax rate will be reduced to 25% from the current year's tax rate of 26% effective from year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected this change.

There is no provision for taxation for the Company as there was no chargeable income.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group is as follows:

	2008 RM	Group 2007 RM
Profit before taxation		
- Continuing operations	6,356,704	7,813,609
- Discontinuing operation	-	(2,233,932)
	6,356,704	5,579,677
Taxation at Malaysia statutory tax rate of 26% (2007: 27%)	1,652,743	1,506,513
Change in tax rate for the first tranche of chargeable income	(59,189)	(67,021)
Effect of changes in tax rate on opening deferred tax	(3,010)	2,975
Expenses not deductible for tax purposes	829,938	233,867
Income not subject to tax	(194,131)	(313,846)
Utilisation of previously unrecognised unabsorbed tax losses and capital allowances	(1,242,351)	(152,798)
Under/(Over)provision of tax expense in prior year	152,381	(20,726)
Under/(Over)provision of deferred taxation in prior year	80,740	(131)
Deferred tax asset not recognised during the financial year	(110,000)	-
Losses of subsidiary companies not allowable for group relief	64,669	77,852
	1,171,790	1,266,685

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

24. TAXATION (CONT'D)

In the past, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders ("single tier system") with effect from 1 January 2008.

However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under a system known as Limited (Transitional) Imputation System and will automatically move to the single tier system when the Section 108 balance has not been exhausted by 31 December 2013. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

Subsidiary companies did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the subsidiary companies will utilise the credit in the Section 108 account as at 31 December 2008 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007 subject to there being profits.

25. DISCONTINUED OPERATION

In last financial year, the Group decided to discontinue its operations in the timber related products segment. This discontinuance is consistent with the Group's long-term strategy to discontinue loss making operation, which has been under performing over the last 4 years, in its effort to maximise growth and profitability by focusing on trading of plywood related businesses.

An analysis of the result of discontinued operation is as follows:-

	Group 2007 RM
Revenue	3,191,720
Other income	7,000
Expenses	(5,432,652)
Loss before tax of discontinued operations	(2,233,932)
Income tax expense	-
Loss for the financial year from discontinued operations	(2,233,932)

The operation in the timber related products segment had discontinued and has no operations during the financial year. The subsidiary company had entered into new operation which is in laminating plywood.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

25. DISCONTINUED OPERATION (CONT'D)

The following amounts have been included in arriving at loss before tax of discontinued operation:

	Group 2007 RM
Depreciation	14,461
Loss on disposal of property, plant and equipment	632,790
Property, plant and equipment written off	87,873
Staff costs:-	
- Salaries and wages	67,225
- Defined contribution plan	5,445
- Other staff related costs	969
Operating cash flows	(1,498,808)
Investing cash flows	973,150
Total cash flows	(525,658)

26. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	2008 RM	2007 RM
Profit from continuing operations attributable to ordinary equity holders of the Company	5,180,125	6,541,992
Loss from discontinued operation attributable to ordinary equity holders of the Company	-	(2,233,932)
Profit attributable to ordinary equity holders of the Company	5,180,125	4,308,060

	2008 No. of shares	2007 No. of shares
Weighted average number of ordinary shares in issue	147,827,158	141,829,797

	2008 sen	2007 sen
Basic earnings per share for:		
Profit from continuing operations	3.50	4.61
Loss from discontinuing operation	-	(1.58)
Profit for the financial year	3.50	3.03

(b) Diluted

There was no diluted earnings per share as there is no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Group and Company	
	2008	2007
	RM	RM
Equity instrument		
Brought forward	-	11,892,000
Conversion to ordinary shares	-	(11,892,000)
Carried forward	-	-

(a) The terms of the conversion and redemption of ICULS are as follows:-

(i) Conversion Price

The conversion price shall be set at RM1.57 for each share, subject to adjustment in accordance with the Trust Deed.

(ii) Conversion Rights

The registered holder of the ICULS shall have the rights at any time during the conversion period to convert the ICULS at the conversion price into new ordinary shares of RM1 each in the Company.

(iii) Conversion Period

The ICULS can be converted into new ordinary shares of RM1 each in the Company at anytime during the 5 years from the date of issue and maturing on 31 October 2007.

(iv) Redeemability

ICULS is not redeemable. All outstanding ICULS will be automatically converted by the Company into new ordinary shares of RM1 each in the Company on the last day of the conversion period.

(v) Interest in the ICULS bear interest at the rate of 4.5% per annum and are payable semi-annually in arrears.

(b) The ICULS was classified as equity in accordance with the provisions of FRS132 Financial Instruments: Disclosure and Presentation. Accordingly, the distribution to the holders of the ICULS is taken to equity.

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Salaries and other emoluments	4,997,447	4,826,519	-	-
Defined contribution plans	579,574	527,833	-	-
Other staff related expenses	614,803	415,086	-	-
	6,191,824	5,769,438	-	-

Included in employee benefits expense of the Group are executive Directors' remuneration amounting to RM108,000 (2007: RM150,550) as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

29. MATERIAL LITIGATIONS

The following are legal suits still outstanding as at 31 December 2008:-

	Plaintiffs	Defendants	Suit No.	Legal Status
i.	Sunrite Resources Sdn. Bhd.	H.L. Construction Sdn. Bhd., Soo Chai @ Soo Sen Khoon, Yep Chee Hoong, Shaiffudin Bin Muhamad	Ipoh Sessions Court Suit MS2-S2-568-2003	<p>Akateak Sdn. Bhd. ("Akateak") is acting as a third party of the suit. The Plaintiff had amended their statement of claim to the effect acknowledging the payment of RM90,000 to Akateak by the First Defendant. The Court has concluded that Akateak is innocence in the liability of RM90,000 as claimed by the Defendant.</p> <p>The Court has fixed for hearing on 5 May 2009.</p> <p>There is also a sum of RM35,000 due and owing by the Plaintiff to Akateak.</p>
ii.	BIC-GBA Sdn. Bhd.	KPS Plywood Sdn. Bhd. ("KPS"), Hai Ming Industries Sdn. Bhd., Hai Ming Trading Co Sdn. Bhd.	Shah Alam High Court, Civil Suit No. MT3-22-440-2005. Court of appeal No. B-03-224-2006	<p>The plaintiff has obtained summons judgement against the defendants for the sum of RM494,580 together with interest rate of 8% per annum from 20 May 2005 until full realisation and cost. The defendant is appeal to Judge-in-chambers is fixed for clarification/decision on 26 March 2009 and further adjourned on 2 June 2009.</p>
iii.	Dream-Mate Furniture Manufacturing (M) Sdn. Bhd.	KPS Plywood Sdn. Bhd. ("KPS")	Shah Alam High Court, Civil suit No. MT3-22-1104-2004	<p>The plaintiff's claim against the defendant is for the sum of RM35,147 and damages of RM252,669 and other damages plus costs.</p> <p>The matter is fixed for case management on 22 April 2008 for parties to sort out the bundle of document, agreed and non-agreed facts and issue to be.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

29. MATERIAL LITIGATIONS (CONT'D)

The following are legal suits still outstanding as at 31 December 2008:-

	Plaintiffs	Defendants	Suit No.	Legal Status
iv.	KPS Plywood Sdn. Bhd. ("KPS")	Wemake Furniture Manufacturing (M) Sdn. Bhd. ("Wemake")	Kuala Lumpur Session Court Summons No. 6-52-25459-1998	KPS had obtained judgement against Wemake for principal amount RM108,219 together with interest at the rate of 8% per annum from 29 December 1998 until realisation and costs of RM7,576.
			Kuala Lumpur High Court Civil appeal No. R1-12-897-2004	The defendant's appeal is fixed for hearing on 26 February 2009 and further adjourned to 29 April 2009.
v.	Artbina (M) Sdn. Bhd. ("Artbina")	KPS Plywood Sdn. Bhd. ("KPS")	Kuala Lumpur Session Court Summons No. 8-52-11237-2004	The plaintiff's claim against the defendant is for the sum of RM231,366 together with interest at the rate of 8% per annum from 30 March 1999 until full realisation plus costs.
				The plaintiff's summary judgement application has been dismissed with no order to costs.
			Kuala Lumpur High Court Civil appeal No. R1-12-486-2005	The matter is now fixed for trial on 10 August 2009 and 11 August 2009.
vi.	Hai Ming Marketing Sdn. Bhd.	Asia Enterprise	Alor Setar Session Court Summons No. 52-12-2006	Claim of RM98,280 of 1/5% per month for goods sold and delivered. The defendant has filed an application to strike out the claim and is fixed for mentioned on 1 April 2009 and adjourned to 29 April 2009.
vii.	Hai Ming Industries Sdn. Bhd. ("HMI")	Tahap Cipta (M) Sdn. Bhd. & Norhazri Mohamed Nor	Session Court of Shah Alam S4-52-3160-2008	Summon issued for the sum of RM170,605 for goods sold and delivered and is fixed for hearing on 13 May 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

29. MATERIAL LITIGATIONS (CONT'D)

The following are legal suits still outstanding as at 31 December 2008:-

	Plaintiffs	Defendants	Suit No.	Legal Status
viii.	Hai Ming Industries Sdn. Bhd. ("HMI")	Kwong Kae Ming t/a Kiat Loong Stationery Supplier	High Court of Kuala Lumpur D7-22-1452-2007	Writ of summons and statements of documents issued for the sum of RM252,817. The Court has fixed for hearing on 14 May 2009.
vix.	I'Kranji Industries Sdn. Bhd.	R. Sahgunthala a/p R. Ramakrishnan	Kuala Lumpur High Court S4-22-1195-2006	The plaintiff claim against the defendant for inter alia general damages. The High Court has allowed the plaintiff's application for an order of committed against defendant on 9 October 2008. Both parties are in the midst of negotiating a settlement.
x.	I'Kranji Industries Sdn. Bhd.	Malta Corp. Sdn. Bhd.	Kuala Lumpur Magistrate Court MMS5-72-133141-07	The plaintiff's claim against the defendant for a sum of RM17,698 excluding costs. The Court has fixed for hearing on 14 May 2009 of plaintiff's application for summary judgement.
xi.	I'Kranji Industries Sdn. Bhd.	Chong Weng San	Kuala Lumpur Sessions Court No. S2-52-11995-2006	The plaintiff's against the defendant for the general damages. The Court has fixed for decision on 28 May 2009 after full tried.
	Applicant	Respondent	Suit No.	Legal Status
xii.	Hentz Wood Resources Sdn. Bhd.	I'Kranji Industries Sdn. Bhd.	Shah Alam High Court MT1-22-1171-2007	The Court has dismissed the plaintiff's application for injunction against the defendant on 9 January 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

30. CAPITAL COMMITMENT

Authorised and contracted for:-

	2008 RM	Group 2007 RM
Spare parts - 2 pieces of felt	27,320	-

31. CONTINGENT LIABILITIES

	2008 RM	Group 2007 RM
(a) Net carrying amount of freehold land pledged to a bank for credit facilities granted to a third party, Asia Prima Resources Sdn. Bhd.	231,388	231,388

	2008 RM	Company 2007 RM
(b) Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	23,455,000	21,300,000

32. RELATED PARTY DISCLOSURES

- (a) The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 23 to the Financial Statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.
- (b) The outstanding balances arising from related party transactions at the balance sheet were disclosed in Note 12 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

33. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Carrying amount and weighted average interest rates of respective classes of financial assets and financial liabilities subjected to fluctuation in interest rate are tabulated below:-

	Less than 1 year RM	1 to 5 years RM	Total RM	Ranges of interest rates during the financial year RM
Group				
2008				
Financial asset				
Fixed deposits with licensed banks	11,154,761	-	11,154,761	2.90% - 3.10%
Financial liabilities				
Bankers' acceptances and trust receipts	38,664,216	-	38,664,216	3.00% - 5.53%
Term loans	816,000	559,489	1,375,489	6.75%
Finance creditors	238,387	210,291	448,678	2.00% - 4.00%
2007				
Financial asset				
Fixed deposits with licensed banks	13,894,772	-	13,894,772	2.80% - 3.10%
Financial liabilities				
Bankers' acceptances and trust receipts	57,534,107	-	57,534,107	3.25% - 3.65%
Term loan	800,340	889,780	1,690,120	6.70%
Finance creditors	149,388	207,011	356,399	5.37% - 8.13%

(b) Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

The Group and the Company have no significant concentration of credit risk with any single counterparty.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at balance sheet date approximate their fair values except as set out below:-

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Unquoted shares in Malaysia	-	-	902	*
Quoted shares in Malaysia	-	-	902	1,623
Company				
Unquoted shares in subsidiary companies	117,204,492	*	117,204,492	*

* It is not practical to estimate the fair values reliably as the Directors of the Company are of the opinion that excessive cost would be incurred. However, at the end of the financial year, the net assets reported by the subsidiary companies were as follow:-

	2008 RM	2007 RM
Company		
Unquoted shares in subsidiary companies	195,841,695	190,726,379

34. SEGMENTAL REPORTING

Primary segmental reporting - Business segment

The Group is organised based on six major business segments as follows:-

Business segments	Business activities
Paper milling	Manufacture of various types of tissue paper and tissue related products.
Paper converting	Converting of paper into related products and trading in paper related products.
Plywood	Distributor and retailer of wooden doors, plywood and related building materials. This segment also deals with trading in tissue related products and plywood.
Laminating plywood	Manufacturing and trading in printed laminated plywood.
Investment and management	Providing management services, investment holding and dormant companies.
Others	Trading in paper, paper products, stationery, general household products and other unclassified companies of diversified activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

34. SEGMENTAL REPORTING (CONT'D)

(a) Primary segmental reporting - Business segment (cont'd)

	Paper milling RM	Paper converting RM	Plywood RM	Investment and management RM	Others RM	Eliminations RM	Consolidated RM
2008							
Revenue							
External revenue	11,101,010	41,353,907	213,208,767	-	24,061,123	-	289,724,807
Inter-segment revenue	30,349,843	1,274,301	52,374,225	-	2,430,014	(86,428,383)	-
Total revenue	41,450,853	42,628,208	265,582,992	-	26,491,137	(86,428,383)	289,724,807
Results							
Segment results	2,122,100	1,467,469	4,712,673	(160,894)	335,088	-	8,476,436
Interest income	-	23	253,310	-	-	-	253,333
Operating profit/(loss)	2,122,100	1,467,492	4,965,983	(160,894)	335,088	-	8,729,769
Finance costs	(280,816)	(147,381)	(1,920,857)	-	(24,011)	-	(2,373,065)
Profit/(loss) before taxation	1,841,284	1,320,111	3,045,126	(160,894)	311,077	-	6,356,704
Taxation	-	(12,470)	(1,066,870)	-	(92,450)	-	(1,171,790)
Profit/(loss) for the financial year	1,841,284	1,307,641	1,978,256	(160,894)	218,627	-	5,184,914
Attributable to:-							
Equity holders of the company							5,180,125
Minority interests							4,789
Profit for the financial year							5,184,914

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

34. SEGMENTAL REPORTING (CONT'D)

(a) Primary segmental reporting - Business segment (cont'd)

	Paper milling RM	Paper converting RM	Plywood management RM	Investment and management RM	Others RM	Consolidated RM
2008						
Assets						
Segment assets	22,615,961	26,207,021	94,731,133	75,814	11,822,772	155,452,701
Tax recoverable						29,309
Unallocated corporate assets						43,151,039
Consolidated total assets						198,633,049
Liabilities						
Segment liabilities	4,123,495	1,203,955	47,990,185	123,369	2,204,865	55,645,869
Tax payable						217,510
Deferred tax liabilities						88,000
Consolidated total liabilities						55,951,379
Other information						
Capital expenditure on property, plant and equipment and investment properties	160,814	6,500	5,689,409	-	16,460	5,873,183
Depreciation and amortisation	1,516,188	277,700	672,547	-	141,304	2,607,739
Inventories written off	-	142,026	314,367	-	-	456,393
Property, plant and equipment written off	-	484	97,050	-	-	97,534
Other non-cash expenses	293,086	1,445,271	2,795,767	-	222,325	4,756,449

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

34. SEGMENTAL REPORTING (CONT'D)

(a) Primary segmental reporting - Business segment (cont'd)

	Continuing Operations				Discontinued Operations				
	Paper milling RM	Paper converting RM	Plywood RM	Investment and management RM	Others RM	Eliminations RM	Total RM	Timber related products RM	Total Operations RM
2007									
Revenue									
External revenue	11,710,745	39,563,338	252,964,012	-	24,849,071	-	329,087,166	3,191,720	332,278,886
Inter-segment revenue	29,167,605	1,413,912	13,373,596	-	269,129	(44,224,242)	-	-	-
Total revenue	40,878,350	40,977,250	266,337,608	-	25,118,200	(44,224,242)	329,087,166	3,191,720	332,278,886
Results									
Segment results	2,037,938	1,145,058	6,388,196	15,752	649,724	-	10,236,668	(2,233,932)	8,002,736
Interest income	-	64,803	411,983	-	-	-	476,786	-	476,786
Operating profit/(loss)	2,037,938	1,209,861	6,800,179	15,752	649,724	-	10,713,454	(2,233,932)	8,479,522
Finance costs	(321,207)	(52,391)	(2,516,649)	-	(9,598)	-	(2,899,845)	-	(2,899,845)
Profit/(loss) before taxation	1,716,731	1,157,470	4,283,530	15,752	640,126	-	7,813,609	(2,233,932)	5,579,677
Income tax expense	-	-	(1,089,353)	-	(177,332)	-	(1,266,685)	-	(1,266,685)
Profit/(loss) for the financial year	1,716,731	1,157,470	3,194,177	15,752	462,794	-	6,546,924	(2,233,932)	4,312,992
Attributable to:-									
Equity holders of the company									4,308,060
Minority interests									4,932
Profit for the financial year									4,312,992

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

34. SEGMENTAL REPORTING (CONT'D)

(a) Primary segmental reporting - Business segment (cont'd)

	Continuing Operations			Discontinued Operations	Total
	Paper milling RM	Paper converting RM	Plywood management and investment RM		
2007					
Assets					
Segment assets	24,305,695	31,068,896	102,008,332	12,542,861	169,994,410
Deferred tax assets			68,626		26,989
Tax recoverable					204,266
Unallocated corporate assets					43,151,039
Consolidated total assets					213,376,704
Liabilities					
Segment liabilities	6,750,999	5,135,115	61,146,435	2,504,070	75,631,575
Tax payable			94,956		130,966
Deferred tax liabilities					57,407
Consolidated total liabilities					75,819,948
Other information					
Capital expenditure on property, plant and equipment	3,441,006	9,446	976,218	180,723	4,607,393
Depreciation and amortisation	1,352,785	288,550	533,772	127,226	2,302,387
Inventories written off/down	18,443	-	-	-	18,443
Property, plant and equipment written off	-	-	1	-	87,873
Other non-cash expenses	480	391,393	1,398,394	727	1,794,694

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2008

34. SEGMENTAL REPORTING (CONT'D)

(b) Secondary segmental reporting - Geographical segment

No geographical segments have been prepared as the Group operates solely in Malaysia.

35. COMPARATIVE INFORMATION

The comparative information was not audited by SJ Grant Thornton.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2008

Location	Description	Tenure	Land Area (sq ft)	Approximate Age of Building (year)	Net Book Value (RM'000)	Year of Acquisition or Revaluation*
1. Lot 67, SEDCO Industrial Estate, Phase 2, Kota Kinabalu, Sabah	Office/residential building, factory and warehouse	60-year lease to 31/12/2034	60,624	22	1,228	1993*
2. Lot 292 & 294, Block 36, Muara Tuang Land District, Sarawak	Factory, office building and warehouse	58-year lease to 30/01/2030	245,252	29 & 11	4,852	1992 & 1993*
3. Lot 765, Mukim of Kapar, District of Klang, Selangor	Factory and office building	Freehold	190,581	16	7,586	1993*
4. Lot PT129942, Kawasan Perusahaan Kanthan, Chemor, Perak	Factory and office building	60-year lease to 14/03/2055	572,379	10	4,378	1992
5. Lot 2191, Industrial Land Mentakab, Temerloh, Pahang	Vacant Land	Freehold	105,645	N/A	231	1997
6. Lot 3144C Agriculture Land, Batu 6½, Puchong, Selangor	Vacant Land	Freehold	15,700	N/A	250	1995
7. Lot 14374 Bandar Kinrara Industrial Centre, Selangor	3-storey office block & 2-storey open warehouse	Freehold	186,590	12	8,284	1995
8. HM93631, PT4110, Daerah Kuala Muda, Sg Petani, Kedah	1½ Storey Semi-D Factory	Freehold	8,439	15	315	2007

LIST OF PROPERTIES (CONT'D)

AS AT 31 DECEMBER 2008

Location	Description	Tenure	Land Area (sq ft)	Approximate Age of Building (year)	Net Book Value (RM'000)	Year of Acquisition or Revaluation*
9. Unit No B2F-19, Mukim Petaling, B-2-1 Megan Phoenix, Jalan 2/142A, Off Jalan Cheras	Office premise	Freehold	1,606	11	229	2002
10. Pangsapuri Bunga Raya Bukit Beruang, Daerah Melaka Tengah, Melaka	30 units apartment	99-year lease to 2076	837 - 953 (total of 27,002)	5 to 6	2,591	2005
11. Unit M-101, Vista Tasik Condominium, Bandar Sri Permaisuri, Cheras	Condo	Freehold	1225	6	196	2002
12. Pangsapuri Bunga Raya Bukit Beruang, Daerah Melaka Tengah, Melaka	3 unit apartments	99-year lease to 2076	953 (total of 2,859)	5 to 6	264	2006
13. Pangsapuri Bunga Raya Bukit Beruang, Daerah Melaka Tengah, Melaka	1 unit apartments	99-year lease to 2076	837	5 to 6	237	2006
14. No PTD 162686 HS(D) 324120, Mukim Plentong, Daerah Johor Bahru, Johor	3-storey shop office	99-year lease to 26.11.2100	1540	2	575	2008

SHAREHOLDINGS STRUCTURE

AS AT 5 MAY 2009

Authorised Share Capital	:	200,000,000
Issued And Fully Paid-Up Share Capital	:	147,827,158
Class Of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per ordinary share
No. Of Shareholders	:	4,276

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 MAY 2009

Size Of Holdings	No. Of Shareholders	Total Holdings	% Of Paid-Up Capital
Less than 100	9	342	0.00
100 -1,000	928	906,983	0.61
1,001-10,000	2,304	11,308,615	7.65
10,001-100,000	890	30,007,000	20.30
100,001 and below 5% of share capital	143	54,796,906	37.07
Above 5% of share capital	2	50,807,312	34.37
TOTAL	4,276	147,827,158	100.00

SUBSTANTIAL SHAREHOLDER AS AT 5 MAY 2009

Shareholder	No. Of Shares Held		Percentage Holding
	Direct	Indirect	
Koh Poh Seng	60,614,525	-	41.00

SHAREHOLDINGS STRUCTURE (CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 5 MAY 2009

No.	Name Of Shareholders	No. Of Shares	Percentage Holding
1	Koh Poh Seng	43,036,422	29.11
2	AllianceGroup Nominees (Tempatan) Sdn Bhd - Koh Poh Seng	7,770,890	5.26
3	CitiGroup Nominees (Tempatan) Sdn Bhd - Koh Poh Seng	6,056,900	4.10
4	AllianceGroup Nominees (Tempatan) Sdn Bhd - Koh Poh Seng	2,500,000	1.69
5	Yap Swee Thiam	1,693,310	1.15
6	Mayban Nominees (Tempatan) Sdn Bhd - Low Ngok Ming	1,600,900	1.08
7	Chia Beng Tat	1,386,400	0.94
8	Public Nominees (Tempatan) Sdn Bhd - Teo Ah Lek	1,317,900	0.89
9	Lim Chau Liang	1,296,600	0.88
10	Keng Poh Im	1,285,000	0.87
11	Public Nominees (Tempatan) Sdn Bhd - Koh Poh Seng	1,250,000	0.85
12	Yew Guat Sim	1,224,800	0.83
13	Ngoh Kim Chay	1,030,300	0.70
14	Tan Peng Chung	946,900	0.64
15	Pacific Strike Sdn Bhd	866,600	0.59
16	Yew Yeong Chang	819,100	0.55
17	AIBB Nominees (Tempatan) Sdn Bhd - Phang Jyn Yenn	750,000	0.51
18	Chan Kim Kiok	702,100	0.47
19	OSK Nominees (Tempatan) Sdn Bhd - Hee Yuen Sang	700,000	0.47
20	TA Nominees (Tempatan) Sdn Bhd - Liew Yap Soong	649,900	0.44
21	Chai Kim Hua	622,286	0.42
22	Chung Shan Kwang	614,000	0.42
23	Mayban Nominees (Tempatan) Sdn Bhd - Lu Thian Tack	600,000	0.41
24	Ng Chor Kuan	600,000	0.41
25	Mayban Nominees (Tempatan) Sdn Bhd - Low Ngok Ming	599,800	0.41
26	Lim Bon San	558,400	0.38
27	Affin Nominees (Tempatan) Sdn Bhd - Chung Kin Chuan	548,000	0.37
28.	Fang Hock Beng	510,000	0.35
29.	Lu Thian Tack	505,500	0.34
30	JF Apex Nominees (Tempatan) Sdn Bhd - Ng Chea Wei	497,900	0.34
TOTAL		82,539,908	55.84

DIRECTORS' SHAREHOLDINGS AND INTEREST IN SHARES AS AT 5 MAY 2009

No.	Name Of Directors	No. Of Shares	Percentage Holding
1	Koh Poh Seng	60,614,525*	41.00
2	Lau Fook Meng	Nil	Nil
3	Lee Whay Hoong	Nil	Nil
4	Faun Chee Yarn	Nil	Nil

Save as disclosed, none of the other Directors in office have any interests in the shares of related corporations and subsidiary companies of the Company as at 5 May 2009.

* - Held directly and through nominee companies.



KPS CONSORTIUM BERHAD
(143816-V)
Incorporated in Malaysia

No. of ordinary shares held

PROXY FORM

(Before completing this form please refer to the notes below)

I/We _____ NRIC No./Passport No./Company No _____
(Full name in block letters)

CDS. A/C No _____ of _____
(Full address)

being a member/members of **KPS CONSORTIUM BERHAD** hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address

No. of shares to be represented by proxy

- _____
- _____

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held at Klang Executive Club, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on Saturday, 27th June 2009 at 11:00 a.m. and at any adjournment thereof to vote as indicated below:-

	FOR	AGAINST
Resolution 1 - Re-election of Director, Mr Koh Poh Seng		
Resolution 2 - Re-election of Director, Mr Faun Chee Yarn		
Resolution 3 - Re-election of Director, Mr Tan Kong Ang		
Resolution 4 - Re-election of Director, Mr Lim Choon Liat		
Resolution 5 - Approval of Directors' Fee		
Resolution 6 - Re-appointment of the retiring auditors, Messrs. SJ Grant Thornton		
Resolution 7 - Authority to Issue Shares		

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

In case of a vote taken by a show of hands, the First-named Proxy shall vote on *my/our behalf.

Dated this _____ day of _____ 2009

Signature/Common Seal of shareholder

*** Strike out whichever is not desired.**

Notes:

- A member shall be entitled to appoint more than one (1) proxy to attend and vote in his place. A proxy needs not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
- If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.
- The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's Registered Office, Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or adjourned meeting as the case maybe.

Please fold here

AFFIX STAMP

KPS CONSORTIUM BERHAD (143816-V)

Lot 765, Jalan Haji Sirat
Off Jalan Meru, 42100 Klang
Selangor Darul Ehsan

Please fold here



KPS Consortium Bhd (143816-V)

Lot 765, Jalan Haji Sirat Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan. Malaysia.
Tel: (603) - 3291 5566 Fax: (603) - 3291 4489