PREFACE AND REPORT SUMMARY

AUDITOR GENERAL’S REPORT 2011
ON THE ACTIVITIES OF KEDAH STATE
GOVERNMENT DEPARTMENTS/AGENCIES AND
THE MANAGEMENT OF STATE GOVERNMENT
COMPANIES

NATIONAL AUDIT DEPARTMENT
MALAYSIA
1. Article 106 and 107 of the Federal Constitution and the Audit Act 1957 requires the Auditor General to audit the State Government’s Financial Statements, as reported in the State Government’s Financial Statements and the Financial Management of the State Departments and Agencies Report. Additionally, the Auditor General is required to audit the state activities and to report to the Supreme Head of Malaysia, His Majesty, Seri Paduka Baginda Yang di-Pertuan Agong and His Royal Highness, the Sultan of Kedah. His Majesty would grant his Royal Assent for the tabling of the Report to Parliament while His Royal Highness will then consent for the tabling of the Report in the State Legislative Assembly. To fulfill these responsibilities, the National Audit Department conducts **performance audits** to evaluate the performances of the Departments and Agencies and the Management of the State Government’s Companies as to whether they have carried out efficiently, prudently and achieve the stipulated targets.

2. My Report on the management of activities of the Departments/Agencies And State Government’s Companies for the year 2011 are results from the auditing that has been carried out on specific activities implemented by 9 Departments/Agencies and 4 States Government Companies. The Report comprises the following parts:

   - **Part I** : Activities of State Departments/Agencies
   - **Part II** : Management of State Government Companies
   - **Part III** : General Matters

3. The audit undertaken on the activities of the State Government is to ascertain whether programs and activities that were plan successfully implemented within the period, prudently and achieved their objectives. In general, the audit carried out revealed few weaknesses in planning, implementation and monitoring by the State Departments/Agencies in 2011 as being I reported in this Report. Among the weaknesses observed were lack of management information system, enforcement, ineffective supervision, absence of effective monitoring system and lack of financial provision. The respective Controlling Officers have been informed of the matters reported to obtain their confirmations. I have put forward 44 recommendations for the respective Department Heads to take corrective actions on the weaknesses raised and also to avoid reoccurrences of such shortcomings.

4. Besides fulfilling the legislative requirements, I hope this Report will be a basis for remedial actions and to enhance the accountability and integrity as well as to achieve value for money on expenditure in line with the Government Intentions. Indirectly, this will contribute to the Government Transformation Program with its slogan **“People First, Performance Now”** hereby fulfilling the needs, interests and aspirations of all Malaysians.
5. I would like to express my gratitude to all officers in the various Departments/Agencies and State Government’s Companies in Kedah who have given their full cooperation to my officers during the audit. I would also like to extend my appreciation and thanks to my officers who have worked very diligently and their whole commitment to complete this Report.

(TAN SRI DATO’ SETIA HAJI AMBRIN BIN BUANG)
Auditor General of Malaysia

Putrajaya
25 June 2012
PART I - ACTIVITIES OF THE STATE DEPARTMENTS / AGENCIES

1. KEDAH STATE SECRETARY OFFICE
   - Management of Low Cost Public Housing

1.1. Low Cost Public Housing Programme aim to provide affordable housing to low income groups so that the Government’s objective to improve the quality of life and poverty eradication can be achieved. Kedah Low Cost Public Housing Programme has been approved in the Second Malaya Plan 1961-1965 until the 8th Malaysian Plan (8MP) in 2001-2005 involving a total expenditure of RM182.45 million. Allocations were obtained from the State Government and loans from the Federal Government amounted to RM14.71 million and RM167.74 million respectively. The program is managed by the Housing Division, Office of the State Secretary of Kedah through hire purchase scheme. As at December 2011, a total of 79 Low Cost Public Housing Programme in 12 Districts involving 12,749 units of low cost public houses consisting of 9,548 units terraced houses, 700 units single houses and 2,501 flats have been completed and were granted the Certificate of Fitness. Based on household assessment in 2011, applicants earning less than RM1,250 a month is entitled to apply for the scheme. Each successful applicant will have to sign an agreement with the State Government before the house could be occupied. House ownership will be transferred to the applicant after payments fully settled as per agreement.

1.2. An audit conducted in October to December 2011 found that the management of Low Cost Public Housing Programme is unsatisfactory and remedial actions should be taken immediately. Among the weaknesses found were:

1.2.1 Transfer of ownership to 2,287 buyers who have settled payments between 2 to 19 years has not been done.

1.2.2 Maintenance not properly managed and unreasonable payments.

1.2.3 Delay in distributing houses to eligible applicants.

1.2.4 No action taken against the buyers with high rental arrears.

1.3. To overcome this problem, the Housing Division is recommended to take the following actions:

1.3.1 Title deeds should be released immediately to buyers who have fully settled their installments. Delay in issuing the title deeds would result in uncollectible revenue while ownership claims would be unresolved in the event of death or divorce.
1.3.2. Ensure compliance with regulations pertaining to procurement such as the appointment of a registered contractor and payment is made for actual work performed within the specified scope of work. The officer who has been negligent in performing their duties should be surcharged.

1.3.3. Investigation should be carried out to determine the officers responsible for making payments and instigate losses to the Government. Immediate action should be taken to collect back payment made for work not performed and the contractor involved should be blacklisted from participating in any State Government contracts.

1.3.4. To ensure that revenue is obtained and maintenance costs reduced, houses should be immediately distributed to eligible applicants.

1.3.5. Ensure enforcement is taken against revenue arrears.

2. KEDAH STATE SECRETARY OFFICE
   - Management of the State Government-Owned Houses

2.1. The Kedah State Government-owned house are houses built by the State for eligible government officers in accordance with General Orders Chapter E (House and Government House, 1974). The State Government allows these houses to be use for a specific purpose or rented at the prescribed rate. Kedah State Government house is managed by the Kedah State Secretary Office (SS), the District Public Works Department (PWD) and the District Office in Kedah. As at October 2011, a total of 505 government housing units in the state of Kedah is supervised by the SS’s Office, PWD and the District Offices.

2.2. An audit carried out between July to October 2011 found that there were some weaknesses in the management of the State Government houses as follows:

2.2.1. Ownership of Government houses cannot be identified.

2.2.2. Officers who are not eligible occupy these houses.

2.2.3. Government housing rental contract is not complied with.

2.2.4. Rental is not included in State revenue.

2.2.5. Rent arrears owed to the State Government.

2.3. Management of the Government house can be improved with the following recommendations:

2.3.1. State Secretary Office should review whether the unoccupied Government houses are suitable as lodging house, rented out to those who are interested or sold if not needed.
2.3.2. State Secretary Office should take action to identify the status of the Government’s home ownership and define the responsible management of the property.

2.3.3. State Secretary Office, District Office and the PWD should ensure the term of agreement is complied with and special approval should be obtain for income from rent not included in state revenue.

3. SOCIAL WELFARE DEPARTMENT
   - Management of General Aid

3.1. The Social Welfare Department (SWD) was entrusted to provide financial aid programs for the needy through the Federal Government and the State Government allocation. General Aid is one of the aids that are funded by the State Government. For the period of 2009 to 2011, an allocation of RM40.77 million was approved and RM39.29 million had been spent. For the period of 2009 to 2011, a total of 63,261 applications for general aid have been received by SWD. Of the total, 28,185 applications or 44.6% were approved, 32,143 applications or 50.8% were rejected while the remaining 2,933 applications or 4.6% are still under investigation. The management of General Aid activities has been recognized by SIRIM through the certification of MS ISO 9001:2008 in 2008.

3.2. An audit conducted from August to October 2011 found that General Aid has helped to reduce and lighten the financial difficulties among individuals/families in hardship or underprivileged. However there are some weaknesses in the management of General Aid activities that should be given attention by SWD such as:

   3.2.1. Delay in conducting investigation and approval for the new applications.

   3.2.2. Delay in carrying out reviews on the existing recipients.

   3.2.3. Due attention should be given to the safety of the distribution of cash to recipients.

   3.2.4. Payments made to recipients who had passed away and delay in returning the unclaimed money to the State Treasury.

3.3. To improve the management of General Aid, it is recommended that SWD take the following actions:

   3.3.1. Investigate and take disciplinary action against the officer who is negligent in making payments to recipient who had passed away since the same matter was reported in 2007.

   3.3.2. Ensure that the unclaimed money are returned back to the State Treasury in a timely manner and not kept in the account of the Social Welfare Department of district concerned.
3.3.3. Create data sharing between Social Welfare Department and the National Registration Department to obtain the latest information on the status of the recipients at all times.

3.3.4. All payments to the recipients should be made through bank account except for the elderly and sick recipients.

3.3.5. Provide a plan to ensure delay in investigation, approval of the application and conducting a review can be overcome.

4. KEDAH ISLAMIC RELIGIOUS AFFAIRS DEPARTMENT
   KEDAH ISLAMIC RELIGIOUS COUNCIL
   - Management of Halal Certification

4.1. Halal Certificate (HC) is a formal document stating the halal status of food, beverages, premises, goods, activities or services produced by the competent authority. The management of halal certification in the state of Kedah involves 2 agencies namely Kedah Islamic Religious Council and the Kedah Islamic Religious Affairs Department. The Islamic Council is responsible for coordinating the management policy and revenue of halal Certificate. The Islamic Affairs Department is responsible to the implementation of halal certification on the food, drink, Muslims consumables, food premises and abattoirs and enforcement activities of the halal certificate holder.

4.2. An audit carried out in November 2011 to January 2012 showed there were some weaknesses in management of Halal Certification. Among the weaknesses found were:

4.2.1. Delay in issuance of halal certificates.

4.2.2. Weakness in the monitoring and enforcement activities.

4.2.3. Halal information reference services have not been updated.

4.3. To ensure the proper management of halal certification the Islamic Affairs Department and Council should take the following steps:

4.3.1. The Council should arrange proper meeting schedules for the Halal Certification Panel and that Halal Certificate is not issued to business owners without approval of the Halal Certification Panel.

4.3.2. Monitoring and enforcement should be conducted regularly by the Islamic Affairs Department to ensure product is in accordance to Islamic principles and put a stop to the use of expired Halal Certificate.
4.3.3. The Islamic Affairs Department should regularly update the list of halal certificate holder on the website for public reference on the status of halal products. The Islamic Council should also be made responsible for updating the information on halal certificate holder based on its involvement as Secretariat to the Panel of the Halal Certification Committee.

4.3.4. The Islamic Affairs Department should submit an application to the Human Resources Division, Kedah State Secretary Office to fill up employment vacancies so that the management of halal certification can be performed effectively.

5. KEDAH STATE SYARIAH JUDICIARY DEPARTMENT
   - Management of Civil and Criminal Case

5.1. Kedah State Syariah Judiciary Department (JKSN) was established to manage civil and criminal cases based on Islamic law. According to the Syariah Court Enactment (Kedah Darul Aman) 2008, Syariah Court in the State of Kedah comprised of the Syariah High Court (MTS), the Syariah Appeal Court and 11 district Syariah Subordinate Court (MRS). The main function of JKSN is to manage the application registration and trial of civil and criminal cases, court orders and faraid declaration.

5.2. According to JKSN Statistics Report, 33,007 civil cases and 3,781 criminal cases were registered in 2009 to 2011 in Kedah. The number of cases completed for the same period was 26,390 or 79.9% civil cases and criminal cases of 2,941 or 77.8%. According to Audit findings the number of civil and criminal cases solved has increased each year. However there are some weaknesses such as:

5.2.1. JKSN has not set time limit for a particular case should be settled or given priority to be resolved immediately.

5.2.2. Delay in registration of notice of application for criminal cases.

5.2.3. Appeals cases have not been registered and put on trial. A total of 44 appeal cases consisting of 39 civil appeal cases and 5 criminal appeals cases registered since 1999 to 2009 had not been trial because documents is not submitted by the MRS involved.

5.2.4. Delay in registration of criminal cases.

5.2.5. Case closed and the accused released.

5.2.6. Bail not collected.

5.2.7. e-Syariah information systems were not updated and 3 modules were not used.
5.3. To ensure that the management is more efficient it is recommended that JKSN do the following:

5.3.1. Set time limit for resolving a case and priority given to old cases and appeals that have yet to be tried.

5.3.2. Update the data in e-Syariah management system used by all the Syariah Judiciary Court for ease of reference and intensify the monitoring on case management.

5.3.3. Ensure uniformity of personal bail is in accordance with the Syariah Criminal Procedure Enactment 1988 Kedah. (Amendment 1999)

6. **KULIM LAND OFFICE**

- **Management of Production and Transfer of Rock Material**

6.1. Kulim Land Office is one of 12 state land offices which manages the various activities related to land administration and land revenue collected such as land tax, land premiums, royalties and other revenues related to the transfer of rock material and administration fee of land. Royalty of rock material is a major contributor to Kedah State Government revenue. To ensure the production and transfer of rock material is properly managed, the production process is carried out under the National Land Code, Land Order of Kedah 1966 and Circular of the Land and Mines Malaysia.

6.2. To boost state revenue the State Executive Council decide all agencies and departments involved with revenue collection to restructure the permit process on quarry and sand mining and expedite enforcement. The implementation of lump sum royalty payment for red soil is effective from January 1, 2009. The State Government introduce joint ventures in the quarry and sand mining project whereby the state government, represented by its subsidiaries hold 51% interest and operator holds 49% interest in the project. Royalty collected by the land office is based on the quantity of rock material acquired from the government land and alienated land. From 2009 to 2011, the State Government had collected royalty on rock material amounting to RM55.58 million, comprising of RM19.32 million in 2009, RM18.45 million in 2010 and RM17.80 million in 2011. Land Office Kulim is the second highest revenue contributor in 2009 and 2010 respectively, amounting to RM2.13 million and RM3.25 million.

6.3. An audit carried out between November 2011 until February 2012 found that the management of production and transfer of rock material is not satisfactory. Among the weaknesses found are:

6.3.1. Arrears of unpaid royalty.

6.3.2. Quarry situated on land of agricultural status.
6.3.3. Weakness on monitoring and enforcement.

6.4. Management on production and transfer of rock material at the Land Office Kulim can be enhanced with consideration to the following recommendations:

6.4.1. Ensure that all rules and regulations relating to the production and transfer of rock material adhered to by enforcing site visits regularly.

6.4.2. Integrated enforcement activities with technical departments involved in the production of rock material such as the Department of Irrigation and Drainage, Public Works Department, Road Transport Department and the Municipal Council of Kulim for monitoring and enforcement operations.

6.4.3. Enforcement action against operators who violate conditions of soil and failed to pay the arrears of royalty should be taken.

7. THE STATE OF KEDAH STADIUMS CORPORATION
   - The Management of Sports Complex

7.1. The Kedah State Stadiums Corporation (The Corporation) was established on the 8th of August 1971 under The State of Kedah Stadiums Enactment 1971 and was later dissolved in 1989. However, The Corporation resumed its operations on the 1st of November 2006 after The State of Kedah Executive Councils (EXCO) decided to revive the state owned sports complex governed by the Kedah State Government and managed by the Corporation.

7.2. The Corporation had been entrusted by State Government to manage the state owned sports complex namely The Darul Aman Stadium, The Sultan Abdul Halim Stadium, The Kedah State Aquatic Complex, The Muadzam Shah Sports Complex, Shooting Range and Lawn Bowling courts. These sports complex provides sports facilities and venues in the form of courts, fields and lawn rental for sports such as football, hockey, athletics, tracks and fields, badminton, sepak takraw, swimming, shooting, lawn bowling and others.

7.3. The Corporation’s objective is to establish a systematic and effective management. Its vision is to make the sports complex competitive and to provide quality services to the community in order to create an active and vibrant generation. On the other hand, the Corporation’s mission is to ensure that the sports complex under its administration is in the highest level and contribute to the formation of a healthy society.

7.4. The audit conducted from September to November 2011 found that the overall management of the sports complex by the Corporation is satisfactory. However, there are still some weaknesses in the management of the sports complex identified as follows:

7.4.1. Poor usage of sports complex.
7.4.2. Increase in arrears regarding the use of the sports complex.

7.4.3. Unauthorized renovation on retail spaces.

7.4.4. Damage to the sports complex remains unrepaired.

7.4.5. Sports complex security unsatisfactory.

7.5 In order to ensure that the weaknesses highlighted be improved and also to prevent similar shortcomings repeated in the future, it is recommended that the Corporation take the following actions:

7.5.1 Coordinate programs or activities with the Associations so that the sports activities can be undertaken to generate income to the Corporation.

7.5.2 Take legal action against hardcore debtors.

7.5.3 Build a fence at the back of The Muadzam Shah Sports Complex to prevent intrusion.

8. **KUBANG PASU DISTRICT COUNCIL**

8. **BALING DISTRICT COUNCIL**

- The Management Of Public Amenities

8.1. The Kubang Pasu District Council and The Baling District Council were established on the 1st of April 1976 under the Local Government Act 1976 (Act 171). The service operations and development control for these 2 District Councils cover 13 settlements in the Kubang Pasu District and 5 settlements in the Baling District. The public facilities cover site, area, building or infrastructure amenities, whereby the uses of these facilities are shared by local communities. Generally, these amenities are categorized into 3 different types, such as neighborhood, recreation and infrastructure managements.

8.2. An Audit conducted between September to December 2011 found that public facilities managed by these District Councils can still be improved. Among the weaknesses found are:

8.2.1. Poor usage of facility.

8.2.2. Poor maintenance of public amenities and its component.

8.2.3. High rental arrears of public retail spaces.

8.2.4. Public buildings and public areas not covered by fire or public liability insurances.

8.2.5. Unauthorized renovations of public stalls.
8.3. In order to ensure that the public amenities are managed efficiently and effectively, the Councils are recommended to implement the followings:

8.3.1. Plan more effectively for the promotion of existing business locations that are less well-received by the public and diversify the use of existing facilities. The District Councils are also recommended to make feasibility study before developing new amenities so that it will benefit the community.

8.3.2. Regular schedule on maintenance service of public facilities.

8.3.3. The District Councils should intensify efforts to collect current stall rental arrears in order to prevent escalating rental arrears in the near future.

8.3.4. The District Councils should protect themselves from public lawsuit by taking public liability insurances coverage on its' public buildings and public places.

8.3.5. Enforce Buildings Rules and Regulations regarding renovations on public buildings and stalls to safeguard the District Councils interests.

PART II - MANAGEMENT OF THE STATE GOVERNMENT COMPANIES

9. PERBADANAN MENTERI BESAR KEDAH
   - Kedah Corporation Berhad

9.1. Kedah Corporation Berhad (KCB) is a wholly owned subsidiary of Perbadanan Menteri Besar Kedah (PMBKed). KCB was established and registered on May 15, 2006 with an authorized capital of RM10 million and paid-up capital of RM1 million. The main objective of the company is mining and agricultural activities at the international level.

9.2. Audit carried out between November and December 2011 found that the financial performance of KCB is weak since the company incurred losses every year from 2008 to 2010. KCB’s performance in logging and plantation project in Papua New Guinea is unsatisfactory. The project was unprofitable and has several management flaws such as unapproved loan by Board of Directors and improper payments. Apart from that, KCB’s performance in 99 East development project in Langkawi also have weaknesses in implementation of original plan and breach of contract. Besides, there were other weaknesses regarding corporate governance and financial management such as Company Act 1965 and related circulars of the government linked companies were not complied with.

9.3. In order to ensure the objectives of KCB are realized and the interests of the Government as the equity holder is protected, KCB is recommended to take remedial measures as follows:
9.3.1. Streamlining and adopting corporate governance with reference to Government Circulars and the Code of Corporate Governance Malaysia as the best practice.

9.3.2. Due diligence and feasibility studies should be done before involving in high value investment.

9.3.3. Taking preventive measures and corrective actions based on government rules and procedures and existing laws on the Audit findings.

10. PERBADANAN MENTERI BESAR KEDAH

10.1. Kedah Agro Industries & Marketing Berhad (KAIMB) was established on 8 August 2006 with an authorized capital of RM5 million and paid-up capital of RM0.5 million. KAIMB is a wholly owned subsidiary of Kedah Agro Holding Berhad (KAHB), a company under the Perbadanan Menteri Besar Kedah (PMBKed).

10.2. Audit carried out between September 2011 and October 2011 found that in general, the KAIMB’s performance is not satisfactory. KAIMB achieved profit in 2008 and subsequently incurred losses in the next 2 following years. KAIMB’s projects such as shrimp farming project in Kerpan and rubber/oil palm plantation project are also have some weaknesses in terms of implementation of agreement and monitoring. Apart from that, there were several weaknesses in corporate governance such as related circulars of the government linked companies were not complied.

10.3. In order to ensure the objectives of KCB are realized and the interests of the government as the equity holder is protected, KCB is recommended to take remedial measures as follows:

10.3.1. The agreement signed by the company shall protect the State's interests and preferably should be referred to the State Legal Advisor.

10.3.2. Discuss with KASB for outstanding debt settlement of prawn farming project.

10.3.3. Consult with FELCRA to re-check contents of the agreement so that it is fair for both parties.

10.3.4. Implement a more effective monitoring on KAIMB’s project implementation.

10.3.5. Comply with the Companies Act 1965 and related circulars of the government linked companies.
11. PERBADANAN MENTERI BESAR KEDAH
- Permodalan Kedah Berhad

11.1. Permodalan Kedah Berhad (PKB) was incorporated on 20 January 1994 and is a wholly-owned subsidiary of the Perbadanan Menteri Besar Kedah (PMBKed) with an authorized capital of RM10 million and paid-up capital of RM2.50 million. The principal businesses of the PKB are in the field of investment, property development and mining. Initial activities began with the launch of Amanah Saham Kedah (ASK) in 1995 which is now managed by Amanah Saham Kedah Berhad. PKB also has a contractor license Class 'A' through its subsidiary, Pembinaan Sintok Sdn. Bhd. To ensure its smooth operation, PKB has set up five subsidiaries, each with its specific function.

11.2. Audit carried out between July and October 2011 found that PKB activity management is in line with its objectives. PKB financial performance was generally satisfactory. PKB suffered losses of RM0.55 million in 2008. However, in 2009 and 2010 PKB generated profit amounted to RM0.71 million and RM0.70 million. Overall the management activities of PKB can be improved. Among the weaknesses identified are as follows:

11.2.1. The land title ownership of 18 units of shop houses purchased in Taman Wira Mergong has not been transferred to PKB.

11.2.2. Arrears of shop house rent.

11.2.3. Joint venture agreement with MMSB for clay mining activities in Selat Panchor Reserve Forest does not provide maximum return, the term of agreement also non-specific and royalty payments to the Government remain outstanding.

11.2.4. For the management of real estate development activities were found not complied with conditions of the joint venture agreement, guarantee profits earned by PKB is lower than the current valuation of the property and return for a joint venture project Kuala Kedah Business Centre is still pending.

11.3. To overcome the weaknesses highlighted and allows PKB achieve its objectives it is recommended to take action on the following matters:

11.3.1. Ensure the application of transfer of a shop in Taman Wira Mergong is done immediately.

11.3.2. Ensure the joint venture agreement signed in the future have a specific expiration date and give maximum returns.
12. **PERBADANAN KEMAJUAN NEGERI KEDAH**  
- **Kedah BioResources Corporation Sdn. Bhd.**

12.1. Kedah BioResources Corporation Sdn. Bhd. (KBioCorp) embodied on October 5, 1997 with a paid up capital amounted to RM0.50 million and the authorized capital of RM1 million. Previously KBioCorp is known as KTPC Environmental Services Sdn. Bhd. KBioCorp is wholly owned by Kulim Technology Park Corporation Sdn. Bhd. (KTPC) which is a subsidiary of KHTP Holdings Sdn. Bhd. KHTP Holdings Sdn. Bhd. is wholly owned by Perbadanan Kemajuan Negeri Kedah (PKNK). The main activity of KBioCorp is providing analytical test, herb processing, tissue culture and training provider. It is located in Kulim Hi-Tech Park and able to provide the best service to biotechnology entrepreneurs in the northern region.

12.2. Audit carried out between December 2011 and February 2012 found KBioCorp management activities are consistent with its objectives. KBioCorp financial performance was generally satisfactory. KBioCorp overcome losses in 2008 and 2009 with a record profit in 2010 amounted to RM0.14 million. Losses in 2008 and 2009, respectively, amounting to RM0.19 million and RM0.11 million. Overall the management activities of KBioCorp can be improved. Among the weaknesses identified are as follows:

12.2.1. Training Management Unit is not established.

12.2.2. Training planning is prepared just after getting the federal government grant.

12.2.3. Training guidelines have not been provided by KBioCorp.

12.2.4. SAMM recognition is not available for all lab tests except Heavy Metal test.

12.2.5. Receipt of samples for laboratory testing services and herbal processing is still below their true capabilities.

12.2.6. Samples analyzed exceeded the stipulated time.

12.2.7. Laboratory equipment worth millions of ringgit was not used.

12.2.8. KBioCorp is unable to pay dividend to the Government.

12.3. To overcome the weaknesses highlighted and allows KBioCorp achieve their objectives is recommended to take action on the following matters:

12.3.1. Establish a training unit to ensure the management training and income of at training be improved.
12.3.2. Increase promotion of the services offered to the increased demand and fully utilized machines.

12.3.3. Managing assets properly to ensure optimum use of laboratory equipment that can provide returns to the company.