

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 OCTOBER 2009**

	As at 31.10.2009 RM'000	As at 31.01.2009 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	41,216	56,652
Prepaid lease payment	7,798	7,894
Land held for property development	112,301	185,251
Intangible asset	4,667	4,667
Other investment	6	6
	165,988	254,470
<b>Current assets</b>		
Property development costs	1,471	1,471
Inventories	5,761	7,159
Trade receivables	12,575	10,860
Other receivables	795	950
Tax recoverable	16	12
Cash and bank balances	1,047	2,202
	21,665	22,654
<b>Assets held for sale</b>	84,715	-
	106,380	22,654
<b>TOTAL ASSETS</b>	<b>272,368</b>	<b>277,124</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	40,567	81,135
Share premium	-	35,803
Capital reserve	10,142	-
Revaluation reserve	30,341	31,063
Accumulated losses	(61,620)	(124,551)
	19,430	23,450
<b>Minority interest</b>	4,416	6,998
<b>Total Equity</b>	<b>23,846</b>	<b>30,448</b>
<b>Non-current liabilities</b>		
Borrowings	11,792	13,584
Deferred tax liabilities	11,262	16,462
	23,054	30,046
<b>Current liabilities</b>		
Borrowings	204,625	196,145
Trade payables	5,172	6,005
Other payables	9,833	14,480
	219,630	216,630
<b>Liabilities directly associated with assets held for sale</b>	5,838	-
	225,468	216,630
<b>Total liabilities</b>	<b>248,522</b>	<b>246,676</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>272,368</b>	<b>277,124</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<b>24</b>	<b>29</b>

The Condensed Consolidated Balance Sheets (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2009.



**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE NINE-MONTH PERIOD ENDED 31 OCTOBER 2009**

	2009		2008	
	Current quarter ended 31.10.2009	9-month cumulative for current financial year to date ended 31.10.2009	Comparable current quarter ended 31.10.2008	Comparable 9-month cumulative for preceding financial year to date ended 31.10.2008
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	14,297	44,591	13,622	41,334
Other income	214	519	216	589
Operating expenses	(13,169)	(43,041)	(13,941)	(42,363)
Finance costs	(3,543)	(10,415)	(4,104)	(12,045)
<b>Profit/ (Loss) before tax</b>	(2,201)	(8,346)	(4,207)	(12,485)
Income tax expense	-	2,196	(2)	(6)
Profit/ (Loss) for the period from continuing operations	(2,201)	(6,150)	(4,209)	(12,491)
<b>Discontinuing operations</b>				
Profit/ (Loss) for the period from discontinuing operations	(169)	(452)	(169)	(535)
<b>Profit/(Loss) for the period</b>	(2,370)	(6,602)	(4,378)	(13,026)
Attributable to:				
Equity holders of the parent	(1,140)	(4,020)	(3,020)	(9,112)
Minority interest	(1,230)	(2,582)	(1,358)	(3,914)
	(2,370)	(6,602)	(4,378)	(13,026)
<b>Earnings per share attributable to equity holders of the parent (sen):</b>				
Basic, for profit/ (loss) for the period:	(1.40)	(4.95)	(3.72)	(11.23)
- Continuing operations	(1.25)	(4.61)	(3.51)	(10.77)
- Discontinuing operations	(0.15)	(0.34)	(0.21)	(0.46)
Diluted, for profit/ (loss) for the period	N/A	N/A	N/A	N/A

**The Condensed Consolidated Income Statements (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2009.**

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 31 OCTOBER 2009**

	9-month ended 31 October, 2009 RM'000	9-month ended 31 October, 2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation:		
Continuing operations	(8,346)	(12,485)
Discontinuing operations	(452)	(535)
Adjustments for:		
Non-cash items	3,184	2,984
Non-operating items	10,331	10,346
<b>Operating profit/ (loss) before working capital changes</b>	<b>4,717</b>	<b>310</b>
Net change in current assets	2,412	891
Net change in current liabilities	(3,211)	1,403
<b>Cash generated from operations</b>	<b>3,918</b>	<b>2,604</b>
Income tax (paid) / refund	(8)	59
Interest paid	(1,387)	(1,529)
<b>Net cash generated from/ (used in) operating activities</b>	<b>2,523</b>	<b>1,134</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,563)	(930)
Proceeds from disposal of property, plant and equipment	189	582
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,374)</b>	<b>(348)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase	(324)	(614)
Net advance of bill payables	46	(5,259)
Repayment of term loan	(2,255)	(1,879)
Drawdown of term loan	-	5,800
<b>Net cash generated from/(used in) financing activities</b>	<b>(2,533)</b>	<b>(1,952)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,384)</b>	<b>(1,166)</b>
<b>CASH AND CASH EQUIVALENTS AT 01 FEBRUARY, 2009 / 01 FEBRUARY, 2008</b>	<b>1,384</b>	<b>1,500</b>
<b>CASH AND CASH EQUIVALENTS AT 31 OCTOBER, 2009 / 31 OCTOBER, 2008</b>	<b>-</b>	<b>334</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances from continuing operations	937	886
Cash and bank balances from discontinuing operations	(167)	-
Fixed deposits with licensed banks	110	196
	880	1,082
Bank overdraft	(880)	(748)
	-	334

The Condensed Consolidated Cash Flow Statement (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2009.

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 31 OCTOBER 2009**

	Attributable to Equity Holders of the Parents						Minority Interest <i>RM'000</i>	Total Equity <i>RM'000</i>
	Share Capital <i>RM'000</i>	Share Premium <i>RM'000</i>	Capital Reserve <i>RM'000</i>	Revaluation Reserve <i>RM'000</i>	Retained Earnings <i>RM'000</i>	Total <i>RM'000</i>		
<b>At 1 February 2008</b>	81,135	35,803	-	31,306	(111,109)	37,135	11,205	48,340
Loss for the period	-	-	-	-	(9,112)	(9,112)	(3,914)	(13,026)
<b>At 31 October 2008</b>	81,135	35,803	-	31,306	(120,221)	28,023	7,291	35,314
<b>At 1 February 2009</b>	81,135	35,803	-	31,063	(124,551)	23,450	6,998	30,448
Realisation on revaluation reserve	-	-	-	(722)	722	-	-	-
Share capital reduction	(40,568)	-	10,142	-	30,426	-	-	-
Share premium reduction	-	(35,803)	-	-	35,803	-	-	-
Loss for the period	-	-	-	-	(4,020)	(4,020)	(2,582)	(6,602)
<b>At 31 October 2009</b>	40,567	-	10,142	30,341	(61,620)	19,430	4,416	23,846

The Condensed Consolidated Statements of Changes in Equity (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2009.

## **KYM HOLDINGS BHD (Co. No. 84303-A)**

### **INTERIM FINANCIAL REPORT**

#### **Notes:**

#### **A1 Basis of Preparation**

The interim financial statements of the group are unaudited and have been prepared in accordance with Financial Reporting Standards ("FRS")134: "Interim Financial Reporting" issued by Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2009.

The accounting policies and method of computations used in the preparation of the interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 January 2009.

The Group has not adopted the following FRSs, IC Interpretations, and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

- (i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
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FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

- (ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

The Group considers financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

The possible impacts of FRS 123 on the financial statements upon its initial application are not disclosed as the existing accounting policies of the Group are consistent with the requirements under this new standard.

- (iii) Amendments issued and effective for financial periods beginning on or after 1 January 2010:

Amendments to FRS 1 and FRS 127	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Vesting Conditions and Cancellations

The above amendments are not relevant to the Group's operations.

- (iv) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above IC Interpretations are not relevant to the Group's operations except for IC Interpretation 10. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

## **A2 Status of Audit Qualifications**

The audited financial statements of the Group for year ended 31 January 2009 were not subject to any audit qualification.

## **A3 Seasonal or cyclical factors**

The Group's operations have not been materially affected by seasonal or cyclical factors.

## **A4 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 October 2009.

## **A5 Material Changes in Estimates**

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or previous financial year.

## **A6 Issuance, cancellation, repurchases, resale and repayments of debts and equity securities**

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

## **A7 Dividend Paid**

There was no dividend paid during the current quarter under review.

**A8 Segmental Reporting (Analysis by business segments)**

Segmental analysis of the results for 9 months ended 31 October 2009

	Gross Revenue RM'000	Profit/(Loss) before tax RM'000	Segment assets RM'000	Segment liabilities RM'000
Continuing operations:				
Manufacturing	41,650	3,847	86,164	47,743
Investment holding	2,123	(4,499)	255,114	417,586
Property development	216	(6,364)	196,919	17,639
Others	838	(699)	6,529	30,340
	44,827	(7,715)	544,726	513,308
Discontinuing operations:				
Others*	1,451	(452)	14,503	2,434
Elimination	(1,687)	(179)	(286,877)	(278,482)
	44,591	(8,346)	272,352	237,260
Unallocated Assets			16	-
Unallocated Liabilities			-	11,262
			272,368	248,522

\* Others refer to operations located at Teluk Rubiah to be discontinued upon disposal of leasehold land to Vale, as mentioned in Note B3(i)(a).

**A9 Valuations of Property, Plant and Equipment**

The valuations of land and buildings have been brought forward without any amendments from the previous annual report.

**A10 Material Subsequent Events**

On 10 December 2009, KYM Holdings Bhd announced that the Company had entered into a debt settlement agreement with the lenders to facilitate the Debt Settlement as stated in Note B3(iii).

Except as mentioned in Note B3(iii), there were no material events subsequent to the end of current quarter under review that was not been reflected in the financial statement for the quarter.

**A11 Changes in Composition of the Group**

There were no changes in the composition of the Group.

**A12 Changes in Contingent Liabilities And Contingent Assets**

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 31 January 2009.



### **A13 Capital Commitments**

There was no capital commitment not provided for in the financial statement for the quarter.

### **Additional information required by the BMSB's Listing Requirements**

#### **B1 Taxation**

The taxation of the Group for the financial period under review is as follows:-

	<b>Current Quarter ended 31.10.2009 RM'000</b>	<b>Cumulative Year to-date ended 31.10.2009 RM'000</b>
Deferred Tax:		
- relating to reversal of temporary differences	-	416
- overprovision	-	1,780
	-	2,196

#### **B2 Profit/(Loss) on sale of unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties during the quarter.

#### **B3 Status of corporate proposals announced**

- (i) On 11 June 2009, KYM Holdings Bhd ("KYM") and Harta Makmur Sdn Bhd ("HMSB") (the vendor), a 54%-owned subsidiary of KYM, had entered into a conditional sale and purchase agreement ("SPA") with Vale International S.A. ("Vale" or "the Purchaser") for:-
- (a) the proposed disposal by HMSB of sixteen (16) parcels of leasehold land measuring approximately 409 acres (or 1,655,922 sq. m) located at Mukim of Lumut, District of Manjung, Perak Darul Ridzuan ("Disposal Properties") to Vale for an aggregate cash consideration of RM 101.8 million.
- (b) the proposed grant of an option to Vale giving Vale the right (but not the obligation) to purchase an additional thirteen (13) parcels of leasehold land located at Mukim of Lumut and Mukim of Setiawan, District of Manjung, Perak Darul Ridzuan measuring approximately 756 acres (or 3,061,372 sq. m) ("Option Properties") from HMSB for an aggregate cash consideration of RM93.7 million.

The above are collectively known as "Proposed Disposal".

The Proposed Disposal was approved by the shareholders of KYM at an EGM held on 6 August 2009. The targeted date of completion of the SPA is Quarter 4 FY2010.

On 11 November 2009, KYM announced that the Cut-Off Date for fulfillment of conditions precedent in relation to the Proposed Disposal be extended to 18 January 2010, subject to Kemuning Wira Sdn Bhd agreeing in writing to extend the Cut-Off Date of the Kemuning Wira SPA to 18 January 2010.

- (ii) On 2 July 2009, KYM announced to undertake the following Proposed Balance Sheet Restructuring:
- Proposed share premium reduction;
  - Proposed par value reduction;
  - Proposed Memorandum & Articles of Association amendments; and
  - Proposed issuance of free warrants.

The Proposed Balance Sheet Restructuring was approved by the shareholders of KYM at an EGM held on 6 August 2009. On 9 September 2009, KYM announced that high court has granted an order on Par Value Reduction. The said order has been lodged with the Companies Commission of Malaysia on 29 September 2009. Therefore, the Share Premium Reduction was completed on 6 August 2009 and Par Value Reduction was completed on 29 September 2009.

As for the Proposed Issuance of Free Warrants, we are still awaiting the response from Securities Commission. On 30 September 2009, KYM announced the extension of completion date for the Proposed Issuance of Free Warrants for a further six (6) months from 30 September 2009.

- (iii) On 10 December 2009, KYM had entered into a Debt Settlement Agreement with United Overseas Bank (Malaysia) Bhd and RHB Investment Bank Berhad to settle the outstanding debt at RM120 million as full and final settlement via the proceeds from the Proposed Disposal as stated in Note B3(i) above.

Except for the above, there were no new corporate proposals announced during the quarter under review.

#### **B4 Borrowing and debt securities**

	<b>As at 31.10.2009 RM'000</b>
Short term	
Secured	204,625
Unsecured	-
	<hr/> 204,625 <hr/>
Long term	
Secured	11,792
Unsecured	-
	<hr/> 11,792 <hr/>

The above borrowings are denominated in Ringgit Malaysia.

#### **B5 Off balance sheet financial instrument**

During the financial year to date, the Group did not enter into any contracts involving off balance sheet financial instrument.

#### **B6 Changes in Material Litigation**

As at the date of the report, there is no pending material litigation.

#### **B7 Material Changes in the Profit/ Loss before Taxation for the current quarter compared with the preceding quarter**

The Group's turnover for the current quarter under review from continuing operations was RM14.297 million as compared to RM18.196 million in the preceding quarter. This is due to the decrease in sales in our Carton Division and Bags Division.

The Group loss before taxation from continuing operations is RM2.201 million for the current quarter under review, compared to a loss before taxation of RM2.936 million for the preceding quarter. The improvement in operating results is due to the lower cost of production as a result of lower raw material cost.

#### **B8 Review of Performance**

The Group turnover from continuing operations for the current quarter of RM14.297 million has improved compared to the turnover for the same quarter of previous year of RM13.622 million.

The net loss for the current quarter was RM2.370 million compared to the previous year corresponding quarter of RM4.378 million. This was due to lower turnover and higher cost of production during corresponding quarter of previous year.

#### **B9 Current year prospects**

The Board expects the manufacturing subsidiaries continue to perform satisfactorily for the rest of the financial year, however there are still uncertainties in the world financial markets which may cause sales and raw material prices to vary unexpectedly.

The interest cost on borrowing still remains high and continue to be the significant cost in the Group's results. However, we expect the interest cost to reduce substantially upon completion of the Proposed Disposal as mentioned in Note B3.

#### **B10 Profit forecast**

There is no published forecast/profit guarantee.

#### **B11 Dividend**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 October 2009.

#### **B12 Earnings per share attributable to equity holders of the parent**

	<b>Current Quarter ended 31.10.2009</b>	<b>Cumulative Year to- date ended 31.10.2009</b>
(a) <u>Basic earnings per share</u>		
(Loss)/ Profit for the period (RM'000)	(2,370)	(6,602)
- Continuing operations	(2,201)	(6,150)
- Discontinuing operations	(169)	(452)
Weighted average number of ordinary shares in issue ('000)	81,135	81,135
Basic Earnings per share for (loss)/ profit for the period (sen)	(1.40)	(4.95)
- Continuing operations	(1.25)	(4.61)
- Discontinuing operations	(0.15)	(0.34)

(b) Diluted earnings per share

Not applicable as there was no dilutive potential ordinary shares at the end of the current quarter and cumulative year to date ended 31 October 2009.

By Order of the Board

CHEE MIN ER  
Company Secretary

Kuala Lumpur  
21 December 2009

c.c. Securities Commission