

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED BALANCE SHEET
FOR QUARTER ENDED 31 DECEMBER 2002

	As at end of current quarter 31.12.2002 RM'000	As at preceding year end 30.09.2001 RM'000
Property, plant and equipment	77,799	98,925
Land held for development	77,338	65,767
Intangible assets	5,337	5,335
Investment in associate	57,172	59,449
	217,646	229,476
Current assets		
Development Properties	1,097	1,097
Inventories	10,202	11,267
Trade and other receivables	19,487	23,552
Cash and cash equivalent	2,690	1,843
	33,476	37,759
Current liabilities		
Short term borrowings	22,454	29,892
Trade and other payables	79,492	81,997
Taxation	32	212
	101,978	112,101
Net current (liabilities) / assets	(68,502)	(74,342)
	149,144	155,134
Financed By:		
Capital and reserves		
Share Capital	40,940	40,940
Reserves	57,306	57,305
Retained profit / (loss)	(76,831)	(72,412)
Shareholders' fund	21,415	25,833
Minority shareholders' interests	-	7
Borrowings	127,136	128,701
Deferred taxation	593	593
	149,144	155,134
Net tangible assets per share (sen)	39	50

The Condensed Consolidated Balance Sheets (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 30 September 2001

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR QUARTER ENDED 31 DECEMBER 2002

	2002		2001	
	Current quarter ended 31.12.2002	15-month cumulative for current financial year to date ended 31.12.2002	Comparable current quarter ended 31.12.2001	Comparable 3-month cumulative for current financial year to date ended 31.12.2001
	RM'000	RM'000	RM'000	RM'000
Revenue	16,167	84,505	18,447	18,447
Other Operating Income	1,192	18,758	8	8
Operating expenses	-19,201	-112,511	-18,383	-18,383
Profit from Operations	-1,842	-9,248	72	72
Finance costs	13,614	7,178	-1,760	-1,760
Investing Results	-394	-1,938	-591	-591
Profit before tax	11,378	-4,008	-2,279	-2,279
Taxation expenses	132	-417	-68	-68
Profit after taxation	11,510	-4,425	-2,347	-2,347
Minority interests	0	6	-1	-1
Net profit for the period	11,510	-4,419	-2,348	-2,348
EPS - Basic	28.11	-10.79	-5.74	-5.74
- Diluted	27.40	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 30 September 2001

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR QUARTER ENDED 31 DECEMBER 2002

	As at quarter ended 31 December, 2002 RM'000	As at year ended 30 September, 2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,008)	(10,075)
Adjustments for:		
Non-cash items	(6,508)	9,771
Non-operating items	14,680	9,427
Operating profit before working capital changes	4,164	9,123
Net change in current assets	7,190	20,167
Net change in current liabilities	2,582	(4,486)
Cash generated from operations	13,936	24,804
Income tax paid	(347)	(291)
Interest paid	(5,096)	(4,900)
Net cash generated from operating activities	8,493	19,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,562)	(2,865)
Land and development expenditure	(1,806)	(1,614)
Proceeds from disposal of property, plant and equipment	7,674	7,718
Proceeds from insurance claims	17,222	-
Interest received	25	32
Investment in associated company	89	(225)
Net cash generated from/(used in) investing activities	11,642	3,046
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(2,486)	(2,387)
Repayment of borrowings	(15,943)	(22,572)
Net cash generated (used in)/generated financing activities	(18,429)	(24,959)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,706	(2,300)
CASH AND CASH EQUIVALENTS AT 01 OCTOBER, 2001	408	2,708
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, 2002	2,114	408
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,509	1,199
Fixed deposits with licensed banks	1,181	644
Bank overdrafts	(576)	(1,435)
	2,114	408

The Condensed Consolidated Cash Flow Statement (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 30 September 2001

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR QUARTER ENDED 31 DECEMBER 2002

	Share capital <i>RM'000</i>	Share premium <i>RM'000</i>	Revaluation reserve <i>RM'000</i>	Accumulated losses <i>RM'000</i>	Total <i>RM'000</i>
<u>15-month quarter ended</u> <u>31-December-2002</u>					
As at 1.10.2001	40,940	57,270	35	(72,412)	25,833
Net loss for the period	-	-	-	(4,419)	-4,419
Balance as at 31.12.2002	40,940	57,270	35	(76,831)	21,414

The Condensed Consolidated Statements of Changes in Equity (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 30 September 2001

KYM HOLDINGS BHD.

PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

		INDIVIDUAL QUARTER	CUMULATIVE QUARTER
		PRECEDING YEAR CORRESPONDING QUARTER 3 Months 01.10.2001 To 31.12.2001 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 3 Months 01.10.2001 to 31.12.2001 RM'000
1	Revenue	18,447	18,447
2	Profit/(loss) before tax	-2,279	-2,279
3	Profit/(loss) after tax and minority interest	-2,348	-2,348
4	Net profit/(loss) for the period	-2,348	-2,348
5	Basic earnings/(loss) per share (sen)	-5.74	-5.74
6	Dividend per share (sen)	-	-

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT

Notes:

A1 Accounting Policies

This interim financial report is unaudited and has been prepared in compliance with MASB 26 – Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2001.

The accounting policies and method of computation used in the preparation of the statements are consistent with that of the annual financial statements ended 30 September 2001.

A2 Status of Audit Qualifications

The audited financial statements of the Group for year ended 30 September 2001 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

On 8 April 2002, the factory premises of the wholly-owned subsidiary, Hasrat Meranti Sdn Bhd ("Hasrat"), located in Kanthan Industrial Estate, Chemor, Perak was severely damaged by a fire. The principal activity of Hasrat is the manufacture and sale of multi-wall industrial paper bags. The facilities and the business of Hasrat have adequate insurance coverage. The reconstruction of the factory is expected to be completed by March 2003 followed by progressive installation and commissioning of machinery. Full production is expected to resume by April 2003.

Save as disclosed above, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the financial period under review.

A5 Material Changes in Estimates

Save as disclosed in Note B8, 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 or equity securities for the current financial year to date.

A7 Dividend Paid

No dividend was paid for the financial period ended 31 December 2002.

A8 Segmental Reporting (Analysis by business segments)

	Gross Revenue RM'000	Profit/(Loss) before tax RM'000
Packaging	80,463	2,086
Investment holding	-	350
Property development	2,176	(1,753)
Others	1,866	(2,753)
	84,505	(2,070)
Group's share of associated company's loss	-	(1,938)
	84,505	(4,008)

A9 Valuations of Property, Plant and Equipment

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

A10 Material Subsequent Events

The Group is undertaking to revalue all its land and buildings as at 31 January 2003 to reflect the current market value of assets in its accounts.

A11 Changes in Composition of the Group

Not applicable as there were no changes in composition of the Group.

A12 Changes in Contingent Liabilities

There were no changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2002.

A13 Capital Commitments

Capital commitments not provided for in the financial statement as at 31 December 2002 are as follows:

	As at 31 December 2002 (RM'000)
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	7,718
	7,718
Analysed as follows:-	
- Machinery	3,480
- Construction of building for Hasrat Meranti Sdn Bhd	4,238

Additional information required by the KLSE's Listing Requirements**B1 Taxation**

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

	Current Quarter ended 31/12/2002 RM'000	Cumulative Year to-date ended 31/12/2002 RM'000
- Tax for current year	-132	417
- Deferred tax for the current year	-	-
	-132	417

The effective tax rate for the Group approximates the statutory tax rate.

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

Not applicable as there were no sale of unquoted investments and/or properties during the quarter.

B3 Quoted Investmentsa) Purchases and disposal of quoted securities

	Current Quarter ended 31/12/2002 RM'000	Cumulative year to date ended 31/12/2002 RM'000
Total Purchase	-	2,920
Total Disposal	-	2,044
Total Loss on disposal	-	(876)

b) Investment in quoted securities as at 31 December 2002

	RM'000
At cost	65,033
Carrying Value/Book Value	57,172
Market Value	3,903

B4 Status of corporate proposals announced

- (a) On 5 June 2002, the Board of Directors of the KYM announced that the Company proposed to abort the proposed rights issue of up to 46,401,967 new ordinary shares of RM 1.00 each at an issue price of RM1.00 per share on the basis of one (1) new ordinary share for every existing share held in the Company ("Proposed Rights Issue") and replace it with a proposed two call renounceable rights issue of up to 115,567,418 new Shares at par, of which the first-call of RM0.50 shall be payable in cash upon acceptance whilst the second call of RM0.50 shall be paid from the Company's share premium account, on the basis of 5 new Shares for every 2 existing Shares held ("Proposed Two-Call Rights Issue").

On 27 January 2003, the SC has approved the Company's application to the Proposed Two-Call Rights Issue. Please refer to the announcement dated 7 February 2003 for the conditions set by the SC in regard to the Proposed Two-Call Rights Issue.

On 6 February 2003, the SC has agreed to grant a waiver under Practice Note 2.9.1 of the Malaysian Code on Take-overs and Mergers 1998 to KYM Sdn Bhd (KSB) and

parties acting in concert with it, namely Dato Lim Kheng Yew, Cheong Chan Holdings Sdn Bhd and Tzel Properties Sdn Bhd from the obligation to extend a mandatory general offer for the remaining share in KYM not already owned by them in the event the collective shareholdings of KSB and parties acting in concert with it should increase to more than 33% as a result of KSB's subscription for additional rights share pursuant to its Additional Undertaking ("Proposed Waiver").

The Proposed Waiver is subject to the conditions set by the SC as per the Company's announcement dated 13 February 2003.

- (b) On 5 September 2002, the Company, its wholly-owned subsidiary company, Polypulp Enterprises Sdn Bhd and Naluri Berhad entered into a conditional Sale and Purchase Agreement for the proposed disposal of 450,000 ordinary shares of RM1.00 each equivalent to 90% of the entire issued and paid-up capital of Tegas Consolidated Sdn Bhd for a total consideration of RM24.5 million ("Proposed Disposal of Tegas"). Please refer to the announcement dated 5 September 2002 for details.

An application to the SC was made on 3 December 2002 to seek approval for the Proposed Disposal of Tegas.

- (c) On 11 September 2002, the Company announced that it proposed to amend the existing By-Laws governing the Employee' Share Option Scheme ("ESOS") in order to adopt the flexibilities as allowed by the SC as well as keeping in line with the current ESOS Guidelines. The Proposed Amendments to the By-Laws are subject to the Shareholders' approval at an Extraordinary General Meeting to be convened.
- (d) On 18 December 2002, Harta Makmur Sdn Bhd, a 54% owned subsidiary of KYM has entered into a Joint Venture Agreement with Hotelbrand Management Pte. Ltd (formerly known as Banyan Tree Hotels & Resorts Pte Ltd) to set up a proposed joint venture company ("JVCo") to develop a 5-Star Angsana Resort, hotel and/ or spa at Teluk Rubiah, Lumut, Perak.

The JVCo is expected to be incorporated by the final quarter of 2003.

B5 Borrowing and debt securities

	As At 31/12/2002
	RM'000
Short term	
Secured	-
Unsecured	22,454
	<hr/> 22,454 <hr/>
Long term	
Secured	126,700
Unsecured	436
	<hr/> 127,136 <hr/>

The above borrowings are denominated in Ringgit Malaysia.

B6 Off balance sheet financial instrument

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

B7 Changes in Material Litigation

As at the date of the report, there has been no change in pending material litigation since the last annual balance sheet date.

B8 Material Changes in the Profit/Loss Before Taxation for the Quarter compared with the preceding quarter

The profit before taxation for the quarter under review was RM11.51 million as compared to loss before taxation of RM6.75 million reported in the previous quarter. The profit was mainly due to the write-back of accumulated interest accrued in the amount of RM14.8 million, which the Company had erroneously been accruing on an amount owing to a related party. The Company would have recorded a loss before taxation of RM3.3 million without this interest write-back.

B9 Current year prospects

The Group continues to face tough market conditions with stiff competition, fluctuating paper prices and pressure to reduce selling prices. In order to improve our productivity and profitability, we are continuing with our cost reduction measures and streamlining of operations.

The Group is also continuing its efforts in consolidating its operations and divesting non-core landed properties.

B10 Profit forecast

Not applicable as there was no 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 December 2002.

B12 Gain/(Loss) per share

	Current Quarter ended 31/12/2002	Cumulative Year to- date ended 31/12/2002
(a) <u>Basic Gain/(Loss) per share</u>		
Net Gain/(Loss) attributed to ordinary shareholders (RM'000)	11,510	(4,419)
Weighted average number of ordinary shares in issue ('000)	40,940	40,940
Basic Gain/(Loss) per shares (sen)	28.11	(10.79)
(b) <u>Diluted Gain/(Loss) per share</u>		
Net Gain/(Loss) attributed to ordinary shareholders (RM'000)	11,510	(4,419)
Weighted average number of ordinary shares in issue ('000)	40,940	40,940
Adjustment for options ('000)	1,068	1,068
Weighted average number of ordinary shares for diluted Gain/(Loss) per share ('000)	42,008	42,008
Diluted Gain/(Loss) per share (sen)	27.40	N/A

By Order of the Board

CHEE MIN ER
Company Secretary

Kuala Lumpur
26 February 2003