

KYM HOLDINGS BHD (Co. No. 84303-A)
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED BALANCE SHEET
FOR QUARTER ENDED 31 JANUARY 2003

	As at end of current quarter 31.01.2003 RM'000	As at preceding year end 30.09.2001 RM'000
Property, plant and equipment	71,743	98,925
Land held for development	154,920	65,767
Intangible assets	5,337	5,335
Investment in associate	56,452	59,449
	<u>288,452</u>	<u>229,476</u>
Current assets		
Development Properties	1,628	1,097
Inventories	9,881	11,267
Trade and other receivables	21,825	23,552
Cash and cash equivalent	2,445	1,843
	<u>35,779</u>	<u>37,759</u>
Current liabilities		
Short term borrowings	11,120	29,892
Trade and other payables	72,488	81,997
Taxation	643	212
	<u>84,251</u>	<u>112,101</u>
Net current (liabilities) / assets	<u>(48,472)</u>	<u>(74,342)</u>
	<u>239,980</u>	<u>155,134</u>
Financed By:		
Capital and reserves		
Share Capital	40,940	40,940
Reserves	84,410	57,305
Retained profit / (loss)	(70,663)	(72,412)
Shareholders' fund	54,687	25,833
Minority shareholders' interests	16,532	7
Borrowings	147,702	128,701
Deferred taxation	21,059	593
	<u>239,980</u>	<u>155,134</u>
Net tangible assets per share (sen)	<u>121</u>	<u>50</u>

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 JANUARY 2003

	2003		2001	
	Current quarter (1 month) ended 31.01.2003	16-month cumulative for current financial year to date ended 31.01.2003	Comparable current quarter ended	Comparable 3-month cumulative for current financial year to date ended
	RM'000	RM'000	RM'000	RM'000
Revenue	4,693	89,198		
Other Operating Income	191	18,949		
Operating expenses	(2,870)	(115,381)		
Profit from Operations	2,014	(7,234)		
Finance costs	(4,504)	2,674		
Investing Results	(832)	(2,770)		
Profit/(loss) before tax	(3,322)	(7,330)		
Taxation expenses	(1,063)	(1,480)		
Profit/(loss) after taxation	(4,385)	(8,810)		
Minority interests	2,801	2,807		
Net profit/(loss) for the period	(1,584)	(6,003)		
EPS - Basic	(3.87)	(14.66)		
- Diluted	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 JANUARY 2003

	As at quarter ended 31 January, 2003 RM'000	As at year ended 30 September, 2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,330)	(10,075)
Adjustments for:		
Non-cash items	9,951	9,771
Non-operating items	(2,196)	9,427
Operating profit before working capital changes	425	9,123
Net change in current assets	3,224	20,167
Net change in current liabilities	7,057	(4,486)
Cash generated from operations	10,706	24,804
Income tax paid	(546)	(291)
Interest paid	(6,907)	(4,900)
Net cash generated from operating activities	3,254	19,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,611)	(2,865)
Land and development expenditure	(1,024)	(1,614)
Proceeds from disposal of property, plant and equipment	476	7,718
Interest received	54	32
Investment in associated company	116	(225)
Proceeds from insurance claims	17,490	-
Investment in quoted warrant	(2,920)	-
Proceeds from disposal of investments	2,020	-
Proceeds from disposal of a subsidiary	6,358	-
Acquisition of subsidiary	(2)	-
Net cash generated from/(used in) investing activities	12,957	3,046
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(3,116)	(2,387)
Repayment of short term borrowings	(7,031)	(22,572)
Repayment of term loan	(6,860)	-
Drawdown of borrowings	2,090	-
Net cash generated (used in)/generated financing activities	(14,917)	(24,959)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,293	(2,300)
CASH AND CASH EQUIVALENTS AT 01 OCTOBER, 2001	408	2,708
CASH AND CASH EQUIVALENTS AT 31 JANUARY, 2003	1,701	408
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,531	1,199
Fixed deposits with licensed banks	85	270
Bank overdrafts	(744)	(1,435)
Short term deposits	829	374
	1,701	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 JANUARY 2003

	<i>Share capital RM'000</i>	<i>Share premium RM'000</i>	<i>Revaluation reserve RM'000</i>	<i>Accumulated losses RM'000</i>	<i>Total RM'000</i>
<u>16-month quarter ended</u> <u>31-January-2003</u>					
As at 1.10.2001	40,940	57,271	35	(72,412)	25,834
Revaluation of Land & Building	-	-	27,104	-	27,104
Net loss for the period	-	-	-	(6,003)	(6,003)
Adjustment on MI B/F	-	-	-	6,038	6,038
Realisation of reserve	-	-	-	145	145
Prior year adjustment	-	-	-	1,569	1,569
Balance as at 31.01.2003	40,940	57,271	27,139	(70,663)	54,687

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 (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 except the Group has undertaken to revalue all its land and buildings every 5 years to reflect the current market value of assets in its accounts.

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

Unusual items affecting Equity are as follows:

i. Adjustment to share of losses brought forward:

The Minority Interest's ("MI") share of losses incurred by the Tegas Group at the beginning of the year was borne 100% by the Group as the MI's share of accumulated losses exceeded the MI's share capital investment in Tegas. The Group has revalued all its land and buildings during the financial year ended 31 January 2003, which is detailed further in Note A9. As a result of this revaluation, the Shareholders' Funds of the Tegas Group is now positive. Consequently, there is an adjustment to the share of accumulated losses brought forward to reflect the excess losses previously borne by the Group.

ii. A prior year adjustment to write-off the acquisition reserve of the property sold by KYM Development (Perak) Sdn Bhd. The property was sold in the 2001 financial year but the reserve was erroneously not written off then.

Save as disclosed above, in Note A9 and Note B8, 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 A9 and 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 January 2003.

A8 Segmental Reporting (Analysis by business segments)

	Gross Revenue RM'000	Profit/(Loss) before tax RM'000
Packaging	84,932	1,549
Investment holding	-	(1,394)
Property development	2,353	(1,518)
Others	1,913	(3,197)
	89,198	(4,560)
Group's share of associated company's loss	-	(2,770)
	89,198	(7,330)

A9 Valuations of Property, Plant and Equipment

The Group has undertaken a revaluation of all its land and buildings during the financial year ended 31 January 2003. The net revaluation surplus has increased the shareholders' equity by RM27.11 million.

A10 Material Subsequent Events

There is no material event subsequent to the end of the financial period under review.

A11 Changes in Composition of the Group

There were no changes in the 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 January 2003.

A13 Capital Commitments

Capital commitments not provided for in the financial statement as at 31 January 2003 are as follows:

	As at 31 January 2003 (RM'000)
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	6,610
	6,610
Analysed as follows:-	
- Machinery	2,501
- Construction of building for Hasrat Meranti Sdn Bhd	4,109

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 One Month ended 31/01/2003 RM'000	Cumulative Year to-date ended 31/01/2003 RM'000
- Tax for current year	831	1,248
- Taxation under-provided in prior year	137	137
- Deferred tax arising from timing differences between depreciation and capital allowances	95	95
	1,063	1,480

The Group effective tax rate is lower than the statutory rate due to the availability of unutilised tax losses and unabsorbed capital allowances.

The taxation charged for the current year mainly includes the write off of tax recoverable of RM340,000.

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

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

B3 Quoted Investments

a) Purchases and disposal of quoted securities

	Current Quarter ended 31/01/2003 RM'000	Cumulative year to date ended 31/01/2003 RM'000
Total Purchase	-	2,920
Total Disposal	-	2,044
Total Loss on disposal	-	(876)

b) Investment in quoted securities as at 31 January 2003

	RM'000
At cost	65,033
Carrying Value/Book Value	57,172
Market Value	4,260

B4 Status of corporate proposals announced

- (a) On 5 June 2002, the Board of Directors of the KYM announced that the Company has 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 Employees' 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 31/01/2003 RM'000
Short term	
Secured	12,004
Unsecured	-
	<hr/> 12,004 <hr/>
Long term	
Secured	147,663
Unsecured	39
	<hr/> 147,702 <hr/>

During the period under review, the Company has restructured a short term borrowing of RM11.06 million to a long term borrowing.

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 Period compared with the preceding quarter

On 28 October 2002, the Group had announced a change in its financial year end from 30 September to 31 January. Consequently only a one month period is being reported for the current period under review. The loss before taxation for the period under review was RM3.39 million as compared to profit before taxation of RM11.38 million reported in the previous quarter.

The material changes were due to the following:

- i. The profit before taxation of RM11.38 million reported in the preceding quarter included the write-back of accumulated interest accrued in the amount of RM14.8 million owing to a related party. There is no corresponding adjustment in the current period.
- ii. The loss of current period under review includes a charge of loan interest in the amount of RM2.58 million.

B9 Current year prospects

The Group continues to face tough market conditions with stiff competition from the many players in the carton industry. In order to improve our productivity and profitability, we are continuing with various cost reduction measures alongside the streamlining of our operations. These remedial measures are already bearing fruit and we are continuously optimistic that the performance of our core Carton business will continue to improve.

The re-commencement of operation at our Hasrat plant will also contribute positively to the Group's financial position.

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

B10 Profit forecast

There was 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 January 2003.

B12 Gain/(Loss) per share

	Current Quarter ended 31/01/2003	Cumulative Year to- date ended 31/01/2003
(a) <u>Basic Gain/(Loss) per share</u>		
Net Gain/(Loss) attributed to ordinary shareholders (RM'000)	(1,584)	(6,003)
Weighted average number of ordinary shares in issue ('000)	40,940	40,940
Basic Gain/(Loss) per shares (sen)	(3.87)	(14.66)

	Current Quarter ended 31/01/2003	Cumulative Year to- date ended 31/01/2003
(b) <u>Diluted Gain/(Loss) per share</u>		
Net Gain/(Loss) attributed to ordinary shareholders (RM'000)	(1,584)	(6,003)
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)	N/A	N/A

By Order of the Board

CHEE MIN ER
Company Secretary

Kuala Lumpur
28 March 2003