

KYM HOLDINGS BHD (Co. No. 84303-A)  
 INTERIM FINANCIAL REPORT  
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 JULY 2012

	As at 31.07.2012 RM'000	As at 31.01.2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	61,398	63,267
Investment property	7,591	7,591
Land held for property development	27,150	26,688
Intangible asset	4,667	4,667
Investment in associated company	4	-
Investment in quoted shares	1	1
	100,811	102,214
<b>Current assets</b>		
Inventories	12,864	13,381
Trade receivables	16,840	17,442
Other receivables	7,836	32,339
Tax recoverable	96	100
Cash and cash equivalents	3,300	2,243
	40,937	65,505
<b>TOTAL ASSETS</b>	<b>141,748</b>	<b>167,719</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	60,862	57,088
Share premium	28,266	26,032
ESOS reserve	1,008	1,323
Capital reserve	7,480	8,980
Revaluation reserve	22,237	22,237
Accumulated losses	(46,946)	(1,608)
	72,908	114,052
<b>Non-controlling interests</b>	(456)	(5,159)
<b>Total Equity</b>	72,452	108,893
<b>Non-current liabilities</b>		
Borrowings	19,070	10,254
Deferred tax liabilities	5,614	5,614
	24,684	15,868
<b>Current liabilities</b>		
Borrowings	14,805	14,181
Trade payables	5,357	7,023
Other payables	24,387	21,562
Provision for taxation	64	192
	44,612	42,958
<b>Total liabilities</b>	69,296	58,826
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>141,748</b>	<b>167,719</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	60	100

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The Condensed Consolidated Statements Of Financial Position (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2012.

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012**

	Current quarter ended 31.07.2012	6 months cumulative for current financial year to date ended 31.07.2012	Comparable quarter ended 31.07.2011	Comparable 6 months cumulative for preceding financial year to date ended 31.07.2011
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	22,351	44,163	19,324	36,662
Other income	220	522	722	1,157
Operating expenses	(21,547)	(42,836)	(19,559)	(37,130)
Finance costs	(655)	(1,373)	(390)	(799)
<b>Profit/ (Loss) before tax</b>	369	475	97	(110)
Income tax expense	(3)	(3)	-	-
Profit/ (Loss) for the period from continuing operations	365	472	97	(110)
<b>Discontinued operations</b>				
Profit/ (Loss) for the period from discontinued operations	(93)	(106)	(180)	(239)
<b>Total comprehensive income/(loss) for the period</b>	273	366	(83)	(349)
Attributable to:				
Owners of the Company	388	548	(6)	(207)
Non-controlling interests	(115)	(183)	(77)	(142)
	273	366	(83)	(349)
<b>Earnings per share attributable to Owners of the Company (sen):</b>				
Basic:	0.25	0.35	(0.01)	(0.19)
- Continuing operations	0.28	0.39	0.09	(0.06)
- Discontinued operations	(0.04)	(0.04)	(0.10)	(0.13)
Diluted:	0.23	0.32	(0.01)	(0.15)
- Continuing operations	0.26	0.36	0.07	(0.05)
- Discontinued operations	(0.03)	(0.04)	(0.08)	(0.10)

The Condensed Consolidated Statements Of Comprehensive Income (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2012.

KYM HOLDINGS BHD (Co. No. 84303-A)  
 INTERIM FINANCIAL REPORT  
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012

	Attributable to Owners of the Company						Non-Controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000			Total RM'000
<b>At 1 February 2011</b>	53,994	22,913	1,702	9,902	9,469	2,341	100,321	(2,509)	97,812
ESOS exercised	226	316	(135)	-	-	-	407	-	407
Warrants exercised	52	33	-	(32)	-	-	53	-	53
Total comprehensive loss for the year	-	-	-	-	-	(207)	(207)	(142)	(349)
<b>At 31 July 2011</b>	54,272	23,262	1,567	9,870	9,469	2,134	100,574	(2,651)	97,923
<b>At 1 February 2012</b>	57,088	26,032	1,323	8,980	22,237	(1,608)	114,052	(5,159)	108,893
Exercise of ESOS	525	735	(315)	-	-	-	945	-	945
Exercise of warrants	3,249	1,499	-	(1,499)	-	-	3,249	-	3,249
Dilution arising from change in stake	-	-	-	-	-	(45,886)	(45,886)	4,886	(41,000)
Total comprehensive income for the period	-	-	-	-	-	548	548	(183)	366
<b>At 31 July 2012</b>	60,862	28,266	1,008	7,480	22,237	(46,946)	72,908	(456)	72,452

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 2012.

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012**

	6 months ended 31.07.2012 RM'000	Year ended 31.01.2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation:		
Continuing operations	472	(7,773)
Discontinued operations	(106)	(269)
	366	(8,042)
Adjustments for:		
Non cash items	2,433	898
Non-operating items	858	4,795
<b>Operating profit before working capital changes</b>	<b>3,657</b>	<b>(2,349)</b>
Net change in current assets	(1,478)	5,536
Net change in current liabilities	(1,336)	(3,972)
<b>Cash generated from operations</b>	<b>843</b>	<b>(785)</b>
Income tax paid	(125)	(623)
Interest paid	(742)	(1,878)
<b>Net cash generated from operating activities</b>	<b>(24)</b>	<b>(3,286)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Proceeds from disposal of quoted investments	-	1,699
Interest received	0	350
Dividend received	-	144
Proceed from disposal of property, plant and equipment	-	157
Purchase of property, plant and equipment	(684)	(3,197)
Purchase of quoted investments	-	(1,955)
Advance to related parties	-	(2)
Proceeds from disposal of land	-	2
Investment in associated company	(4)	-
<b>Net cash generated used in investing activities</b>	<b>(687)</b>	<b>(2,802)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Advances/(Repayment to) from related parties	(1,464)	5,044
Proceeds from share options exercised	945	1,103
Proceeds from warrants exercised	3,249	1,831
Proceeds from private placement	-	1,989
Advacances from/(Repayment to) directors	58	255
Net repayment of bills payables	(2,153)	(1,166)
Repayment of hire purchase obligations	(823)	(1,416)
Repayment of term loan	(844)	(2,895)
<b>Net cash used in financing activities</b>	<b>(1,032)</b>	<b>4,745</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,742)</b>	<b>(1,343)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	<b>1,390</b>	<b>2,733</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	<b>(352)</b>	<b>1,390</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Fixed deposits with licensed banks	349	285
Cash and bank balances	2,951	1,958
Bank overdraft	(3,652)	(853)
	<b>(352)</b>	<b>1,390</b>

The Condensed Consolidated Statements Of Cash Flow (unaudited) should be read in conjunction with the Annual Audited Financial Report for the yer ended 31 January 2012.

**KYM HOLDINGS BHD (Co. No. 84303-A)**  
**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULT FOR THE SECOND**  
**QUARTER ENDED 31 JULY 2012**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**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 2012.

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 2012 except for the changes arising from the adoption of new/revised FRSs, Amendments to FRSs and IC Interpretations that are mandatory for the Group for the financial year beginning 1 February 2012.

The adoption of these new/revised FRSs, Amendments to FRSs and IC Interpretations do not have any significant financial impact on the Group.

On 19 November 2011, MASB issued a new MASB approved accounting network, the Malaysian Financial Reporting Standards (“MFRS Framework”). Following the issuance of the MFRS Framework, the Group has adopted these new accounting standards for the financial year beginning 1 February 2012. The transition to the MFRS Framework does not have any material impact on the financial statements of the Group.

**A2 Status of Audit Qualifications**

The audited financial statements of the Group for year ended 31 January 2012 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 July 2012.

**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 except for the following:

Share capital

As at 31 July 2012 a total of 4,957,957 new ordinary shares of RM0.50 each were issued as follows:-

	<b>Current Quarter ended 31.07.2012 No. of shares</b>	<b>Cumulative Year to-date ended 31.07.2012 No. of shares</b>
Shares issued pursuant to exercise of ESOS Options	-	1,050,000
Shares issued pursuant to the conversion of Warrants 2010/2013	5,457,957	6,497,557
<b>Total</b>	<b>5,457,957</b>	<b>7,547,557</b>

**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 6 months ended 31 July 2012:

	<b>Gross revenue RM'000</b>	<b>Profit/(Loss) before tax RM'000</b>	<b>Segment assets RM'000</b>	<b>Segment liabilities RM'000</b>
Continuing operations:				
Manufacturing	44,101	2,677	109,007	43,587
Investment holding	0	(1,484)	202,409	59,365
Property development/investment	612	(49)	25,526	75,983
Others	1,267	(334)	1,923	37,213
	<b>45,980</b>	<b>810</b>	<b>338,865</b>	<b>216,148</b>
Discontinued operations:				
Others*	0	(106)	0	0
Elimination	(1,817)	(335)	(197,463)	(152,529)
	<b>44,163</b>	<b>369</b>	<b>141,402</b>	<b>63,619</b>
Unallocated Assets			96	0
Unallocated Liabilities			0	5,678
			<b>141,498</b>	<b>69,297</b>

\* Others refer to operations located at Teluk Rubiah discontinued upon disposal of leasehold land to Vale.

**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**

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 except the following:

On 12 June 2012 Hasrat Meranti Sdn Bhd, a wholly-owned subsidiary of KYM has incorporated a wholly-owned subsidiary known as Hasrat Meranti (Tapah) Sdn Bhd with 2 ordinary shares of RM1.00 each. The principal activities of HMTSB will be manufacturing of industrial paper bags. The incorporation of HMTSB is part of KYM's plan to expand the manufacturing facilities for industrial bags.

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

During the previous financial year ended 31 January 2012, HMSB has entered into two sale and purchase agreements dated 11 June 2009 and 31 March 2010 respectively for the sale of Teluk Rubiah land to Vale Internation S.A. HMSB has obtained an advance ruling from the Inland Revenue Board ("IRB") on 29 September 2009 regarding the tax treatment on the gains arising from the disposal. HMSB do not agree with IRB's interpretation of the facts regarding the intended use of the various parcels of land, which was planned to be a holiday resort and not a housing or commercial development. IRB has accorded certain parcels of land as stocks and subject to income tax. HMSB has made further clarification of fact to IRB to justify the land were for long term investment and therefore the gain is subject to Real Property Gain Tax ("RPGT").

HMSB, with the support from tax and legal advisor, do not agree with the IRB's view and will continue to appeal to the IRB. If the IRB's advance ruling apply, the estimated income tax exposure is approximately RM13 million and if RPGT, there will be no RPGT payable.

Other than the above, there were no other significant changes in the contingent liabilities or contingent assets since the last financial year ended 31 January 2012.

**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**

There was no taxation provided for in the financial statements for the current quarter.

#### **B2 Profit/(Loss) before taxation**

Profit/(Loss) before taxation is arrived at after charging/(crediting) the following:

	<b>Current Quarter ended 31.07.2012 RM'000</b>	<b>Cumulative Year to-date ended 31.07.2012 RM'000</b>
Interest expense	655	1,372
Depreciation and amortisation	1,250	2,433
Write back of receivables	(3)	(6)
Foreign exchange gain	(198)	(203)

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

- (i) On 10 March 2011, KYM entered into a conditional share sale agreement with RAS Sdn Bhd ("Vendor") for the proposed acquisition of 400,000 ordinary shares of RM1.00 each in Harta Makmur Sdn Bhd representing the remaining 40% of the issued and paid-up share capital of Harta Makmur Sdn Bhd not owned by Tegas Consolidated Sdn Bhd, a wholly-owned subsidiary of KYM, for a cash consideration of RM41 million ("Proposed Acquisition").

The Proposed Acquisition has been completed on 17 April 2012.

- (ii) KYM has on 17 November 2011 announced that it proposed to undertake Proposed Private Placement of 5,000,000 new KYM shares of RM0.50 each representing approximately 4.6% of the existing issued and paid-up capital of KYM.

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its approval letter dated 14 December 2011 approved the listing of and quotation for 5,000,000 placement shares on the Main Market. The first tranche of the Placement Shares comprising 1.3 million shares has been listed on 20 December 2011 whilst the remaining Placement Shares shall be issued in tranches and expected to complete by the second quarter of FY2013.

On 12 June 2012, Bursa Securities has granted the Company an extension of time of six (6) months until 14 December 2012 to complete the implementation of the Proposed Private Placement.

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



**B4 Borrowing and debt securities**

	<b>As at 31.07.2012</b>
	<b>RM'000</b>
Short term	
Secured	14,805
Unsecured	0
	<hr/> 14,805 <hr/>
Long term	
Secured	19,070
Unsecured	0
	<hr/> 19,070 <hr/>

The above borrowings are denominated in Ringgit Malaysia.

**B5 Changes in Material Litigation**

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

**B6 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 of RM22.351 million were 2.47% higher than the immediate preceding quarter of RM21.812 million.

The Group's profit before taxation from continuing operations is RM0.369 million for the current quarter under review compared to the profit before taxation of RM0.107 million for the immediate preceding quarter due to higher turnover achieved under manufacturing segments.

**B7 Review of Performance**Quarter ended 31.07.2012 compared with quarter ended 31.07.2011

The Group's turnover from continuing operations for the current quarter of RM22.351 million is 15.66% higher than the amount of RM19.324 million compared to the corresponding quarter last year. The Group's profit before taxation from continuing operations for the current quarter is RM0.369 million compared to RM0.097 million to corresponding quarter last year.

The Group's turnover was largely contributed by the Group's core business, manufacturing segment, which contributed above 99% of the Group's turnover.

The manufacturing revenue for current quarter is RM22.089 million as compared to RM18.765 million for the corresponding quarter last year. The increase was attributed to higher sales from existing customers and secured new supply contract of our industrial paper bags division. Consequently, the profit before taxation has increased from RM0.957 million for the corresponding quarter last year compared to current quarter under review of RM1.485 million.

For other segments, the current quarter loss before taxation was RM1.116 million compared to the preceding financial year corresponding quarter loss before taxation of RM0.859 million.

**B8 Prospects**

The Manufacturing Division is continued to be the core business and the main contributor to the Group. The outlook for the division remains stable or better.

The Property Development division is still in the initial planning stages and expected to commence contribution to the Group in coming financial years.

**B9 Profit forecast**

There is no published forecast/profit guarantee.

**B10 Dividend**

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 July 2012.

**B11 Earnings per share attributable to owners of the Company**

	<u>Current Quarter ended 31.07.2012</u>	<u>Cumulative Year to - date ended 31.07.2012</u>
<b>(a) Basic earnings per share</b>		
Profit/(Loss) for the period (RM'000)	388	548
- Continuing operations	444	612
- Discontinued operations	(56)	(64)
Weighted average number of ordinary shares in issue ('000)	156,171	156,171
Basic Earnings per share for profit/(loss) for the period (sen)	0.25	0.35
- Continuing operations	0.28	0.39
- Discontinued operations	(0.04)	(0.04)
<b>(b) Diluted earnings per share</b>		
Profit/(Loss) for the period (RM'000)	388	548
- Continuing operations	444	612
- Discontinued operations	(56)	(64)
Weighted average number of ordinary shares in issue ('000)	156,171	156,171
- Dilution due to ESOS	1,142	1,142
- Dilution due to warrants	11,716	11,716
Adjustable weighted average number of ordinary shares in issue and issuable ('000)	169,029	169,029
Diluted earnings per share for profit/(loss) for the period (sen)	0.23	0.32
- Continuing operations	0.26	0.36
- Discontinued operations	(0.03)	(0.04)

**B12 Disclosure of realised and unrealised profits/losses**

	<b>Current Quarter ended 31.07.2012 RM'000</b>	<b>As at the end of the last financial year ended 31.01.2012 RM'000</b>
Total (accumulated losses)/ retained profits of the Company and its subsidiaries:		
- realised	(41,806)	3,531
- unrealised	(5,140)	(5,139)
	<u>(46,946)</u>	<u>(1,608)</u>
Consolidation adjustments	-	-
Total group accumulated losses as per consolidated accounts	<u>(46,946)</u>	<u>(1,608)</u>

By Order of the Board

CHEE MIN ER  
Company Secretary

Kuala Lumpur  
26 September 2012

c.c. Securities Commission