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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting of KYM Holdings Bhd. will be held at 3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 28 March 2002 at 10:30 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Statement of Accounts for the financial year ended 30 September 2001 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' Fees for the financial year ended 30 September 2001. **(Resolution 2)**
3. To re-elect Dato' Wan Malek bin Ibrahim retiring in accordance with Article 103 of the Company's Articles of Association. **(Resolution 3)**
4. To re-appoint Dato' Abdul Rahman bin Haji Ismail who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting. **(Resolution 4)**
5. To appoint Messrs Arthur Andersen & Co. as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. As Special Business, to consider and if thought fit, pass with or without any modification, the following ordinary resolution:  
  

**Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965**

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**(Resolution 6)**
7. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

**CHEE MIN ER**  
*Secretary*

Kuala Lumpur  
Dated: 13 March 2002

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## Notes:-

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

## Explanatory Notes to Special Business

### Resolution 6 - Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek shareholders' approval for Directors to issue shares (other than bonus or rights issues) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company for the time being and also empower Directors to obtain approval from Kuala Lumpur Stock Exchange for the listing of and quotation for additional shares so issued.

## Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.28(2) of the Listing Requirements of Kuala Lumpur Stock Exchange

### 1. Directors who are standing for re-election/re-appointment

The Directors who are offering themselves for re-election/re-appointment at the Twentieth Annual General Meeting of the Company are as follows:

- 1.1 Dato' Wan Malek bin Ibrahim
- 1.2 Dato' Abdul Rahman bin Haji Ismail

### 2. Details of Attendance of the Directors at Board Meetings:

The attendance record of Directors at Board Meeting held during the financial year ended 30 September 2001 are as follows:

<u>Name of Director</u>	<u>Attendance</u>
Dato' Lim Kheng Yew	2
Dato' Abdul Rahman bin Haji Ismail	4
Dato' Wan Malek bin Ibrahim	3
Haji Abdul Razak bin Dato' Dawood	2
Lim Kheng Chye	4
Zakaria bin Abdul Hamid (resigned wef 21 May 2001)	2

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

A total of four (4) Board of Directors' Meetings were held during the financial year ended 30 September 2001 at the Conference Room, Ground Floor, No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur:

<u>Date</u>	<u>Time</u>
1. 30 November 2000	10.30 a.m.
2. 26 February 2001	3.00 p.m.
3. 28 May 2001	11.00 a.m.
4. 28 Aug 2001	3.30 p.m.

3. Twentieth Annual General Meeting of KYM Holdings Bhd.

Place: 3rd Floor, No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur

Date and Time: 28 March 2002 at 10.30 a.m.

4. Details of Directors who are standing for re-election/re-appointment

## Particulars

- \* Dato' Wan Malek bin Ibrahim, aged 54, a Malaysian, was appointed as a Non-Executive Director of KYM Holdings Bhd on 5 June 1995. He graduated from University of Malaya in Bachelor of Arts. Dato' Wan Malek began his career with the Malaysian Government serving in the Ministry of Foreign Affairs Department and Prime Minister's Department. Presently, he is also a Director of Naluri Berhad, Pica (M) Corporation Berhad and Juan Kuang (M) Industrial Berhad.

He has an indirect interest in 9,214,285 ordinary shares of RM1.00 each in the Company held through Ultra-Link Resources Sdn Bhd.

By virtue of his indirect interest in the Company, he is deemed to have an interest in all the shares held by the Company in all subsidiaries.

- \* Dato' Abdul Rahman bin Haji Ismail, aged 73, a Malaysian, was appointed as an Independent Non-Executive Director of KYM Holdings Bhd on 8 January 1996. He was formerly Deputy Inspector General of Police. Currently, he is also a Director of Technology Resources Industries Berhad.

He does not have any interest in the securities of the Company and its subsidiaries.

## Family relationships

None of the Directors standing for re-election /re-appointment have any family relationship with the other Directors or major shareholders of the Company.

## Conflict of interest

None of the Directors standing for re-election/re-appointment have any conflict of interest with the Company.

## Conviction of offences

None of the Directors standing for re-election/re-appointment have been convicted of offences within the past 10 years other than traffic offences, if any.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dato' Lim Kheng Yew  
*Executive Chairman*

Dato' Abdul Rahman bin Haji Ismail  
*Independent Non-Executive Director*

Dato' Wan Malek bin Ibrahim  
*Non-Independent Non-Executive Director*

Haji Abdul Razak bin Dato' Dawood  
*Independent Non-Executive Director*

Lim Kheng Chye  
*Executive Director*

## COMPANY SECRETARY

Chee Min Er (MAICSA 7016822)

## REGISTERED OFFICE

12 Lorong Medan Tuanku Satu  
50300 Kuala Lumpur  
Tel: 03-2692 2923  
Fax: 03-2692 8382

## AUDITORS

Arthur Andersen & Co  
Level 23A Menara Milenium  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad  
United Overseas Bank (Malaysia) Bhd  
RHB Sakura Merchant Bankers Berhad

## SHARE REGISTRAR

Chua, Woo & Company Sdn Bhd (122754-U)  
Suite 1301, 13th Floor City Plaza  
Jalan Tebrau  
80300 Johor Bahru  
Tel: 07-332 2088  
Fax: 07-332 8096

## LISTING

Kuala Lumpur Stock Exchange, Main Board

## PROFILE OF THE BOARD OF DIRECTORS

### **DATO' LIM KHENG YEW # @ ^**

*Executive Chairman*

Malaysian

Dato' Lim Kheng Yew, aged 51, was appointed to the Board since 12 August 1992. Dato'Lim is a member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Following this he was attached to a leading merchant bank in Kuala Lumpur and was later involved in the manufacturing industry. At present, he is an Executive Director of Technologies Resources Sdn Bhd and Juan Kuang (M) Industrial Berhad. He is also a Director of Naluri Berhad.

He is the Chairman of the Executive Committee, Investment Committee and a member of the ESOS Committee of the Company.

He is a substantial shareholder of the Company by virtue of his interest in KYM Sdn Bhd, Cheong Chan Holdings Sdn Bhd and Tzel Properties Sdn Bhd. Dato' Lim Kheng Yew is a brother of Mr Lim Kheng Chye, an Executive Director of KYM Holdings Bhd. Save for the aforesaid, he has no other family relationship with any other Director and/or major shareholder of the Company.

He has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

He has not been convicted any offences within the past 10 years other than traffic offences.

### **LIM KHENG CHYE # \* @**

*Executive Director*

Malaysian

Mr Lim Kheng Chye, aged 48, was appointed as a Director of the Company on 24 February 1994. He is member of the Institute of Chartered Accountants in England and Wales since 1978 and a member of the Institute of Chartered Accountants of Ontario since 1984. Presently, he is also an Executive Director of Juan Kuang (M) Industrial Berhad.

He is the member of the Executive Committee, Audit Committee and ESOS Committee of the Company.

He holds directly 210,000 ordinary shares of RM1.00 each in KYM Holdings Bhd. He is a brother to Dato' Lim Kheng Yew, the Executive Chairman and substantial shareholder of the Company. Apart from the aforesaid, he has no family relationship with any other director and/or major shareholder of the Company and has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

He has not been convicted for any offences within the past 10 years other than traffic offences.

### **DATO' ABDUL RAHMAN BIN HAJI ISMAIL \* @ +**

*Independent Non-Executive Director*

Malaysian

Dato' Abdul Rahman bin Haji Ismail, aged 73, was appointed to the Board since 8 January 1996. He was formerly a Deputy Inspector General of Police. Presently, he is also a Director of Technology Resources Industries Berhad.

He is the Chairman of the Audit Committee, ESOS Committee and Remuneration Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

## PROFILE OF THE BOARD OF DIRECTORS

(cont'd)

### **DATO' WAN MALEK BIN IBRAHIM ^ +**

*Non-Executive Director*

Malaysian

Dato' Wan Malek bin Ibrahim, aged 54, was appointed to the Board since 5 June 1995. He graduated from University of Malaya in Bachelor of Arts. He began his career with the Malaysian Government serving in the Ministry of Foreign Affairs Department and Prime Minister's Department. Presently, he is also a Chairman of Pica (M) Corporation Berhad, Chairman of Juan Kuang (M) Industrial Berhad and a Director of Naluri Berhad.

He is also a member of the Investment Committee and Remuneration Committee.

He is a substantial shareholder of the Company by virtue of his interest in Ultra-Link Resources Sdn Bhd, which is also a substantial shareholder of the Company. Save for the aforesaid, he has no family relationship with any other Director and/or major shareholder of the Company. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

### **HAJI ABDUL RAZAK BIN DATO' DAWOOD \* +**

*Independent Non-Executive Director*

Malaysian

Tuan Haji Abdul Razak bin Dato' Dawood, aged 51, was appointed to the Board since 8 January 1996. Tuan Haji Abdul Razak completed his higher education in India. During his early working days, he ventured into freight forwarding and travel agency business. He was the first Bumiputra entrepreneur to be offered as Malaysian Airline General Sales Agent (GSA) to operate outside Malaysia.

He is a businessman with vast experience in oil and gas industry, property development, travel industry, transportation and trading. He is also a director of several private limited companies. He was the Vice President and Chairman of Finance Committee of Malaysian Amateur Athletic Union.

He is also a member of the Audit Committee and Remuneration Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

- # Executive Committee
- @ ESOS Committee
- ^ Investment Committee
- \* Audit Committee
- + Remuneration Committee

# CORPORATE GOVERNANCE STATEMENT

## Introduction

The Board of Directors recognises their responsibility for good corporate governance. The Board and Management are committed to ensuring the highest standards of corporate governance are observed.

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## BOARD OF DIRECTORS

### Composition and Balance

The Board is led by an Executive Chairman. It comprises two Executive Directors and three Non-Executive Directors, two of whom are independent. No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the investment of the shareholders.

Dato' Lim Kheng Yew is the Executive Chairman of the Company. Due to his hands-on experience in the packaging industry, Dato' Lim has been and is still primarily responsible for the achievements of the Group. He has the principal responsibility of explaining, clarifying and informing matters to the Board of Directors. All issues affecting the Group have been deliberated by all the Board members. Nevertheless, the Board has appointed Dato' Abdul Rahman bin Haji Ismail as a Senior Independent Director to be available to deal with concerns which may be inappropriate to be dealt with by the Executive Chairman.

The directors bring a wide range of business, industrial and financial experience to lead the Company. Generally, the Executive Directors are responsible for making and implementing operational decisions. While the Non-Executive Directors play a supporting role to contribute knowledge and experience when formulating the strategic plans for and analyzing the strategic decision faced by the Company. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision-making process.

The brief description of the background of each Director is set out on page 6 and 7.

### Board Responsibilities

The Board retains full and effective control of the Company. The responsibility of the Board includes formulating and adopting a strategic plan and reviewing the Company's internal control systems for the Company. Certain key matters such as approval of annual and quarterly results, acquisitions and disposals, borrowings, as well as material agreements, major capital expenditure and budgets are reserved for the Board.

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. The summary of the attendance of the Directors is set out on page 3.

The Board has set up an Executive Committee on 13 July 1995 to assist the Board in the management and day to day operations of the Company and its subsidiaries. The Executive Committee comprises two Executive Directors and the Head of Corporate Finance. The Executive Committee operates under clearly defined terms of reference.



# CORPORATE GOVERNANCE STATEMENT

(cont'd)

The Terms of Reference of the Executive Committee are as follows:

- \* To monitor the overall performance of the Group
- \* To chart the progress and development of the Group through corporate and strategic business development.
- \* To review and approve operating and capital budgets of the respective subsidiaries.
- \* To review and approve capital expenditure not exceeding RM1,000,000.00 per transaction.
- \* To review and approve Human Resource Policies which includes terms of employment, remuneration and benefits scheme.
- \* To review and approve the appointment of consultants and advisers, both financial and technical, where necessary.

The Board has also set up an ESOS Committee and Investment Committee on 13 July 1995. The ESOS Committee comprising Dato' Lim Kheng Yew, Dato' Abdul Rahman bin Haji Ismail and Lim Kheng Chye, is responsible for administrating the Employees Share Option Scheme (ESOS). The ESOS Committee is vested with such powers and duties as are conferred upon it by the Board. The Investment Committee comprises Dato' Lim Kheng Yew and Dato' Wan Malek bin Ibrahim. The Investment Committee reviews and approves new business acquisitions not exceeding RM10,000,000.00 per transaction and reviews and approves capital expenditure not exceeding RM10,000,000.00 per transaction. The ESOS Committee is chaired by Dato' Abdul Rahman bin Haji Ismail and the Investment Committee is chaired by Dato' Lim Kheng Yew.

The Board is also assisted by an Audit Committee, whose role and function is as set out in the ensuing pages.

## Supply of Information

All Directors are provided with reports and other relevant information on a timely basis. Due notice on issues to be discussed at the Board Meeting together with related papers are given to the Directors to enable the Directors to obtain further explanations, where necessary. Among others, Board papers provide information on major operational, financial and corporate issues, proposals for capital expenditure, proposals for acquisitions and disposals.

The Directors are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcement.

Directors have access to all information within the Company whether as full Board or in their individual capacity, in furtherance of their duties.

Directors have direct access to the advice and services of the Company Secretary and may seek independent advice should the need arise.

## Appointments to the Board and Re-election

The Board has set up a Remuneration Committee which also acts as the Nomination Committee comprising exclusively of Non-Executive Directors, a majority of whom are independent. The role of the Remuneration Committee is to propose new nominees for the Board and for assessing Directors on an on-going basis. The Remuneration Committee shall review annually, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.

The Remuneration Committee comprises the following three members:

Dato' Abdul Rahman bin Haji Ismail	-	Chairman, Independent Non-Executive Director
Dato' Wan Malek bin Ibrahim	-	member, Non-Executive Director
Haji Abdul Razak bin Dato' Dawood	-	member, Independent Non-Executive Director

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Group's own records and for the purposes of meeting the statutory requirements and the KLSE's Listing Requirements.

At least one third of the Directors will retire by rotation at each Annual General Meeting and all Directors retire from office once at least every three years in accordance with the Company's Articles of Association. In addition, Director who attains the age over 70 retires at every Annual General Meeting pursuant to the Companies Act, 1965.

## DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing the policy and making recommendations to the Board on remuneration package and benefits annually as extended to the Executive Directors. The Executive Directors will not participate in decisions making relating to their own remuneration.

Fees payable to Non-Executive Directors is determined by the Board with the approval from shareholders at the Annual General Meeting. The individuals concerned abstained from discussions of their own remuneration.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Directors. The criteria for the scheme is dependent on the financial performance of the Group based on an established formula.

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

	Salary and other emoluments (RM)	Bonus (RM)	Fees (RM)	Meeting Allowance (RM)
Executive Directors	260,000	22,000	6,000	Nil
Non-Executive Directors	Nil	Nil	34,000	600

The number of Directors whose total remuneration during the year fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	3
RM50,001 - RM100,000	1	-
RM200,001 - RM250,000	1	-

## SHAREHOLDERS

### Dialogue between the Company and Investors

The Board and Management convey information about the Company performance, corporate strategy and other matters affecting shareholders' interests to the shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases.

Presentations are made, where appropriate, to explain the Group's strategy and performances to the investors. However, any information that may be regarded as undisclosed information about the Group will not be disclosed to any single shareholders until after the prescribed announcement to the KLSE has been made.

The Company has launched its website [www.kym.com.my](http://www.kym.com.my) to enable the shareholders to access information on the Group.

# CORPORATE GOVERNANCE STATEMENT

(cont'd)

## **Annual General Meeting**

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of Annual General Meeting together with annual reports are sent out to shareholders at least 14 days before the date of the meeting in accordance with the Company's Articles of Association.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. The Executive Chairman, or where appropriate, the Executive Director, responds to shareholders' questions during the Meeting.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meetings regarding Directors who are standing re-election.

Items of special business included in the notice of the meeting is accompanied by an explanation to facilitate full understanding and evaluation of the issues involved.

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

In preparing the annual financial statements and quarterly announcement to shareholders, the Directors take steps to present a balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on pages 18 to 23 of this annual report.

### **Internal Control**

The Directors acknowledge their responsibility for the Group's system of internal control to safeguard shareholders' investment and the Company's assets. The Company has already put in place of several systems of internal control covering financial control, operational and compliance controls and risks management. An Internal Audit Division has been established during the financial year to regularly review, appraise and monitor the effectiveness of the systems of internal control within the Group.

### **Relationship with Auditors**

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 13 to 15. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

## OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KUALA LUMPUR STOCK EXCHANGE

### Share Buyback

During the financial year, the Company did not enter into any share buyback transaction.

### Option or Other Convertible Securities

No options were exercised during the financial year. The Company did not issue any other convertible Securities.

### American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

### Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 30 September 2001.

### Profit Estimate, Forecast or Projection

There were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

### Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

### Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year.

# AUDIT COMMITTEE REPORT

## Composition

The Audit Committee, which was established by the Board of Directors on 22 July 1994, comprises 3 Directors, a majority of whom are independent.

## Members of the Audit Committee

Dato' Abdul Rahman bin Haji Ismail	-	Chairman, Independent Non-Executive Director
Haji Abdul Razak bin Dato' Dawood	-	Member, Independent Non-Executive Director
Lim Kheng Chye	-	Member, Executive Director

## Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be:

1. Review the following and report the same to the Board of Directors of the Company:
  - (a) With the external auditors, the audit plan;
  - (b) With the external auditor, its audit report;
  - (c) The assistance given by the Company's officers to the external auditors;
  - (d) The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant adjustments arising from the audit;
    - (iii) the going concern assumption;
    - (iv) significant and unusual events; and
    - (v) compliance with accounting standards and other legal requirements;
  - (e) Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (f) The external auditor's management letters and management response;
  - (g) Any letter of resignation from the Company's external auditors;
  - (h) Whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
  - (i) The internal audit function:
    - (i) Review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
    - (ii) Review the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    - (iii) With the external auditor, its evaluation of the system of internal controls;
    - (iv) Consider major findings of internal investigations and management's response.
    - (v) Review any appraisal or assessment of the performance of members of the internal audit function;
    - (vi) Approve any appointment or terminations of internal audit staff members;
    - (vii) Note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

# AUDIT COMMITTEE REPORT

(cont'd)

2. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
3. To recommend the nomination of a person or persons as external auditors.
4. Other functions as may be agreed to by the Audit Committee and the Board of Directors.

## Activities of the Audit Committee

During the financial year, activities of the Audit Committee included:

1. reviewing the quarterly financial results and year end financial statements;
2. reviewing the audit plan of the external auditors before the audit commenced;
3. reviewing the auditors' report in respect of the audit and accounting issues arising from their audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
4. reviewing the internal audit plan, process and results of various audit review conducted by the Internal Audit Division including operations review, compliance audit and follow-up at the subsidiary companies.

## Meetings

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The Head of Finance and Internal Auditors will normally be invited to attend all meetings of the Committee. The external auditors will be invited to attend when appropriate. However, the Committee may invite any person to be in attendance to assist it in its deliberation.

Notice of meeting shall be sent to all members of the Committee and any other persons who may be required to attend.

## Secretary

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes shall be circulated to all members of the Board.

## Quorum

The quorum for any meeting shall be two (2) members, the majority of members present must be independent directors.

# AUDIT COMMITTEE REPORT

(cont'd)

## Frequency of Meetings

5 Audit Committee Meetings were held during the financial year. The records of attendance of the Audit Committee members are as follows:

Name of Director	30-Nov-00	19-Jan-01	26-Feb-01	28-May-01	28-Aug-01
Dato' Abdul Rahman bin Haji Ismail	✓	✓	✓	✓	✓
Dato' Wan Malek bin Ibrahim (resigned on 8 October 2001)	✓	✓	✓	-	✓
Haji Abdul Razak bin Dato' Dawood (appointed on 21 May 2001)	-	-	-	-	✓
Lim Kheng Chye	✓	-	✓	✓	✓

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements of the Group and the Company for the year ended 30 September 2001, the Directors have ensured that the appropriate accounting policies have been adopted and applied consistently and the applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 30 September 2001.

### FINANCIAL HIGHLIGHTS

For the year ended 30 September 2001, the Group recorded a turnover of RM88.0 million compared to RM105.6 million in 2000. This represents a decline of 16.7%, mainly due to decreased sales in our paper packaging business and sales of landed properties.

The Group recorded a consolidated pre-tax loss of RM10.08 million, an improvement of 4% compared to 2000. The improvement in pre-tax losses was due to improved productivity and waste control measures implemented in the paper packaging business.

The loss per share of the Group reduced from 27.6 sen to 25.8 sen whereas the net tangible asset backing per ordinary share reduced from 75 sen to 50 sen.

### DIVIDEND

The Directors of the Company do not recommend any dividend for the year ended 30 September 2001 in order to conserve the cash resources of the Group.

### PROSPECTS

This past year has been a stagnant year at best.

Our loss making situation at the Group level continues to persist albeit at an improved level compared to previous years. Our primary obstacle continues to be to overcome our debt obligations, which we incurred in 1996 for the purchase of the Teluk Rubiah project. Unfortunately we have not been able to kick start this project as we had envisaged, due mainly to the unexpected economic downturn in 1997. Although the property sector has improved somewhat since then, we are not yet in a position to develop the project to the extent necessary in order to adequately retire our debts.

We are nonetheless committed to managing the situation and have taken the necessary steps in order to restructure our bank borrowings in order to provide us with a better timeline for the prospective development of Teluk Rubiah.

The corrugated carton industry is now at a consolidation phase. The recent economic downturn had adversely affected the industry resulting in most of the players having excess production capacity. The closing down and moving away to other countries of a number of MNCs further aggravated the market situation.



## CHAIRMAN'S STATEMENT

*(cont'd)*

On a brighter note however, the price of paper, which is a major influence on the profitability of the industry is now at one of the lowest points since June 2001 and is expected to remain so in the near term. The industry can no longer look for the days with large orders and long production runs which would enable the industry/company to enjoy the resulting economies of scale. The market now is for smaller orders and more demanding delivery schedules.

Under this competitive market environment, only those players with low productions costs and the ability to produce high quality products alongside an efficient delivery system will survive.

Our core business in the corrugated carton sector has shown marked improvement from previous years, returning to the black with a profit before tax of RM1.46m; the first positive profit results since the 1997 Asian economic crisis. These results are due to the various streamlining measures we have been setting in place over the past few years. We will continue to review our business methods and processes in order to enhance productivity while constantly monitoring our cost profile.

We are hoping for a more favourable economic outlook for 2002, which will provide better business prospects for our packaging division as well as our property division.

### ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to thank the Management and Staff for their hard work. I wish also to thank our shareholders, customers, business associates, financial institutions and the governmental authorities for their assistance and continuing support during the year.

**Dato' Lim Kheng Yew**  
*Executive Chairman*

13 March 2002

# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 September, 2001.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 29 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(10,566)	(23,446)
Minority interests	8	-
Net loss for the year attributable to shareholders	(10,558)	(23,446)

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due other than as disclosed in Note 27 to the financial statements.

As at 30 September, 2001, the Group and the Company have net current liabilities of RM74,342,000 and RM20,339,000 respectively. The directors are of the opinion that the Group and the Company will be able to meet their obligations when they fall due with the successful implementation of the Group's restructuring programme as disclosed in Note 2 to the financial statements.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

# DIRECTORS' REPORT

(cont'd)

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group or the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

## EMPLOYEES' SHARE OPTION SCHEME

The KYM Holdings Bhd. Employees' Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting and became effective on 25 May, 1995. The option period was for five calendar years commencing from 25 May, 1995 and expiring on 24 May, 2000. As reported in the prior financial year, the option period was extended for a period of five calendar years commencing from 25 May, 2000 and expiring on 24 May, 2005.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility of participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.
- (c) The option price for each share shall be the weighted average market price of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of offer set at a discount of not more than 10%, or the par value of the shares, whichever is higher.
- (d) No offer shall be granted for less than 2,000 shares nor more than 500,000 shares to any eligible employee.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.

The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company.

The movements in the option to take up unissued new ordinary shares of RM1.00 each and the option prices are as disclosed in Note 15 to the financial statements.

# DIRECTORS' REPORT

(cont'd)

## DIRECTORS

The directors who served since the date of the last report are:

Dato' Lim Kheng Yew  
Dato' Wan Malek bin Ibrahim  
Lim Kheng Chye  
Abdul Razak bin A.S. Dawood  
Dato' Abdul Rahman bin Hj Ismail  
Zakaria bin Abd Hamid (resigned on 21 May, 2001)

In accordance with the Company's Articles of Association, Dato' Wan Malek bin Ibrahim retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Dato' Abdul Rahman bin Hj Ismail retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Employees' Share Option Scheme as disclosed in this report.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors who held office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			30 September, 2001
	1 October, 2000	Bought	Sold	
Dato' Lim Kheng Yew				
- direct interest	2,500,000	-	-	2,500,000
- indirect interest	4,415,557	-	-	4,415,557
Dato' Wan Malek bin Ibrahim				
- indirect interest	9,214,285	-	-	9,214,285

# DIRECTORS' REPORT

(cont'd)

## DIRECTORS' INTERESTS (cont'd)

	Number of Ordinary Shares of RM1 Each			30 September, 2001
	1 October, 2000	Bought	Sold	
Lim Kheng Chye				
- direct interest	210,000	-	-	210,000

The options to subscribe for shares in the Company pursuant to the Employees' Share Option Scheme are as follows:

	Options Over Number of Ordinary Shares of RM1 Each			30 September, 2001
	1 October, 2000	Granted	Exercised	

### Granted in 1995 at an option price of RM3.11 per share

Lim Kheng Chye	140,000	-	-	140,000
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### Granted in 1999 at an option price of RM1.98 per share

Dato' Lim Kheng Yew	500,000	-	-	500,000
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Dato' Lim Kheng Yew and Dato' Wan Malek bin Ibrahim, by virtue of their interests in shares in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

Other than the above, none of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

## NUMBER OF EMPLOYEES AND REGISTERED OFFICE

The number of employees in the Group and the Company at the end of the financial year were 669 (2000 : 680) and 1 (2000 : 1) respectively. The accounting records of the Company are maintained by a subsidiary, KMG Assets Sdn. Bhd.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

# DIRECTORS' REPORT

*(cont'd)*

## AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

DATO' LIM KHENG YEW

LIM KHENG CHYE

Kuala Lumpur  
Dated: 25 January 2002





## To the Shareholders of KYM HOLDINGS BHD.

We have audited the financial statements set out on pages 26 to 64. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 30 September, 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

Without qualifying our opinion, we draw attention to the following:

1. Note 2 to the financial statements which elaborates on the basis of preparation of the financial statements on the assumption of the successful implementation of the Company's restructuring programme, in particular its rights issue and divestment of non-core assets. The financial statements of the Group and the Company do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.
2. Note 5 to the financial statements which indicates that the quoted market value of the Group's investment in the associated company is less than its carrying value by RM51,855,000 as at 30 September, 2001. It is uncertain at this time whether this shortfall is permanent. The directors are of the opinion that the shortfall is not permanent. Accordingly, the financial statements of the Group do not include any adjustments to write down the carrying value of the investment in associated company to its net realisable value.

**Arthur Andersen & Co.**  
No. AF 0103  
Chartered Accountants

Dated: 25 January 2002

**Habibah bte Abdul**  
No. 1210/05/02(J)  
Partner of the Firm

# BALANCE SHEETS

30 September, 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>NON-CURRENT ASSETS</b>					
Subsidiaries	4	-	-	34,490	38,490
Associated company	5	59,449	60,563	-	-
Land held for development	6	65,767	59,923	-	-
Property, plant and equipment	7	98,925	105,597	6,208	6,812
Investment property		-	6,736	-	-
Intangible assets	8	5,335	5,335	-	-
Due from subsidiaries	9	-	-	146,361	153,508
		<b>229,476</b>	<b>238,154</b>	<b>187,059</b>	<b>198,810</b>
<b>CURRENT ASSETS</b>					
Development properties	6	1,097	-	-	-
Inventories	10	11,267	17,855	-	-
Receivables	11	23,552	37,529	1,131	1,248
Fixed deposits with licensed banks	12	644	1,103	509	752
Cash and bank balances		1,199	4,785	218	154
		<b>37,759</b>	<b>61,272</b>	<b>1,858</b>	<b>2,154</b>
<b>CURRENT LIABILITIES</b>					
Short term borrowings	13	29,892	109,208	-	59,500
Payables	14	81,997	94,702	22,197	23,614
Taxation		212	322	-	-
		<b>112,101</b>	<b>204,232</b>	<b>22,197</b>	<b>83,114</b>
<b>NET CURRENT LIABILITIES</b>		<b>(74,342)</b>	<b>(142,960)</b>	<b>(20,339)</b>	<b>(80,960)</b>
		<b>155,134</b>	<b>95,194</b>	<b>166,720</b>	<b>117,850</b>

## BALANCE SHEETS

30 September, 2001 (cont'd)

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>FINANCED BY:</b>					
Share capital	15	40,940	40,940	40,940	40,940
Reserves		(15,107)	(4,549)	(2,089)	21,357
Shareholders' equity		25,833	36,391	38,851	62,297
Minority interests		7	15	-	-
		<b>25,840</b>	<b>36,406</b>	<b>38,851</b>	<b>62,297</b>
Term loans	16	127,409	55,000	127,409	55,000
Hire purchase creditors	17	1,292	3,191	-	93
Deferred taxation	18	593	597	460	460
Non-current liabilities		<b>129,294</b>	<b>58,788</b>	<b>127,869</b>	<b>55,553</b>
		<b>155,134</b>	<b>95,194</b>	<b>166,720</b>	<b>117,850</b>

The accompanying notes are an integral part of these balance sheets.

# INCOME STATEMENTS

for the year ended 30 September, 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	19	88,000	105,589	-	-
Other operating income	20	2,320	1,478	341	787
Changes in inventories of finished goods and work in progress		(825)	(9,174)	-	-
Contract costs		(4,471)	-	-	-
Raw materials and consumables		(50,268)	(60,544)	-	-
Staff costs		(12,740)	(14,199)	(207)	(362)
Depreciation		(8,873)	(8,779)	(606)	(614)
Other operating expenses	22	(13,447)	(15,140)	(22,741)	(38,588)
Loss from operations		(304)	(769)	(23,213)	(38,777)
Finance costs, net	23	(8,745)	(10,365)	(233)	(118)
Share of results of associated company		(1,026)	626	-	-
Loss before taxation		(10,075)	(10,508)	(23,446)	(38,895)
Taxation	24	(491)	(691)	-	(119)
Loss after taxation but before minority interests		(10,566)	(11,199)	(23,446)	(39,014)
Minority interests		8	16	-	-
Net loss for the year attributable to shareholders		(10,558)	(11,183)	(23,446)	(39,014)
Basic loss per share	25	(25.8) sen	(27.6) sen		
Diluted loss per share	25	(25.1) sen	(26.8) sen		

*The accompanying notes are an integral part of these statements.*

## STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September, 2001

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>Group</b>					
At 1 October, 1999	39,750	57,242	35	(50,671)	46,356
Net loss for the year	-	-	-	(11,183)	(11,183)
Exercise of option under ESOS	1,190	28	-	-	1,218
At 30 September, 2000	40,940	57,270	35	(61,854)	36,391
Net loss for the year	-	-	-	(10,558)	(10,558)
At 30 September, 2001	40,940	57,270	35	(72,412)	25,833
<b>Company</b>					
At 1 October, 1999	39,750	57,242	35	3,066	100,093
Net loss for the year	-	-	-	(39,014)	(39,014)
Exercise of option under ESOS	1,190	28	-	-	1,218
At 30 September, 2000	40,940	57,270	35	(35,948)	62,297
Net loss for the year	-	-	-	(23,446)	(23,446)
At 30 September, 2001	40,940	57,270	35	(59,394)	38,851

*The accompanying notes are an integral part of these statements.*

# CASH FLOW STATEMENTS

for the year ended 30 September, 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(10,075)	(10,508)	(23,446)	(38,895)
Adjustments for:				
Impairment loss on property, plant and equipment	500	-	-	-
Provision for diminution in value of investments	-	-	4,000	-
Provision for doubtful debts	360	1,031	18,169	37,000
Depreciation	8,873	8,779	606	614
Property, plant and equipment written off	304	42	-	-
Share of results of associated company	1,026	(626)	-	-
Bad debts written off	38	-	-	-
Intangible assets written off	-	65	-	-
Loss on sale of investment	19	147	-	-
Write back of provision for diminution in value	-	(385)	-	-
Interest expense	8,777	10,393	12,478	12,013
Gain on disposal of property, plant and equipment	(667)	(92)	(3)	(109)
Interest income	(32)	(28)	(32)	(28)
Operating profit before working capital changes	9,123	8,818	11,772	10,595
Decrease/(increase) in receivables	13,579	(6,405)	(52)	(375)
Decrease/(increase) in inventories	6,588	(371)	-	-
(Decrease)/increase in payables	(4,486)	10,657	(6,215)	(1,386)
Cash generated from operations	24,804	12,699	5,505	8,834
Income tax paid	(291)	(475)	-	-
Interest paid	(4,900)	(4,629)	(50)	(4,118)
Net cash generated from operating activities	19,613	7,595	5,455	4,716

## CASH FLOW STATEMENTS

for the year ended 30 September, 2001 (cont'd)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	32	28	32	28
Purchase of property, plant and equipment	(2,865)	(3,174)	(3)	(180)
Land and development expenditure	(1,614)	1,608	-	-
Expenses incurred in connection with disposal of investments	(59)	-	-	-
Proceeds from disposal of investments	26	375	-	-
Proceeds from disposal of property, plant and equipment	7,751	1,557	4	254
Due from associated company	(225)	(4,261)	-	112
Due from subsidiaries	-	-	(1,000)	(5,362)
Net cash flow generated from/(used in) investing activities	3,046	(3,867)	(967)	(5,148)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of hire purchase	(2,387)	(2,243)	(167)	(174)
Drawdown of borrowings	-	1,800	-	-
Repayment of borrowings	(22,572)	(172)	(4,500)	(500)
Net proceeds from issuance of shares	-	1,218	-	1,218
Net cash (used in)/generated from financing activities	(24,959)	603	(4,667)	544
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,300)	4,331	(179)	112
CASH AND CASH EQUIVALENTS AT 1 OCTOBER, 2000/1999	2,708	(1,623)	906	794
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, 2001/2000	408	2,708	727	906
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>				
Cash and bank balances	1,199	4,785	218	154
Fixed deposits with licensed banks	644	1,103	509	752
Bank overdrafts	(1,435)	(3,180)	-	-
	408	2,708	727	906

The accompanying notes are an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001

## 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 29.

There have been no significant changes in the nature of these activities during the financial year.

## 2. RESTRUCTURING PROGRAMME

As at 30 September, 2001, the Group and the Company have net current liabilities of RM74,342,000 (2000 : RM142,960,000) and RM20,339,000 (2000 : RM80,960,000) respectively.

As reported in the prior financial year, the Securities Commission ("SC") had:

- (i) vide its letter dated 9 May, 2000 approved the Company's Proposed Rights Issue of up to 46,401,967 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share on the basis of one new ordinary share for every one existing ordinary share of RM1.00 each held at a date to be determined nearer to the implementation date. The SC vide its letter dated 30 October, 2000 has approved the extension of time pursuant to the completion of the Proposed Rights Issue to 9 May, 2001; and
- (ii) vide its letter dated 28 June, 2000 approved the Company's Proposed Private Placement of up to 4,219,000 new ordinary shares of RM1.00 each at an issue price to be determined based on a discount of not more than 10% on the five day weighted average market price at a date nearer to the implementation date. The SC vide its letter dated 4 January, 2001 has approved the extension of time pursuant to the completion of the Proposed Private Placement to 28 June, 2001.

During the financial year:

- (i) the SC has vide its letter dated 28 May, 2001 approved a final extension of time pursuant to the completion of the Proposed Rights Issue to 9 February, 2002;
- (ii) the SC has vide its letter dated 15 June, 2001 approved the extension of time pursuant to the completion of the Proposed Private Placement to 27 June, 2002; and
- (iii) the Group disposed certain identified assets as disclosed in Note 7 and the Company was in negotiation to convert existing banking facilities into longer term facilities. These facilities were successfully converted subsequent to the financial year as disclosed in Note 16.

The Group and the Company remain committed to its restructuring programme in particular its rights issue and its divestment of non-core assets. However, the market condition at present is not conducive to the implementation of the rights issue. The Company plans to implement its rights issue as soon as market conditions improve. In the meantime, the Company is aggressively pursuing its divestment of non-core assets.



# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 2. RESTRUCTURING PROGRAMME *(cont'd)*

While the above are being pursued, the directors are of the opinion that with the continued support of its creditors, the Group and the Company are viable and accordingly, it is appropriate for the financial statements to be prepared on a going concern basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Revenue Recognition

#### (i) Sale of goods

Revenue relating to the sale of goods is recognised, net of discounts, when delivery has taken place and the transfer of risks and rewards has been completed.

#### (ii) Development properties and construction contracts

Revenue from sale of development properties and from construction contracts are accounted for under the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

#### (iii) Revenue from services

Revenue from management services rendered is recognised, net of discounts, as and when the services are performed.

#### (iv) Revenue from resort and recreational operations

The income from rental of rooms, sale of food and beverage, provision of recreational facilities and other related income are recognised on an accrual basis.

#### (v) Interest and rental income

Interest and rental income are recognised on an accrual basis.

#### (vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

### (c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

The difference between the cost of acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill on consolidation is reviewed at each balance sheet date by the directors and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets.

### (d) Associated Company

The Group treats associated company as a company in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in associated company is accounted for in the consolidated financial statements by the equity method of accounting. The Group's share of post acquisition profits less losses of associated company is included in the consolidated income statement and the Group's interest in associated company is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated unless cost cannot be recovered.

The excess of purchase consideration over the fair value of net assets acquired is reflected as goodwill on acquisition. Goodwill on acquisition is reviewed at each balance sheet date and will be written down for impairment when it is considered necessary.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### (e) Investments

Investments in subsidiaries and associated company are stated at cost or valuation less provision for any permanent diminution in value. Such provision is made when there is a decline, other than temporary, in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of investment, the difference between net disposal proceeds and its carrying amount is taken to the income statement.

The surplus on revaluation of investment in a subsidiary was made pursuant to the Company's listing on the Kuala Lumpur Stock Exchange in 1991. The directors have not adopted a policy of regular revaluation of investment in subsidiaries.

### (f) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	<u>2001</u>	<u>2000</u>
	RM	RM
United States Dollar	3.80	3.80
Netherland Guilder	1.81	1.50
Japanese Yen (100)	3.52	3.49

### (g) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Expenditure incurred in relation to the development of the chalets, golf course and its building are capitalised.

Certain freehold and leasehold land and buildings of the Company have not been revalued since they were first revalued in 1991. The directors have not adopted a policy of regular revaluation of these assets. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1991 valuation less accumulated depreciation and impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

### (g) Property, Plant and Equipment and Depreciation (*cont'd*)

Freehold land is not depreciated. Leasehold land is depreciated over the period of the respective lease which ranges from 50 years to 99 years. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at the following annual rates:

Buildings	2%
Operating equipment, renovation, motor vehicles, office equipment, furniture and fittings	5% - 50%
Chalet, golf course, clubhouse, driving range and related expenditure, golf equipment and accessories	2% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the asset with their recoverable amounts.

An impairment is charged to the income statement immediately unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

### (h) Investment Property

In prior years, a piece of land and building of the Group has been accounted for as investment property and is not depreciated. During the financial year, the land and building was reclassified to property, plant and equipment as it is owner occupied.

### (i) Land Held for Development

Land held for development is stated at cost, which includes cost of land and attributable development expenditure. Phases of the land held for development are transferred to development properties when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

### (j) Development Properties

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties.

Development properties are stated at cost plus profits less losses and applicable progress billings. Cost includes cost of land, all direct building costs and other related development expenditure, including interest expenses incurred during the period of active development.

### (k) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

### (l) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

### (m) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (g) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digit method.

### (n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (o) Interest Capitalisation

Interest cost relating to development properties is capitalised during the period of active development until the properties are ready for their intended use.

### (p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate, if any, is made for doubtful debts based on review of all outstanding amounts as at the financial year end.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 4. SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	37,997	37,997
Surplus on revaluation of investment in a subsidiary	493	493
	38,490	38,490
Provision for diminution in value	(4,000)	-
	34,490	38,490

On 2 August, 2001, the Group completed the disposal of a 95% owned subsidiary, Hillside Avenue Sdn. Bhd., for a cash consideration of approximately RM26,000.

The effect of the disposal on the results of the Group up to the date of disposal was as follows:

	Financial period ended 2.8.2001 RM'000	Financial year ended 30.9.2000 RM'000
Revenue	-	-
Operating expenses	-	(14)
Net loss for the year	-	(14)

The summary of effects of the disposal of the subsidiary on the financial position of the Group was as follows:

	2.8.2001 RM'000	30.9.2000 RM'000
Net assets disposed:		
Property, plant and equipment	877	877
Other payables	(891)	(891)
	(14)	(14)
Gain on disposal	40	
Total consideration received from disposal	26	

Details on the subsidiaries are stated in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 5. ASSOCIATED COMPANY

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Quoted shares in Malaysian corporation	60,314	60,314
Quoted warrants in Malaysian corporation	4,719	4,719
	<b>65,033</b>	65,033
Share of post-acquisition losses	(5,849)	(4,510)
	<b>59,184</b>	60,523
Due from associated company	265	40
	<b>59,449</b>	60,563
Represented by:		
Share of net tangible assets	13,182	14,515
Share of intangible assets	-	6
	<b>13,182</b>	14,521
Goodwill on acquisition	46,002	46,002
	<b>59,184</b>	60,523
Market value:		
Quoted shares in Malaysian corporation	6,541	5,540
Quoted warrants in Malaysian corporation	788	1,628
	<b>7,329</b>	7,168

No provision for permanent diminution in value is made on the carrying value of investment in the associated company as the directors are of the opinion that the shortfall is not permanent and the investment is intended to be held for long term purpose.

The quoted shares have been pledged to a third party and certain financial institutions for borrowings granted to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 5. ASSOCIATED COMPANY (cont'd)

The associated company is:

Name of Company	Effective Interests		Principal Activities	Financial Year End
	2001 %	2000 %		
Juan Kuang (M) Industrial Berhad	23.3	23.3	Manufacture of wiring harness and wholesale supplier of electrical products and accessories for vehicle and automotive accessories.	31 January

## 6. LAND HELD FOR DEVELOPMENT/DEVELOPMENT PROPERTIES

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Leasehold land held for future development	17,609	16,211
Development expenditure	53,364	43,712
	70,973	59,923
Less: Non-current portion, classified as land held for development	(65,767)	(59,923)
	5,206	-
Less: Foreseeable losses	(731)	-
	4,475	-
Less: Progress billings	(3,378)	-
	1,097	-



# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 6. LAND HELD FOR DEVELOPMENT/DEVELOPMENT PROPERTIES *(cont'd)*

The interest cost capitalised during the financial year amounted to RM8,114,000 (2000 : RM7,742,000). As at 30 September, 2001, the development expenditure includes capitalised expenses (cumulative) as follows:

	Group	
	2001 RM'000	2000 RM'000
Audit fee	17	17
Depreciation	46	46
Interest expense	27,105	18,991

A lienholder's caveat over the leasehold land has been granted to certain financial institutions for borrowing facilities as disclosed in Note 16.

Details of independent professional valuation on the above leasehold land are:

Year of Valuation	Description of Property	Amount RM'000
April 2001	Leasehold land situated in the Mukim of Sitiawan, District of Manjung, Perak Darul Ehsan, together with the Phase 1 comprising 57 chalet rooms known as Teluk Rubiah Resort, Teluk Rubiah Country Club comprising an 18-hole golf course, Phase 1 bungalow lots and the remaining resort land for future development as per the New Master Plan	155,000 (market value)

The 2001 valuation was based on the New Master Plan prepared by a consultant, Gerak Reka Sdn Bhd, in accordance with the Master Zoning Plan approved by the Perak Town Planning Department in February 1999. For the purposes of this valuation exercise, the valuers have assumed that the relevant authorities will approve the New Master Plan.

The firm of professional valuers is Vigers (KL) Sdn Bhd and the registered valuer is James Wong Kwong Onn, MIS (M), BA (Hons).

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 7. PROPERTY, PLANT AND EQUIPMENT

### Group

	Land and buildings (at valuation) RM'000	Land and buildings (at cost) RM'000	Operating equipment, renovation and motor vehicles RM'000	Other assets* RM'000	Total RM'000
<b>Cost/Valuation</b>					
At 1 October, 2000	6,278	33,922	76,712	33,734	150,646
Additions	-	56	3,052	245	3,353
Disposals	-	(5,806)	(6,922)	-	(12,728)
Write offs	-	-	(923)	(60)	(983)
Reclassification from investment property	-	6,736	-	-	6,736
At 30 September, 2001	6,278	34,908	71,919	33,919	147,024
<b>Accumulated Depreciation and Impairment Loss</b>					
At 1 October, 2000	1,150	3,122	37,853	2,924	45,049
Charge for the year	104	773	6,126	1,870	8,873
Impairment loss	-	-	500	-	500
Disposals	-	(731)	(4,913)	-	(5,644)
Write offs	-	-	(619)	(60)	(679)
At 30 September, 2001	1,254	3,164	38,947	4,734	48,099
<b>Net Book Value</b>					
At 30 September, 2001	5,024	31,744	32,972	29,185	98,925
At 30 September, 2000	5,128	30,800	38,859	30,810	105,597
<b>Depreciation</b>					
Year ended 30 September, 2000	104	384	6,703	1,588	8,779

\* Other assets consist of chalet, golf course, clubhouse, driving range and related expenditure, golf equipment and accessories.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 7. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

### Company

	Land and buildings (at valuation) RM'000	Buildings (at cost) RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
At 1 October, 2000	3,764	2,974	602	2,334	9,674
Additions	-	-	3	-	3
Disposals	-	-	(2)	(12)	(14)
At 30 September, 2001	3,764	2,974	603	2,322	9,663

### Accumulated Depreciation

At 1 October, 2000	782	405	248	1,427	2,862
Charge for the year	69	60	93	384	606
Disposals	-	-	(1)	(12)	(13)
At 30 September, 2001	851	465	340	1,799	3,455

### Net Book Value

At 30 September, 2001	2,913	2,509	263	523	6,208
At 30 September, 2000	2,982	2,569	354	907	6,812

### Depreciation

Year ended					
30 September, 2000	69	60	93	392	614

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 7. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

(a) The details of the land and buildings (at valuation) of the Group and the Company are as follows:

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At valuation</b>				
At 1 October, 2000/30 September, 2001	360	1,991	3,927	6,278
<b>Accumulated Depreciation</b>				
At 1 October, 2000	-	164	986	1,150
Charge for the year	-	25	79	104
At 30 September, 2001	-	189	1,065	1,254
<b>Net Book Value</b>				
At 30 September, 2001	360	1,802	2,862	5,024
At 30 September, 2000	360	1,827	2,941	5,128
<b>Depreciation</b>				
Year ended 30 September, 2000	-	25	79	104

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 7. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At valuation</b>				
At 1 October, 2000/30 September, 2001	360	610	2,794	3,764
<b>Accumulated Depreciation</b>				
At 1 October, 2000	-	66	716	782
Charge for the year	-	13	56	69
At 30 September, 2001	-	79	772	851
<b>Net Book Value</b>				
At 30 September, 2001	360	531	2,022	2,913
At 30 September, 2000	360	544	2,078	2,982
<b>Depreciation</b>				
Year ended 30 September, 2000	-	13	56	69

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 7. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

(b) The details of the land and buildings (at cost) of the Group are as follows:

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At valuation</b>				
At 1 October, 2000	-	17,294	16,628	33,922
Additions	-	-	56	56
Disposals	-	(2,216)	(3,590)	(5,806)
Reclassification from investment property	2,624	-	4,112	6,736
At 30 September, 2001	2,624	15,078	17,206	34,908
<b>Accumulated Depreciation</b>				
At 1 October, 2000	-	575	2,547	3,122
Charge for the year	-	39	734	773
Disposals	-	(217)	(514)	(731)
At 30 September, 2001	-	397	2,767	3,164
<b>Net Book Value</b>				
At 30 September, 2001	2,624	14,681	14,439	31,744
At 30 September, 2000	-	16,719	14,081	30,800
<b>Depreciation</b>				
Year ended 30 September, 2000	-	65	319	384

(c) Included in land and buildings (at valuation) is short term leasehold land and buildings (at valuation) with net book value of RM3,754,000 (2000 : RM3,854,000).

(d) Included in land and buildings (at cost) is short term leasehold land and buildings (at cost) with net book value of RM4,262,000 (2000 : RM4,480,000).

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 7. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

- (e) Included in the property, plant and equipment of the Group are the following property, plant and equipment held under hire purchase arrangements with net book value amounting to:

Group	2001 RM'000	2000 RM'000
Motor vehicles	71	503
Operating equipment	9,731	9,494
	<b>9,802</b>	<b>9,997</b>
<b>Company</b>		
Motor vehicles	-	482

- (f) Included in the property, plant and equipment of the Group and the Company are fully depreciated operating equipment and motor vehicles which are still in use costing RM12,120,000 (2000 : RM7,810,000) and RM370,000 (2000 : RM2,135,000) respectively.

- (g) Details of independent professional valuation of land and buildings owned by the Group at 30 September, 2001 are as follows:

Year of Valuation	Description of Property	Amount RM'000	Basis of Valuation
1990	Leasehold land and buildings at Senai	5,758	Open market value
1990	Freehold land and buildings at Johor Bahru	520	Open market value
		<u>6,278</u>	

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Group is as follows:

	2001 RM'000	2000 RM'000
Freehold land and building	446	512
Leasehold land and building	2,354	3,629

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 7. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

(h) During the financial year, the Group acquired property, plant and equipment costing RM3,353,000 (2000 : RM3,174,000) of which RM488,000 (2000 : Nil) was acquired by means of hire purchase. Cash payments of RM2,865,000 (2000 : RM3,112,000) were made to purchase property, plant and equipment in the current financial year.

(i) The net book values of land and buildings of the Group pledged to financial institutions for borrowing facilities as disclosed in Note 16 are as follows:

	2001 RM'000	2000 RM'000
Freehold land	2,624	-
Long term leasehold land	12,319	12,331
Buildings	4,479	863
	<b>19,422</b>	<b>13,194</b>

## 8. INTANGIBLE ASSETS

	Group	
	2001 RM'000	2000 RM'000
Goodwill arising on consolidation	6,392	6,392
Reserve on consolidation	(1,057)	(1,057)
	<b>5,335</b>	<b>5,335</b>

## 9. DUE FROM SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Interest free loan and advances	48,172	45,609
Advance at interest rates ranging from 6.1% to 9.3% (2000 : 8.0% to 12.2%) per annum	153,189	144,899
	<b>201,361</b>	<b>190,508</b>
Provision for doubtful debts	(55,000)	(37,000)
	<b>146,361</b>	<b>153,508</b>



# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 10. INVENTORIES

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Raw materials	8,356	13,533
Work-in-progress	1,124	1,571
Finished goods	1,772	2,150
Others	15	601
	<b>11,267</b>	<b>17,855</b>

## 11. RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables				
Trade receivables	28,760	39,195	-	-
Provision for doubtful debts	(7,635)	(7,905)	-	-
	<b>21,125</b>	<b>31,290</b>	<b>-</b>	<b>-</b>
Other receivables				
Other receivables	2,688	6,451	1,300	1,248
Provision for doubtful debts	(261)	(212)	(169)	-
	<b>2,427</b>	<b>6,239</b>	<b>1,131</b>	<b>1,248</b>
Total	<b>23,552</b>	<b>37,529</b>	<b>1,131</b>	<b>1,248</b>

## 12. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM5,000 (2000 : RM7,000) are pledged to banks for bank guarantee facilities granted to certain subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 13. SHORT TERM BORROWINGS

Unsecured	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Bank overdrafts	1,435	3,180	-	-
Revolving credit	12,458	15,920	-	-
Bankers' acceptances	15,999	30,408	-	-
Term loan (Note 16)	-	200	-	-
	<b>29,892</b>	<b>49,708</b>	-	-
<b>Secured</b>				
Revolving credit	-	15,000	-	15,000
Bridging loan	-	14,500	-	14,500
Term loan (Note 16)	-	30,000	-	30,000
	-	<b>59,500</b>	-	<b>59,500</b>
	<b>29,892</b>	<b>109,208</b>	-	<b>59,500</b>

The short term borrowings of the Group carry interest at rates ranging from 8.0% to 9.3% (2000 : 8.0% to 9.3%) per annum.

## 14. PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	7,044	9,391	-	-
Other payables				
Due to Naluri Berhad*	54,875	52,794	-	-
Due to subsidiaries	-	-	16,096	6,243
Accrued interest	458	7,956	-	7,751
Hire purchase creditors (Note 17)	2,325	2,186	93	167
Others	17,295	22,375	6,008	9,453
	<b>74,953</b>	<b>85,311</b>	<b>22,197</b>	<b>23,614</b>
Total	<b>81,997</b>	<b>94,702</b>	<b>22,197</b>	<b>23,614</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 14. PAYABLES (cont'd)

\* A company in which a director of the Company, Dato' Lim Kheng Yew, has interest. The amount payable is in relation to the acquisition of shares in the associated company which carries interest at rates ranging from 7.40% to 7.80% (2000 : 7.50%) per annum.

(a) The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) Included in "others" is an amount of RM5,840,000 (2000 : RM5,840,000) due to a third party which is secured by way of pledge of the Group's investment in quoted shares, carries interest at a rate of 3.0% (2000 : 3.0%) per annum and has no fixed terms of repayment.

## 15. SHARE CAPITAL

	Company			
	2001 Number of shares '000	2000	2001 RM'000	2000 RM'000
Ordinary shares of RM1 each:				
Authorised				
At 1 October, 2000/1999	1,000,000	50,000	1,000,000	50,000
Created during the financial year	-	950,000	-	950,000
At 30 September, 2001/2000	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 October, 2000/1999	40,940	39,750	40,940	39,750
Issued during the financial year under ESOS	-	1,190	-	1,190
At 30 September, 2001/2000	40,940	40,940	40,940	40,940

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 15. SHARE CAPITAL (*cont'd*)

The movements in the Employees' Share Option Scheme ("ESOS") to take up unissued new ordinary shares of RM1.00 each and the option exercise prices are as follows:

	Number of Ordinary Shares of RM1 each under ESOS	Option price RM
(i)	Granted in 1995	
	At 1 October, 2000	231,000
	Forfeiture	(4,000)
	At 30 September, 2001	<u>227,000</u>
(ii)	Granted in 1996	
	At 1 October, 2000	7,000
	Forfeiture	(5,000)
	At 30 September, 2001	<u>2,000</u>
(iii)	Granted in 1997	
	At 1 October, 2000	80,000
	Forfeiture	(30,000)
	At 30 September, 2001	<u>50,000</u>
(iv)	Granted in 1998	
	At 1 October, 2000	52,000
	Forfeiture	(30,000)
	At 30 September, 2001	<u>22,000</u>
(v)	Granted in 1999	
	At 1 October, 2000	697,000
	Forfeiture	(36,000)
	At 30 September, 2001	<u>661,000</u>
(vi)	Granted in 2000	
	At 1 October, 2000	120,000
	Forfeiture	(14,000)
	At 30 September, 2001	<u>106,000</u>
	Total ESOS not exercised as at 30 September, 2001	<u>1,068,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 16. TERM LOANS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Term loans	127,409	85,200	127,409	85,000
Less: Repayment due within 12 months included in short term borrowings (Note 13)	-	(30,200)	-	(30,000)
	<b>127,409</b>	<b>55,000</b>	<b>127,409</b>	<b>55,000</b>

Pursuant to the renegotiation of banking facilities subsequent to the financial year as stated in Note 2 above, the Company successfully converted the existing secured banking facilities of RM110,000,000 and accrued interest of RM17,409,000 into 2-year term loans. The term loans are repayable by way of a bullet payment within 24 months from the date of facility agreement.

The term loans are secured by way of pledge of the Group's investments in quoted shares, and certain freehold and leasehold land and building of the subsidiaries. The term loans carry interest at rates ranging between 8.0% to 9.3% (2000 : 8.0% to 9.3%) per annum.

## 17. HIRE PURCHASE CREDITORS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Future minimum payments:				
Payable within one year	3,215	3,060	121	167
Payable between one and five years	1,869	4,691	-	171
	<b>5,084</b>	<b>7,751</b>	<b>121</b>	<b>338</b>
Less: Finance charges	(1,467)	(2,374)	(28)	(78)
	<b>3,617</b>	<b>5,377</b>	<b>93</b>	<b>260</b>
Representing hire purchase liabilities:				
Due within 12 months (Note 14)	2,325	2,186	93	167
Due after 12 months	1,292	3,191	-	93
	<b>3,617</b>	<b>5,377</b>	<b>93</b>	<b>260</b>

The hire purchase bears interests at rates ranging between 5.1% to 8.8% (2000 : 5.1% to 8.8%).

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 18. DEFERRED TAXATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
At 1 October, 2000/1999	597	437	460	341
Transfer (to)/from income statement (Note 24)	(4)	160	-	119
At 30 September, 2001/2000	593	597	460	460

The deferred taxation is in respect of timing differences between depreciation and the corresponding capital allowances.

Deferred taxation amounting to RM78,000 (2000 : RM78,000) is not provided on the surplus arising from the revaluation of certain freehold and leasehold land and buildings as it is not the intention of the directors to dispose these properties.

## 19. REVENUE

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sales of goods	82,884	90,146	-	-
Sales of development properties and contract revenue	3,961	13,267	-	-
Management fees	-	982	-	-
Others	1,155	1,194	-	-
	88,000	105,589	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 20. OTHER OPERATING INCOME

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sales of timber	1,070	-	-	-
Gain on sale of property, plant and equipment	667	92	3	109
Interest income	124	6	-	-
Write back of provision for diminution in value of investment	-	385	-	-
Rental income	10	-	338	578
Management fee	-	-	-	100
Foreign exchange gain (realised)	-	16	-	-
Others	449	979	-	-
	<b>2,320</b>	<b>1,478</b>	<b>341</b>	<b>787</b>

## 21. DIRECTORS' REMUNERATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	260	433	186	277
Bonus	22	83	21	42
Fees	6	9	6	9
	<b>288</b>	<b>525</b>	<b>213</b>	<b>328</b>
Non-Executive:				
Fees	34	34	34	34
	<b>322</b>	<b>559</b>	<b>247</b>	<b>362</b>
Directors of the subsidiaries:				
Executive:				
Salaries and other emoluments	364	525	-	-
Bonus	32	41	-	-
	<b>396</b>	<b>566</b>	<b>-</b>	<b>-</b>
Total	<b>718</b>	<b>1,125</b>	<b>247</b>	<b>362</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 21. DIRECTORS' REMUNERATION (*cont'd*)

The number of directors of the Company whose total remuneration during the year fall within the following bands are:

	2001	2000
Executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	1	1
RM200,001- RM250,000	1	-
RM300,001- RM350,000	-	1
	<b>3</b>	<b>3</b>
Non-Executive directors:		
Below RM50,000	3	3
	<b>6</b>	<b>6</b>

## 22. OTHER OPERATING EXPENSES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Carriage outwards	2,638	2,654	-	-
Repairs and maintenance	1,923	1,715	-	-
Utilities	1,248	1,439	-	-
Fuel	821	922	-	-
Insurance	774	455	41	52
Impairment loss on property, plant and machinery	500	-	-	-
Rental	443	688	432	432
Provision for doubtful debts				
- amount due from subsidiaries	-	-	18,000	37,000
- others	360	1,031	169	-
Provision for diminution in value of investments	-	-	4,000	-
Property, plant and equipment written off	304	42	-	-
Loss on sale of investments	19	147	-	-
Audit fees	103	95	13	13
Loss on foreign exchange (realised)	4	-	-	-
Bad debts written off	38	-	-	-
Intangible assets written off	-	65	-	-
Others	4,272	5,887	86	1,091
	<b>13,447</b>	<b>15,140</b>	<b>22,741</b>	<b>38,588</b>



# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 23. FINANCE COSTS, NET

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest expense - borrowings	8,777	10,393	12,478	12,013
Interest income - fixed deposits	(32)	(28)	(32)	(28)
Interest income - loan to subsidiaries	-	-	(12,213)	(11,867)
	<b>8,745</b>	<b>10,365</b>	<b>233</b>	<b>118</b>

## 24. TAXATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current year's provision	105	220	-	-
Taxation underprovided in respect of prior years	77	66	-	-
Transfer (from)/to deferred taxation (Note 18)	(4)	160	-	119
	<b>178</b>	<b>446</b>	<b>-</b>	<b>119</b>
Share of taxation of associated companies	313	245	-	-
	<b>491</b>	<b>691</b>	<b>-</b>	<b>119</b>

The disproportionate taxation charge of the Group is principally due to losses of certain subsidiaries which cannot be set off against profits made by other subsidiaries as no group reliefs are available.

There is no tax charge for the year as the Company is in a tax loss position. As at 30 September, 2001, the Company has tax losses of approximately RM2,091,000 (2000 : RM1,361,000) and unutilised capital allowances of approximately RM727,000 (2000 : RM600,000) which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 30 September, 2001, the Company has a potential deferred tax benefit of approximately RM789,000 (2000 : RM549,000), arising principally from tax losses carried forward and unutilised capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

As at 30 September, 2001, the Company has tax exempt profits available for distribution of approximately RM3,275,000 (2000 : RM3,275,000) subject to agreement with the Inland Revenue Board.

The Company has tax credit under Section 108 of the Income Tax Act, 1967 of RM2,028,000 (2000 : RM2,028,000) which would be available to frank the payment of future dividends out of its future profits.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 25. BASIC/DILUTED LOSS PER SHARE

### (a) Basic:

Basic loss per share is calculated by dividing the net loss for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	2001	2000
Group		
Net loss attributable to shareholders (RM'000)	10,558	11,183
Weighted average number of ordinary shares in issue ('000)	40,940	40,499
Basic loss per share (sen)	(25.8)	(27.6)

### (b) Diluted:

Diluted loss per share is calculated by dividing the net loss for the year attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

	2001	2000
Group		
Net loss for the year attributable to shareholders (RM'000)	10,558	11,183
Weighted average number of ordinary shares in issue ('000)	40,940	40,499
Adjusted for:		
Assumed conversion of ESOS ('000)	1,068	1,187
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	42,008	41,686
Diluted loss per share (sen)	(25.1)	(26.8)

The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the dilutive outstanding ESOS was exercised at the beginning of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 26. COMMITMENTS

	Group	
	2001 RM'000	2000 RM'000
Approved and contracted for:		
Investment in joint venture	1,100	-
Capital expenditure	154	943
	<b>1,254</b>	<b>943</b>

During the financial year, a subsidiary entered into a Joint Venture Agreement with 3ntity Sdn. Bhd. (formerly known as 3ntity.com Sdn. Bhd.), a company incorporated in Malaysia, to establish a joint venture company to undertake the promotion, sale, marketing, establishment, development, operation, use, management and maintenance of an e-procurement portal. The joint venture company is expected to commence operations upon the finalisation of terms with its prospective customers.

## 27. CONTINGENT LIABILITIES

	Company	
	2001 RM'000	2000 RM'000
Unsecured:		
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	29,892	49,708

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 28. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	Company	
	2001 RM'000	2000 RM'000
Interest income receivable from subsidiaries:		
- Harta Makmur Sdn. Bhd.	(8,114)	(7,742)
- Eco Ribuan Sdn. Bhd.	(1,872)	(1,840)
- Polypulp Enterprise Sdn. Bhd.	(1,734)	(1,547)
- KYM Properties Sdn. Bhd.	(354)	(415)
- KYM Development (Perak) Sdn. Bhd.	-	(166)
- Teguh Amalgamated Sdn. Bhd.	(139)	(156)
Interest payable to a subsidiary, KYM Industries (M) Sdn. Bhd.	1,037	1,095
Rental of factory:		
- received from a subsidiary, KYM Industries (Johor) Sdn. Bhd.	(338)	(338)
- receivable from another subsidiary, PPI Bags Sdn. Bhd.	-	(240)
Rental payable to a subsidiary, Teguh Amalgamated Sdn. Bhd.	432	432

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 *(cont'd)*

## 29. SUBSIDIARIES

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		2001 %	2000 %	
KYM Industries (M) Sdn. Bhd.	13,000,000	100	100	Manufacture and sale of corrugated fibre boards and boxes.
Anabatic Sdn. Bhd.	3,000,000	100	100	Property investment.
KYM Industries (Penang) Sdn. Bhd.	510,000	100	100	Dormant.
Teguh Amalgamated Sdn. Bhd.	2	100	100	Property investment.
KYM Industries (Johor) Sdn. Bhd.	9,000,000	100	100	Manufacture and sale of corrugated fibre boards and boxes.
Panorama Industries Sdn. Bhd.	681,283	100	100	Property investment.
KYM Industries (BP) Sdn. Bhd.	300,000	95	95	Manufacture and sale of corrugated carton boxes. Ceased operations during the financial year.
Hillside Avenue Sdn. Bhd.	2	-	95	Dormant (Note 4).
PPI Bags Sdn. Bhd.	4,000,000	100	100	Manufacture and sale of industrial woven bags.
KYM Industries (Melaka) Sdn. Bhd.	500,000	100	100	Manufacture and sale of corrugated carton boxes.
KYM Senai Sdn. Bhd.	3	100	100	Dormant.
Polypulp Enterprises Sdn. Bhd.	3	100	100	Investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (*cont'd*)

## 29. SUBSIDIARIES (*cont'd*)

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		2001 %	2000 %	
Tegas Consolidated Sdn. Bhd.	500,000	90	90	Investment holding.
Harta Makmur Sdn. Bhd.	1,000,000	54	54	Property investment and development.
Teluk Rubiah Resorts Sdn. Bhd.	2	54	54	Resort operations.
Teluk Rubiah Country Club Sdn. Bhd.	2	54	54	Provide recreational and sport facilities.
Hasrat Meranti Capital Sdn. Bhd.	3	100	100	Investment holding.
Eco Ribuan Sdn. Bhd.	2	100	100	Investment holding.
KYM Properties Sdn. Bhd.	2	100	100	Property management.
KYM Leisure Sdn. Bhd.	2	100	100	Dormant.
KYM Built Sdn. Bhd.	2	100	100	General construction.
KYM Development (Perak) Sdn. Bhd.	19,950,000	100	100	Property development.
KMG Assets Sdn. Bhd.	2	100	100	Provide management services.
KYM Industries (Ipoh) Sdn. Bhd.	2	100	100	Dormant.
Hasrat Meranti Sdn. Bhd.	2,000,000	100	100	Manufacture and sale of multi wall industrial paper bags.
Ireson Perniagaan Sdn. Bhd.	310,500	100	100	Property investment.
KYM Maserba Sdn. Bhd.	2	100	100	Dormant.
KYM 2000 Sdn. Bhd.	2	100	100	Dormant.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 30. SEGMENT INFORMATION

By industry segments	Turnover RM'000	Profit/(Loss)	Total
		Before Taxation RM'000	Assets Employed RM'000
<b>2001</b>			
Packaging	82,884	1,416	74,116
Investment holding	-	(7,198)	17,525
Property development and investment	3,961	(475)	145,173
Others	1,155	(2,792)	30,421
	<b>88,000</b>	<b>(9,049)</b>	<b>267,235</b>
Group's share of results of associated company	-	(1,026)	-
	<b>88,000</b>	<b>(10,075)</b>	<b>267,235</b>
<b>2000</b>			
Packaging	90,146	(3,067)	97,687
Investment holding	28	(7,483)	57,827
Property development and investment	13,267	1,392	111,831
Others	2,148	(1,976)	32,081
	<b>105,589</b>	<b>(11,134)</b>	<b>299,426</b>
Group's share of results of associated company	-	626	-
	<b>105,589</b>	<b>(10,508)</b>	<b>299,426</b>

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## 31. CURRENCY

All amounts are stated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

30 September, 2001 (cont'd)

## 32. COMPARATIVE FIGURES

The following comparative balances have been restated to enhance the presentation of the financial statements pursuant to the requirements of the Malaysian Accounting Standards Board (MASB) Standard No. 1 - Presentation of Financial Statements:

	Group		Company	
	Restated RM'000	2000 RM'000	Restated RM'000	2000 RM'000
Balance Sheet:				
Subsidiaries	-	-	38,490	185,755
Due from subsidiaries	-	-	153,508	-
Payables - due to subsidiaries	-	-	(6,243)	-
Income Statement:				
Revenue	105,589	105,589	-	12,573
Other operating income	1,478	2,573	787	109
Finance costs, net	(10,365)	(11,460)	(118)	(12,013)



# ANALYSIS OF SHAREHOLDINGS

as at 22 February, 2002

Class of Securities	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM1,000,000,000.00 divided into 1,000,000,000 Ordinary Shares of RM1.00 each
Issued and fully Paid Up Share Capital	:	RM40,939,967.00
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders	:	2,546

Category of Shareholding	No. of Holders	Total Holdings	%
Less than 1,000	27	9,552	0.02
1,000 - 10,000	2,351	5,726,011	13.99
10,001 - 100,000	136	3,842,913	9.39
100,001 - 2,046,998	29	16,647,206	40.66
2,046,998 and above	3	14,714,285	35.94
<b>Total</b>	<b>2,546</b>	<b>49,939,967</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares Held	%
1. UOBM Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Ultra-Link Resources Sdn Bhd)	8,500,000	20.76
2. OSK Nominees (Tempatan) Sdn Berhad (OSK Capital Sdn Bhd for Ultra-Link Resources Sdn Bhd)	3,714,285	9.07
3. RHB Capital Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Lim Kheng Yew)	2,500,000	6.10
4. Cheong Chan Holdings Sdn Bhd	1,920,284	4.69
5. UOBM Nominees (Asing) Sdn Bhd (pledged securities a/c for Wong Poh Weng)	1,860,000	4.54
6. Renfield Investment Limited	1,241,365	3.03
7. Wong Chee Choon	1,220,000	2.98
8. OSK Nominees (Asing) Sdn Berhad (OSK Capital Sdn Bhd for Wong Poh Weng)	1,140,000	2.78
9. Ong Har Hong	1,138,000	2.78
10. Unirange Network Sdn Bhd	922,000	2.25
11. Lim Eng Huat	791,000	1.93
12. Magnitude Network Sdn Bhd	775,273	1.89
13. Wong Hok Yim	711,000	1.73
14. Ihsan Indah (M) Sdn Bhd	564,000	1.37

## ANALYSIS OF SHAREHOLDINGS

as at 22 February, 2002 (cont'd)

### THIRTY LARGEST SHAREHOLDERS (cont'd)

Shareholders	Number of Shares Held	%
15. OSK Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for Khern Ah Ying)	503,193	1.23
16. KYM Sdn Bhd	495,273	1.21
17. Mayban Securities Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Tan Ching Ching)	366,000	0.89
18. Far East Master Sdn Bhd	307,153	0.75
19. Lua Wa Kho @ Lua Chong Koh	302,295	0.73
20. Tan Sew Kee	286,370	0.70
21. Ilham Pelangi (M) Sdn Bhd	280,000	0.68
22. Ng Ah Niah	236,000	0.58
23. Lembaga Tabung Haji	230,000	0.56
24. Chew Boon Seng	213,000	0.52
25. Lim Kheng Chye	210,000	0.51
26. OSK Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Ravindran Navaratnam)	150,000	0.37
27. Tan Han Chuan	128,000	0.31
28. Ong Huey Peng	121,000	0.30
29. OSK Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Carolyn Anne Kam Foong Kheng)	115,000	0.28
30. Kam Pin Lin	111,000	0.27

# ANALYSIS OF SHAREHOLDINGS

as at 22 February, 2002 (cont'd)

## SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held		% Of Issued Capital
	Direct	Indirect	
Ultra-Link Resources Sdn Bhd	9,214,285	-	22.50%
Dato' Wan Malek bin Ibrahim	-	* 9,214,285	22.50%
Zakaria bin Abd Hamid	-	* 9,214,285	22.50%
Dato' Lim Kheng Yew	2,500,000	** 4,415,557	16.88%
Wong Poh Weng	3,000,000	-	7.33%
KYM Sdn Bhd	2,049,273	-	5.00%

*Notes:*

\* Deemed interested by virtue of their shareholding in Ultra-Link Resources Sdn Bhd.

\*\* Deemed interested by virtue of his shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.

## DIRECTORS' INTEREST IN THE COMPSTNY AND RELATED CORPORATIONS

Name	Direct	Indirect	Total Interest (%)
	No. of shares held (%)	No. of shares held (%)	
Dato' Lim Kheng Yew	2,500,000 (6.10)	** 4,415,557 (10.78)	16.88
Dato' Wan Malek bin Ibrahim	-	* 9,214,285 (22.50)	22.50
Dato' Abdul Rahman bin Haji Ismail	-	-	-
Haji Abdul Razak bin Dato' Dawood	-	-	-
Lim Kheng Chye	210,000 (0.51)	-	0.51

*Notes:*

\* Deemed interested by virtue of his shareholding in Ultra-Link Resources Sdn Bhd.

\*\* Deemed interested by virtue of his shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.

*Dato' Lim Kheng Yew and Dato' Wan Malek bin Ibrahim are deemed to have an interest in all the shares held by the Company in its related corporations by virtue of their substantial shareholding in the Company.*

## LIST OF PROPERTIES HELD BY THE GROUP

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of latest valuation/Date of Acquisition	Description	Approx. Age of the building	Net Book Value (RM)
MLO 3673, HSD 7221 Mukim of Tebrau District of Johor Bahru (11, Jalan Banang 3, Taman Johor Industrial Estate)	743.2	Freehold	14.11.1990 (Valuation Date)	Industrial land with single storey semi- detached building erected thereon.	16 years	498,750
PTD 18692 Mukim of Senai-Kulai District of Johor Bahru (PLO 9 Senai Industrial Estate, Senai)	8,093.7	60 years leasehold with about 42 years remaining) expiring on 31.8.2042.	14.11.1990 (Valuation Date)	Industrial land with factory building, offices and warehouse erected thereon.	13 years	2,872,517
PTD 8778 Mukim of Senai-Kulai District of Johor Bahru (PLO 15 Senai Industrial Estate, Senai)	12,140.5	60 years leasehold with about 43 years remaining expiring on 11.1.2043.	23.01.1992 (Acquisition Date)	Industrial land with factory building, offices and warehouse erected thereon.	8 years	2,730,479
PTD 8790 Mukim of Senai-Kulai District of Johor Baru (PLO 19 Senai Industrial Estate, Senai)	8,093.7	60 years leasehold with about 45 years remaining, expiring on 22.9.2045.	14.11.1990 (Valuation Date)	Industrial land with factory building, offices and warehouse erected thereon.	14 years	2,413,654
Lot 5 Jalan Perusahaan 1 Kawasan Perusahaan Beranang, Selangor	11,460	99 years leasehold with about 98 years remaining, expiring on 09.10.2099	27.02.1999 (Valuation Date)	Industrial land with factory building, offices and warehouse erected thereon.	10 years	4,926,455
Lot 7 Jalan Perusahaan 1 Kawasan Perusahaan Beranang, Selangor	36,420	99 years leasehold expiring in 94 years	03.11.1993 (Valuation Date)	Industrial land with factory building and warehouse erected thereon.	10 years	2,159,077

## LIST OF PROPERTIES HELD BY THE GROUP

(cont'd)

Location/Address	Land Area (m <sup>2</sup> )	Tenure	Date of latest valuation/Date of Acquisition	Description	Approx. Age of the building	Net Book Value (RM)
12 & 14 Lorong Medan Tuanku Satu Kuala Lumpur	1,200	Freehold	11.07.2001 (Valuation Date)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	17 years	6,262,625
PLO 162 Senai III Industrial Area Mukim Senai District Johor Bahru	60,654	60 years leasehold with about 59 years remaining, expiring on 13.02.2060	19.09.1996 (Acquisition Date)	Vacant industrial land	-	11,818,932
Lot 10, 11 & 12, Persiaran Perindustrian Kanthan 5, Kanthan Industrial Estate, Chemor, Ipoh	13,760	99 years leasehold expiring in 88 years	09.12.1991 (Acquisition Date)	Industrial land with factory building and office and warehouse built thereon.	9 years	2,314,436
H.S. (D) Dgs :- 80-84, No. P.T. 4087-4091 86-89, No. P.T. 4093-4096 94-95, No. P.T. 4097-4098 96-98 & 100, No. P.T. 4101-4104 99, No. P.T. 4099 101, No. P.T. 4100 102-104, No. P.T. 4105-4107 107-108 & 112, No. P.T. 4108-4110 109-111 & 113, No. P.T. 4111-4114 489, No. P.T. 4116 90-91, No. P.T. 15612-15613 92-93, No. 15614-15615 105-106, No. P.T. 15616-15617	5,139,917	99 years leasehold with about 89 years remaining, expiring on 14.3.2089	13.04.2001 (Valuation Date)	Partially developed:- Golf course, Chalets Bungalow Lots	-	85,346,517
34 titles all in the Mukim of Lumut, Daerah Manjung						

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# FORM OF PROXY



**KYM HOLDINGS BHD.**

(84303-A)

(Incorporated in Malaysia)

I/We..... (NRIC No.....)  
of.....  
being a member of KYM Holdings Bhd. do hereby appoint.....  
..... (NRIC No.....)  
of.....  
or failing him..... (NRIC No.....)  
of.....  
as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Twentieth Annual General Meeting of the Company to be held at 3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday 28 March 2002 at 10.30 a.m. and at any adjournment thereof.

\*My/Our proxy is to vote as indicated below:

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fees		
3.	Re-election of Dato' Wan Malek bin Ibrahim under Article 103		
4.	Re-appointment of Dato' Abdul Rahman bin Haji Ismail		
5.	Re-appointment of Auditors		
6.	Authority to Allot and Issue Shares		

(Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Number of Shares Held

Dated this..... day of ....., 2002.

.....  
Signature of Member/Common Seal

#### Notes:-

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

*please fold along this line (1)*

Stamp

The Company Secretary

**KYM HOLDINGS BHD.**

(Co. No.: 84303-A)

12, Lorong Medan Tuanku Satu,  
50300 Kuala Lumpur

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