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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Twenty-First Annual General Meeting of KYM Holdings Bhd.** will be held at 3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Wednesday, 25 June 2003 at 10:30 a.m. for the following purposes:-

AGENDA

1. To receive the Financial Statements for the financial period ended 31 January 2003 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' Fees. **(Resolution 2)**
3. To re-elect Dato' Lim Kheng Yew 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 Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked 'Appendix A' has been received by the Company for the nomination of Messrs Horwath who have given their consent to act, for appointment as Auditors of the Company in place of the retiring Auditors, Messrs Horwath Mok & Poon, and of the intention to propose the following Ordinary Resolution:

"That Messrs Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Horwath Mok & Poon, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **(Resolution 5)**

Notice of Annual General Meeting *(cont'd)*

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: 30 May 2003

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

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

The proposed resolution 6, if approved, will authorise the 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 without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28 of the Listing Requirements of the Kuala Lumpur Stock Exchange, additional information in respect of the particulars of the Directors who are standing for re-election and details of attendance of the Directors at board meetings are set out on page 7, 8 and 13 of this annual report.

Date, Time and Venue of the Annual General Meeting

Wednesday, 25 June 2003 at 10.30 a.m.

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

Appendix A

CHEONG CHAN HOLDINGS SDN. BHD.
(Company No.: 181887-A)

12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur, Malaysia
Tel: 03-2692 2923
Fax: 2692 8352

5 May 2003

The Board of Directors
KYM HOLDINGS BHD
No. 12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF MESSRS HORWATH AS AUDITORS

We hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of our nomination of Messrs Horwath as Auditors of the Company in place of the retiring auditors and of our intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

"That Messrs Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Horwath Mok & Poon, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
For **CHEONG CHAN HOLDINGS SDN BHD**

Director

Corporate Information

Board of Directors

Dato' Wan Malek bin Ibrahim
(Chairman)

Dato' Lim Kheng Yew
(Managing Director)

Dato' Abdul Rahman bin Hj Ismail
(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

Horwath Mok & Poon
Level 16, Tower C
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Principal Bankers

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

Share Registrar

Signet Share Registration Services Sdn Bhd
(506293-D)
11th Floor Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2145 4337
Fax: 03-2142 1353

Listing

Kuala Lumpur Stock Exchange, Main Board

Profile of the Board of Directors

DATO' WAN MALEK BIN IBRAHIM

*Chairman, Non-Independent Non-Executive Director
Malaysian*

Dato' Wan Malek bin Ibrahim, aged 55, joined the Board since 5 June 1995 and was appointed as the Chairman of the Company on 13 September 2002. 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 the 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 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, 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' LIM KHENG YEW

*Managing Director
Malaysian*

Dato' Lim Kheng Yew, aged 52, was appointed to the Board on 12 August 1992. He was the Executive Chairman since 1993 and was re-designated as the Managing Director of KYM on 13 September 2002. 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 also an Executive Director of Juan Kuang (M) Industrial Berhad and 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.

Profile of the Board of Directors *(cont'd)*

DATO' ABDUL RAHMAN BIN HAJI ISMAIL

Independent Non-Executive Director
Malaysian

Dato' Abdul Rahman bin Haji Ismail, aged 74, 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 United U-LI Corporation Berhad and Celcom (M) 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, 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.

LIM KHENG CHYE

Executive Director
Malaysian

Lim Kheng Chye, aged 49, was appointed as a Director of the Company on 24 February 1994. He is a 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 a 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 Managing Director 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.

Profile of the Board of Directors *(cont'd)*

HAJI ABDUL RAZAK BIN DATO' DAWOOD

Independent Non-Executive Director
Malaysian

Haji Abdul Razak bin Dato' Dawood, aged 52, was appointed to the Board since 8 January 1996. 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 was also the Vice President and Chairman of Finance Committee of Malaysian Amateur Athletic Union.

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 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, 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.

Chairman s Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial period ended 31 January 2003.

FINANCIAL HIGHLIGHTS

On 28 October 2002, the Group announced a change in its financial year end from 30 September to 31 January.

The Group also under took a revaluation of its land & buildings to better reflect current market values.

For the 16 months financial period ended 31 January 2003, the Group recorded a turnover of RM89.2 million compared to RM88.0 million in 2001. On an annualised basis this represents a decline of 24%, mainly due to a decrease in sales in our Corrugated Carton Division as a result of lower selling prices of carton boxes. This decrease in Group sales was also due to the fire on 8 April 2002 which severely damaged our industrial bags producing factory in Chemor, Perak, affecting the turnover of our Industrial Bags Division. I am pleased to report however that this plant has been reconstructed and is scheduled to be fully operational within the next month.

The Group recorded a consolidated pre-tax loss of RM7.17 million, an improvement of 39% compared to financial year 2001. The improvement in pre-tax losses was due to the write-back of accumulated interest accrued of RM15.1 million, which the Company had previously been accruing on an amount owing to a related party.

The loss per share of the Group reduced from 30.0 sen to 14.9 sen whereas the net tangible asset backing per ordinary share improved from 54 sen to 121 sen due to the revaluation of our land and buildings.

DIVIDEND

The Directors of the Company do not recommend any dividend for the financial period ended 31 January 2003 in order to conserve the cash resources of the Group.

PROSPECTS

The Group is continuing its two prong strategies of reducing debt overhang and rejuvenating its core Corrugated Carton and Industrial Bags Divisions operations.

On 5 September 2002, we announced the sale of the Teluk Rubiah project via the disposal of our 90% stake in Tegas Consolidated Sdn Bhd to Naluri Bhd. However, this transaction had been mutually rescinded on 7 May 2003. We shall however continue our efforts to look at other alternatives and assess how best to use the value of the Teluk Rubiah project.

Our packaging business continues to show improvement in its financial performance, registering a profit before tax of RM1.6 million for the 16 months under review compared to RM1.416 million for the preceding 12 months. We are very much aware of the need to make this core business a profitable one. In this regard we are continuing our focus on enhancing our productivity and also relooking at how best to position ourselves in this competitive market.

The year ahead will be a challenging one but we will continue with our effort to create a better financial base for the Group.

ACKNOWLEDGMENT

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

Dato' Wan Malek bin Ibrahim
Chairman

30 May 2003

Corporate Governance Statement

Introduction

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

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles of the Code and the extent of compliance with the Best Practices of the Code during the 16-months financial period ended 31 January 2003.

BOARD OF DIRECTORS

Composition and Balance

The Board 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.

The directors bring a wide range of business, industrial and financial experience to lead the Company. Brief background descriptions of each Director are set out on pages 7 to 9.

On 13 September 2002, the Directors appointed Dato' Wan Malek bin Ibrahim as the Chairman of the Company and Dato' Lim Kheng Yew as the Managing Director of the Company. There is a clear division of responsibilities between the Chairman (Dato' Wan Malek bin Ibrahim) and the Managing Director (Dato' Lim Kheng Yew). The Chairman is primarily responsible for the working of the Board and to ensure that all relevant issues are on the agenda. The Managing Director is primarily responsible for the implementation of the policies and strategies adopted by the Board. The Executive Director is responsible for making and implementing operational decisions.

The non-Executive Directors play a supporting role to contribute knowledge and experience when formulating the strategic plans for and analyzing the strategic decisions 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 Board has appointed Dato' Abdul Rahman bin Hj Ismail as a Senior Independent Director to deal with concerns with regard to the Group.

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. Several Board Committees were established to help to lead and control the Company and its subsidiaries.

Corporate Governance Statement *(cont'd)*

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the 16 months financial period under review, seven (7) Board Meetings were held. The attendance of the Board members are as follows:

Name of Director	No. of Meeting Attended	Percentage
Dato' Wan Malek bin Ibrahim	6	86%
Dato' Abdul Rahman bin Haji Ismail	7	100%
Dato' Lim Kheng Yew	7	100%
Haji Abdul Razak bin Dato' Dawood	6	86%
Lim Kheng Chye	7	100%

Executive Committee

An Executive Committee was set up 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 the Managing Director, an Executive Director and the Head of Corporate Finance. The Executive Committee operates under clearly defined terms of references.

ESOS Committee

The Board set up an ESOS Committee on 13 July 1995 comprising Dato' Lim Kheng Yew, Dato' Abdul Rahman bin Hj Ismail and Lim Kheng Chye to administer 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 ESOS Committee is chaired by Dato' Abdul Rahman bin Haji Ismail.

Investment Committee

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 Investment Committee is chaired by Dato' Lim Kheng Yew.

Remuneration Committee

The Remuneration Committee comprises the following members:
Dato' Abdul Rahman bin Hj Ismail - Chairman, Independent Non-Executive Director
Dato' Wan Malek bin Ibrahim - member, Non-Executive Director
Hj Abdul Razak bin Dato' Dawood - member, Independent Non-Executive Director

Audit Committee

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

Corporate Governance Statement *(cont'd)*

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 corporate announcements released to the KLSE and any impending restrictions in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcements.

Directors have access to all information within the Company whether as full Board members 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 Remuneration Committee which also acts as the Nomination Committee is responsible for making recommendations to the Board and for assessing directors on an on-going basis. The Remuneration Committee annually reviews, the effectiveness of the Board as a whole, the committees of the Board and assesses the contribution of each individual Director.

At least one third of the Directors retire by rotation at each Annual General Meeting and all directors retire from office once at least every three (3) years in accordance with the Company's Articles of Association. The Managing Director shall also retire once in every three (3) years and be subject to re-election and re-appointment. In addition, Director who attains the age over 70 retires at every Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing policies and making recommendations to the Board on remuneration packages and benefits annually as extended to the Executive Directors. The Executive Directors do not participate in the decision making relating to their own remuneration.

Fees payable to Non-Executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting. The individuals concerned abstain 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.

Corporate Governance Statement *(cont'd)*

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

	Salary and other emoluments (RM)	Bonus (RM)	Fees (RM)	Meeting Allowance (RM)
Executive Directors	280,080	59,000	-	-
Non-Executive Directors	-	-	34,000	3,750

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-

SHAREHOLDERS

Dialogue between the Company and Investors

The Board and Management convey information about the Company's 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 shareholder until after the prescribed announcement to the KLSE has been made.

The Company maintains a website 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 remains the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with annual reports are sent out to shareholders at least 21 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. Members of the Board and the External Auditors are present to respond 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 for re-election. Items of special business included in the notice of the meeting are accompanied by an explanation to facilitate full understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Statement Of Directors' Responsibilities In Respect Of Audited Financial Statements

The Directors are legally required to prepare financial statement 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 flow of the Group and of the Company for the financial year then ended.

On 28 October 2002, the Company changed its financial year end from 30 September to 31 January.

In preparing the financial statements of the Group and the Company for the 16 months financial period ended 31 January 2003, the Directors have adopted appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured 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 the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent any fraud as well as any other irregularities.

Corporate Governance Statement *(cont'd)*

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 several systems of internal control covering financial control, operational and compliance controls and risk management. The Internal Audit Department reviews, appraises and monitors the effectiveness of the systems of internal controls within the Group. The Statement of Internal Control furnished on page 21 of the annual report provides an overview of the state of the internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the external auditors can be found in the Report on Audit Committee as set out on pages 18 to 20. 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

During the financial year under review:

- * the Company did not enter into any share buyback transaction.
- * no options were exercised and the Company did not issue any convertible Securities.
- * the Company did not sponsor any ADR or GDR programme.
- * there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.
- * non-audit fees paid to the external auditors during the 16 months financial period ended 31 January 2003 amounted to RM199,617.00
- * 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,
- * there were no profit guarantees given by the Company.
- * there were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year.
- * the Group has undertaken to revalue all its land and buildings every 5 years to reflect the current market value of assets in its accounts.

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 are:

1. To 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.

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 are invited to attend when appropriate. However, the Committee may invite any person to be in attendance to assist it in its deliberation.

Notices of meetings are sent to all members of the Committee and any other persons who may be required to attend.

Secretary

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

Quorum

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

Ten (10) Audit Committee Meetings were held during the 16 months financial period. The record of attendance of the Audit Committee members is as follows:

Name	No. of meetings attended
Dato' Abdul Rahman bin Haji Ismail	10
Haji Abdul Razak bin Dato' Dawood	7
Dato' Wan Malek bin Ibrahim (resigned on 8 October 2001)	1
Lim Kheng Chye	10

Audit Committee Report *(cont'd)*

Activities of the Audit Committee

During the financial period, the Audit Committee has reviewed the Group's quarterly financial results and year end financial statements before presenting to the Board of Directors for approval. At the Board Meetings, the Chairman of the Audit Committee briefed the Board on the significant accounting issues raised in respect of the financial statements and recommendations of the Audit Committee thereon.

Prior to the commencement of the audit of the Group Financial Statement, the Audit Committee reviewed the audit plan prepared by the External Auditors, Messrs Horwath Mok & Poon. The External Auditors also updated the Audit Committee on new developments of accounting standards issued by the Malaysian Accounting Standards Board that are applicable to the Company's financial statement for financial period ended 31 January 2003.

During the review of the Group's financial statement for financial period ended 31 January 2003, the representatives of the External Auditors were present to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.

During the review of the proposed disposal of 450,000 ordinary shares of RM1.00 each representing 90% of the total issued and paid up capital in Tegas Consolidated Sdn Bhd by Polypulp Enterprises Sdn Bhd, a wholly-owned subsidiary, to Naluri Berhad, the representatives of the Independent Adviser, PM Securities Sdn Bhd, were present to advise the Audit Committee on the pertinent issues in respect of the proposed disposal.

The Audit Committee also reviewed and discussed the internal audit reports incorporating the audit findings of the Strategic Business Units; the internal audit recommendations and Management's response.

Internal Audit Function

The Internal Audit Department of the Group is independent of the activities or operations of the operating units. The Internal Audit Department undertakes internal audit functions based on the internal audit plan and timetable that is reviewed and approved by the Audit Committee. During the financial period, the Internal Audit Department conducted compliance audits and internal control procedure review on all the Strategic Business Units of the Group. Audit reports which incorporated the audit findings, recommendations and Management's response were issued to and reviewed by the Audit Committee. The Head of Internal Audit Department attended the Audit Committee Meeting to table and discuss the audit reports and follow up on matters raised.

Statement on Internal Control

Introduction

The KLSE Listing Requirement requires Directors of listed companies to include a statement in the annual report on the state of internal control. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the 16 months financial period.

Board Responsibility

The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. The Board is responsible for determining the policies for risk and control whilst the Management is responsible for implementing the Board's policies on risk and control.

Due to the limitations that are inherent in the internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve the corporate objectives. These objectives include:

- * Safeguarding the shareholders' investment and the Group's assets.
- * Ensuring the achievement of operational objectives.
- * Ensuring compliance with regulatory requirements.
- * Identifying and managing risks affecting the Group.

Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Internal Control

The Heads of the Strategic Business Units are responsible for managing the risks of their respective units. The significant business risks faced by the Strategic Business Units are discussed regularly in the management meetings attended by the Executive Directors. The Board reviews this process with Management every quarter.

The Group employs a comprehensive budgeting and forecasting system. Each business unit submits a business plan annually. The results of the business units are reported monthly and variances are analysed against budget and acted on in a timely manner. Budgets are revised on a semi-annual basis, if necessary, after taking into account any significant changes to business risks.

The Board receives and reviews quarterly reports on the Group's business operations. The Board approves appropriate responses or amendments to the Group's policies.

Statement on Internal Control *(cont'd)*

The Board has put in place an organisational structure with clear defined lines of responsibilities and delegation of authority. Key responsibilities and duties are properly segregated. Training is provided to staff at all levels to ensure that they possess the necessary knowledge, skills, information and authority to implement effective action.

Internal Audit Function

The Company has already put in place several systems of internal controls covering financial control, operational and compliance controls and risk management. The Internal Audit Department reviews, appraises and monitors the effectiveness of the system of internal control within the Group.

The Group's Internal Audit Department, reporting to the Audit Committee, performs regular review of business processes to assess the effectiveness of internal controls and highlight significant risks impacting the Group. The Audit Committee, on behalf of the Board, reviews and holds discussions with Management on the action taken on internal control issues identified in reports prepared by the Internal Audit Department, the external auditors and Management.

Conclusion

The Board is of the opinion that the existing system of internal control is satisfactory. Notwithstanding this, reviews of all the control procedures are continuously carried out to ensure effectiveness and adequacy of system of internal controls in order to achieve the objectives identified above.

This Statement on Internal Control is made in accordance with the resolution of Board of Directors dated 19 May 2003.

Financial Statements

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Directors Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 1 October 2001 to 31 January 2003.

CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 30 September to 31 January to facilitate the efficiency in financial reporting and corporate administration within the Group.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation for the financial period	(8,903)	(8,877)
Minority interests	2,807	-
Loss attributable to shareholders	(6,096)	(8,877)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

- (a) there were no changes in the authorised and issued and paid-up capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of KYM Holdings Bhd. is governed by the By-Laws and approved by the shareholders at an 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. The option period was further 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 21 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of 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 misleading.

Directors Report

(cont'd)

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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 3(b) to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 42 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

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

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 and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 28 to the financial statements, the results of the operations of the Group and of the Company during the financial period 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 period 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 and of the Company for the financial period.

DIRECTORS

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

DATO' WAN MALEK BIN IBRAHIM
DATO' LIM KHENG YEW
LIM KHENG CHYE
HAJI ABDUL RAZAK BIN DATO' DAWOOD
DATO' ABDUL RAHMAN BIN HAJI ISMAIL

Pursuant to Article 103 of the Articles of Association of the Company, Dato' Lim Kheng Yew retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Dato' Abdul Rahman Bin Haji Ismail, who is over the age of seventy years old, retires at the forthcoming annual general meeting. A resolution is being proposed for his re-appointment as a director under Section 129(6) of the Act to hold office until the conclusion of the next annual general meeting of the Company.

Directors Report

(cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

THE COMPANY	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1.10.2001	BOUGHT	SOLD	AT 31.1.2003
DIRECT INTERESTS				
- DATO' LIM KHENG YEW	2,500,000	-	-	2,500,000
- LIM KHENG CHYE	210,000	-	-	210,000
INDIRECT INTERESTS				
- DATO' LIM KHENG YEW	4,415,557	-	-	4,415,557
- DATO' WAN MALEK BIN IBRAHIM	9,214,285	-	-	9,214,285

INTEREST IN OPTIONS IN THE COMPANY	NUMBER OF ORDINARY SHARES OF RM1.00 EACH UNDER OPTION			
	AT 1.10.2001	GRANTED	EXERCISED	AT 31.1.2003
DATO' LIM KHENG YEW				
Granted in 1999 at an option price of RM1.28 per share	500,000	-	-	500,000
LIM KHENG CHYE				
Granted in 1995 at an option price of RM3.11 per share	140,000	-	-	140,000

By virtue of their shareholdings in the Company, Dato' Lim Kheng Yew and Dato' Wan Malek Bin Ibrahim are deemed to have interests in shares in its related corporations during the financial period to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

None of the other directors holding office at the end of the financial period had any interest in shares in the Company and its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted to directors pursuant to the Employees' Share Option Scheme of the Company.

Directors Report

(cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events of the Group and of the Company during the financial period are disclosed in Note 45 to the financial statements.

SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

The significant event after the balance sheet date is disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath Mok & Poon, who are now practising as Messrs. Horwath with effect from 1 January 2003, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 19 MAY 2003**

Dato' Lim Kheng Yew

Lim Kheng Chye

Statement by Directors

We, Dato' Lim Kheng Yew and Lim Kheng Chye, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 31 to 73 are drawn up in accordance with of the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2003 and of their results and cash flows for the financial period ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION
OF THE DIRECTORS
DATED 19 MAY 2003

Dato' Lim Kheng Yew

Lim Kheng Chye

Statutory Declaration

I, Lim Kheng Chye, I/C No. 540521-08-5247, being the director primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 31 to 73 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Lim Kheng Chye, I/C No. 540521-08-5247,
at Kuala Lumpur in the Federal Territory
on this 19 MAY 2003

Lim Kheng Chye

Before me
RALPH KINNY FERNANDEZ
Commissioner for Oaths

Auditors Report

We have audited the financial statements set out on pages 31 to 73. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 31 January 2003 and their results and cash flows for the financial period ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

Our audit 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 Companies Act, 1965.

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

1. Note 3(b) to the financial statements which elaborates on the appropriateness of preparing the financial statements on a going concern basis on the assumption that the Group and the Company will continue to receive financial support from its shareholders, bankers and creditors, and that the proposed corporate restructuring exercises as disclosed in Note 44 to the financial statements will be successfully implemented. The financial statements of the Group and of 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; and
2. Note 6 to the financial statements which highlights the Group's carrying value of the investment in associate at RM56,303,000, whilst its corresponding market value is RM4,260,000 as at 31 January 2003. It is presently uncertain whether the diminution in the value of the investment is permanent. No allowance for diminution in value is made on the carrying value of the investment as the directors are of the opinion that the diminution is not permanent. Accordingly, the financial statements of the Group are not adjusted for the diminution in the value of the said investment.

Horwath Mok & Poon
Firm No: AF 0995
Chartered Accountants
Kuala Lumpur
19 May 2003

Mok Yuen Lok
Approval No: 1408/11/03 (J/PH)
Partner

Balance Sheets

at 31 January 2003

	NOTE	THE GROUP		THE COMPANY	
		31.1.2003 RM'000	30.9.2001 RM'000 (RESTATED)	31.1.2003 RM'000	30.9.2001 RM'000
ASSETS					
Investment in subsidiaries	5	-	-	34,490	34,490
Investment in associate	6	56,452	59,449	-	-
Land held for development	7	156,548	67,336	-	-
Property, plant and equipment	8	71,743	98,925	6,972	6,208
Intangible assets	9	3,612	3,610	-	-
Amount due by subsidiaries	10	-	-	139,249	130,016
		288,355	229,320	180,711	170,714
CURRENT ASSETS					
Development properties	11	1,628	1,097	-	-
Inventories	12	9,881	11,267	-	-
Trade receivables	13	14,611	20,817	-	-
Other receivables, deposits and prepayments	14	6,776	2,046	1,140	792
Amount owing by subsidiaries	10	-	-	4,801	16,345
Amount owing by a related party	15	13	308	-	-
Tax recoverable		232	381	-	339
Fixed deposits with licensed banks	16	914	644	829	509
Cash and bank balances		1,531	1,199	73	218
		35,586	37,759	6,843	18,203
CURRENT LIABILITIES					
Trade payables		8,253	7,044	-	-
Other payables and accruals	17	23,207	17,752	7,036	6,008
Provisions	18	94	-	-	-
Amount owing to subsidiaries	10	-	-	13,567	16,096
Amount owing to related parties	15	40,038	54,876	-	-
Hire purchase payables	19	883	2,325	-	93
Provision for taxation		644	212	-	-
Short term borrowings	20	11,120	29,892	-	-
		84,239	112,101	20,603	22,197
NET CURRENT LIABILITIES		(48,653)	(74,342)	(13,760)	(3,994)
		239,702	154,978	166,951	166,720

The annexed notes form an integral part of these financial statements.

Balance Sheets

at 31 January 2003 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		31.1.2003 RM'000	30.9.2001 RM'000 (RESTATED)	31.1.2003 RM'000	30.9.2001 RM'000
FINANCED BY:-					
Share capital	21	40,940	40,940	40,940	40,940
Share premium	22	57,270	57,270	57,270	57,270
Revaluation reserve	23	27,697	35	1,096	35
Accumulated losses		(72,625)	(72,568)	(68,271)	(59,394)
SHAREHOLDERS' EQUITY		53,282	25,677	31,035	38,851
MINORITY INTERESTS		17,007	7	-	-
LONG TERM AND DEFERRED LIABILITIES					
Hire purchase payables	19	39	1,292	-	-
Term loans	24	147,663	127,409	135,044	127,409
Deferred taxation	25	21,711	593	872	460
		239,702	154,978	166,951	166,720
NET TANGIBLE ASSETS PER SHARE (SEN)	26	121	54		

The annexed notes form an integral part of these financial statements.

Income Statements

for the financial period from 1 October 2001 to 31 January 2003

	NOTE	THE GROUP		THE COMPANY	
		1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000 (RESTATED)	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
TURNOVER	27	89,198	88,080	-	-
COST OF SALES		(81,978)	(76,198)	-	-
GROSS PROFIT		7,220	11,882	-	-
OTHER OPERATING INCOME	28	7,868	3,501	481	373
		15,088	15,383	481	373
ADMINISTRATIVE EXPENSES SELLING AND DISTRIBUTION EXPENSES		(6,879)	(5,447)	(1,126)	(777)
OTHER OPERATING EXPENSES	29	(4,551) (10,880)	(3,902) (7,929)	- (6,290)	- (22,776)
LOSS FROM OPERATIONS		(7,222)	(1,895)	(6,935)	(23,180)
FINANCE COSTS	30	2,674	(8,879)	(1,545)	(266)
SHARE OF LOSS OF ASSOCIATE		(2,625)	(1,026)	-	-
LOSS BEFORE TAXATION	31	(7,173)	(11,800)	(8,480)	(23,446)
TAXATION	33	(1,730)	(491)	(397)	-
LOSS AFTER TAXATION		(8,903)	(12,291)	(8,877)	(23,446)
MINORITY INTERESTS		2,807	8	-	-
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(6,096)	(12,283)	(8,877)	(23,446)
BASIC LOSS PER SHARE (SEN)	34	(14.9)	(30.0)		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial period from 1 October 2001 to 31 January 2003

THE GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
Balance at 1.10.2000 (as previously reported)		40,940	57,270	35	(61,854)	36,391
Prior year adjustment	35	-	-	-	1,569	1,569
Balance at 1.10.2000 (as restated)		40,940	57,270	35	(60,285)	37,960
Loss attributable to shareholders		-	-	-	(10,558)	(10,558)
Balance at 30.9.2001/1.10.2001		40,940	57,270	35	(70,843)	27,402
Prior year adjustment	35	-	-	-	(1,725)	(1,725)
Balance at 30.9.2001/1.10.2001 (as restated)		40,940	57,270	35	(72,568)	25,677
Net gains and losses not recognised in the income statements:-						
Revaluation surplus		-	-	53,458	-	53,458
Minority interests		-	-	(25,796)	-	(25,796)
				27,662	-	27,662
Loss attributable to shareholders		-	-	-	(6,096)	(6,096)
Minority interests - loss absorbed by the Group previously		-	-	-	6,039	6,039
Balance at 31.1.2003		40,940	57,270	27,697	(72,625)	53,282
THE COMPANY						
Balance at 1.10.2000		40,940	57,270	35	(35,948)	62,297
Loss attributable to shareholders		-	-	-	(23,446)	(23,446)
Balance at 30.9.2001/1.10.2001		40,940	57,270	35	(59,394)	38,851
Net gains and losses not recognised in the income statements:-						
- Revaluation surplus		-	-	1,061	-	1,061
Loss attributable to shareholders		-	-	-	(8,877)	(8,877)
Balance at 31.1.2003		40,940	57,270	1,096	(68,271)	31,035

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

for the financial period from 1 October 2001 to 31 January 2003

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000 (RESTATED)	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Loss before taxation	(7,173)	(11,800)	(8,480)	(23,446)
Adjustments for:-				
Allowance for diminution in value	-	-	-	4,000
Allowance for doubtful debts	465	533	-	18,169
Bad debts written off	25	38	-	-
Deposit written off	4	-	-	-
Depreciation of property, plant and equipment	9,576	8,873	785	606
Impairment loss on consolidated goodwill	-	1,725	-	-
Impairment loss on plant	-	500	-	-
Interest expense	10,962	8,777	18,203	12,478
Loss on disposal of a subsidiary	5,460	19	5,507	-
Loss on disposal of property, plant and equipment	-	977	-	-
Loss on disposal of quoted shares	900	-	-	-
Property, plant and equipment written off	2	304	-	-
Provision for liquidated and ascertained damages	94	-	-	-
Share of loss of associate	2,625	1,026	-	-
Deposit forfeited	(26)	-	-	-
Gain on disposal of property, plant and equipment	(448)	(1,644)	(3)	(3)
Interest income	(55)	(160)	(18,007)	(12,245)
(Reversal of)/Provision for foreseeable loss	(268)	728	-	-
Surplus of insurance claim on property, plant and equipment damaged by fire	(1,397)	-	-	-
Writeback of allowance for doubtful debts	(145)	(173)	-	-
Writeback of interest expense	(15,067)	-	-	-
Operating profit/(loss) before working capital changes	5,534	9,723	(1,995)	(441)
Decrease in inventories	1,386	6,588	-	-
Decrease/(Increase) in trade and other receivables	1,178	13,887	(406)	(52)
Increase/(Decrease) in trade and other payables	4,922	(4,486)	1,027	(6,215)
Decrease/(Increase) in net amount owing by related parties	294	(308)	-	-
CASH FROM/(FOR) OPERATIONS	13,314	25,404	(1,374)	(6,708)
Income tax paid	(546)	(291)	-	-
Interest paid	(6,929)	(4,900)	(4,228)	(50)
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	5,839	20,213	(5,602)	(6,758)

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001	1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001
		RM'000	RM'000	RM'000	RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		5,839	20,213	(5,602)	(6,758)
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposal of a subsidiary, net of cash disposed	36	6,358	26	6,358	-
Interest received		55	160	28	32
Insurance received		12,776	-	-	-
Proceeds from disposal of property, plant and equipment		476	7,751	4	4
Proceeds from disposal of quoted shares		2,020	-	-	-
Acquisition of a subsidiary, net of cash acquired	37	(2)	-	-	-
Expenses incurred in connection with disposal of investments		-	(59)	-	-
Land and development expenditure		(925)	(2,342)	-	-
Purchase of property, plant and equipment	38	(7,583)	(2,865)	(76)	(3)
Exercise of quoted warrants		(2,920)	-	-	-
NET CASH FROM INVESTING ACTIVITIES		10,255	2,671	6,314	33
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net repayment of bills payable		(7,031)	(14,410)	-	-
Repayment of hire purchase obligations		(3,116)	(2,387)	(93)	(167)
Drawdown of term loan		2,090	-	-	-
Repayment of term loans		(6,860)	(8,162)	(6,340)	(4,500)
Net repayment by subsidiaries		-	-	5,896	11,213
Repayment by/(Advance to) associate		116	(225)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(14,801)	(25,184)	(537)	6,546
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,293	(2,300)	175	(179)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		408	2,708	727	906
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	39	1,701	408	902	727

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF ACCOUNTING

(a) Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved accounting standards in Malaysia.

(b) Going Concern

The financial statements are prepared on a going concern basis, as the directors are of the opinion that the Group and the Company will continue to receive financial support from its shareholders, bankers and creditors to enable the Group and the Company to continue its operations and that the proposed corporate restructuring exercises of the Company as disclosed in Note 44 to the financial statements will be successfully implemented. Should any of the above underlying assumptions be negated or substantially altered, the basis of preparing the accompanying financial statements on a going concern may not be appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 January 2003.

A subsidiary is defined as a company in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments

The investments in subsidiaries and associate are held on a long-term basis and are stated at cost or revalued amount less allowance for diminution in value. Allowance for diminution in value is only made if the directors are of the opinion that the diminution is permanent. Such allowance is made when there is a decline, other than temporary, in the value of the investments and is recognised as an expense in the period in which the decline occurred.

On the disposal of the investment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

The surplus on the revaluation of the 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.

(c) Associates

An associate is one in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in the associate in the consolidated financial statements is accounted for under the equity method, based on the financial statements of the associate made up to 31 January 2003. The Group's share of post acquisition profits less losses of the associate is included in the consolidated income statement and the Group's interest in the associate 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 associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless the cost cannot be recovered.

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

(d) Land Held For Development

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

(e) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or revalued amount less accumulated depreciation or amortisation and impairment losses. Expenditure incurred in relation to the development of the chalets, golf course and golf course building are capitalised.

Freehold land is stated at cost or revalued amount and is not depreciated. Depreciation and amortisation are calculated under the straight-line method to write off the cost or revalued amount of the other assets over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, Plant and Equipment (cont'd)

Leasehold land	Over the lease period of 50 to 99 years
Buildings	2%
Plant and machinery and production accessories	6.7% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%
Chalets	2% - 10%
Golf course, club house, driving range and related development expenditure	2% - 10%
Golf equipment and accessories	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets till the date that the assets are completed and put into use.

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 assets with their recoverable amounts.

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

A subsequent increase in the recoverable amount of an asset is treated as a 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 its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the 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.

(f) Revaluation

Previously, certain freehold and leasehold land and buildings of the Company have not been revalued since they were first revalued in 1991. 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 were stated at their valuation less accumulated depreciation and impairment losses at the previous balance sheet date.

During the current financial period, the directors have adopted a policy of regular revaluation of the landed properties whereby the properties are revalued periodically, at least once in every five years. Surpluses arising from the revaluation of the properties are credited to a revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(e) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(h) Development Properties

Land held for development 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 comprise cost of land and related development expenditure incurred plus attributable profits less progress billings and foreseeable losses, if any.

Land is stated at cost. Development expenditure comprises construction and other related development costs and administrative overheads relating to the property development. Interest costs on borrowings taken to finance the relevant development projects are included in the development expenditure during the period of active development.

(i) Goodwill or Negative Goodwill On Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separable net assets of subsidiaries at the date of acquisition. Negative goodwill represents the excess of the Group's share of the fair values of the separable net assets of subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Goodwill is stated net of negative goodwill and is retained in the consolidated balance sheet. The carrying amount of goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of goodwill is taken to the consolidated income statement.

(j) 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.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, direct labour, other direct costs and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Provisions

(i) General Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(ii) Provision for Liquidated and Ascertained Damages

Liquidated and ascertained damages are compensation for late delivery of property in accordance with the respective sale and purchase agreements. Provision for liquidated and ascertained damages are recognised in the period in which the Group becomes legally or constructively committed to payment.

(o) Deferred Taxation

Deferred taxation is provided using the liability method on all material timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefit is only recognised when there is reasonable expectation of realisation in the foreseeable future.

(p) Revenue Recognition

(i) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Development Properties

Revenue on development of properties is recognised from the contracted sale of development properties based on the percentage of completion method unless the outcome of the development cannot be reliably determined, in which case revenue is only recognised to the extent of development costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

(iii) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue Recognition (cont'd)

(iv) Services

Revenue is recognised upon rendering of services.

(v) Resort Operations

Revenue from rental of rooms, sale of food and beverage, provision for recreational facilities and other related income are recognised as and when services are rendered/performed.

(vi) Recreational and Sports Operations

Revenue from provision of recreational and sport facilities are recognised as and when services are performed.

(vii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(viii) Rental Income

Rental income is recognised on an accrual basis.

(q) Foreign Currencies

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

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	31.1.2003	30.9.2001
	RM'000	RM'000
Unquoted shares:		
- at cost	37,997	37,997
- surplus on revaluation of investment in a subsidiary	493	493
	<hr/>	<hr/>
	38,490	38,490
Allowance for diminution in value	(4,000)	(4,000)
	<hr/>	<hr/>
	34,490	34,490
	<hr/>	<hr/>

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Effective Equity Interest		Principal Activities
	31.1.2003	30.9.2001	
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Anabatic Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment
KYM Industries (Penang) Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant
Teguh Amalgamated Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment
KCP Carton Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Panorama Industries Sdn. Bhd. ⁽²⁾	100%	100%	Property investment
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant
PPI Bags Sdn. Bhd.	100%	100%	Manufacturing and sale of industrial woven bags
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes
KYM Senai Sdn. Bhd.	-	100%	Dormant
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding
Tegas Consolidated Sdn. Bhd. * ⁽³⁾	90%	90%	Investment holding
Harta Makmur Sdn. Bhd. ⁽⁴⁾	54%	54%	Property investment and development
Teluk Rubiah Resorts Sdn. Bhd. ⁽⁵⁾	54%	54%	Resort operator
Teluk Rubiah Country Club Sdn. Bhd. ⁽⁵⁾	54%	54%	Provide recreational and sport facilities including a golf course
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding
Eco Ribuan Sdn. Bhd.	100%	100%	Investment holding

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Company	Effective Equity Interest		Principal Activities
	31.1.2003	30.9.2001	
Merit Wisdom Sdn. Bhd. ⁽⁶⁾	100%	-	Investment holding
KYM Properties Sdn. Bhd.	100%	100%	Property management
KYM Built Sdn. Bhd. ⁽⁷⁾	100%	100%	General construction
KYM Development (Perak) Sdn. Bhd. * ⁽⁷⁾	100%	100%	Property development
KYM Leisure Sdn. Bhd. ⁽⁷⁾	100%	100%	Dormant
KYM Maserba Sdn. Bhd. ⁽⁸⁾	100%	100%	Dormant
KMG Assets Sdn. Bhd.	100%	100%	Providing management services
KYM Industries (Ipoh) Sdn. Bhd.	100%	100%	Dormant
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags
Ireson Perniagaan Sdn. Bhd.	100%	100%	Property investment
KYM 2000 Sdn. Bhd.	100%	100%	Dormant

* - The unquoted shares have been pledged to licensed banks as security for banking facilities granted to the Company.

⁽¹⁾ - Interest held by KYM Industries (M) Sdn. Bhd.

⁽²⁾ - Interest held by KYM Industries (Johor) Sdn. Bhd.

⁽³⁾ - Interest held by Polypulp Enterprises Sdn. Bhd.

⁽⁴⁾ - Interest held by Tegas Consolidated Sdn. Bhd.

⁽⁵⁾ - Interest held by Harta Makmur Sdn. Bhd.

⁽⁶⁾ - Interest held by Eco Ribuan Sdn. Bhd.

⁽⁷⁾ - Interest held by KYM Properties Sdn. Bhd.

⁽⁸⁾ - Interest held by KYM Leisure Sdn. Bhd.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

6. INVESTMENT IN ASSOCIATE

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
At Cost:-		
Shares quoted in Malaysia	60,314	60,314
Warrants quoted in Malaysia	4,719	4,719
	65,033	65,033
Share of post-acquisition reserves	(8,730)	(5,849)
	56,303	59,184
Amount owing by associate	149	265
	56,452	59,449
The Group's interest in associate is as follows:-		
Share of net tangible assets	10,301	13,182
Premium on acquisition	46,002	46,002
	56,303	59,184
At Market Value:-		
Shares quoted in Malaysia	4,088	6,541
Warrants quoted in Malaysia	172	788
	4,260	7,329

No allowance for diminution in value is made on the carrying value of the investment as the directors are of the opinion that the diminution is not permanent and the investment is intended to be held for long term purposes.

The quoted shares have been pledged to certain licensed banks and a third party as security for banking facilities and borrowings granted to the Company and a subsidiary respectively.

The amount owing by associate is unsecured, interest-free and is not subject to fixed terms of repayment.

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	31.1.2003	30.9.2001	
Juang Kuang (M) Industrial Berhad *	22.0%	23.3%	Manufacture of wiring harness and wholesale supplier of electrical products and accessories for vehicles and automotive accessories.

* - Interest held by Eco Ribuan Sdn. Bhd. and Merit Wisdom Sdn. Bhd.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

7. LAND HELD FOR DEVELOPMENT THE GROUP

	31.1.2003 RM'000	30.9.2001 RM'000 (Restated)
Long leasehold land held for development:		
- at cost	-	16,587
- at valuation	97,423	-
Development expenditure:		
- at cost	-	50,749
- at valuation	59,125	-
	156,548	67,336

Interest expense of RM9,579,000 (30.9.2001 - RM7,644,000) had been capitalised under land held for development during the financial period prior to the revaluation as disclosed below.

Included in land held for development is long leasehold land of RM97,423,000 (30.9.2001 - RM16,587,000) pledged to financial institutions for credit facilities granted to the Company. A lienholder's caveat over the long leasehold land has been granted to the financial institutions.

The land held for development was revalued by the directors on the open market basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred tax of the Group amounting to RM18,389,000 has been provided for in the financial statements.

The details of the professional valuer are as follows:-

Name of firm	:	Vigers (KL) Sdn. Bhd.
Name of valuer	:	James Wong Kwong Onn
Qualification	:	MIS (M), BA (Hons)

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	FREEHOLD LEASEHOLD		BUILDINGS	PLANT AND MACHINERY				TOTAL
	LAND	LAND		CAPITAL	AND	MOTOR	OTHER	
	RM'000	RM'000	RM'000	WORK-IN-PROGRESS	PRODUCTION ACCESSORIES	VEHICLES	ASSETS *	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value at 1.10.2001	2,984	16,483	17,301	-	29,596	664	31,897	98,925
Additions	-	-	-	2,924	6,591	8	509	10,032
Disposals	-	-	-	-	(14)	(6)	(8)	(28)
Disposal of a subsidiary	-	(11,819)	-	-	-	-	-	(11,819)
Depreciation charge for the financial period	-	(86)	(528)	-	(5,223)	(522)	(3,217)	(9,576)
Written off	-	-	(1,753)	-	(9,587)	-	(41)	(11,381)
Revaluation surplus	47	5,490	3,021	-	-	-	126	8,684
Revaluation deficit	-	-	-	-	-	-	(2,789)	(2,789)
Reclassification	894	(92)	(894)	-	-	-	92	-
Transfer to land held for development	-	-	-	-	-	-	(10,305)	(10,305)
Net book value at 31.1.2003	3,925	9,976	17,147	2,924	21,363	144	16,264	71,743

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE GROUP	FREEHOLD	LEASEHOLD	BUILDINGS	CAPITAL	PLANT AND	MOTOR	OTHER	TOTAL
	LAND	LAND		WORK-IN-	MACHINERY			
	RM'000	RM'000	RM'000	PROGRESS	PRODUCTION	VEHICLES	ASSETS *	RM'000
				RM'000	ACCESSORIES	RM'000	RM'000	RM'000
At 31.1.2003								
Cost	-	-	-	2,924	52,133	3,044	9,430	67,531
Valuation	3,925	9,976	17,147	-	-	-	13,982	45,030
Accumulated depreciation	-	-	-	-	(30,770)	(2,900)	(7,148)	(40,818)
Net book value	3,925	9,976	17,147	2,924	21,363	144	16,264	71,743
At 30.9.2001								
Cost	2,624	15,078	17,206	-	61,077	3,249	41,512	140,746
Valuation	360	1,991	3,927	-	-	-	-	6,278
Accumulated depreciation	-	(586)	(3,832)	-	(31,481)	(2,585)	(9,615)	(48,099)
Net book value	2,984	16,483	17,301	-	29,596	664	31,897	98,925

* - The analysis of the other assets is set out below.

THE GROUP	OFFICE	CHALETS	GOLF COURSE,	GOLF	TOTAL
	EQUIPMENT, FURNITURE AND FITTINGS, RENOVATION AND ELECTRICAL INSTALLATION		CLUB HOUSE, DRIVING RANGE AND RELATED DEVELOPMENT EXPENDITURE		
	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value at 1.10.2001	2,712	8,660	20,470	55	31,897
Additions	467	34	-	8	509
Disposals	(8)	-	-	-	(8)
Depreciation charge for the financial period	(972)	(377)	(1,837)	(31)	(3,217)
Written off	(41)	-	-	-	(41)
Revaluation surplus	-	-	126	-	126
Revaluation deficit	-	(2,789)	-	-	(2,789)
Reclassification	92	-	-	-	92
Transfer to land held for development	-	(1,913)	(8,392)	-	(10,305)
Net book value at 31.1.2003	2,250	3,615	10,367	32	16,264
At 31.1.2003					
Cost	8,031	-	-	1,399	9,430
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(5,781)	-	-	(1,367)	(7,148)
Net book value	2,250	3,615	10,367	32	16,264
At 30.9.2001					
Cost	7,593	9,216	23,227	1,476	41,512
Accumulated depreciation	(4,881)	(556)	(2,757)	(1,421)	(9,615)
Net book value	2,712	8,660	20,470	55	31,897

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE COMPANY	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	OFFICE EQUIPMENT AND FURNITURE FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Net book value at 1.10.2001	360	531	4,531	263	523	6,208
Additions	-	-	-	71	5	76
Depreciation charge for the financial period	-	(18)	(154)	(131)	(482)	(785)
Revaluation	-	787	686	-	-	1,473
Net book value at 31.1.2003	360	1,300	5,063	203	46	6,972
At 31.1.2003						
Cost	-	-	-	674	2,327	3,001
Valuation	360	1,300	5,063	-	-	6,723
Accumulated depreciation	-	-	-	(471)	(2,281)	(2,752)
Net book value	360	1,300	5,063	203	46	6,972
At 30.9.2001						
Cost	-	-	2,974	603	2,322	5,899
Valuation	360	610	2,794	-	-	3,764
Accumulated depreciation	-	(79)	(1,237)	(340)	(1,799)	(3,455)
Net book value	360	531	4,531	263	523	6,208

The freehold land, leasehold land, buildings, chalets, golf course, club house and driving range of the Group were revalued by the directors on the open market value basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred taxation of the Group and of the Company amounting to RM2,384,000 and RM412,000 respectively have been provided for in the financial statements.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of the professional valuers are as follows:-

YEAR OF VALUATION	DESCRIPTION OF PROPERTY	REVALUED AMOUNT RM'000	NAME OF FIRM	NAME OF VALUER	QUALIFICATION
31.1.2003	FREEHOLD LAND AND BUILDING IN JOHOR	494	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,883	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,730	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,800	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	FREEHOLD LAND AND BUILDING IN KUALA LUMPUR	6,200	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS(M)
31.1.2003	LONG LEASEHOLD LAND AND BUILDING IN BERANANG	4,700	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS(M)
31.1.2003	LONG LEASEHOLD LAND AND BUILDING IN BERANANG	7,500	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS(M)
31.1.2003	LONG LEASEHOLD LAND IN IPOH	741	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS(M)
31.1.2003	CHALETS, GOLF COURSE, CLUB HOUSE AND DRIVING RANGE IN TELUK RUBIAH	13,982	VIGERS (KL) SDN. BHD.	JAMES WONG KWONG ONN	MIS(M), BA(HONS)
		45,030			

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Had the revalued property been carried at cost less accumulated depreciation, the net book value of the following property that would have included in the financial statements is as follows:-

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Freehold land	2,977	2,977	352	352
Leasehold land	15,181	15,249	275	284
Buildings	14,073	16,303	3,617	3,740
	32,231	34,529	4,244	4,376

Included in leasehold land is short leasehold land with net book value (at valuation) of RM3,900,000 (30.9.2001 - RM2,022,000).

The titles to certain leasehold land of certain subsidiaries with a net book value of RM5,335,000 (30.9.2001 - RM2,102,000) have yet to be issued by the relevant authorities.

Included in the net book value of property, plant and equipment at the balance sheet date are the following property and plant pledged to financial institutions as security for banking facilities granted to the Company and certain subsidiaries:-

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Freehold land	3,565	2,624
Leasehold land	2,715	12,319
Buildings	7,020	4,479
	13,300	19,422

Included in the net book value of property, plant and equipment at the balance sheet date are the following plant and equipment acquired under hire purchase terms:-

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Plant and machinery and production accessories	9,760	9,731
Motor vehicles	48	71
	9,808	9,802

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the property, plant and equipment are the following fully depreciated property, plant and equipment which are still in use:-

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
At cost:-				
Building	52	52	-	-
Plant and machinery and production accessories	6,124	5,666	-	-
Office equipment, furniture and fittings and motor vehicles	4,157	2,420	1,128	397
Other assets	1,313	1,308	-	-
	11,646	9,446	1,128	397

9. INTANGIBLE ASSETS

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000 (Restated)
Goodwill on consolidation	6,394	6,392
Impairment loss (Note 35)	(1,725)	(1,725)
	4,669	4,667
Reserve on consolidation	(1,057)	(1,057)
	3,612	3,610

10. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	163,949	154,716
Allowance for doubtful debt		
At 1 October 2001/2000	(24,700)	(12,600)
Addition during the financial year	-	(12,100)
	(24,700)	(24,700)
	139,249	130,016

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

10. AMOUNT OWING BY SUBSIDIARIES (cont'd)

The non-current amounts owing are unsecured, bear interest at rates ranging from 6.1% to 9.0% (30.9.2001 - 6.1% to 9.3%) per annum and are not subject to fixed terms of repayment. The amounts owing are not expected to be repaid within twelve months after the balance sheet date.

	THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000
CURRENT:-		
Amount owing by subsidiaries	35,101	46,645
Allowance for doubtful debts		
At 1 October 2001/2000	(30,300)	(24,400)
Addition during the financial year	-	(9,100)
Writeback during the financial year	-	3,200
	(30,300)	(30,300)
	4,801	16,345
CURRENT:-		
Amount owing to subsidiaries	13,567	16,096

The current amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

11. DEVELOPMENT PROPERTIES

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Long leasehold land	866	1,021
Development expenditure	7,342	4,185
Total costs incurred	8,208	5,206
Attributable losses	(1,002)	(3)
Provision for foreseeable losses	(459)	(728)
	6,747	4,475
Progress billings	(5,119)	(3,378)
	1,628	1,097

Included in development properties is an interest expense of RM331,000 (30.9.2001 - RM470,000) capitalised during the financial period.

Included in development properties is long leasehold land of RM867,000 (30.9.2001 - RM1,021,000) pledged to financial institutions for credit facilities granted to the Company.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

12. INVENTORIES

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
At cost:		
Raw materials	8,074	8,356
Goods-in-transit	158	-
	8,232	8,356
Work-in-progress	734	1,124
Finished goods	906	1,772
Others	9	15
	9,881	11,267

None of the inventories is stated at net realisable value.

13. TRADE RECEIVABLES

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Trade receivables	19,835	28,452
Allowance for doubtful debts		
At 1 October 2001/2000	(7,635)	(7,905)
Addition during the financial period/year	(459)	(298)
Writeback during the financial period/year	145	173
Writeoff during the financial period/year	2,725	395
	(5,224)	(7,635)
	14,611	20,817

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Other receivables, deposits and prepayments	6,782	2,307	1,140	961
Allowance for doubtful debts				
At 1 October 2001/2000	(261)	(212)	(169)	-
Addition during the financial period/year	(6)	(235)	-	(169)
Written off during the financial period/year	261	186	169	-
	(6)	(261)	-	(169)
	6,776	2,046	1,140	792

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

15. AMOUNT OWING BY/(TO) RELATED PARTIES

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Amount owing by a related party *	13	308
Amount owing to related parties **	40,038	54,876

* - The related party, Juan Kuang (K.Lumpur) Electric Sdn. Bhd. is a subsidiary of Juan Kuang (M) Industrial Berhad which is an associate of the Company. The amount owing is trade in nature.

** - Included in the non-trade amount owing to related parties is an amount of RM40,038,000 (30.9.2001 - RM54,875,000) due to Naluri Berhad (Special Administrators appointed), a company in which Dato' Lim Kheng Yew and Dato' Wan Malek Bin Ibrahim, are also directors. The said amount is in respect of the acquisition of quoted shares in the associate. The amount is unsecured, interest-free (30.9.2001 - 7.40% to 7.80% per annum) and is not subject to fixed terms of repayment.

16. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group is an amount of RM13,000 (30.9.2001 - RM7,000) pledged to licensed banks for banking facilities granted to certain subsidiaries.

17. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Accrued interest	84	458	-	-
Advances received from third parties	14,805	11,120	5,280	5,280
Amount payable for the purchase of plant and equipment	2,028	-	-	-
Others	6,290	6,174	1,756	728
	23,207	17,752	7,036	6,008

Included in advances received from third parties of the Group is an amount of RM5,840,000 (30.9.2001 - RM5,840,000) due to a third party which is secured by way of a pledge of the Group's quoted shares in the associate. The said amount carries interest at 3.0% (30.9.2001 - 3.0%) per annum and is not subject to fixed terms of repayment.

18. PROVISIONS

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Provision for liquidated and ascertained damages	94	-

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

19. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Minimum hire purchase payments:-				
- not later than one year	1,026	3,215	-	121
- later than one year and not later than five years	41	1,869	-	-
	1,067	5,084	-	121
Future finance charges	(145)	(1,467)	-	(28)
	922	3,617	-	93
Present value of hire purchase liabilities				
Current:				
- not later than one year	883	2,325	-	93
Non-current:				
- later than one year and not later than five years	39	1,292	-	-
	922	3,617	-	93

20. SHORT TERM BORROWINGS

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Secured:-		
Bank overdrafts (Note 39)	744	1,435
Bills payable	8,967	15,999
Revolving credit	-	12,458
Term loans (Note 24)	1,409	-
	11,120	29,892

The bank overdrafts and bills payable bear interest at rates ranging between 1.25% to 2% (30.9.2001 - 1.25% to 1.5%) per annum above the banks' base lending rates/cost of funds and are secured as follows:-

- (i) by way of legal charges over a piece of long leasehold land and buildings of a subsidiary;
- (ii) by a debenture incorporating fixed and floating charges over the assets of certain subsidiaries; and
- (iii) by a corporate guarantee from the Company.

During the financial period, the revolving credit was converted into a term loan as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

21. SHARE CAPITAL

ORDINARY SHARES OF RM1 EACH:-	THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000
AUTHORISED	1,000,000	1,000,000
ISSUED AND FULLY PAID-UP	40,940	40,940

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 RM1.00 EACH UNDER ESOS	OPTION PRICE RM	
(i) Granted in 1995 At 1 October 2001/31 January 2003	227,000	3.11
(ii) Granted in 1996 At 1 October 2001/31 January 2003	2,000	4.55
(iii) Granted in 1997 At 1 October 2001/31 January 2003	50,000	1.03
(iv) Granted in 1998 At 1 October 2001/31 January 2003	22,000	1.00
(v) Granted in 1999 At 1 October 2001/31 January 2003	661,000	1.28
(vi) Granted in 2000 At 1 October 2001/31 January 2003	106,000	3.38
Total ESOS not exercised as at 31 January 2003	1,068,000	

22. SHARE PREMIUM

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

23. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
At 1 October 2001/2000	35	35	35	35
Addition during the financial period	27,662	-	1,061	-
	27,697	35	1,096	35

The revaluation reserve represents the surplus arising from the revaluation of the properties, land held for development, chalets and golf course and is not distributable by way of dividends.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

24. TERM LOANS

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Current portion: - repayable within one year (Note 20)	1,409	-	-	-
Non-current portion:- - repayable between one and two years	137,869	127,409	135,044	127,409
- repayable between two and five years	9,794	-	-	-
Total non-current portion	147,663	127,409	135,044	127,409
	149,072	127,409	135,044	127,409

Details of the repayment terms of the term loans are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP		THE COMPANY	
				31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
1	-	-	None *	19,709	15,901	19,709	15,901
2	-	-	None *	5,300	12,820	5,300	12,820
3	-	-	None *	110,035	98,688	110,035	98,688
4	12	125,000	July 2002	12,098	-	-	-
	12	200,000	July 2003				
	12	325,000	July 2004				
5	60	43,183	August 2002	1,930	-	-	-
				149,072	127,409	135,044	127,409

* - The term loans are repayable by way of a bullet payment within 24 months from the date of the facility agreements.

The term loans 1, 2 and 3 bear interest at 2.5% (30.9.2001 - 2.5%) per annum above the financial institutions' base lending rates/cost of funds and are secured as follows:-

- (i) by way of legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;
- (ii) by a debenture incorporating fixed and floating charges over the assets of the Company and certain subsidiaries; and
- (iii) by a pledge over third parties' quoted shares of the Company;
- (iv) by a pledge over the quoted shares of the investment in associate;
- (v) by a pledge over the unquoted shares of the investment in certain subsidiaries; and
- (vi) by an assignment over the Sales Proceeds Account of the Company which is created to capture all proceeds from the sale of the assets, investments and capital calls i.e. rights and special issue.

The term loans 4 and 5 bear interest at 2% (30.9.2001 - Nil) per annum above the financial institutions' base lending rates and are secured in the same manner as the bank overdrafts and bills payable disclosed in Note 20 to the financial statements.

The term loan 4 arose from the conversion of the revolving credit during the financial period.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

25. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
At 1 October 2001/2000	593	597	460	460
Deferred tax relating to revaluation of property and land held for development, chalet and golf course	20,773	-	412	-
Transferred from/(to) income statements (Note 33)	345	(4)	-	-
	21,711	593	872	460

The potential deferred tax benefits, arising from timing differences, that have not been accounted for in the financial statements are as follows:-

THE GROUP	UNUTILISED TAX LOSSES	UNABSORBED CAPITAL ALLOWANCES	EXCESS OF CAPITAL ALLOWANCES OVER DEPRECIATION	OTHERS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.10.2000	6,765	5,422	(3,707)	173	8,653
Arising during the financial year	1,299	291	(1)	323	1,912
Reversal during the financial year	(16)	(1,821)	1,155	-	(682)
At 30.9.2001/1.10.2001	8,048	3,892	(2,553)	496	9,883
Arising during the financial year	594	847	(360)	54	1,135
Reversal during the financial period	(264)	(418)	-	-	(682)
At 31.1.2003	8,378	4,321	(2,913)	550	10,336

THE COMPANY	UNUTILISED TAX LOSSES	UNABSORBED CAPITAL ALLOWANCES	EXCESS OF CAPITAL ALLOWANCES OVER DEPRECIATION	TOTAL
	RM'000	RM'000	RM'000	RM'000
At 1.10.2000	381	168	(422)	127
Arising during the financial year	166	33	-	199
Reversal during the financial year	-	-	98	98
At 30.9.2001/1.10.2001	547	201	(324)	424
Arising during the financial period	250	38	(8)	280
At 31.1.2003	797	239	(332)	704

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

26. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated based on the net tangible assets value divided by the number of ordinary shares in issue at the balance sheet date. The details are as follows:-

	THE GROUP	
	31.1.2003	30.9.2001
Net assets (RM'000)	53,282	25,677
Less: Intangible assets (RM'000)	(3,612)	(3,610)
	49,670	22,067
Number of ordinary shares in issue (000)	40,940	40,940
Net tangible assets per share (sen)	121	54

27. TURNOVER

Turnover of the Group and of the Company comprise the following:-

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Sale of goods	84,931	82,884	-	-
Sale of development properties and contract revenue	2,354	3,961	-	-
Others	1,913	1,235	-	-
	89,198	88,080	-	-

Sale of goods represents the invoiced value of goods sold less trade discounts and returns.

Sale of development properties represents the proportionate sale value of sold development properties attributable to work performed whilst contract revenue represents the proportionate contract value attributable to work performed.

Others represents the invoiced value of services rendered and goods sold less discounts.

The disposal and acquisition of subsidiaries during the financial period have no effect on the turnover of the Group.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

28. OTHER OPERATING INCOME

Included in other operating income of the Group are the following items:-

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Insurance claim on damaged inventories and consequential loss	5,302	-	-	-
Surplus of insurance claim on property, plant and equipment damaged by fire*	1,397	-	-	-

* - The insurance claim recognised on property and equipment damaged by fire amounted to RM12,776,000 (30.9.2001-Nil)

29. OTHER OPERATING EXPENSES

Included in other operating expenses of the Group and of the Company are the following items:-

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Allowance for diminution in value	-	-	-	4,000
Allowance for doubtful debts	465	533	-	18,169
Depreciation of property, plant and equipment	4,024	3,819	785	606
Impairment loss on consolidated goodwill	-	1,725	-	-
Impairment loss on plant	-	500	-	-
Loss on disposal of a subsidiary	5,460	19	5,507	-
Loss on disposal of property, plant and equipment	-	977	-	-
Loss on disposal of quoted shares	900	-	-	-
Property, plant and equipment written off	2	304	-	-

30. FINANCE COSTS

Finance costs of the Group and of the Company comprise the following:-

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Interest expense	(10,962)	(8,777)	(18,203)	(12,478)
Upfront fee	(1,320)	-	(1,320)	-
Interest income receivable from subsidiaries	-	-	17,979	12,213
Writeback of interest expense	15,067	-	-	-

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

31. LOSS BEFORE TAXATION

In addition to those disclosed in Notes 28, 29 and 30 to the financial statements, loss before taxation is arrived at after charging/(crediting) the following:-

	NOTE	THE GROUP		THE COMPANY	
		1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001	1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001
		RM'000	RM'000	RM'000	RM'000
Audit fee		87	103	11	13
Bad debts written off		25	38	-	-
Deposit written off		4	-	-	-
Depreciation of property, plant and equipment		9,576	8,873	785	606
Directors' fee	32	34	40	34	40
Directors' non-fee emoluments	32	1,015	678	310	207
Interest expense:					
- advance		-	2,080	-	-
- bills payable		946	1,221	-	-
- hire purchase		1,332	943	28	50
- overdraft		116	208	-	-
- term loan		8,365	4,325	18,175	12,428
- others		203	-	-	-
Loss on foreign exchange - realised		4	4	-	-
Preliminary expenses written off		-	2	-	-
Rental		668	441	576	432
Staff costs		16,753	12,790	-	-
Deposit forfeited		(26)	-	-	-
Interest income		(55)	(160)	(18,007)	(12,245)
Gain on disposal of property, plant and equipment		(150)	(1,644)	(3)	(3)
Rental income		(271)	(10)	(451)	(338)
Writeback of allowance for doubtful debts		(145)	(173)	-	-

32. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001	1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Executive:				
- Salaries and other emoluments	280	260	256	186
- Bonus	59	22	54	21
- Fee	-	6	-	6
	339	288	310	213
- Non-Executive:				
- Fee	34	34	34	34
	373	322	344	247

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

32. DIRECTORS' REMUNERATION (cont'd)

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Directors of the subsidiaries:				
- Executive:				
- Salaries and other emoluments	580	364	-	-
- Bonus	96	32	-	-
	676	396	-	-
Total	1,049	718	344	247

The number of directors of the Company whose total remuneration during the financial period in bands of RM50,000 are as follows:-

	THE COMPANY	
	1.10.2001 to 31.1.2003	1.10.2000 to 30.9.2001
Executive directors:		
- Below RM50,000	1	1
- RM50,001 - RM100,000	-	1
- RM200,001 - RM250,000	-	1
- RM300,001 - RM350,000	1	-
	2	3
Non-Executive directors:		
- Below RM50,000	3	3
	5	6

33. TAXATION

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Income tax for the financial period/year	(651)	(105)	-	-
Deferred taxation (Note 25)	(345)	4	-	-
	(996)	(101)	-	-
Underprovision in previous financial years	(478)	(77)	(397)	-
Share of taxation in associate	(256)	(313)	-	-
	(1,730)	(491)	(397)	-

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

33. TAXATION (cont'd)

The current financial period's taxation of the Group relates to taxation for certain subsidiaries. There is a tax charge for the Group despite the loss as no group tax relief is available in Malaysia.

Subject to agreement with the tax authorities, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM2,838,000 (30.9.2001 - RM1,953,000) and RM854,000 (30.9.2001 - RM719,000) respectively available at the balance sheet date to be carried forward for offset against future taxable business income.

34. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period. The computation is as follows:-

	THE GROUP	
	31.1.2003	30.9.2001 (Restated)
Loss attributable to shareholders (RM'000)	(6,096)	(12,283)
Weighted average number of ordinary shares in issue (000)	40,940	40,940
Basic loss per share (sen)	(14.9)	(30.0)

The fully diluted loss per share for the Group is not presented as the assumed conversion from the exercise of the share options under the ESOS during the financial period would be anti-dilutive.

35. PRIOR YEAR ADJUSTMENTS

The prior year adjustments are in respect of:-

	THE GROUP RM'000
(i) Understatement of the gain on disposal of a freehold land by a subsidiary, KYM Development (Perak) Sdn. Bhd., during the financial year ended 30 September 2000	1,569
(ii) Overstatement of goodwill on consolidation due to the non-adjustment on impairment loss during the financial year ended 30 September 2001	(1,725)
	(156)

The comparative figures of the Group have been restated accordingly.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

35. PRIOR YEAR ADJUSTMENTS (cont'd)

The effects of the correction of the fundamental errors are as follows:-

	AS PREVIOUSLY REPORTED RM'000	FUNDAMENTAL ERRORS RM'000	AS RESTATE D RM'000
THE GROUP			
Land held for development: - cost	65,767	1,569	67,336
Intangible assets	5,335	(1,725)	3,610
Loss attributable to shareholders for the financial year ended 30 September 2001	(10,558)	(1,725)	(12,283)
Accumulated losses at 30 September 2000	(61,854)	1,569	(60,285)
Accumulated losses at 30 September 2001	(72,412)	(156)	(72,568)

36. DISPOSAL OF A SUBSIDIARY

A subsidiary, KYM Senai Sdn. Bhd., was disposed of on 8 August 2002 for a cash consideration of RM6,528,773. In addition, the Company waived RM11,864,911 of the advance made to KYM Senai Sdn. Bhd.

The effect of the disposal of the subsidiary on the financial results of the Group during the financial period is as follows:-

	THE GROUP	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Turnover	-	-
Less: Operating expenses	(8)	(14)
Decrease in the net loss of the Group	(8)	(14)

The effect of the disposal of the subsidiary on the financial position of the Group at the end of the financial period is as follows:-

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Property and equipment	11,819	12,696
Other payables and accruals	(11,866)	(12,748)
Decrease in net assets of the Group	(47)	(52)

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

36. DISPOSAL OF A SUBSIDIARY (cont'd)

The details of net liabilities disposed and cash flow arising from the disposal of the subsidiary are as follows:-

	THE GROUP		THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Property and equipment	11,819	877		
Other payables and accruals	(11,866)	(891)		
Group's share of net liabilities disposed	(47)	(14)		
(Loss)/Gain on disposal	(5,460)	40		
Amount written off	11,865	-		
Net cash inflow on disposal of the subsidiary/sale consideration	6,358	26	6,358	-

37. ACQUISITION OF A SUBSIDIARY

During the current financial period, a subsidiary of the Company, Eco Ribuan Sdn. Bhd., paid RM2,000 in cash to subscribe for the entire equity interest in Merit Wisdom Sdn. Bhd.

The effect of the acquisition of the subsidiary on the financial results of the Group during the financial period is as follows:-

	THE GROUP	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Turnover	-	-
Less: Operating expenses	(8)	-
Increase in the net loss of the Group	(8)	-

The effect of the acquisition of the subsidiary on the financial position of the Group at the end of the financial period is as follows:-

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Investment in associate	5,840	-
Intangible assets	2	-
Cash and bank balances	2	-
Other payables and accruals	(5,850)	-
Decrease in net assets of the Group	(6)	-

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

37. ACQUISITION OF A SUBSIDIARY (cont'd)

The details of net assets acquired, goodwill and cash flow arising from the acquisition of the subsidiary are as follows:-

	THE GROUP	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Current asset	-	-
Goodwill on acquisition	2	-
Net cash outflow on acquisition of the subsidiary/ purchase consideration	2	-

The effects of the acquisition on the financial position and results of the Group for the financial year ended 30 September 2001 are not presented as the subsidiary was incorporated during the current financial period.

38. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Cost of property, plant and equipment purchased	(10,032)	(3,353)	(76)	(3)
Amount financed through hire purchase	421	488	-	-
Amount payable to supplier	2,028	-	-	-
Cash disbursed for the purchase of property, plant and equipment	(7,583)	(2,865)	(76)	(3)

39. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
Fixed deposits with licensed banks	914	644	829	509
Cash and bank balances	1,531	1,199	73	218
Bank overdrafts (Note 20)	(744)	(1,435)	-	-
	1,701	408	902	727

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

40. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
Interest income receivable from subsidiaries:		
- Harta Makmur Sdn. Bhd.	12,486	8,114
- Eco Ribuan Sdn. Bhd.	2,754	1,872
- Polypulp Enterprise Sdn. Bhd.	2,293	1,734
- KYM Properties Sdn. Bhd.	321	354
Interest payable to a subsidiary:		
- KYM Industries (M) Sdn. Bhd.	1,132	1,037
Rental received from a subsidiary:		
- KYM Industries (Johor) Sdn. Bhd.	451	338
Rental payable to a subsidiary:		
- Teguh Amalgamated Sdn. Bhd.	576	432

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

	THE GROUP	
	1.10.2001 to 31.1.2003 RM'000	1.10.2000 to 30.9.2001 RM'000
(Writeback of interest expense)/Interest expense:		
- Naluri Berhad (Special Administrators appointed)	(14,838)	2,080
Sales to:		
- Juan Kuang (K.Lumpur) Electric Sdn. Bhd.*	415	583

Naluri Berhad (Special Administrators appointed) is deemed to be a related party as Dato' Lim Kheng Yew and Dato' Wan Malek Bin Ibrahim, are also directors of Naluri Berhad (Special Administrators appointed) whilst Juan Kuang (K. Lumpur) Electric Sdn. Bhd. is a subsidiary of Juan Kuang (M) Industrial Berhad which is an associate of the Company.

* - In the opinion of the directors, these transactions have been entered into in the ordinary course of business on terms established by arm's length negotiations between the parties.

42. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	31.1.2003 RM'000	30.9.2001 RM'000	31.1.2003 RM'000	30.9.2001 RM'000
UNSECURED :				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	23,739	29,892
Bank guarantee granted to certain third parties	467	207	-	-
	467	207	23,739	29,892

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

43. CAPITAL COMMITMENTS

	THE GROUP	
	31.1.2003 RM'000	30.9.2001 RM'000
Authorised and contracted for:		
- investment in joint venture *	550	550
- capital expenditure	4,584	109
Authorised but not contracted for:		
- capital expenditure	-	45
	5,134	704

* - In the previous financial year, a subsidiary entered into a Joint Venture Agreement with 3ntity 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.

44. CORPORATE RESTRUCTURING EXERCISES

The Corporate Restructuring Exercises involved the following proposals:-

- Proposed Rights Issue ("PRI") which was subsequently replaced by the Proposed Two-Call Rights Issue ("PTCRI"); and
- Proposed Private Placement ("PPP").

The details and the status of the above proposals are as follows:-

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

- vide its letter dated 9 May 2000 approved the Company's PRI of up to 46,401,967 new ordinary shares of RM1.00 each 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. On 30 October 2000, the SC granted its approval to the Company for an extension of time up to 9 May 2001 to complete the PRI. Subsequently, the SC vide its letters dated 28 May 2001 approved the extension of time for the completion of the PRI to 9 February 2002; and
- vide its letter dated 28 June 2000 approved the Company's PPP 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 letters dated 4 January 2001 and 15 June 2001 approved the extension of time for the completion of the PPP to 27 June 2002.

During the financial period:-

- The SC had vide its letter dated 6 March 2002 further extended the deadline for the completion of the PRI to 31 December 2002. The various extensions of time for the implementation of the PRI were mainly due to the continued weak performance of the Company's share price on the Kuala Lumpur Stock Exchange ("KLSE"), which had been trading below par. Following the above, the Company had on 5 June 2002 announced that the Board had resolved to abort the PRI and proposed to replace the PRI with a PTCRI of up to 115,567,418 new ordinary shares of RM1.00 each at an indicative price of RM1.00 per Rights Share of which the first call of RM0.50 per share shall be payable in cash upon acceptance whilst the second call of RM0.50 shall be capitalised from the Company's share premium account on the basis of five new ordinary shares for every two existing ordinary shares of RM1.00 each held at a date to be determined nearer to the implementation date.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

44. CORPORATE RESTRUCTURING EXERCISES (cont'd)

The SC had vide its letter dated 27 January 2003 approved the PTCRI of up to 105,019,918 new ordinary shares of RM1.00 each at par.

The maximum number of 105,019,918 Rights Shares to be issued is lower than 115,567,418 Rights Shares as set out in the Company's announcement on 5 June 2002 due to the termination of the PPP as explained below.

The SC had subsequently vide its letter dated 6 February 2003 indicated that it would consider granting the Proposed Waiver after the conditions as set out by the SC have been fulfilled. The Proposed Waiver relates to a waiver under Practice Note 2.9.1 of the Malaysian Code of Take-overs and Mergers 1998 to KYM Sdn. Bhd. ("KSB") and persons acting in concert with it, namely Dato' Lim Kheng Yew, Cheong Chan Holdings Sdn. Bhd. and Tzel Properties Sdn. Bhd. from the obligation to extend a mandatory general offer for the remaining shares in the Company not already owned by them in the event the collective shareholdings of KSB and persons acting in concert with it should increase to more than 33% pursuant to the Entitlement Undertakings, Additional Undertaking and also in the event that KSB subscribes for the additional rights shares pursuant to the Potential Excess Subscription. The details of the Entitlement Undertakings, Additional Undertaking and Potential Excess Subscription were set out in the announcement made by the Company on 13 February 2003.

The PTCRI is now pending approvals of:-

- (a) the SC for the Proposed Waiver; and
 - (b) the shareholders of the Company at an Extraordinary General Meeting to be convened for the PTCRI and the Proposed Waiver.
- (ii) The SC had vide its letter dated 6 June 2002 rejected the Company's application for an extension of time for the completion of the PPP. The Company had vide its announcement on 18 June 2002 terminated the PPP. The PPP was terminated as the Company was unable to procure placees for the PPP due to the prevailing market price of the Company's share then.

In addition to the above proposals, the Company has been aggressively pursuing the divestment of non-core assets.

During the financial period,

- (i) the Company entered into a Sale and Purchase Agreement with Lam Soon Manufacturing Sdn. Bhd. on 3 April 2002 for the disposal of 3 ordinary shares of RM1 each representing 100% of the total issued and paid-up capital of a subsidiary, KYM Senai Sdn. Bhd. ("KSSB"), for a total cash consideration of RM6,528,773. The Company wrote off the entire inter-company loan to KSSB amounting to RM11,864,911 as at 7 March 2002.

The disposal was successfully completed on 8 August 2002.

- (ii) the Company and a wholly-owned subsidiary of the Company, Polypulp Enterprises Sdn. Bhd. entered into a conditional Share Sale Agreement dated 5 September 2002 with Naluri Berhad for the disposal of 450,000 ordinary shares of RM1.00 each representing 90% of the total issued and paid-up capital of Tegas Consolidated Sdn. Bhd. for a total consideration of RM24.5 million. ("Proposed Disposal of Tegas") .

An application to the SC was made on 3 December 2002 to seek approval for the Proposed Disposal. However, the Company had vide its announcement of 7 May 2003 announced that the Company and its wholly-owned subsidiary, Polypulp Enterprises Sdn. Bhd., agreed to a mutual rescission and revocation with Naluri Berhad (Special Administrators appointed) of the Share Sale Agreement dated 5 September 2002 in relation to the Proposed Disposal of Tegas.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

44. CORPORATE RESTRUCTURING EXERCISES (cont'd)

The Group and the Company remain committed to its corporate restructuring exercises in particular its rights issue and its divestment of non-core assets.

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 of the Group and the Company to be prepared on a going concern basis.

45. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Other than as disclosed in Note 44 to the financial statements, the significant events during the financial period are as follows:-

- (i) On 8 April 2002, a factory building of a wholly-owned subsidiary, Hasrat Meranti Sdn. Bhd., located in Kanthan Industrial Estate, Chemor, Perak was severely damaged by fire;
- (ii) On 8 April 2002, a wholly-owned subsidiary, Eco Ribuan Sdn. Bhd., acquired 2 ordinary shares of RM1 each representing the entire issued and paid-up capital of a shelf company, Merit Wisdom Sdn. Bhd., for a total cash consideration of RM2;
- (iii) On 29 March 2002, a wholly-owned subsidiary, Eco Ribuan Sdn. Bhd. subscribed for 2,920,000 ordinary shares of Juan Kuang (M) Industrial Berhad ("JK") by way of exercising its rights on the Warrants 2000/2002 issued pursuant to the Rights Issues of JK, and subsequently on 15 April 2002, disposed of the 2,920,000 ordinary shares of RM1 each representing 5.51% of the total issued and paid up capital of JK for a total consideration of RM2,044,000. After the disposal, the Company's interest in JK as at 15.4.2002 was 22.03%;
- (iv) On 11 September 2002, the Company announced that it proposed to amend the existing By-Laws governing the ESOS in order to adopt the flexibilities as allowed by the SC as well as keeping in line with current ESOS Guidelines. The Proposed Amendments to the By-Laws are subject to the Shareholders' approval at an Extraordinary General Meeting to be convened; and
- (v) On 18 December 2002, a subsidiary, Harta Makmur, entered into a Joint Venture Agreement with Hotelbrands Management Pte Ltd (formerly known as Banyan Tree Hotels & Resorts Pte Ltd) to set up a proposed joint venture company to develop a 5-Star Angsana Resort, hotel and/or spa at Teluk Rubiah, Perak.

46. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

As disclosed in Note 44 to the financial statements, the Company had vide its announcement of 7 May 2003 announced that the Company and its wholly-owned subsidiary, Polypulp Enterprises Sdn. Bhd., agreed to a mutual rescission and revocation with Naluri Berhad (Special Administrators appointed) of the Share Sale Agreement dated 5 September 2002 in relation to the Proposed Disposal of Tegas.

47. NUMBER OF EMPLOYEES

	THE GROUP		THE COMPANY	
	31.1.2003	30.9.2001	31.1.2003	30.9.2001
Number of employees at the balance sheet date	607	669	1	1

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

48. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the balance sheet date are as follows:-

	31.1.2003 RM	30.9.2001 RM
United States Dollar	3.80	3.80
Euro	4.15	-
Netherlands Guilder	-	1.81
Japanese Yen (100)	3.25	3.52
Singapore Dollar	2.21	2.07

49. SEGMENTAL REPORTING

	TURNOVER		PROFIT/(LOSS) BEFORE TAXATION		TOTAL ASSETS EMPLOYED	
	1.10.2001 TO 31.1.2003 RM'000	1.10.2000 TO 30.9.2001 RM'000	1.10.2001 TO 31.1.2003 RM'000	1.10.2000 TO 30.9.2001 RM'000	1.10.2001 TO 31.1.2003 RM'000	1.10.2000 TO 30.9.2001 RM'000 (Restated)
Corrugated Carton	66,314	59,473	(479)	3,223	40,694	46,000
Industrial bags	18,617	23,411	2,041	(1,807)	25,378	28,116
Investment holding	-	-	1,395	(7,198)	70,539	15,800
Property development	2,354	3,961	(1,519)	(475)	172,495	146,742
Others	1,913	1,235	(5,986)	(4,517)	14,835	30,421
	89,198	88,080	(4,548)	(10,774)	323,941	267,079
Share of result of associate	-	-	(2,625)	(1,026)	-	-
	89,198	88,080	(7,173)	(11,800)	323,941	267,079

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

In the opinion of the directors, all inter-segment transactions have been entered into in the ordinary course of business on terms established by arm's length negotiations between the parties.

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

50. COMPARATIVE FIGURES

The comparative figures of the Group and of the Company are in respect of the financial year ended 30 September 2001.

The following comparative figures have been reclassified to conform with the current financial year's presentation:-

	THE GROUP AS PREVIOUSLY		THE COMPANY AS PREVIOUSLY	
	AS RESTATED RM'000	REPORTED RM'000	AS RESTATED RM'000	REPORTED RM'000
BALANCE SHEETS (EXTRACT):-				
ASSETS:-				
Land held for development*	67,336	65,767	-	-
Intangible assets*	3,610	5,335	-	-
Amount owing by subsidiaries	-	-	130,016	146,361
CURRENT ASSETS:-				
Receivables	-	23,552	-	1,131
Trade receivables	20,817	-	-	-
Other receivables, deposits and prepayments	2,046	-	792	-
Amount owing by subsidiaries	-	-	16,345	-
Amount owing by a related party	308	-	-	-
Tax recoverable	381	-	339	-
CURRENT LIABILITIES:-				
Payables	-	81,997	-	22,197
Trade payables	7,044	-	-	-
Other payables and accruals	17,752	-	6,008	-
Amount owing to subsidiaries	-	-	16,096	-
Amount owing to related parties	54,876	-	-	-
Hire purchase payables	2,325	-	93	-
CAPITAL AND RESERVES:-				
Accumulated losses*	(72,568)	(72,412)	(59,394)	-
INCOME STATEMENTS (EXTRACT):-				
Turnover	88,080	88,000	-	-
Change in inventories of finished goods and work-in-progress	-	(825)	-	-
Contract costs	-	(4,471)	-	-
Raw materials and consumables	-	(50,268)	-	-
Cost of goods sold	(76,198)	-	-	-
Other operating income	3,501	2,320	373	341
Administrative expenses	(5,447)	-	(777)	-
Selling and distribution expenses	(3,902)	-	-	-
Staff costs	-	(12,740)	-	(207)
Depreciation of property, plant and equipment	-	(8,873)	-	(606)
Other operating expenses	(7,929)	(13,447)	(22,776)	(22,741)
Finance costs	(8,879)	(8,745)	(266)	(233)

Notes to the Financial Statements

for the financial period from 1 October 2001 to 31 January 2003 (cont'd)

50. COMPARATIVE FIGURES (cont'd)

	THE GROUP		THE COMPANY	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
CASH FLOW STATEMENTS (EXTRACT):-				
Allowance for doubtful debts	533	360	-	-
Interest income	(160)	(32)	(12,245)	(32)
Provision for foreseeable loss	728	-	-	-
Writeback of allowance for doubtful debts	(173)	-	-	-
Decrease/(Increase) in trade and other receivables	13,887	13,579	-	-
Increase in net amount owing by related parties	(308)	-	-	-
Interest received	160	32	-	-
Land and development expenditure	(2,342)	(1,614)	-	-
Net repayment by/(advances to) subsidiaries	-	-	11,213	(1,000)
Repayment of bank borrowings	-	(22,572)	-	-
Net repayment of bills payables	(14,410)	-	-	-
Repayment of term loans	(8,162)	-	-	-

* - In respect of the prior year adjustments as disclosed in Note 35 to the financial statements.

Analysis of Shareholdings

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 30 April 2003

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 Abdul Hamid	-	*9,214,285	22.50%
Dato' Lim Kheng Yew	2,500,000	**4,415,557	16.89%
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.

Statement of Directors' Interest in the Company and Related Corporations as at 30 April 2003

Name	No. of shares held		Total Interest (%)
	Direct (%)	Indirect (%)	
Dato' Lim Kheng Yew	2,500,000 (6.11)	**4,415,557 (10.78)	16.89
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.

Analysis of Shareholdings

(cont'd)

Statistics of Shareholders (as at 30 April 2003)

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	: RM40,939,967.00
Share Capital	
Voting Rights	: 1 vote per share
Number of Shareholders	: 2,460

Category of Shareholding	No. of Holders	Total Holdings	%
Less than 1,000	34	10,926	0.02
1,000 - 10,000	2,247	5,508,637	13.46
10,001 - 100,000	148	4,212,913	10.29
100,001 - 2,046,997	28	16,493,206	40.29
2,046,998 and above	3	14,714,285	35.94
Total	2,460	49,939,967	100.00

Thirty Largest Shareholders (as at 30 April 2003)

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	6.11
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	1,250,365	3.05
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	935,000	2.28
11. Lim Eng Huat	791,000	1.93
12. Magnitude Network Sdn Bhd	775,273	1.89
13. Wong Hok Yim	701,000	1.71
14. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities a/c for Tan Ching Ching	656,000	1.60
15. Ihsan Indah (M) Sdn Bhd	564,000	1.38
16. OSK Nominees (Tempatan) Sdn Berhad (OSK Capital Sdn Bhd for Khern Ah Ying)	503,193	1.23
17. KYM Sdn Bhd	495,273	1.21

Analysis of Shareholdings

(cont'd)

Thirty Largest Shareholders (as at 30 April 2003) (cont'd)

Shareholders	Number of Shares Held	%
18. Lua Wa Kho @ Lua Chong Koh	302,295	0.74
19. Ilham Pelangi (M) Sdn Bhd	280,000	0.68
20. Tan Sew Kee	265,370	0.65
21. Far East Master Sdn Bhd	258,153	0.63
22. Chew Boon Seng	213,000	0.52
23. Lim Kheng Chye	210,000	0.51
24. Lembaga Tabung Haji	183,000	0.45
25. OSK Nominees (Tempatan) Sdn Berhad (EON Finance Berhad for Ravindran Navaratnam)	150,000	0.37
26. Tan Han Chuan	128,000	0.31
27. Ong Huey Peng	121,000	0.30
28. OSK Nominees (Tempatan) Sdn Berhad (EON Finance Berhad for Carolyn Anne Kam Foong Kheng)	115,000	0.28
29. Teh Leong Thian	111,000	0.27
30. Kam Pin Lin	111,000	0.27
	<hr/>	
	31,111,491	75.99

List of Properties

Location/Address	Land Area (m ²)	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
11, Jalan Banang 3, Taman Johor, 81200 Johor Bahru held under HS(D) No. 7221 MLO Lot No. 3673, Mukim of Tebrau District of Johor Bahru, State of Johor	743.2	Freehold	(31.01.2003)	Industrial land with single storey semi-detached building erected thereon.	17 years	493,270
PLO 9 Jalan Perindustrian, Senai Industrial Area I, Senai held under HS(D) No. 60787 PTD No. 18692, Mukim of Senai-Kulai, District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 31.8.2042.	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	14 years	3,830,000
PLO 15 Jalan Perindustrian, Senai Industrial Area I, Senai held under HS(D) 64314 PTD No. 8778 Mukim of Senai-Kulai, District of Johor Bahru, State of Johor	12,140.5	60 years leasehold expiring on 11.1.2043.	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	9 years	3,729,978
PLO 19 Jalan Perindustrian Senai Industrial Area I, Senai held under HS(D) 124979 PTD No. 8790 Mukim of Senai-Kulai District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 22.9.2045.	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	15 years	3,800,000
Lot No. PT 2 (Lot 5) Jalan Perusahaan 1, Kawasan Perusahaan Beranang held under HS(D) 58958 Bandar Batu 26 Beranang, District of Hulu Langat, Selangor	11,460	99 years leasehold expiring on 09.10.2099	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	11 years	4,700,000
Lot No. PT4 (Lot 7) Jalan Perusahaan 1, Kawasan Perusahaan Beranang held under HS(D) 58960 Bandar Batu 26 Beranang, District of Hulu Langat, Selangor	36,420	99 years leasehold expiring on 09.10.2099	(31.01.2003)	Industrial land with factory building and warehouse erected thereon.	11 years	7,500,000

List of Properties

(cont'd)

Location/Address	Land Area (m ²)	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
12 & 14 Lorong Medan Tuanku Satu Kuala Lumpur (Geran 6039 and 6040)	1,200	Freehold	(31.01.2003)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	18 years	6,200,000
Lot 10, 11 & 12, Persiaran Perindustrian Kanthan 5, Kanthan Industrial Estate, Chemor, Perak held under PN 149338 Lot 198895 Mukim of Hulu Kinta, District of Kinta, Perak	13,760	99 years leasehold expiring on 7 June 2060	(31.01.2003)	Industrial land with factory building, office and warehouse built thereon.	-	2,314,436
Lot Nos P.T. 4087-4091, Lot Nos P.T. 4093-4114, Lot Nos P.T. 4116, all in the Mukim of Lumut and Lot Nos P.T. 15612-15617, all in the Mukim of Setiawan District of Manjung, Perak.	5,139,917	99 years leasehold expiring on 14.03.2089 (except for Lot.P.T. 4116 expiring on 20.12.2089)	(19.09.2002)	Partially developed:- Golf course, Chalets & Bungalow Lots	-	170,500,000

Form of Proxy



Number of Shares Held	
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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 Twenty-First Annual General Meeting of the Company to be held at 3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Wednesday 25 June 2003 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 Financial Statements and Reports		
2.	Approval of Directors' Fees		
3.	Re-election of Dato' Lim Kheng Yew under Article 103		
4.	Re-appointment of Dato' Abdul Rahman bin Haji Ismail		
5.	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.)

Dated this..... day of, 2003.

.....
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

please fold along this line (2)