

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

| | As at 31.10.2020 RM'000 | As at 31.01.2020 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 24,296 | 26,238 |
| Right-of-use Assets | 45,891 | 48,517 |
| Investment property | 43,108 | 43,108 |
| Intangible asset | 4,667 | 4,667 |
| Other Investment | 1 | 1 |
| | 117,963 | 122,531 |
| Current assets | | |
| Inventories | 15,344 | 17,139 |
| Trade receivables | 19,577 | 16,870 |
| Other receivables | 2,064 | 2,050 |
| Current tax assets | 1,215 | 1,518 |
| Short term investment | 12 | 12 |
| Cash and cash equivalents | 2,666 | 5,302 |
| | 40,878 | 42,891 |
| TOTAL ASSETS | 158,841 | 165,422 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 110,381 | 110,381 |
| ESOS reserve | - | 853 |
| Revaluation reserve | 72 | 72 |
| Accumulated losses | (25,578) | (25,540) |
| | 84,875 | 85,766 |
| Non-controlling interests | 3 | 3 |
| Total Equity | 84,878 | 85,769 |
| Non-current liabilities | | |
| Borrowings | 25,359 | 26,975 |
| Deferred tax liabilities | 9,671 | 9,671 |
| | 35,030 | 36,646 |
| Current liabilities | | |
| Borrowings | 26,335 | 26,658 |
| Trade payables | 5,226 | 9,533 |
| Other payables | 7,372 | 6,816 |
| Current tax liability | - | - |
| | 38,933 | 43,007 |
| Total liabilities | 73,963 | 79,653 |
| TOTAL EQUITY AND LIABILITIES | 158,841 | 165,422 |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 57 | 57 |

The Condensed Consolidated Statements Of Financial Position (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2020.

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
 INTERIM FINANCIAL REPORT
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

| | Current quarter ended 31.10.2020 | 9 months cumulative for current financial year to date ended 31.10.2020 | Comparable quarter ended 31.10.2019 | Comparable 9 months cumulative for preceding financial year to date ended 31.10.2019 |
|---|--|--|---|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | 17,440 | 51,233 | 20,900 | 65,562 |
| Other income | 257 | 1,314 | 502 | 1,130 |
| Operating expenses | (17,434) | (51,518) | (22,099) | (68,093) |
| Finance costs | (561) | (1,837) | (798) | (2,431) |
| Net impairment gain on financial asset | - | - | - | 4 |
| (Loss)/Profit before tax | (298) | (808) | (1,495) | (3,828) |
| Income tax expense | (28) | (83) | (248) | (248) |
| (Loss)/Profit for the period from continuing operations | (326) | (891) | (1,743) | (4,076) |
| Other Comprehensive Expenses For The Financial Year | - | - | - | - |
| Total Comprehensive (Expenses)/Income For The Financial Year | (326) | (891) | (1,743) | (4,076) |
| (Loss)/Profit After Taxation Attributable to: | | | | |
| Owners of the Company | (326) | (891) | (1,743) | (4,076) |
| Non-controlling interests | - | - | - | - |
| | (326) | (891) | (1,743) | (4,076) |
| Total Comprehensive (Expenses)/Income Attributable to: | | | | |
| Owners of the Company | (326) | (891) | (1,743) | (4,076) |
| Non-controlling interests | - | - | - | - |
| | (326) | (891) | (1,743) | (4,076) |
| Earnings/(Loss) per share attributable to Owners of the Company (sen): | | | | |
| Basic: | (0.22) | (0.59) | (1.16) | (2.72) |
| Diluted: | (0.22) | (0.59) | (1.16) | (2.72) |

The Condensed Consolidated Statements Of Comprehensive Income (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2020.

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

| | Year ended 31.10.2020 RM'000 | Year ended 31.01.2020 RM'000 |
|---|------------------------------------|------------------------------------|
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation: | | |
| Continuing operations | (808) | (9,078) |
| | <u>(808)</u> | <u>(9,078)</u> |
| Adjustments for: | | |
| Non cash items | 5,142 | 6,823 |
| Non-operating items | 1,824 | 9,044 |
| Operating profit before working capital changes | 6,158 | 6,789 |
| Net change in current assets | (927) | 15,214 |
| Net change in current liabilities | (3,751) | (14,015) |
| Cash generated from operations | 1,480 | 7,988 |
| Income tax refund | 601 | 1,955 |
| Income tax paid | (381) | (1,188) |
| Interest paid | (1,679) | (2,841) |
| Net cash from operating activities | 21 | 5,914 |
| CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES | | |
| Interest received | 13 | 36 |
| Proceed from disposal of property, plant and equipment | - | 16 |
| Proceed from disposal of right-of-use assets | - | 58 |
| Purchase of property, plant and equipment | (574) | (962) |
| Placement of fixed deposits with licensed banks | (12) | (31) |
| Net cash for investing activities | (573) | (883) |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | |
| Net (repayment)/drawdown of bankers's acceptances | (128) | 418 |
| Net drawdown/(repayment) of bills payables | 2,536 | (2,231) |
| Repayment of revolving credit | - | (100) |
| (Repayment)/drawdown of lease liabilities | (1,944) | (4,882) |
| Repayment of term loan | (61) | (236) |
| Net cash from/(for) financing activities | 403 | (7,031) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (149) | (2,000) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | (2,849) | (849) |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | (2,998) | (2,849) |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Fixed deposits with licensed banks | 1,344 | 1,332 |
| Short-term investment | 12 | 12 |
| Cash and bank balances | 1,322 | 3,970 |
| Bank overdraft | (4,332) | (6,831) |
| | <u>(1,654)</u> | <u>(1,517)</u> |
| Less : Deposits pledged to licensed banks | (1,344) | (1,332) |
| | <u>(2,998)</u> | <u>(2,849)</u> |

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

| | Share Capital <i>RM'000</i> | Share Premium <i>RM'000</i> | Employee Share Options Reserve <i>RM'000</i> | Revaluation Reserve <i>RM'000</i> | Accumulated Losses <i>RM'000</i> | Attributable to Owners of the Company <i>RM'000</i> | Non-Controlling Interests <i>RM'000</i> | Total Equity <i>RM'000</i> |
|---|--------------------------------|--------------------------------|---|--------------------------------------|-------------------------------------|--|--|-------------------------------|
| At 1 February 2019 | 110,381 | - | 853 | 72 | (16,738) | 94,568 | (1) | 94,567 |
| Profit after tax/Total comprehensive expenses during the financial period | - | - | - | - | (4,076) | (4,076) | - | (4,076) |
| At 31 October 2019 | 110,381 | - | 853 | 72 | (20,814) | 90,492 | (1) | 90,491 |
| At 1 February 2020 | 110,381 | - | 853 | 72 | (25,540) | 85,766 | 3 | 85,769 |
| Loss after tax/Total comprehensive expenses during the financial period | - | - | - | - | (891) | (891) | - | (891) |
| Contributions by and distributions to owners of the Company: - Employees's share options forfeited | - | - | (853) | - | 853 | - | - | - |
| At 31 October 2020 | 110,381 | - | - | 72 | (25,578) | 84,875 | 3 | 84,878 |

The Condensed Consolidated Statements of Changes in Equity (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2020.

**KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULT FOR THE THIRD
QUARTER ENDED 31 OCTOBER 2020**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2020.

The accounting policies and method of computations used in the preparation of the interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 January 2020.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 February 2020.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A2 Status of Audit Qualifications

The audited financial statements of the Group for year ended 31 January 2020 were not subject to any audit qualification.

A3 Seasonal or cyclical factors

The Group’s operations have not been materially affected by seasonal or cyclical factors.

A4 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 October 2020.

A5 Material Changes in Estimates

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial quarters or previous financial year.

A6 Issuance, cancellation, repurchases, resale and repayments of debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A7 Dividend Paid

There was no dividend paid during the current quarter under review.

A8 Segmental Reporting (Analysis by business segments)

Segmental analysis of the results for 9 months ended 31 October 2020:

| | Gross revenue RM'000 | Profit/(Loss) before tax RM'000 | Segment assets RM'000 | Segment liabilities RM'000 |
|---------------------------|---------------------------------|--|--------------------------------------|---|
| Manufacturing | 56,326 | 547 | 135,710 | 77,757 |
| Investment holding/Others | 1,137 | (1,288) | 161,843 | 104,717 |
| | <u>57,463</u> | <u>(741)</u> | <u>297,553</u> | <u>182,474</u> |
| Elimination | (6,230) | (67) | (139,927) | (118,182) |
| | <u>51,233</u> | <u>(808)</u> | <u>157,626</u> | <u>64,292</u> |
| Unallocated Assets | | | 1,215 | - |
| Unallocated Liabilities | | | - | 9,671 |
| | | | <u>158,841</u> | <u>73,963</u> |

The Group's turnover was fully contributed by the Group's core business, which is the manufacturing of industrial packaging materials.

Gross Revenue

RM'000

| | |
|---------------------------------|----------------------|
| Manufacturing | 56,326 |
| Less : Intercompany elimination | <u>(5,093)</u> |
| | <u>51,233</u> |
| Investment holdings/Others | 1,137 |
| Less : Intercompany elimination | <u>(1,137)</u> |
| | <u>-</u> |
| | <u><u>51,233</u></u> |

A9 Valuations of Property, Plant and Equipment

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

A10 Material Subsequent Events

There were no material transactions or events subsequent to the end of current quarter under review that have been reflected in the financial statement for the quarter.

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial year under review.

A12 Changes in Contingent Liabilities and Contingent Assets

There were no other significant changes in the contingent liabilities or contingent assets since the last financial year ended 31 January 2020.

A13 Capital Commitments

There were no capital commitments provided for in the financial statement for the financial quarter ended 31 October 2020.

PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance

| | Current Quarter ended 31.10.2020 | Current Quarter ended 31.10.2019 | Change | Cumulative Year to-date ended 31.10.2020 | Cumulative Year to-date ended 31.10.2019 | Change |
|---|---|---|---------------|---|---|---------------|
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 17,440 | 20,900 | (16.55) | 51,233 | 65,562 | (21.86) |
| Gross Profit | 2,487 | 1,560 | 59.42 | 6,823 | 5,466 | 24.83 |
| Profit/(Loss) Before Interest and Tax | 263 | (697) | > (100) | 1,029 | (1,397) | > (100) |
| Profit/(Loss) Before Tax | (298) | (1,495) | (80.07) | (808) | (3,828) | (78.89) |
| Profit/(Loss) After Tax | (326) | (1,743) | (81.30) | (891) | (4,076) | (78.14) |
| Profit/(Loss) Attributable to Ordinary Equity Holders | (326) | (1,743) | (81.30) | (891) | (4,076) | (78.14) |

Quarter ended 31.10.2020 compared with quarter ended 31.10.2019

The Group's turnover for the current quarter of RM17.440 million is 16.55% lower than that of the corresponding quarter from the previous year which stood at RM20.900 million. The lower turnover was mainly attributable to the lower revenue from the Multiwall Industrial Paper Sacks division.

The Group recorded a loss before taxation for the current quarter of RM0.298 million compared to a loss before taxation of RM1.495 million in the corresponding quarter from the previous year. The improved performance mainly due to higher profit contribution from the carton box division.

The Group's turnover was fully contributed by the Group's core business, which is the manufacturing of industrial packaging materials. Manufacturing revenue for the current quarter was dropped to RM17.440 million as compared to RM20.900 million for the corresponding quarter last year.

Manufacturing's profit before taxation was RM0.124 million for the current quarter under review compared to a loss before tax of RM1.246 million in the corresponding quarter last year. This was mainly due to lower cost of material and reduced operating expenses of the Multiwall Industrial Paper Sacks and better performance of the Carton Box division.

For other segments, the current quarter loss before taxation was RM0.422 million compared to the preceding financial year's corresponding quarter loss before taxation of RM0.249. This was mainly due to an additional cost incurred for depreciation and lease interest following the adoption of MFRS 16.

Current financial period ended 31.10.2020 against preceding financial period ended 31.10.2019

The Group's turnover for the nine months period ended 31 October 2020 was lower by 21.85% compared to previous year corresponding period. This was mainly attributable to the significant reduction in sales volume of Multiwall Industrial Paper Sacks division due to the temporary shutdown of operations during the MCO in March and April. Export orders were postponed due to the COVID-19 in the foreign countries. With the implementation of Recovery Movement Control Order (RMCO) effective from June and the easing of lockdown measures in other countries, sales of the Multiwall Industrial Paper Sacks division in both the domestic and export markets gradually recovered, albeit at a slower pace.

The Group posted a loss before tax of RM0.808 million compared to a loss before tax of RM3.828 million in preceding financial period.

The manufacturing segment reported an operational profit before taxation of RM0.548 million as compared to the preceding financial period loss before taxation of RM3.165 million. This was mainly due to the better performance of the Carton Box division, lower cost of material and reduced operating expenses of the Multiwall Industrial Paper Sacks.

For other segments, the current financial period loss before taxation was RM1.356 million as compared to the preceding financial period profit before taxation of RM0.663 million. This was mainly due to an additional cost incurred for depreciation and lease interest following the adoption of MFRS 16.

B2 Material Changes In The Loss Before Taxation For The Current Quarter Compared With The Preceding Quarter

| | Current Quarter ended 31.10.2020 | Immediate Preceding Quarter ended 31.07.2020 | Change |
|---|---|---|---------------|
| | RM'000 | RM'000 | % |
| Revenue | 17,440 | 20,131 | (13.37) |
| Gross Profit | 2,487 | 3,518 | (29.31) |
| Profit/(Loss) Before Interest and Tax | 263 | 1,676 | (84.31) |
| (Loss)/Profit Before Tax | (298) | 1,032 | > (100) |
| (Loss)/Profit After Tax | (326) | 1,004 | > (100) |
| (Loss)/Profit Attributable to Ordinary Equity Holders | (326) | 1,004 | > (100) |

Against the preceding quarter, revenue for the Group's decreased by RM2.691 million or 13.37%. The reduction in revenue is attributable to the decrease in export sales. Export orders were postponed due to the COVID-19 pandemic in the foreign countries.

B3 Prospects

2020 will be a challenging year given the uncertainties caused by the Covid-19 pandemic which disrupted the global supply chain and affected the global and regional economic condition and the volatility of the Ringgit Malaysia against the Euro and US Dollar.

In view of the current domestic challenges and the uncertainties in the external environment, the Group has intensified its efforts to further strengthen operational efficiency and implement more stringent cost cutting measures.

As sustainable industrial packaging solutions will continue to be our core business contributing to the Group's performance, we shall endeavour to improve the Group's prospect by focusing on widening its market reach in Southeast Asia to increase export sales and

divesting its non-core assets to reduce the high holding cost of land of RM400,000 per annum.

The Group is also exploring new business roadmap for the Group including but not limited to new investments or business opportunities to increase revenue and earnings

B4 Profit Forecast

There is no published forecast or profit guarantee.

B5 Taxation

The taxation for the Group for the financial period under review was as follows:

| | Current Quarter ended 31.10.2020 RM'000 | Cumulative Year to-date ended 31.10.2020 RM'000 |
|---------------------------------------|--|--|
| Taxation for current financial period | 28 | 83 |
| Provision for RPGT for current period | - | - |
| | <u>28</u> | <u>83</u> |

B6 Status Of Corporate Proposal Announced

There were no corporate proposals announced as at the date of this report.

B7 Group Borrowing And Debt Securities

| | As at 31.10.2020 | | |
|-------------------|-------------------------|---------------------|----------------------------|
| | Short term RM'000 | Long term RM'000 | Total Borrowings RM'000 |
| Secured | | | |
| Bank Overdraft | 4,332 | - | 4,332 |
| Term Loan | 16,932 | 794 | 17,726 |
| Lease Liabilities | 5,071 | 24,565 | 29,636 |
| | <u>26,335</u> | <u>25,359</u> | <u>51,694</u> |
| Unsecured | - | - | - |

The above borrowings are denominated in Ringgit Malaysia.

B8 Changes in Material Litigation

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

B9 Dividend

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 October 2020.

B10 Profit/(Loss) before taxation

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

| | Current Quarter ended 31.10.2020 RM'000 | Cumulative Year to-date ended 31.10.2020 RM'000 |
|---|--|--|
| Interest expense | 560 | 1,836 |
| Interest Income | (4) | (13) |
| Depreciation of Property, plant and equipment | 823 | 2,516 |
| Depreciation of Right-of-use-assets | 866 | 2,626 |
| Foreign exchange loss/(gain) | 93 | (86) |

B11 Profit/(Loss) per Share

| | Current Quarter ended 31.10.2020 RM'000 | Cumulative Year to-date ended 31.10.2020 RM'000 |
|--|--|--|
| Basic Profit/(Loss) per share | | |
| Profit/(Loss) for the period (RM'000) | (326) | (891) |
| Weighted average number of ordinary shares in issue ('000) | 149,890 | 149,890 |
| Basic Profit/(Loss) per Share (sen) | (0.22) | (0.59) |

By Order of the Board

CHEE MIN ER
Company Secretary

Kuala Lumpur
17th December 2020

c.c. Securities Commission