

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2023

	As at 31.07.2023 RM'000	As at 31.01.2023 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	34,781	36,328
Right-of-use assets	15,189	15,952
Investment properties	41,680	43,760
Goodwill	4,667	4,667
Other investments	1	1
	96,318	100,708
Current assets		
Inventories	22,016	37,147
Trade receivables	26,956	25,496
Other receivables	2,059	3,389
Current tax assets	3,073	1,476
Short-term investments	19,994	13
Fixed deposits with licensed banks	433	1,447
Cash and bank balances	2,186	2,656
	76,717	71,624
Assets classified as held for sale	-	5,610
	76,717	77,234
TOTAL ASSETS	173,035	177,942
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	111,582	111,217
Revaluation reserve	72	72
Employees' share scheme ("ESS") reserve	544	-
Accumulated losses	(2,480)	(13,266)
Total equity	109,718	98,023
Non-current liabilities		
Borrowings	13,439	14,261
Deferred tax liabilities	8,935	8,935
	22,374	23,196
Current liabilities		
Trade payables	9,132	15,925
Other payables	7,504	11,526
Borrowings	24,307	29,272
	40,943	56,723
Total liabilities	63,317	79,919
TOTAL EQUITY AND LIABILITIES	173,035	177,942
Net assets per share attributable to ordinary equity holders of the parent (sen)	72	65

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 2023.

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2023

	Current quarter ended 31.07.2023 RM'000	6 months cumulative for current financial year-to- date ended 31.07.2023 RM'000	Comparable quarter ended 31.07.2022 RM'000	Comparable 6 months cumulative for preceding financial year-to-date ended 31.07.2022 RM'000
Revenue	26,291	49,196	31,811	61,615
Other income	420	15,906	685	1,113
Operating expenses	(26,551)	(51,563)	(28,987)	(53,652)
Finance costs	(560)	(1,095)	(466)	(882)
Reversal of impairment losses on financial assets	-	11	-	-
(Loss)/Profit before tax	(400)	12,455	3,043	8,194
Income tax expense	(84)	(1,672)	(665)	(1,330)
(Loss)/Profit for the financial period	(484)	10,783	2,378	6,864
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive (expenses)/income for the financial period	(484)	10,783	2,378	6,864
(Loss)/Profit after tax/Total comprehensive (expenses)/income for the financial period attributable to:				
Owners of the Company	(484)	10,783	2,378	6,864
(Loss)/Earnings per share attributable to owners of the Company (sen):				
Basic:	(0.32)	7.10	1.58	4.57
Diluted:	(0.32)	7.08	1.58	4.57

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 2023.

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2023

	For the 6 months period ended 31.07.2023 RM'000	For the 6 months period ended 31.07.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,455	8,194
Adjustments for:		
Non-cash items	2,788	2,661
Non-operating items	(13,522)	1,669
Operating profit before working capital changes	1,721	12,524
Net change in current assets	14,999	(5,324)
Net change in current liabilities	(10,815)	2,243
Cash generated from operations	5,905	9,443
Income tax refunded	-	433
Income tax paid	(1,770)	(601)
Interest paid	(192)	(95)
Real property gains tax paid	(1,499)	-
Net cash from operating activities	2,444	9,180
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	246	7
Proceeds from disposal of assets held for sale and investment property	22,975	122
Purchase of property, plant and equipment	(478)	(445)
Uplift/(Placement) of fixed deposits pledged to licensed banks	1,114	(7)
Net cash from/(for) investing activities	23,857	(323)
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(903)	(787)
Net drawdown/(repayment) of bankers' acceptances	3,540	(825)
Net repayment of bills payable	(8,683)	(3,473)
Repayment to a director	-	(77)
Repayment of lease liabilities and hire purchase payable	(2,272)	(2,536)
Repayment of term loans	(73)	(134)
Net cash for financing activities	(8,391)	(7,832)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,910	1,025
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(587)	10,066
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	17,323	11,091
CASH AND CASH EQUIVALENTS COMPRISE:		
Short-term investments	19,994	13
Fixed deposits with licensed banks	433	1,370
Cash and bank balances	2,186	13,430
Bank overdrafts	(4,957)	(2,352)
	<u>17,656</u>	<u>12,461</u>
Less : Fixed deposits pledged to licensed banks	(333)	(1,370)
	<u>17,323</u>	<u>11,091</u>

The Condensed Consolidated Statements of Cash Flows (unaudited) should be read in conjunction with the Annual Audited Financial Report for the year ended 31 January 2023.

KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2023

	Share capital RM'000	Revaluation reserve RM'000	ESS reserve RM'000	Accumulated losses RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 February 2022	110,381	72	-	(22,193)	88,260	-	88,260
Profit after tax/Total comprehensive income for the financial period	-	-	-	6,864	6,864	-	6,864
Transactions with owners of the Company:							
Ordinary shares issued pursuant to a share grant under ESS	836	-	(836)	-	-	-	-
Share-based payment pursuant to ESS shares and ESS options granted	-	-	836	-	836	-	836
At 31 July 2022	111,217	72	-	(15,329)	95,960	-	95,960
At 1 February 2023	111,217	72	-	(13,266)	98,023	-	98,023
Profit after tax/Total comprehensive income for the financial period	-	-	-	10,783	10,783	-	10,783
Transactions with owners of the Company:							
Ordinary shares issued pursuant to a share grant under ESS	365	-	(365)	-	-	-	-
ESS shares forfeited	-	-	(3)	3	-	-	-
Share-based payment pursuant to ESS shares and ESS options granted	-	-	912	-	912	-	912
At 31 July 2023	111,582	72	544	(2,480)	109,718	-	109,718

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 2023.

**KYM HOLDINGS BHD (Co. No. 198201004556 (84303-A))
INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 31 JULY 2023**

**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 Malaysian 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 2023.

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 2023.

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 2023.

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 2023 were not subject to any audit qualification.

A3 Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 July 2023.

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 Debt 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 6 months ended 31 July 2023:

	Gross revenue RM'000	(Loss)/Profit before tax RM'000	Segment assets RM'000	Segment liabilities RM'000
Manufacturing	55,145	(194)	136,614	75,985
Investment holding/Others	3,085	15,875	183,569	131,316
	<hr/>	<hr/>	<hr/>	<hr/>
	58,230	15,681	320,183	207,301
Elimination	(9,034)	(3,226)	(150,221)	(152,919)
	<hr/>	<hr/>	<hr/>	<hr/>
	49,196	12,455	169,962	54,382
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated assets			3,073	-
Unallocated liabilities			-	8,935
			<hr/>	<hr/>
			173,035	63,317
			<hr/>	<hr/>

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

	RM'000
Gross revenue	
Manufacturing	55,145
Less: Intercompany elimination	<hr/> (5,949)
	<hr/> 49,196
Investment holding/Others	3,085
Less: Intercompany elimination	<hr/> (3,085)
	<hr/> -
	<hr/> 49,196
	<hr/>

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 Valuation of Investment Properties

The Group adopts the fair value model for its investment properties. There was no significant and indicative change in value of the said investment properties since the last financial year ended 31 January 2023.

A11 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 statements for the quarter.

A12 Changes in Composition of the Group

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

A13 Changes in Contingent Liabilities and Contingent Assets

There were no significant changes in the contingent liabilities or contingent assets since the last financial year ended 31 January 2023.

A14 Capital Commitments

There were no capital commitments provided for in the financial statements for the financial quarter ended 31 July 2023.

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

B1 Review of Performance

	Current quarter ended 31.07.2023 RM'000	Comparable quarter ended 31.07.2022 RM'000	Change %	Cumulative year to-date ended 31.07.2023 RM'000	Cumulative year to-date ended 31.07.2022 RM'000	Change %
Revenue	26,291	31,811	-17.35%	49,196	61,615	-20.16%
Gross profit	2,456	7,205	-65.91%	3,746	15,196	-75.35%
Profit before interest and tax	(37)	3,505	>-100%	13,304	9,069	46.70%
(Loss)/Profit before tax	(400)	3,043	>-100%	12,455	8,194	52.00%
(Loss)/Profit after tax	(484)	2,378	>-100%	10,783	6,864	57.09%
(Loss)/Profit attributable to ordinary equity holders	(484)	2,378	>-100%	10,783	6,864	57.09%

Quarter ended 31.07.2023 compared with quarter ended 31.07.2022

For the quarter under review, the Group recorded a revenue of RM26.291 million with a loss before tax of RM0.400 million compared with the revenue of RM31.811 million and profit before tax of RM3.043 million for the corresponding quarter in the preceding financial year ended 31 July 2022.

The decrease in revenue and the shift to a loss position in the current quarter was mainly attributable to the lower sales and lower profit contribution by the Multiwall Industrial Paper Sacks division.

During the quarter under review, the Manufacturing segment reported a profit before tax of RM0.995 million, which is lower than the profit before tax of RM4.303 million reported in the corresponding quarter in the preceding year. The lower profit before tax during the current quarter was mainly attributable to lower selling price and the softening of export market, which led to a reduction in profit contribution from the Multiwall Industrial Paper Sacks division. The lower demand was due to an unexpected slowdown in the export market.

For Investment holding/Others segment, the current quarter loss before tax was RM1.395 million as compared to a loss before tax of RM1.260 million in the corresponding quarter in the preceding year, mainly due to the increase in administrative expenses during the current quarter.

Current financial period ended 31.07.2023 against preceding financial period ended 31.07.2022

For the current financial period under review, the Group posted a revenue of RM49.196 million as compared to its corresponding preceding financial period of RM61.615 million. The lower revenue was mainly due to a significant drop in the sales generated by the Multiwall Industrial Paper Sacks division.

The Group recorded a profit before tax in the current financial period of RM12.455 million compared to a profit before tax of RM8.194 million in the preceding financial period.

The Manufacturing segment recorded a loss before tax of RM0.194 million in the current financial period compared to a profit before tax of RM9.479 million in the preceding financial period. The loss before tax for the current financial period was mainly attributable to the lower sales and lower profit contribution by the Multiwall Industrial Paper Sacks division as a result of the decrease in selling price and the softening of export market.

The Investment holding/Others segment recorded a profit before tax of RM12.649 million compared to a loss before tax of RM1.285 in the preceding financial period. The profit before tax for the current financial period was mainly attributable to the gain on disposal of land and buildings of RM15.285 million following the completion of the disposal during the current financial period. However, the increase in profit before tax is partially offset by the recognition of a share-based payment of RM0.912 million in relation to the grant of ESS shares and ESS options pursuant to KYM ESS 2023 during the current financial period.

B2 Material Changes in the Profit Before Tax for the Current Quarter compared with the Preceding Quarter

	Current quarter ended 31.07.2023 RM'000	Immediate preceding quarter ended 30.04.2023 RM'000	Change %
Revenue	26,291	22,905	14.78%
Gross profit	2,456	1,290	90.39%
Profit before interest and tax	(37)	13,341	>-100%
(Loss)/Profit before tax	(400)	12,855	>-100%
(Loss)/Profit after tax	(484)	11,267	>-100%
(Loss)/Profit attributable to ordinary equity holders	(484)	11,267	>-100%

The Group's revenue has increased by RM3.386 million or 14.78% as compared to the preceding quarter. The increase was mainly attributable to the higher sales across the major business segments.

In the current quarter, the Group recorded an operational loss before tax of RM0.400 million, which has improved from its operational loss before tax of RM1.189 million in the preceding quarter, driven by the improved performance of the Multiwall Industrial Paper Sacks division due to higher sales from both local and export markets and lower average paper roll cost.

B3 Prospects

The operating environment of the Group shall remain competitive and challenging due to fluctuation in paper roll prices and exposure to foreign exchange rates. We will maintain our strategies to focus on inventories optimization, improve cost management and operational efficiency to improve bottom line.

The construction sector is anticipated to continue its growth momentum. Gradual improvement is expected in the local cement sector, as supported by the development of residential and industrial properties. We shall capitalise on these opportunities to improve sales.

The Multiwall Industrial Paper Sacks division has commenced its first commercial production of the Top Deaeration Plastic Free Film ESG Sacks, a new sustainable and innovative product, in August 2023. The introduction of this product to the market is expected to boost sales for the remainder of the year.

Furthermore, the Group continues to actively seek new business opportunities in order to enhance the Group's financial performance.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group's performance for the second half of the financial year ending 31 January 2024 will remain positive and stable.

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 31.07.2023 RM'000	Cumulative year-to-date ended 31.07.2023 RM'000
Current tax:		
- Current year	84	173
Real property gains tax	-	1,499
	84	1,672

The effective tax rate of the Group for the current financial quarter and financial period ended 31 July 2023 were higher than the statutory tax rate of 24% due to the effects of certain expenses being not deductible for tax purposes.

B6 Status of Corporate Proposal Announced

There were no corporate proposals announced or outstanding as at the date of this announcement.

B7 Status of Utilisation of Proceeds

On 10 March 2023, Anabatic Sdn. Bhd., a wholly-owned subsidiary of KYM, completed the disposal of a leasehold industrial land located at No.7, Jalan Perusahaan 1, Beranang Industrial Estate, 43700 Beranang, Selangor Darul Ehsan for a total cash consideration of approximately RM22.975 million ("Disposal").

As at 31 July 2023, the status of utilisation of proceeds from the Disposal is set out as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation	
					RM'000	%
(i) Repayment of bank borrowings	3,500	3,500	-	Within 12 months	-	-
(ii) Working capital	15,775	15,775	-	Within 12 months	(499) *	-
(iii) Capital expenditure	2,300	-	2,300	Within 24 months	-	-
(iv) Estimated expenses relating to the Disposal	1,400	1,400	-	Within 6 months	499 *	36%
	<u>22,975</u>	<u>20,675</u>	<u>2,300</u>			

* The deviation of RM0.499 million is due to the variances in the real property gains tax paid to the tax authorities and professional fees. As per the Circular to shareholders dated 24 May 2022, the deviation in the amount utilised for estimated expenses relating to the Disposal will be adjusted from the amount allocated for the general working capital.

The balance of unutilised proceeds is placed in short-term investment, pending its utilisation within the intended timeframe.

B8 Group Borrowings and Debt Securities

	As at 31.07.2023		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
Bank overdrafts	4,957	-	4,957
Term loans	82	119	201
Bankers' acceptance	12,909	-	12,909
Bills payable	4,820	-	4,820
Hire purchase payable	180	502	682
Lease liabilities	1,359	12,818	14,177
	<u>24,307</u>	<u>13,439</u>	<u>37,746</u>
Unsecured	-	-	-

The borrowings are denominated in the following currencies:

	As at 31.07.2023 RM'000
Ringgit Malaysia	32,926
Euro	<u>4,820</u>
	<u>37,746</u>

B9 Changes in Material Litigation

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

B10 Dividend

The Board of Directors does not recommend the payment of any dividend in respect of the financial period ended 31 July 2023.

B11 Profit Before Tax

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

	Current quarter ended 31.07.2023 RM'000	Cumulative year to-date ended 31.07.2023 RM'000
Bad debts written off	13	13
Depreciation of property, plant and equipment	1,009	2,025
Depreciation of right-of-use-assets	382	763
Foreign exchange loss	743	883
Gain on disposal of assets held for sale and investment property	-	(15,285)
Interest expenses	560	1,095
Interest income	(197)	(246)
Reversal of impairment losses on trade receivables	-	(11)
Share-based payment	-	912

B12 (Loss)/Earnings Per Share

	Current quarter ended 31.07.2023 RM'000	Cumulative year to-date ended 31.07.2023 RM'000
Basic (loss)/earnings per share		
(Loss)/Profit attributable to owners of the Company (RM'000)	(484)	10,783
Weighted average number of ordinary shares in issue (Basic) ('000)	152,284	152,041
Basic (loss)/earnings per share (sen)	(0.32)	7.10
Diluted (loss)/earnings per share		
Profit attributable to owners of the Company (RM'000)	(484)	10,783
Weighted average number of ordinary shares in issue (Basic) ('000)	152,284	152,041
Effect of assumed exercise of ESS options and ('000)	508	270
Weighted average number of ordinary shares in issue (Diluted) ('000)	<u>152,792</u>	<u>152,311</u>
Diluted (loss)/earnings per share (sen)	(0.32)	7.08

By Order of the Board

CHEE MIN ER
Company Secretary

Petaling Jaya
15 September 2023

c.c. Securities Commission