

KENMARK INDUSTRIAL CO (M) BERHAD (173964-V)

Unaudited Condensed Consolidated Income Statement for period ended 31/12/09

	2009 Current Quarter 31-Dec RM'000	2008 Comparative Quarter 31-Dec RM'000 (restated)	2009 9 months Cumulative RM'000	2008 9 months Cumulative RM'000 (restated)
Revenue	101,441	48,578	194,462	212,151
Cost of Sales	(89,293)	(41,581)	(169,787)	(200,640)
Gross profit/(loss)	12,148	6,997	24,675	11,511
Other Income	16	38	339	148
Administrative expenses	(1,864)	(4,101)	(4,947)	875
Selling and marketing expenses	(898)	(546)	(2,012)	(1,830)
Finance costs	(4,633)	(1,788)	(8,555)	(6,554)
Profit/(Loss) before tax	4,769	600	9,500	4,150
Income tax expenses	-	(13)	-	(13)
Profit/(Loss) after tax	4,769	587	9,500	4,137
Minority Interest	-	-	-	-
Profit/(Loss) for the period	4,769	587	9,500	4,137
EPS - Basic	2.66sen	0.32sen	5.30sen	2.28sen
- Diluted	2.66sen	0.32sen	5.30sen	2.28sen

(The Condensed Consolidated Income Statements should be read in conjunction with the Financial Report for the year ended 31 March 2009)

KENMARK INDUSTRIAL CO (M) BERHAD (173964-V)

Unaudited Condensed Consolidated Balance Sheet as at 31 December 2009

	As at 31-Dec-09 RM'000	As at 31-Mar-09 RM'000
ASSETS		
Non-current assets		
Property, Plant & Equipment	323,908	311,516
Prepaid lease payments	26,017	26,757
Long term prepaid	1,373	-
	<u>351,298</u>	<u>338,273</u>
Current Assets		
Inventories	22,847	39,845
Trade receivables	248,662	164,265
Other receivables	8,063	5,130
Tax receivables	318	271
Cash & Cash Equivalents	2,210	2,252
	<u>282,100</u>	<u>211,763</u>
TOTAL ASSETS	<u>633,398</u>	<u>550,036</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	181,749	181,749
Share premium	1,197	1,197
Treasury shares	(2,384)	(1,180)
Retained Profits	161,790	152,291
Translation Adjustment	7,158	7,074
Shareholders' Fund	<u>349,510</u>	<u>341,131</u>
Total Equity	<u>349,510</u>	<u>341,131</u>
Non-current liabilities		
Borrowings	53,357	53,967
Other deferred liabilities	23,255	23,255
	<u>76,612</u>	<u>77,222</u>
Current Liabilities		
Trade payables	106,347	34,716
Other payables	12,083	6,360
Short Term Borrowings	87,979	89,625
Bank overdraft	867	982
	<u>207,276</u>	<u>131,683</u>
Total liabilities	<u>283,888</u>	<u>208,905</u>
TOTAL EQUITY AND LIABILITIES	<u>633,398</u>	<u>550,036</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Financial Report for the year ended 31 March 2009)

KENMARK INDUSTRIAL CO (M) BERHAD (173964-V)

Condensed Consolidated Cash Flow Statement for the period ended 31 December 2009
(The figures have not been audited)

	Current financial period ended (9 months)		Preceding Year Period (9 months)	
	31-Dec-09 (RM'000)	31-Dec-09 (RM'000)	31-Dec-08 (RM'000)	31-Dec-08 (RM'000)
Cash Flow From Operating Activities				
Profit before tax	9,500		4,150	
Adjustment for :				
Depreciation on fixed assets	32,197		29,523	
Gain from disposal of Property, Plant & Equipment	-		-	
Exchange Translation Adjustment	84		(86)	
Interest expenses	8,555		6,554	
Interest Income	-		-	
Operating profit before changes in working capital	<u>50,336</u>		<u>40,141</u>	
Decrease/(Increase) in stock	16,998		699	
Decrease/(Increase) in trade & other debtors	(87,383)		(63,246)	
(Decrease)/Increase in trade & other creditors	77,360		16,453	
Bills payable	(2,234)		1,763	
Cash (Used In) / Generated From operations	<u>55,077</u>		<u>(4,190)</u>	
Interest paid	(8,555)		(6,554)	
Taxation paid	-		(13)	
Net cash (Used In) / Generated From Operating activities		<u>46,522</u>		<u>(10,757)</u>
Cash Flows From Investing Activities				
Purchase of Property, Plant & Equipment	(45,222)		(139)	
Proceeds from disposal of Property, Plant & Equipment	-		-	
Proceeds from issuance of ordinary shares	-		-	
Share Buy Back	(1,205)		(876)	
Interest received	-		-	
Net cash (Used In) / Generated From Investing activities		<u>(46,427)</u>		<u>(1,015)</u>
Cash Flow from financing activities				
Borrowings	-		(4,246)	
Dividend paid	-		(3,619)	
Repayment of hire purchase creditors	(22)		(157)	
Net cash used in financing activities		<u>(22)</u>		<u>(8,022)</u>
Net Change in Cash & Cash Equivalents		<u>73</u>		<u>(19,794)</u>
Cash & Cash Equivalents at beginning of year		<u>1,270</u>		<u>20,390</u>
Cash & Cash Equivalents at end of period		<u>1,343</u>		<u>596</u>
Cash and cash equivalents at end of the period comprise:				
Cash and bank balances		501		717
Deposits		<u>1,709</u>		<u>1,592</u>
		2,210		2,309
Bank overdrafts		<u>(867)</u>		<u>(1,713)</u>
		<u>1,343</u>		<u>596</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Financial Report for the year ended 31 March 2009)

KENMARK INDUSTRIAL CO (M) BERHAD (173964-Y)
Condensed Consolidated Statement of Changes in Equity for the period ended 31 December 2009
(The figures have not been audited)

Note	Attributable to Equity Holders of the Parent					Minority Interest RM'000	Total RM'000	Total Equity RM'000
	Share Capital RM'000	Share premium RM'000	Reserves on Consolidation RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000			
At 1 April 2009 As previously stated	181,749	1,197	-	(1,180)	7,074	152,291	341,131	341,131
Prior year Adjustment	-	-	-	-	-	-	-	-
Balance at 01/04/2009	181,749	1,197	-	(1,180)	7,074	152,291	341,131	341,131
Profit for the period	-	-	-	-	-	9,500	9,500	9,500
Issue of ordinary shares Pursuant to warrants exercised	-	-	-	-	-	-	-	-
Translation Adjustment Dividend paid	-	-	-	-	84	-	84	84
Treasury Share acquired	-	-	-	(1,205)	-	-	(1,205)	(1,205)
FRS 3 Business Combinations Transfer from reserves on consolidation	-	-	-	-	-	-	-	-
At 31 December 2009 (restated)	181,749	1,197	-	(2,385)	7,158	161,791	349,510	349,510

(The condensed consolidated statement of changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 December 2008

Note	Attributable to Equity Holders of the Parent					Minority Interest RM'000	Total RM'000	Total Equity RM'000
	Share Capital RM'000	Share premium RM'000	Reserves on Consolidation RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000			
At 1 April 2008 As previously stated	181,749	1,197	-	(169)	(11,023)	152,051	323,805	323,805
Prior year Adjustment Balance as at 1 April 2008	-	-	-	-	(169)	152,051	323,805	323,805
Profit for the period	-	-	-	-	-	4,137	4,137	4,137
Issue of ordinary shares: Pursuant to warrants exercised	-	-	-	-	-	-	-	-
Treasury Share acquired	-	-	-	(876)	-	-	(876)	(876)
Translation Adjustment Dividend paid	-	-	-	-	(86)	-	(86)	(86)
FRS 3 Business Combinations Transfer from reserves on consolidation	-	-	-	-	-	(3,619)	(3,619)	(3,619)
At 31 December 2008 (restated)	181,749	1,197	-	(1,045)	(11,109)	152,569	323,361	323,361

(The condensed consolidated statement of changes in Equity should be read in conjunction with the

KENMARK INDUSTRIAL CO (M) BERHAD (173964-V)
Notes to the Quarterly Report Ended 31 December 2009

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2009.

2. AUDIT QUALIFICATION

The audit report of the Group's financial statements for the year ended 31 March 2009 was not subject to qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group's revenues are generally affected by the various festive seasons.

4. UNUSUAL ITEMS

There were no unusual items that have materially affected the assets, liabilities, equity, net income or cash flow of the Group for the quarter ended 31 December 2009.

5. CHANGE IN ESTIMATES

There were no significant changes in estimates that had a material effect in the current quarter results.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the quarter ended 31 December 2009 except the buy back of its own 117,700 units of ordinary shares retained in treasury.

7. DIVIDEND

No dividend was paid during the current quarter.

8. SEGMENTAL INFORMATION

Revenue by segment	3 months ended	
	31/12/2009	31/12/2008
	RM'000	RM'000
Wood-based	36,949	24,573
Trading	61,873	21,404
Others	9,591	7,439
	-----	-----
	108,413	53,416
Less : Consolidation Adjustment	(6,972)	(4,838)
	-----	-----
	101,441	48,578
Add : Unallocated income (other income)	-	-
	-----	-----
	101,441	48,578
	=====	=====
Results by segment		
Wood-based	2,227	5,230
Trading	2,841	(1,768)
Others	(2)	(726)
	-----	-----
	5,066	2,736
Inter segment elimination	(312)	(2,174)
	-----	-----
	4,754	562
Unallocated income (other income)	15	38
	-----	-----
	4,769	600
	=====	=====

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no change in the valuation of property, plant and equipment since the end of last financial statements.

10. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the current quarter reported on that have not been reflected in this interim financial statements.

11. CHANGE IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the quarter reported on.

12. CHANGE IN THE CONTINGENT LIABILITIES

Except as mentioned in note 11 of Part B, there was no other change in contingent liabilities.

13. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

There was an acquisition of RM155,000 of plant & machinery by the Group for the quarter. The acquisitions were made by the subsidiaries in Vietnam for the manufacturing of wooden products & furnitures in the ordinary course of business..

PART B -EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD.

1. REVIEW OF PERFORMANCE

The revenue for the Groups for the current quarter increased to RM101.44 million from RM48.58 million recorded in the quarter ended 31 December 2008. Improved consumer confidence and festive demands resulted in the higher sales of the Group's products.

The Group registered a pre-tax profit of RM4.77 million compared to a pre-tax profit of RM587,000 in the corresponding quarter last year. Higher sales and higher operating efficiency contributed to a higher profit for the quarter reported on.

2. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION COMPARED TO PRECEEDING QUARTER

The Group achieved a pre-tax profit of RM4.77 million compared to RM3.718 million recorded in the preceding quarter. Higher profit margin for the orders received is the main factor attributable to higher margin.

3. PROSPECT FOR CURRENT FINANCIAL YEAR

The directors anticipate difficult trading environment in this financial year. The Group will continue to carry out cost cutting exercises and other measures to improve the efficiency of the manufacturing processes.

4. PROFIT FORECAST

No profit forecast was issued for the financial period.

5. TAXATION

	Quarter ended 31/12/09 (RM'000)
Current Taxation – Current Year	-
Deferred Taxation	-

	-
	=====

There is no tax payable as the Group has sufficient capital allowance claim.

6. SALE OF UNQUOTED INVESTMENT AND PROPERTY

Saved as disclosed in note 13 of Part A, there was no disposal of unquoted investment and property for the current quarter reported on.

7. PURCHASE OR DISPOSAL OF QUOTED INVESTMENT

Saved as disclosed in note 6 of part A, there was no purchase or disposal of quoted investment.

8. STATUS OF CORPORATE EXERCISE

There was no corporate proposal announced and not completed as at date of this report.

9. GROUP BORROWINGS

The borrowings of the Groups as at 30 September 2009 are as follows :

	RM'000	RM'000	RM'000
	Secured	Unsecured	Total
Short Term	85,653	3,193	88,846
Long Term	53,357	-	53,357
	-----	-----	-----
	139,010	3,193	142,203
	=====	=====	=====

	USD'000	RM'000 equivalent
Borrowings denominated in foreign Currency – United States Dollars	1,505	5,493

Included in long term borrowings are RM50,000,000 5 years unsecured fixed rate term loan facility under a Primary Collateralised loan Obligations Programme 2005/2010.

10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group entered into Foreign currency forward contract to limit the exposure of the Group to fluctuation in foreign exchange rates on foreign sales receipts and foreign purchase payments.

The Foreign currency forward contract transactions were executed with established financial institution and are used as risk management tools by the Group and not for speculative purpose.

11. MATERIAL LITIGATIONS

A claim was made by O-Stable Panel Sdn Bhd (“the plaintiff”) in 1997 against the Company for breach of the contract subsequent to a letter of award issued by the Company to the plaintiff, wherein the plaintiff agreed to act as the project agent and turnkey contractor for the proposed additions and alteration to the paper manufacturing factory with an area 7,025 sq meter, for a contract sum of RM3,480,000. The Company and the plaintiff were unable to agree on the terms and conditions to be included in the formal contract.

The High Court had on, 11 September 2009, allowed damages for the sum of RM1,579,049 to be paid to the plaintiff by the Company with interest of 8% per annum from the date of the Writ i.e. 14 January 1997 to the date of full realization. The Company had also received a notice pursuant to section 218 of the Companies Act dated 17 November 2009 from the plaintiff’s solicitors claiming the judgment sum.

The company had instructed to solicitors to file an appeal against the High Court decision. The company had successfully obtained an order for stay of execution while pending the outcome of an appeal.

12. DIVIDEND PAYABLE

No dividend has been proposed for the current quarter under review.

13. EARNING PER SHARE

(a) Basic

The basic earning per share ("EPS") is arrived at by dividing the profit after taxation attributable to shareholders by the weighted average number of ordinary shares in issue during the period:-

	Current Year. Quarter	The Group Current Year- to-date (Apr'09-Dec'09)
	RM'000	RM'000
Net profit after tax for the period	4,769	9,500
Weighted average number of ordinary shares in issue	179,071	179,071
Basic earnings per share (sen)	<u>2.66</u>	<u>5.30</u>

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the current quarter / year-to-date as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.