

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

Submitting Secretarial Firm Name : Epsilon Advisory Services Sdn Bhd  
Company name : Kenmark Industrial Co. (M) Bhd.  
Stock name : Kenmark  
Stock code : 7030  
Financial Year End : 31/03/10  
Quarter : 4th  
The figures : have not been audited

**Part A1 : Quarterly Report - see Attached.**

**Part A2 : Summary of Key Financial Information****Summary of Key Financial Information for the quarter ended 31/03/10**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/10 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/09 RM '000	CURRENT 12 MONTHS TO DATE 31/03/10 RM '000	PRECEDING YEAR TO DATE 12 MONTHS 31/03/09 RM '000
1 Revenue	18,762	38,775	213,224	250,926
2 Profit/(loss) before tax	(146,522)	(83)	(137,022)	4,066
3 Net profit/(loss) for the period	(146,522)	(84)	(137,022)	4,052
4 Profit/(loss) attributable to ordinary equity holders of the parent	(146,522)	(84)	(137,022)	4,052
5 Basic earnings/(loss) per share (sen)	(0.82)	(0.05)	(0.76)	2.23
6 Proposed/Declared dividend per share (sen)	-	-	-	-
7 Net assets per share attributable to ordinary equity holders of the parent (RM)	As at end of current quarter 1.14		As at Preceding Financial Year End 1.89	

Note : For full text of the above announcement, please access the KLSE website at [www.klse.com.my](http://www.klse.com.my)

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**Part A3 : Additional Information**

**The figure have not been audited**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/10 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/09 RM '000	CURRENT 12 MONTHS TO DATE 31/03/10 RM '000	PRECEDING YEAR TO DATE 31/03/09 RM '000
1 Gross interest income	-	-	-	-
2 Gross interest expenses	2,936	2,368	11,491	8,801

Note : The above information is for the Exchange internal use only.

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

**Unaudited Condensed Consolidated Income Statement for period ended 31/03/10**

	2010 Current Quarter 31-Mar RM'000	2009 Comparative Quarter 31-Mar RM'000 (restated)	2010 12 months Cumulative RM'000	2009 12 months Cumulative RM'000 (restated)
Revenue	18,762	38,775	213,224	250,926
Cost of Sales	(25,296)	(44,296)	(195,083)	(244,937)
Gross profit/(loss)	(6,534)	(5,521)	18,141	5,989
Other Income	93	32	432	179
Administrative expenses	(136,736)	8,245	(141,682)	9,000
Selling and marketing expenses	(409)	(471)	(2,422)	(2,301)
Finance costs	(2,936)	(2,368)	(11,491)	(8,801)
Profit/(Loss) before tax	(146,522)	(83)	(137,022)	4,066
Income tax expenses	-	(1)	-	(14)
Profit/(Loss) after tax	(146,522)	(84)	(137,022)	4,052
Minority Interest	-	-	-	-
Profit/(Loss) for the period	(146,522)	(84)	(137,022)	4,052
EPS - Basic	(0.82sen)	(0.05sen)	(0.76sen)	2.23sen
- Diluted	(0.82sen)	(0.05sen)	(0.76sen)	2.23sen

**(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 March 2010**

	As at 31-Mar-10 RM'000	As at 31-Mar-09 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant & Equipment	263,300	311,516
Prepaid lease payments	24,758	26,757
Long term prepaid	-	-
	<u>288,058</u>	<u>338,273</u>
<b>Current Assets</b>		
Inventories	20,104	39,845
Trade receivables	152,339	164,265
Other receivables	12,765	5,130
Tax receivables	334	271
Cash & Cash Equivalents	440	2,252
	<u>185,982</u>	<u>211,763</u>
<b>TOTAL ASSETS</b>	<u>474,040</u>	<u>550,036</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	181,749	181,749
Share premium	1,197	1,197
Treasury shares	(2,673)	(1,180)
Retained Profits	15,269	152,291
Translation Adjustment	7,941	7,074
Shareholders' Fund	<u>203,483</u>	<u>341,131</u>
Total Equity	<u>203,483</u>	<u>341,131</u>
<b>Non-current liabilities</b>		
Borrowings	-	53,967
Other deferred liabilities	23,255	23,255
	<u>23,255</u>	<u>77,222</u>
<b>Current Liabilities</b>		
Trade payables	83,958	34,716
Other payables	24,301	6,360
Short Term Borrowings	137,715	89,625
Bank overdraft	1,328	982
	<u>247,302</u>	<u>131,683</u>
<b>Total liabilities</b>	<u>270,557</u>	<u>208,905</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>474,040</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 March 2010**  
 (The figures have not been audited)

	Current financial period ended (12 months)		Preceding Year Period (12 months)	
	31-Mar-10 (RM'000)	31-Mar-10 (RM'000)	31-Mar-09 (RM'000)	31-Mar-09 (RM'000)
<b>Cash Flow From Operating Activities</b>				
Profit before tax	(137,022)		4,066	
Adjustment for :				
Depreciation on fixed assets	42,538		39,318	
Gain from disposal of Property, Plant & Equipment	-		-	
Exchange Translation Adjustment	867		(316)	
Interest expenses	11,490		8,801	
Interest Income	-		-	
Operating profit before changes in working capital	(82,127)		51,869	
Decrease/(Increase) in stock	19,740		(1,819)	
Decrease/(Increase) in trade & other debtors	4,223		(36,589)	
(Decrease)/Increase in trade & other creditors	67,188		(10,146)	
Bills payable	(3,752)		5,397	
Cash (Used In) / Generated From operations	5,272		8,712	
Interest paid	(11,490)		(8,801)	
Taxation paid	-		(14)	
Net cash (Used In) / Generated From Operating activities		(6,218)		(103)
<b>Cash Flows From Investing Activities</b>				
Purchase of Property, Plant & Equipment	(44,145)		(9,769)	
Written off of Property, Plant & Equipment	51,823		-	
Proceeds from issuance of ordinary shares	-		-	
Share Buy Back	(1,494)		(1,011)	
Interest received	-		-	
Net cash (Used In) / Generated From Investing activities		6,184		(10,780)
<b>Cash Flow from financing activities</b>				
Borrowings	(2,099)		(3,488)	
Dividend paid	-		(3,619)	
Repayment of hire purchase creditors	(25)		(178)	
Net cash used in financing activities		(2,124)		(7,285)
<b>Net Change in Cash &amp; Cash Equivalents</b>		(2,158)		(18,168)
<b>Cash &amp; Cash Equivalents at beginning of year</b>		1,270		20,390
<b>Cash &amp; Cash Equivalents at end of period</b>		(888)		2,222
<b>Cash and cash equivalents at end of the period comprise:</b>				
Cash and bank balances		440		513
Deposits		-		1,709
		440		2,222
Bank overdrafts		(1,328)		-
		(888)		2,222

(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-V)**

**Condensed Consolidated Cash Flow Statement for the period ended 31 March 2010**

(The figures have not been audited)

	Current financial period ended (12 months)		Preceding Year Period (12 months)	
	31-Mar-10 (RM'000)	31-Mar-10 (RM'000)	31-Mar-09 (RM'000)	31-Mar-09 (RM'000)
<b>Cash Flow From Operating Activities</b>				
Profit before tax	(137,022)		4,066	
Adjustment for :				
Depreciation on fixed assets	42,538		39,318	
Gain from disposal of Property, Plant & Equipment	-		-	
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Interest expenses	11,490		8,801	
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<b>Cash Flows From Investing Activities</b>				
Purchase of Property, Plant & Equipment	(44,145)		(9,769)	
Written off of Property, Plant & Equipment	51,823		-	
Proceeds from issuance of ordinary shares	-		-	
Share Buy Back	(1,494)		(1,011)	
Interest received	-		-	
Net cash (Used In) / Generated From Investing activities		6,184		(10,780)
<b>Cash Flow from financing activities</b>				
Borrowings	(2,099)		(3,488)	
Dividend paid	-		(3,619)	
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		440		2,222
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		(888)		2,222

(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-V)  
 Condensed Consolidated Statement of Changes in Equity for the period ended 31 March 2010  
 (The figures have not been audited)

Note	Attributable to Equity Holders of the Parent					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		Distributable Retained Profit 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	-	-	-	-	-	(137,022)	(137,022)	-	(137,022)
Issue of ordinary shares Pursuant to warrants exercised	-	-	-	-	-	-	-	-	-
Translation Adjustment Dividend paid	-	-	-	-	867	-	867	-	867
Treasury Share acquired	-	-	-	(1,493)	-	-	(1,493)	-	(1,493)
FRS 3 Business Combinations Transfer from reserves on consolidation	-	-	-	-	-	-	-	-	-
At 31 March 2010 (restated)	181,749	1,197	-	(2,673)	7,941	15,269	203,483	-	203,483

(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 March 2009

Note	Attributable to Equity Holders of the Parent					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		Distributable Retained Profit 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	181,749	1,197	-	(169)	(11,023)	152,051	323,805	-	323,805
Profit for the period	-	-	-	-	-	15,268	15,268	-	15,268
Issue of ordinary shares: Pursuant to warrants exercised	-	-	-	-	-	-	-	-	-
Treasury Share acquired	-	-	-	(1,010)	-	-	(1,010)	-	(1,010)
Translation Adjustment Dividend paid	-	-	-	-	(316)	-	(316)	-	(316)
FRS 3 Business Combinations Transfer from reserves on consolidation	-	-	-	-	-	(3,619)	(3,619)	-	(3,619)
At 31 March 2009 (restated)	181,749	1,197	-	(1,179)	(11,339)	163,700	334,128	-	334,128

(The condensed consolidated statement of changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.)

**KENMARK INDUSTRIAL CO (M) BERHAD (173964-V)**  
**Notes to the Quarterly Report Ended 31 March 2010**

**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 affecting the assets, liabilities, net income, or cash flows during the financial quarter ended 31 March 2010.

**5. CHANGE IN ESTIMATES**

There were no changes in estimates that have 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 March 2010 except the buy back of its own 331,200 ordinary shares retained in treasury. The total number of shares held as treasury shares as at 31 March 2010 was 3,011,200 ordinary shares.

The details of the shares bought back for the quarter ended 31 March 2010 were as follow:

Month	No. of shares bought back	Total Cost RM
January 2010	247,200	210,640.11
February 2010	49,200	43,167.04
March 2010	34,800	30,386.02
<b>Total</b>	<b>331,200</b>	<b>284,193.17</b>

## 7. DIVIDEND

No dividend was paid during the current quarter.

## 8. SEGMENTAL INFORMATION

Revenue by segment	3 months ended	
	31/03/2010 RM'000	31/03/2009 RM'000
Wood-based	12,960	18,116
Trading	3,323	18,358
Others	4,942	9,447
	-----	-----
	21,225	45,921
Less : Consolidation Adjustment	(2,463)	(7,146)
	-----	-----
	18,762	38,775
Add : Unallocated income (other income)	-	-
	-----	-----
	18,762	38,775
	=====	=====
Results by segment		
Wood-based	(58,096)	(4,305)
Trading	(87,139)	(573)
Others	(1,068)	6,936
	-----	-----
	(146,303)	2,058
Inter segment elimination	(312)	(2,174)
	-----	-----
	(146,615)	(116)
Unallocated income (other income)	93	32
	-----	-----
	(146,522)	(84)
	=====	=====

## 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 were no material events subsequent to the end of the current quarter.

## **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 RM166,000 of plant & machinery by the Group for the quarter.

## **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 decreased to RM18.76 million compared to RM38.78 million achieved in the quarter ended 31 March 2009. The main factor attributing to the lower revenue was the dampened international consumer market that resulted in a lower demand for the Group's products.

The Group registered a pre-tax loss of RM146.52 million compared to a pre-tax loss of RM83,000 in the corresponding quarter last year. The lower sales coupled with provision for doubtful debts and impairment provision on assets of certain subsidiaries contributed to the higher losses for the quarter reported on.

For the year ended 31 March 2010, the Group achieved revenue of RM213.22 million, representing a 15% decrease from the previous financial year. The lower revenue and higher cost of sales, provisions for doubtful debts and impairment of assets resulted in the Group incurring a loss before tax of RM137.02 million.

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

The Group registered a pre-tax loss of RM146.52 million for the current quarter compared to pre-tax profit RM4.77 million achieved in the preceding quarter. The loss was attributed by the lower sales in the current quarter and provisions for doubtful debts provision and impairment of assets by certain subsidiaries.

### 3. PROSPECT FOR CURRENT FINANCIAL YEAR

The events that happened in the past two weeks have affected both the local and overseas operations but the Directors are endeavouring to restore the operational activities of the Group as soon as practicable.

The poor global trading environment and the slow recovery of the international economy will remain a challenge to the Group. The Directors will consider new strategies to counter this challenge.

### 4. PROFIT FORECAST

No profit forecast was issued for the financial period.

### 5. TAXATION

	Quarter ended 31/03/2010 (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 31 March 2010 are as follows :

	RM'000	RM'000	RM'000
	Secured	Unsecured	Total
Short Term	86,234	52,809	139,043
	-----	-----	-----
	86,234	52,809	139,043
	=====	=====	=====

	USD'000	RM'000 equivalent
Borrowings denominated in foreign Currency – United States Dollars	1,037	3,393

Included in short 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 the 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-Mar'10)
	RM'000	RM'000
Net loss after tax for the period	146,552	137,022
Weighted average number of ordinary shares in issue	179,071	179,071
Basic earnings per share (sen)	<u>0.82</u>	<u>0.76</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.