

## Financial Results

Reference No **KG-090224-50053**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **24/02/2009**  
Financial Year End : **31/12/2008**  
Quarter : **4**  
Quarterly report for the  
financial period ended : **31/12/2008**  
The figures : **have not been audited**

Converted attachment :

Please attach the full Quarterly Report here:



KLSE Announcement(4Q 2008).doc InterimFinancialReport4Q2008.xls

Remark:

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**31/12/2008**

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>1</b>	Revenue	851,931	318,767	2,528,750	1,230,116
<b>2</b>	Profit/(loss) before tax	154,938	64,890	453,705	215,358
<b>3</b>	Profit/(loss) for the period	82,468	51,737	336,175	186,476
<b>4</b>	Profit/(loss) attributable to ordinary equity holders of the parent	82,554	51,736	336,383	188,133
<b>5</b>	Basic earnings/(loss) per share (sen)	2.16	1.41	8.80	5.12
<b>6</b>	Proposed/Declared dividend per share (sen)	1.50	4.00	1.50	4.00
		<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
<b>7</b>	Net assets per share attributable to ordinary equity holders of the parent (RM)	0.4600		0.5300	

Note: For full text of the above announcement, please access Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

Remarks :

# KNM GROUP BERHAD

(Company No:521348-H)

( Incorporated in Malaysia )

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2008 (Unaudited)

### 1. CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)

	Individual Quarter		Cumulative Year to date	
	3 months ended 31.12.2008 RM'000	3 months ended 31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Contract revenue</b>	<u>851,931</u>	<u>318,767</u>	<u>2,528,750</u>	<u>1,230,116</u>
<b>Operating profit</b>	168,586	67,246	511,452	224,981
Financing costs	(15,342)	(2,533)	(64,579)	(9,875)
Interest income	1,694	177	6,832	1,302
Goodwill written off	-	-	-	(1,050)
<b>Profit before tax</b>	<u>154,938</u>	<u>64,890</u>	<u>453,705</u>	<u>215,358</u>
Tax expense	(72,470)	(13,153)	(117,530)	(28,882)
<b>Net profit for the period</b>	<u>82,468</u>	<u>51,737</u>	<u>336,175</u>	<u>186,476</u>
Attributable to:				
Equity holders of the parent	82,554	51,736	336,383	188,133
Minority interest	<u>(86)</u>	<u>1</u>	<u>(208)</u>	<u>(1,657)</u>
	<u>82,468</u>	<u>51,737</u>	<u>336,175</u>	<u>186,476</u>
Earnings per share:				
- Basic (sen)	2.16	1.41	8.80	5.12
- Diluted (sen)	2.14	1.39	8.71	5.05

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

**KNM GROUP BERHAD***(Company No:521348-H)*

( Incorporated in Malaysia )

**2. CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

	NOTE	As at 31.12.2008	As at 31.12.2007
		RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible Assets	1	845,807	-
Goodwill	2	925,827	6,672
Property, plant and equipment		732,358	468,973
Other investment		4,905	2,474
Prepaid lease payments		16,475	15,826
Deferred Tax Asset		36,403	37,664
		<u>2,561,775</u>	<u>531,609</u>
<b>Current assets</b>			
Inventories		97,166	62,185
Contracts work in progress		577,481	335,955
Trade and other receivables		705,736	211,970
Cash and cash equivalents		513,196	105,330
		<u>1,893,579</u>	<u>715,440</u>
<b>TOTAL ASSETS</b>		<u>4,455,354</u>	<u>1,247,049</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		989,610	261,646
Treasury Shares		(21,006)	
Reserves		845,218	293,824
		<u>1,813,822</u>	<u>555,470</u>
<b>Minority interest</b>		<u>6,521</u>	<u>199</u>
<b>Total Equity</b>		<u>1,820,343</u>	<u>555,669</u>
<b>Non-current liabilities</b>			
Long term payable		48,076	33,345
Long service leave liability		2,514	2,832
Borrowings	B9	309,857	45,007
Deferred taxation		417,775	53,855
		<u>778,222</u>	<u>135,039</u>
<b>Current liabilities</b>			
Payables and accruals		646,731	286,057
Customers advance for contract work in progress		16,965	24,322
Borrowings	B9	1,118,161	220,907
Current tax liabilities		74,932	25,055
		<u>1,856,789</u>	<u>556,341</u>
<b>Total liabilities</b>		<u>2,635,011</u>	<u>691,380</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,455,354</u>	<u>1,247,049</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>0.46</u>	<u>0.53</u>

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

**Note 1**

Intangible Assets represents the total fair value of Technology, Customer Related and Brand & Marketing Related Items acquired.

**Note 2****Included in goodwill is the goodwill arising from the acquisition of Borsig Group**

The Company has completed its fair value valuation by an Independent International Accounting Firm in Germany on the Acquisition of Borsig. The goodwill is derived based on management accounts of Borsig at the date of acquisition and after incorporating the fair value of intangible assets acquired as follows:

	RM'000
<b>Non-current assets</b>	
Intangible Assets	872,762
Property, plant and equipment	101,384
Other investment	1,921
Deferred Tax Asset	12,632
<b>Current Asset</b>	
Inventories	21,373
Contracts work in progress	5,881
Trade and other receivables	250,870
Cash and cash equivalents	201,698
<b>Non-current liabilities</b>	
Borrowings	(73,438)
Deferred taxation	(329,312)
<b>Current liabilities</b>	
Payables and accruals	(184,765)
Customers advance for contract work in progress	-
Borrowings	(15,110)
Current tax liabilities	(31,300)
<b>Minority interest</b>	(1,803)
Net identifiable assets and liabilities	<u>832,793</u>
Purchase consideration	1,729,122
Goodwill on acquisition of Borsig Group	<u><u>896,329</u></u>

**KNM GROUP BERHAD**

 (Company No:521348-H)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD  
 ENDED 31 December 2008  
 (Unaudited)**

	No. of Shares 000	Share Capital RM'000	Treasury Share RM'000	Attributable to equity holders of the parent		Distributable Reserve		Minority Interest RM'000	Total equity RM'000
				Share Premium RM'000	Revaluation and Other Reserve RM'000	(Accumulated Loss) / Retained Profit RM'000	Total RM'000		
<b>As at 1 January 2007</b>	257,782	128,891	-	55,837	6,753	198,849	390,330	14,702	405,032
Acquisition of minority interest	-	-	-	-	-	-	-	(13,285)	(13,285)
Issue of shares pursuant to:									
- ESOS	11,663	3,232	-	1,477	-	-	4,709	-	4,709
- Bonus issue	259,046	129,523	-	(56,858)	-	(72,665)	-	-	-
-Share Split	518,092								
Transfer to share premium for share options exercised	-	-	-	375	(375)	-	-	-	-
Derecognition of deferred tax liabilities arising from RPGT exemption	-	-	-	-	58	-	58	-	58
Expenses not recognised in income statement									
-Share issue expenses	-	-	-	(260)	-	-	(260)	-	(260)
Share-based payments	-	-	-	-	125	-	125	-	125
Currency translation differences arising in the period	-	-	-	-	(14,673)	-	(14,673)	439	(14,234)
Net Profit for the period	-	-	-	-	-	188,133	188,133	(1,657)	186,476
Dividend paid	-	-	-	-	-	(12,952)	(12,952)	-	(12,952)
<b>As at 31 December 2007</b>	<b>1,046,583</b>	<b>261,646</b>		<b>571</b>	<b>(8,112)</b>	<b>301,365</b>	<b>555,470</b>	<b>199</b>	<b>555,669</b>
Acquisition of equity interest in subsidiary	-	-	-	-	-	-	-	6,682	6,682
Acquisition of minority interest	-	-	-	-	-	-	-	(199)	(199)
Issue of shares pursuant to:									
- ESOS	10,727	2,682	-	1,558	-	-	4,240	-	4,240
- Bonus issue	2,637,394	659,348	-	(659,348)	-	-	-	-	-
Right Issue	263,736	65,934	-	989,010	-	-	1,054,944	-	1,054,944
Repurchase of shares	(36,635)	-	(21,006)	-	-	-	(21,006)	-	(21,006)
Expenses not recognised in income statement									
-Share issue expenses	-	-	-	(13,221)	-	-	(13,221)	-	(13,221)
Share-based payments	-	-	-	-	565	-	565	-	565
Transfer to share premium for share options exercised	-	-	-	569	(569)	-	-	-	-
Currency translation differences arising in the period	-	-	-	-	(72,488)	-	(72,488)	47	(72,441)
Net Profit for the period	-	-	-	-	-	336,383	336,383	(208)	336,175
Dividend paid	-	-	-	-	-	(31,065)	(31,065)	-	(31,065)
<b>As at 31 December 2008</b>	<b>3,921,805</b>	<b>989,610</b>	<b>(21,006)</b>	<b>319,139</b>	<b>(80,604)</b>	<b>606,683</b>	<b>1,813,822</b>	<b>6,521</b>	<b>1,820,343</b>

# KNM GROUP BERHAD

( Company No. 521348-H)

( Incorporated in Malaysia )

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 December 2008

(Unaudited)

	31.12.2008	31.12.2007
	RM	RM
	'000	'000
Net cash (used in)/generated from operating activities	127,533	80,266
Net cash used in investing activities	(1,727,372)	(116,843)
Net cash generated from financing activities	2,012,430	76,761
Net increase in cash and cash equivalents	412,591	40,184
Cash and cash equivalents at beginning of year	98,233	58,049
<b>Cash and cash equivalents at end of year</b>	<b>510,824</b>	<b>98,233</b>
Cash & bank balances	357,917	73,483
Deposits with financial institutions	26,078	3,780
Deposits with licensed banks	129,201	28,067
	513,196	105,330
Bank overdraft	(2,372)	(7,097)
	510,824	98,233

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

**Notes to the quarterly Interim Financial Report – 31 December 2008**

**PART A: EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirement 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 December 2007. These 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 December 2007.

**A2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (FRSs) and new Interpretations effective for financial periods beginning on or after 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC interpretation 5	Right to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC interpretation 7	Applying the Restatement Approach under FRS129 -Financial Reporting in Hyperinflationary Economies
IC interpretation 8	Scope of FRS 2

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Company.

**A3. Qualification of annual financial statements**

There were no audit qualifications on the annual financial statements of the Company for the year ended 31 December 2007.

**A4. Seasonal and cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

**A5. Unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year to date.

**A6. Material changes in estimates**

There were no material changes in estimates of amount reported in the current quarter.

**A7. Issuances and repayment of debt and equity securities**

A. There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year to date other than those stated below:

	RM'000
Balance of ICP/IMTN outstanding as at 1 January 2008	200,000
ICP/IMTN drawdown	<u>100,000</u>
Balance of ICP/IMTN outstanding as at 31 December 2008	<u><u>300,000</u></u>

As at 31 December 2008, the amount outstanding for Islamic Commercial Papers ("ICP")/Islamic Medium Term Notes ("IMTN") is RM300.0 million out of the limit of RM300.0 million, mainly used for repayment of bank borrowings and working capital. Up to RM150 million is fully underwritten by Malayan Banking Berhad & AMInvestment Bank Berhad and has a tenure of 7-years from the date of issuance.

B. Options relating to 15,127,200 and 5,034,080 ordinary shares of RM0.50 each were granted to eligible employees on 25 August 2004 and 7 December 2005 at an option price of RM1.63 and RM2.88 per share with expiry date on 24 August 2009 pursuant to the Company's Employees' Share Option Scheme (ESOS). On 27 March 2008, an option of 300,000 ordinary shares of RM0.25 each was granted to a Non-Executive Director at an option price of RM4.58 pursuant to the Company's Employees' Share Option Scheme (ESOS). At the date of this report, 13,075,500 shares were exercised. After taking into account these new shares allotted and bonus issue of 2,637,394,050 shares on 25 July 2008, the issued and paid up shares of the Company increased to 3,960,788,275 and total number of unexercised share options is 43,898,360 as at date of report.

C. As at the date of this report, the Company has repurchased a total 38,635,100 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM0.57 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

**A8. Dividend Paid**

No dividend was paid during the quarter under review.

**A9. Segment information**

Segmental analysis of the revenue and result:-

Business Segment:	<b>Revenue</b>	<b>Operating Profit</b>
	12 months ended 31.12.2008 RM'000	12 months ended 31.12.2008 RM'000
Process equipment	2,528,553	511,363
Others	197	89
	<u>2,528,750</u>	<u>511,452</u>

Geographical segments:	<b>Revenue</b>	<b>Operating Profit</b>
	12 months ended 31.12.2008 RM'000	12 months ended 31.12.2008 RM'000
Malaysia	839,508	169,427
Overseas	1,689,242	342,025
Total	<u>2,528,750</u>	<u>511,452</u>

**A10. Valuation of property, plant and equipment**

Property, plant and equipment of the Group are stated at cost/valuation less accumulated depreciation and accumulated impairment losses where applicable.

There is no revaluation of property, plant and equipment during the period under review.

**A11. Material events subsequent to the end of the interim period**

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report other than those disclosed under item no. B8.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial year to date other than those disclosed in item no.B8.

**A13. Changes in contingent liabilities**

There were no material changes in contingent liabilities for the Group as at the date of this announcement.

**A14. Capital commitments**

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Property, plant and equipment	45,620	52,752
Investment	-	-
	<u>45,620</u>	<u>52,752</u>

**A15. Related party transactions**

Significant related party transactions for the financial year to date are as follows:

	RM '000
Inter Merger Sdn Bhd *	
- Office rental, related charges and administrative expense	1,802
* a company in which, Mr. Lee Swee Eng and Madam Gan Siew Liat are directors	
I.M.Bina Sdn Bhd **	
-General construction and civil works	22,716
Inter Merger Trading Sdn Bhd **	
-Supply of production materials and fixed assets	89
** a company in which Inter Merger Sdn Bhd is the holding company	
Tofield Realty Development Corporation ***	
- General and civil contractor and provider of staff accomodation	6,835
*** a wholly-owned subsidiary of Asiavertek, of which Mr. Lee Swee Eng and Madam Gan Siew Liat are directors and shareholders	
Nasser Hazza ****	
- General construction, civil and related mechanical and engineering work	7,684
**** Nasser Hazza is an entity controlled by Mohammed Nasser Hazza Al Fehaid Al Subaei, a director of KNM Saudi Limited Co	

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

The Group achieved revenue of RM2.53 billion, profit before tax and minority interest of RM453.71 million and EBITDA (Earning Before Interest ,Tax ,Depreciation and Amortisation) of RM584.03 million for the current period ended 31 December 2008. The revenue increased mainly due to the additional manufacturing capacity and job orders.

**B2. Variation of results against preceding quarter**

The Group's revenue of RM851.93 million and net profit before taxation and minority interest of RM154.94 million for the fourth quarter ended 31 December 2008 were higher by 14.17% and 21.22% to third quarter's revenue of RM746.20 million and net profit before taxation and minority interest of RM127.82 million respectively. The increase in net profit before taxation and minority interest was mainly due to higher revenue being recognized.

**B3. Current year prospects**

The Board is confident that the Group's results for the year 2009 will continue to be profitable.

**B4. Profit forecast**

Not applicable as no profit forecast was given.

**B5. Tax expense**

	<b>12 months ended 31.12.2008 RM'000</b>	<b>12 months ended 31.12.2007 RM'000</b>
Income Tax expense :-		
Current	85,350	21,753
Prior period	(10,404)	(1,842)
Deferred tax	42,584	8,971
	<u>117,530</u>	<u>28,882</u>

The Group's higher effective tax rate for this year compared to last year was due to tax expenses from overseas operations.

**B6. Unquoted investments and properties**

The Group has not made or disposed any investments in any unquoted investments and properties for the current quarter and financial year to date.

**B7. Quoted and marketable investments**

There were no investments or disposals in quoted and marketable securities during the current quarter and financial year to date.

**B8. Status of corporate proposals announced but not completed**

(1) KNM Group Berhad had on 4 February 2008 announced that it is *inter alia* proposing to undertake the following exercises:-

- (a) Proposed issuance of up to United States of America Dollar (“USD”)350 million (or its Euro Dollar or Malaysia Ringgit equivalent) Bonds, exchangeable into new KNM Shares (“exchangeable bonds”) (“Proposed Exchangeable Bonds Issue”).

The Proposed Exchangeable Bonds Issue which was duly approved by Company’s shareholders and Securities Commission (SC) in April 2008 and May 2008 respectively and due for implementation by 29 November 2008, has been deferred for the time being since KNM has received and accepted an offer from Malayan Banking Berhad (MBB) on 15 October 2008 for a 3-year term loan facility of Euro Dollar (EUR) 150.0 million to fully settle the balance bridging loan facility granted by MBB and complete the acquisition of Borsig Beteiligungsverwaltungsgesellschaft mbH (Borsig) on 6 June 2008.

In view of the current economic situation, the Company, through its Advisors, Aseambankers Malaysia Berhad, had on 14 November 2008 applied to SC for an extension of time to implement the Proposed Exchangeable Bonds Issue and the SC had vide its letter dated 1 December 2008, approved an extension of time of twelve (12) months until 29 November 2009 for the implementation of the Proposed Exchangeable Bonds Issue by KNM Capital Sdn Bhd.

Pursuant to the Company’s announcement on 5 February 2009, the MBB 3-year Euro Term Loan facility for EUR150.0 million has been successfully converted into a 3-year Ringgit Term Loan facility of RM702.66 million towards funding the acquisition of Borsig, which was completed on 6 June 2008.

- (2) The Company had on 9 October 2008 announced that KNM Process Systems Sdn Bhd, a wholly owned subsidiary had on 8 October 2008 entered into an exclusive Shareholders Agreement with Prosernat SA (Prosernat), a company based in Paris, France to provide process technologies, engineering, procurement, construction, commissioning, start up, operation and maintenance for field gas separation and gas treatment facilities, including desalting, gas dehydration, gas sweetening, natural gas liquids recovery, sulphur recovery and modular units.

On 14 January 2009, the Board of Directors of KNM Group Berhad announced that the Foreign Investment Committee had vide its letter dated 9 January 2009 confirmed that FIC has no objection to KNMPS and Prosernat’s investment in the joint venture company known as KPN Gas Technology Sdn Bhd (KPN Gas) on 50:50 basis.

The above FIC’s approval is conditional upon KNMPS maintaining its 50% equity interest in KPN Gas at all times and both KNMPS and Prosernat have duly completed their subscription to subscribe and increase the existing paid up and issued share capital of KPN Gas from RM2.00 to RM1.0 million on 3 February 2009.

**KNM GROUP BERHAD**  
**( Company No: 521348-H)**

- (3) The Company had on 9 January 2008 announced that it has entered into a Master Agreement (MA) with Ellimetal International N.V. (Vendor) to acquire 100% equity interest in its wholly owned subsidiary Ellimetal NV (Ellimetal) for a consideration sum of Euro 20.0 Million (Consideration).

Due to the non-fulfillment of certain conditions precedent, the parties have *inter alia*, mutually agreed not to proceed with the Proposed Acquisition pursuant to the Mutual Termination Agreement dated 1 December 2008.

However, the parties have expressed their intention to enter into a commercial cooperation as regards engineering, construction and/or delivery of aluminium silos within certain territories and the parties shall endeavour to negotiate in good faith the terms and conditions of such possible cooperation.

- (4) KNM had on 3 November 2008 announced that the Proposed acquisition by KNM Process Systems Sdn Bhd (KNMPS) and KNM International Sdn Bhd (KNMI), of 80% equity interest in HZM Industrial Ltda, HZM Servicos de Manutencao E Montagens Ltda and HZM S.A. Industria e Comercio de Equipamentos (HZM Companies) for a total consideration of Brazilian Real 27.0 million was successfully completed on 31 October 2008.
- (5) KNM had on 30 May 2006 entered into a Memorandum of Agreement (MOA) with Sofinter to set out the commercial terms by which the parties propose to enter into joint ventures in respect of the Boiler Business which will involve the incorporation of a joint venture company in Malaysia (MJVCO) and a joint venture company in China (CJVCO).

The Joint Venture Agreement for MJVCO has not been finalized due to the restructuring of Sofinter.

- (6) The utilisation of rights issue proceeds are as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Intended Time Frame	Explanation
Potential strategic acquisition and/or working capital purposes	1,024,944	(1,024,944)	-	12 months	N/A
Defray estimated expenses for the Right Issue, Bonus Issue and Exchangeable Bond Issue	30,000	(20,299)	9,701	Immediately	Pending completion of Exchangeable Bond issue
<b>Total</b>	<b>1,054,944</b>	<b>(1,045,243)</b>	<b>9,701*</b>		

\* Any unutilized amount shall be used for the Group's working capital purpose and/or investment future strategic acquisitions of the Group.

**B9. Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period were as follows:

	<b>RM'000</b>
<b>Short term:</b>	
Borrowings (secured)	4,857
Borrowings (unsecured) *	852,279
ICP/IMTN	150,000
Bank Overdraft	2,372
Bill Payable	108,474
Hire Purchase	179
	<u>1,118,161</u>
<b>Long term :</b>	
Borrowings (secured)	31,684
Borrowings (unsecured)	127,844
IMTN	150,000
Hire Purchase	329
	<u>309,857</u>
	<u>1,428,018</u>

\* Subsequent to 31 December 2008, the Company on 4<sup>th</sup> of February 2009 had converted the Euro150 million of short-term borrowing to a secured 3 years Ringgit term loan of RM702.66 million which will be classified as follow:-

	<b>RM'000</b>
Short Term	234,220
Long Term	468,440
	<u>702,660</u>

The above are also inclusive of other borrowings in foreign currency of RMB48.25 million, EURO43.29 million ,CND13.46 million and BRL2.60 million.

The Exchange rates used are 1 RMB = RM 0.5115 ,1 EURO = RM4.9160 ,1CND=RM2.8536 and 1BRL=RM1.4892

**B10. Off balance sheet financial instrument**

There was no material financial instrument with off balance sheet risk as at the end of the period under review other than the following.

As at the end of the reporting period, followings are the available foreign exchange contracts :-

Currency	Contracted Amount '000	Equivalent Amount in RM'000
USD	125,020	401,331
GBP	509	2,972
EURO	65,881	326,109
SGD	3,237	7,702
AUD	607	1,485

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JPY	81,367	2,850
RM	2,632	2,606
CAD	25,838	84,383
		829,438

Operation foreign exchange exposure on asset and liabilities are hedged accordingly on timely basis to protect its underlying values.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

**B11. Material litigation**

As at the date of this announcement, there were no material litigation since the last annual balance sheet date.

**B12. Dividend payable**

The Board of Directors has approved an interim dividend in respect of the financial year ending 31 December 2008.

Amount per share : 1 sen less income tax of 25%  
and  
: 0.5 sen tax exempt  
Date Payable : 18 March 2009

In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 13 March 2009.

**B13. Earnings per share**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>(a) Basic earnings per share</b>				
Net Profit attributable to shareholders (RM'000)	82,554	51,736	336,383	188,133
Number of shares at the beginning of the period ('000)	1,046,583	257,782	1,046,583	257,782
Effect of ESOS ('000)	6,481	3,338	6,481	3,338
Effect of Bonus issue ('000)	2,637,394	2,896,440	2,637,394	2,896,440
Effect of Share Split ('000)	-	518,092	-	518,092
Effect of Right issue ('000)	138,010	-	138,010	-
Effect of Share Buy Back	(6,207)		(6,207)	

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Weighted average number of shares ('000)	3,822,261	3,675,652	3,822,261	3,675,652
Basic earnings per share (sen)	2.16	1.41	8.80	5.12
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>(b) Diluted earnings per share</b>				
Net Profit attributable to shareholders (RM'000)	82,554	51,736	336,383	188,133
Weighted average number of shares as per above ('000)	3,822,261	3,675,652	3,822,261	3,675,652
Number of shares under ESOS ('000)	46,247	57,001	46,247	57,001
Number of shares would have been issued at fair value('000)	(7,064)	(9,755)	(7,064)	(9,755)
Weighted average number of shares - diluted ('000)	3,861,444	3,722,898	3,861,444	3,722,898
Fully diluted earnings per share (sen)	2.14	1.39	8.71	5.05

The comparative basic and diluted earnings per share have been restated to take into account the effects of bonus issue and share split.

**B14. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors on 24 February 2009.