



Annual Report **2009**



KNUSFORD BERHAD
(380100-D)
(Incorporated in Malaysia)



VISION

Pacing our stride to be an eventual top equipment purveyor by choice

MISSION

To deliver quality through products and services whilst forging ahead with unsurpassed business excellence



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Form of Proxy



Corporate Information

BOARD OF DIRECTORS

Dato' Lim Kang Hoo

Khoo Nang Seng @ Khoo Nam Seng

Dato' Lim Kang Swee

Lim Keng Cheng

Aznam Bin Mansor

Lim Ts-Fei

Dr. Wong Kai Fatt

Kang Hui Ling

- Executive Director
- Executive Director
- Executive Director
- Executive Director
- Non-Independent Non-Executive Director
- Independent Non-Executive Director
- Independent Non-Executive Director
- Senior Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Lim Keng Cheng

COMPANY SECRETARY

Lim Thiam Wah, ACIS

REGISTERED OFFICE

33-35, Ground Floor, Wisma Ekovest

Jalan Desa Gombak 6

Taman Sri Setapak

Off Jalan Gombak

53000 Kuala Lumpur

Tel: 03-40232525

Fax: 03-40214027

PRINCIPAL PLACE OF BUSINESS

Lot 8, Jalan Kecapi 33/2

Section 33, Elite Industrial Estate

40350 Shah Alam

Selangor Darul Ehsan

Tel: 03-51222525

Fax: 03-51225252

LISTING STATUS

Listed on Bursa Malaysia Main Market

REGISTRAR

Insurban Corporate Services Sdn Bhd

149, Jalan Aminuddin Baki

Taman Tun Dr. Ismail

60000 Kuala Lumpur

Tel: 03-77275573

Fax: 03-77285948

AUDITORS

KPMG

Chartered Accountants

Level 10, KPMG Tower

8, First Avenue

Bandar Utama

47800 Petaling Jaya, Selangor

Tel: 03-77213388

Fax: 03-77213399

PRINCIPAL BANKERS

AmBank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad

RHB Bank Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at GRAND SEASONS HOTEL, 72 JALAN PAHANG, 53000 KUALA LUMPUR on Monday, 28 June 2010 at 11.00 a.m for the purpose of transacting the following businesses:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 DECEMBER 2009 together with the Reports of the Directors and the Auditors thereon. *(Ordinary Resolution 1)*
2. To re-elect the following Directors who retire by rotation in accordance with the Company's Articles of Association:-

Article 82
i) Ms. Lim Ts-Fei *(Ordinary Resolution 2)*
ii) Ms. Kang Hui Ling *(Ordinary Resolution 3)*

Article 89
i) Mr. Lim Keng Cheng *(Ordinary Resolution 4)*
3. To approve the payment of Directors' Fees for the financial year ended 31 DECEMBER 2009. *(Ordinary Resolution 5)*
4. To re-appoint Messrs. KPMG as Auditors and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*
5. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:-
 - I) ORDINARY RESOLUTION - AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965
"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting". *(Ordinary Resolution 7)*
 - II) ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT authority be and is hereby given pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as stated in paragraph 3.4 of the Circular to Shareholders dated 4 June 2010 with the related parties listed in paragraph 3.3 of the Circular which are necessary for the day-to-day operations, in the ordinary course of business, made on at arm's length basis and on normal commercial terms which are not more favourable than those normally available to the public and are not to the detriment of the minority shareholders;

And that the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:-
 - i) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting;

Notice of Annual General Meeting

- ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- iii) revoke or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier".

(Ordinary Resolution 8)

- 6. To transact any other matter for which due notices have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

Lim Thiam Wah, ACIS
Company Secretary

Kuala Lumpur

4 June 2010

Notes:

1. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof.
5. Explanatory notes on Special Business:-
 - i. The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 19 June 2009 and which will lapse at the conclusion of the Fourteenth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.
 - ii. The Proposed Ordinary Resolution 8, if passed, will authorise the Group to enter into recurrent related party transactions as specified in the Circular to shareholders dated 4 June 2010, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made on at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Particulars of Directors who are standing for election at the Fourteenth Annual General Meeting.

There is no Director standing for election at the Fourteenth Annual General Meeting.

Profile of Directors and Chief Executive Officer

DATO' LIM KANG HOO, aged 55, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 7 December 2000. Dato' Lim is a businessman with over thirty years of experience in the construction related industry. He started his involvement in the machinery business soon after completing his secondary education, assisting the family construction business. Later he team-up with Mr. Khoo Nang Seng @ Khoo Nam Seng in 1989 to form Wengcon Equipment Sdn Bhd. The company's rapid development and growth was largely due to his dynamism and vision. His vast experience in the industry is an asset to the Knusford Berhad Group. At present, he is the Executive Vice Chairman of Ekovest Berhad, director of PLS Plantations Berhad and also a director of several other private limited companies.

MR. KHOO NANG SENG @ KHOO NAM SENG, aged 70, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 7 December 2000. He is the co-founder and a director of Wengcon Holdings Sdn Bhd and Wengcon Equipment Sdn Bhd. He was trained at Technical College, Kuala Lumpur in civil engineering. Upon graduation, he joined and served Jabatan Kerja Raya for six years. In 1970, he ventured into the construction business on his own and in 1989, teamed up with Dato' Lim Kang Hoo to form Wengcon Equipment Sdn Bhd. His tremendous drive and sharp business acumen was one of the major reasons behind the success of the group. At present, he is an executive director of Ekovest Berhad and also a director of several other private limited companies.

DATO' LIM KANG SWEE, aged 51, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 7 December 2000. Dato' Lim has more than fifteen years of experience in the rental and reconditioning business. After completing his secondary education he started his sole-proprietorship under the name of Wincon Trading & Co. which deals in rental, reconditioning of machinery and sale in spare parts and building materials. He travels extensively overseas to Japan, United Kingdom and Australia to meet with manufacturers, principals and dealers of spare parts, new and used machinery and equipment in order to source for quality supplies. Further, he has built a good understanding and reputation with suppliers during his fifteen years in the business. Hence, his vast experience and knowledge will contribute positively to the Knusford Berhad Group. In 1994, he discontinued his sole-proprietorship business, after which he teamed up with Mr. Khoo Nang Seng @ Khoo Nam Seng and his brother, Dato' Lim Kang Hoo to manage and expand the business of Wengcon Holdings Sdn Bhd. At present, he is also a director of several other private limited companies.

MR. LIM KENG CHENG, aged 48, Malaysian, was appointed as Chief Executive Officer of Knusford Berhad on 28 November 2008 and subsequently appointed as Executive Director on 05 October 2009. Mr. Lim has more than 28 years of working experience in the building and civil, design and build turnkey construction projects, machinery trading and property development industries, having started his career immediately after his high school education. He is a director of Aramijaya Sdn Bhd, a subsidiary of PLS Plantations Berhad dealing in management and operation of forest plantation, logging, saw milling, chipping, other downstream manufacturing and related activities and oil palm plantation. He also sits in the board of several private limited companies, amongst others, Konsortium Lebuh raya Utara-Timur (KL) Sdn Bhd, a concessionaire of the Duta-Ulu Kelang Expressway (DUKE) and Pembinaan Sahabatjaya Sdn Bhd, a class A construction company registered with PKK and Grade 7 with CIDB.

EN. AZNAM BIN MANSOR, aged 52, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 7 December 2000. He graduated with a Degree in Bachelor of Law (Hons) from the North East London Polytechnic, London in 1983 and was called to the Malaysian Bar as an Advocates and Solicitor in 1986. He started his career as a legal officer in Malayan Banking Berhad. He then joined Skrine & Co., a legal firm, and held the position of legal assistant for eight years. Presently, he is a partner of Lee Hishamuddin Allen & Gledhill, a legal firm in Kuala Lumpur. He sits in the Board of Mikro Berhad, Mikro MSC Berhad, and several other private limited companies.

Profile of Directors and Chief Executive Officer

MS. LIM TS-FEI, aged 47, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 9 January 2001. She graduated with a Degree in Bachelor of Law from the University of Hull, England and was called to the English Bar as a barrister in 1988. Upon her return to Malaysia, she commenced her chambering with Chye, Chow, Chung & Co., a legal firm in Kuala Lumpur. She was called to the Malaysian Bar in 1989 and continued to practise as a legal assistance in the same firm for eight years. She is presently a partner of the firm.

DR. WONG KAI FATT, aged 63, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 9 January 2001. He graduated with a Bachelor of Medicine, Bachelor of Surgery from the University of Singapore in 1972. He worked in Johor Bahru General Hospital and Ipoh General Hospital for three years before venturing into his own private practice in Kuala Lumpur.

MS. KANG HUI LING, aged 38, Malaysian, was appointed to the Board of Directors of Knusford Berhad on 28 February 2005. She was appointed Senior Independent Non-Executive Director on 22 April 2010. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big five audit firm. As audit senior associate, she also gained exposure in the field of operational audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently a partner of a professional firm registered with the Malaysian Institute of Accountants. She is also sits in the Board of Ekovest Berhad and PLS Plantations Berhad.

Conflict of interest

There is no conflict of interest between the Directors and the Group except for the recurrent related party transactions where the Directors have interest, as disclosed in the Note 25 of the Audited Financial Statements.

Conviction for offences

None of the Directors have been convicted for any offences (excluding traffic offences) within the last 10 years.

Family Relationship

No Director has family relationship with other Directors or major shareholders except for Dato' Lim Kang Hoo and Dato' Lim Kang Swee, who are brothers, Mr. Lim Keng Cheng, is the nephew of Dato' Lim Kang Hoo and Dato' Lim Kang Swee .

Chief Executive Officer's Statement

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of the Company and the Group for the financial year ended 31 December 2009.

Overview and results

For the financial year ended 31 December 2009, the Group recorded a profit before taxation of RM 9.301 million and a profit after taxation of RM 6.845 million from a turnover of RM 204.614 million as compared to RM 1.002 million loss before taxation and RM 1.810 million loss after taxation generated from a turnover of RM 112.540 million achieved in the previous financial year. The overall financial performance of the Group has improved substantially due to the procurement of certain construction contracts in the Iskandar Region.

The Board is pleased that its continuous effort in maintaining its presence in the Iskandar Region and its relationship with the government authorities and developers, be it government linked or private, in that region has finally open a window of opportunity to the Group.

Segi Tiara Sdn Bhd, the wholly subsidiary of the Company has been awarded construction works in respect of the coastal highway worth approximately RM 538.00 million in the Iskandar Region.

Works for the construction of the coastal highway has commenced since April 2009 and as at the date of this Annual Report, 50 % of the work has been completed. The completion of the contract will take about 2 1/2 years. It is anticipated that the project will be completed by mid of financial year ended 2011.

The construction of the coastal highway also brings business opportunities for other subsidiaries within the Group. Sub-contractors who have long term business relationship with Wengcon Marketing Sdn Bhd continue to support the Group by purchasing materials from Wengcon Marketing Sdn Bhd. The machinery rental arm also benefited from this construction work as it was given the opportunity to rent machineries for construction sites.

It is the intention of the Group to strengthen its presence in the property market as the management is of the view that the Group should develop its land bank taking advantage of the expected revival in the property market. With this business strategy in mind, the management has put in more effort in property development.

Dividend

The Board of Directors does not recommend any dividend for this year as the company would need to utilise the funds in hand to finance the completion of the construction contract in hand.

Corporate Development

The primary target of the Group will be to continue to strengthen its relationships with its current business partners, particularly those in the Iskandar Region as the Group has started to see some return for its efforts.

The Board will also continue with its effort to uphold to higher standard of corporate governance to enhance shareholders value.

As part of the Company's commitment towards corporate social responsibility, the Company has made contribution towards certain charitable organizations.

Industry Overview and Prospect

According to an analysis conducted by RAM Holdings, the nature of Malaysia's recession in 2009 is shorter and milder than expected. In fact, Malaysia pulled out of recession in 4Q 2009 (4.5% growth) with -1.7% contraction full year.



In the long term, according to RAM, the projected GDP growth for 2010 to 2011 is optimistic with growth of 4.9% in 2010 rising to 5.4% in 2011. This projected growth is supported by the rise in domestic spending especially private consumption due to improving consumer and investor confidence, aided by supportive monetary and fiscal policies, external support from gradual recovery in global demand and continuing exports to Asia (especially China) and other emerging markets. Ample liquidity (excess savings) will also help to drive recovery as monetary policies in 2010 remain accommodative and growth-centered and uptrend in private investment from both domestic and foreign sources may result from improving investor confidence and sentiments especially if the ongoing structural reforms and market liberalization measures are sustained.

Notwithstanding the positive tone set by RAM, the Board takes cognizance of the external economic factors which the construction industry is very sensitive to. However, the Board is of the view with the relationships which it has built throughout the years, it is still possible for the Group to secure construction contracts.

Accordingly to the Malaysia Real Estate Report 2Q 2010, property investment in Malaysia is set to increase further than the increase of 424% quarter to quarter to Ringgit Malaysia 880.3 million seen in Q3 2009, as a change in international investment regulations means foreign acquisition no longer require the consent of Foreign Investment Committee. Financial incentive packages have boosted the residential market and together with the likely increase in foreign buyers, developers are more confident to launch new projects. This is showing through in the news that developers are reporting into 2010, with new launches and new projects starting.

The Board believes that with the recovery in the service sectors and the projected recovery of the property market, it is time for the Group to get prepared with products which the Group may offer to the market in time to come. The Board will also look into other development plans which the Group may acquire since the prospect of the property market is encouraging.

Acknowledgment

On behalf of the Board of Directors, I would like to express my sincere thanks to my fellow directors, management team and staff for their collective commitments and undivided contributions to the Group during the year. I also would like to thank our valued shareholders, customers, business partners and bankers for their support and confidence in the Group, I also extend my appreciation to our management and staff for their dedication, hard work and contribution to the Group.

LIM KENG CHENG
Chief Executive Officer





Corporate Governance Statement

The Board of Directors ("Board") of Knusford Berhad remains committed towards ensuring the highest standard of corporate governance is maintained throughout the Company and its subsidiaries ("the Group") to enhance shareholders' value and improve its financial performance. The Board is therefore pleased to report to the shareholders the manner in which the Group has applied the principles and best practices of the Malaysian Code on Corporate Governance ("the Code").

The best practices of the Code that have yet to be adopted during the financial year and the corresponding reasons are set out below:

Provision of the Code	Details	Reasons
AA II AA III VII	No Chairman of the Board	The Company does not have an appointed Chairman of the Board. A member of the Board is elected to chair each Board meeting except the Chief Executive Officer who is also an Executive Director. The Board participate actively in every Board meeting.

THE BOARD OF DIRECTORS

(a) Composition and Balance

The Company is led by an effective and experienced Board, comprising Eight (8) members, made up of Three (3) Independent Non-Executive Directors, One (1) Non-Independent Non-Executive Director and Four (4) Executive Directors. This composition satisfies the Bursa Securities Listing Requirements that requires at least 2 Directors or 1/3 of the Board whichever is higher, are Independent Directors. The profiles of the members of the Board are set out on page 7 to page 8 of this Annual Report.

The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process. The Board's composition brings together an extensive group of experienced Directors from diverse backgrounds with wide range of skills and experience in areas relevant to managing and directing the Group's operations.

The Board is satisfied that the current Board's composition fairly protects the investment of the minority shareholders and represents a balanced mix of skills and experience to discharge the Board's duties and responsibilities. In addition, no individual director or group of directors dominates the Board's decision making.

The Company does not have an appointed Chairman of the Board. A member of the Board is elected to chair each Board meeting. The Chief Executive Officer who is responsible for the implementation of the policies and strategies adopted by the Board and overseeing the Group's operations and developing the Group's business strategies does not chair any Board meeting.

(b) Duties and Responsibilities

The main focus of the Board is on the overall strategic leadership, identification and management of principal risks and development and control of the Group. The Board has delegated specific responsibilities to Board Committees, all of which discharge the duties and responsibilities in accordance to their respective Terms of Reference.

(c) Board Meetings

The Board meets quarterly with additional meetings being convened when necessary. In the meetings, the Board deliberates and considers matters relating to the Group's financial performance, strategy and corporate development. For the financial year ended 31 December 2009, the Board met 5 times. The records of the attendance of the Directors who held office are set out below:

Name of Director	Designation	No. of meetings attended
Dato' Lim Kang Swee	Executive Director	5/5
Dato' Lim Kang Hoo	Executive Director	4/5
Khoo Nang Seng @ Khoo Nam Seng	Executive Director	4/5
Aznam Bin Mansor	Non-Independent Non-Executive Director	5/5
Lim Ts-Fei	Independent Non-Executive Director	5/5
Dr. Wong Kai Fatt	Independent Non-Executive Director	4/5
Kang Hui Ling	Senior Independent Non-Executive Director	5/5
Lim Keng Cheng (appointed wef 5.10.2009)	Executive Director	1/1

Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to directors well in advance of the board meetings for their perusal. All meetings of the Board are duly recorded in the Board Minutes.

(d) Supply of Information

All Board members are supplied with information in a timely manner. The Board meetings are structured with a pre-set agenda which encompasses all aspects of the Group. Board papers are circulated well in advance of the Board meetings for the Board members perusal.

All meetings of the Board are duly recorded by the Company Secretary. Where required, members of Senior Management may be invited to attend these meetings to explain and clarify the matters tabled.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional advisers whenever appropriate at the Group's expense.

(e) Appointment and Re-election of Directors

Any new appointment to the Board will require confirmation by the Board guided by formal recommendation by the Nomination Committee. Newly appointed Board members are subject to retirement at the next Annual General Meeting ("AGM") of the Company subsequent to their appointment. Article 82 of the Company's Article of Association also provides that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("the Act").

(f) Directors' Training

During the financial year, the Company organised a training entitled "Frauds & Forensic Auditing" for the Directors and senior management. Apart from this, the Directors individually continue to upgrade themselves by attending other courses, trade fairs, seminars and conferences.

(g) Conflict of Interest

The Directors have a continuing responsibility to determine whether they have any potential or actual conflict of interest in relation to any items being discussed. The Directors must declare their interest if there is any related party transaction and abstain from voting in respect of such transaction when considering such matter.

BOARD COMMITTEES

Apart from the Audit Committee, there are two other additional committees established to assist the Board in the execution of its responsibilities. All the committees are provided with written terms of reference. Details of the Board committees are provided herewith;

(a) Nomination Committee

There are three (3) members in the Nomination Committee, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee are:

- i) Chairman
Lim Ts-Fei – Independent Non-Executive Director
- ii) Members
Dr Wong Kai Fatt – Independent Non-Executive Director
Kang Hui Ling – Senior Independent Non-Executive Director

The Nomination Committee is empowered by the Board of Directors to assist the Board in nominating new directors to the Board. The Committee also reviews the Board's mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board, and the size and composition of the Board.

During the year, the Nomination Committee performed assessments on the effectiveness of the board as a whole, the Board committees and the contribution of each individual director, including the CEO and Independent Non-Executive Directors, as well as considers the Board of Directors' succession planning.

(b) Remuneration Committee

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Remuneration Committee assists the Board of Directors in reviewing and assessing the remuneration packages of the executive directors. The members of the Remuneration Committee are:

- a) Chairman
Lim Ts-Fei – Independent Non-Executive Director
- b) Members
Dr Wong Kai Fatt – Independent Non-Executive Director
Kang Hui Ling – Senior Independent Non-Executive Director

None of the Executive Directors participates in any way in determining their individual remuneration. The remuneration of the Executive Directors is reviewed annually. The remuneration and entitlements of the Non-Executive Directors is a matter to be decided by the Board as a whole.

(c) Audit Committee

The composition, terms of reference and a summary of the activities of the Audit Committee are set out separately in the Audit Committee Report as laid out on pages 21 to 23 of this Annual Report.

Corporate Governance Statement

DIRECTORS' REMUNERATION

The details of the remuneration of each Director during the financial year ended 31 December 2009 are as follows:

(a) Total Remuneration

	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Salary and Other Emolument	1,344	-	1,344
Fees	-	20	20
Benefits-In-Kind	48	7	55
Total	1,392	27	1,419

(b) Directors' remuneration by bands

The number of Directors whose total remuneration falls within the following bands during the financial year ended 31 December 2009 is as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors	Total
Up to RM50,000	-	4	4
RM100,001 to RM150,000	1	-	1
RM250,001 to RM300,000	2	-	2
RM650,001 to RM700,000	1	-	1
Total	4	4	8

Details of individual Director's Remuneration are not disclosed in this report as the Board considers that the above Remuneration disclosures by band and analysis between Executive and Non Executive Directors satisfies the accountability and transparency aspects of the Code.

SHAREHOLDERS

(a) Shareholders and Investors Relations

The Board acknowledges the importance of accountability to the shareholders. Timely release of the financial results on a quarterly basis, press releases and announcements will provide shareholders with corporate development information on a timely basis.

Information disseminated to the investment community is in accordance to Bursa Malaysia disclosure rules and regulations. The Board has taken steps to ensure that no market sensitive information is disclosed to any party prior to making an official announcement to Bursa Securities.

Corporate and financial information of the Group are also made available to shareholders and the public through the Group's website at www.knusford.com.my.

(b) Annual General Meeting

The Annual General Meeting ("AGM") is the principal platform for dialogue with the shareholders. At the AGM, the Board presents the progress and performance of the Group to provide shareholders with the opportunity to question the business issues, concerns and operations in general. The Board will also ensure that each item of special business is included in the notice of the AGM and will be accompanied by an explanation of the effects of the proposed resolutions.

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors ensure that the financial statements and quarterly announcements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting standards so as to offer a balanced and comprehensive assessment of the Group's financial position and prospects to the shareholders.

A Responsibility Statement by the Directors is set out on page 20 of this Annual Report.

(b) Internal Control

The Group's Statement on Internal Control is set out on pages 18 to 19 of this annual report to provide an overview on the state of internal control throughout the year.

(c) Relationship with the Auditors

A formal and transparent relationship is maintained with the Company's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors.

The Audit Committee Report is set out on pages 21 to 23.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("LR") and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ('the Guidance'), the Board of Directors ("the Board") of Knusford Berhad is pleased to include a statement on the state of the Group's internal controls in the annual report.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal control.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- There is a formal organisational structure with clear lines of responsibilities and levels of authority and accountability to facilitate internal checks and balances.
- Monthly management accounts is prepared by the Group Finance Department for Management's review, while quarterly financial results is presented to the Board for purposes of monitoring the Group's progress towards achieving its business objectives.
- Standard operating procedure manuals incorporating various internal controls are in place to govern the Group's business operations and functions.
- Outstation offices are visited by members of Senior Management on a periodic basis.

RISK MANAGEMENT PROCESS

Risk management is seen as an integral part of the Group's business operations by the Board. The Heads of Department are responsible for managing the risks of their respective departments. The key risks relating to the Group's operations are addressed at the Board meetings.

The abovementioned serves as the on-going process used to identify, evaluate and manage significant risks and this process has been in place during the financial year ended 31 December 2009.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional service provider. The outsourced internal audit function assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. Internal audit plans that set out the coverage of audits are prepared for the Audit Committee's approval annually.

On a quarterly basis, the Group's internal audit function table the results of their review to the Audit Committee at their scheduled meetings. Management action plans that address control weaknesses are also followed up to ensure that these action plans have been satisfactorily implemented. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

CONCLUSION

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

Statement on Internal Audit Function

The Board of Knusford Berhad is pleased to present the Statement on Internal Audit Function for the financial year ended 31 December 2009

The Group's Internal Audit Function, which is outsourced to a professional service firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal controls are adequate and effective. The Internal Audit Function reports directly to the Audit Committee.

On an annual basis, an internal audit plan is tabled to the Audit Committee for review and approval, and the Internal Audit Function executes audits based on the approved plan. The results of the audit reviews are periodically reported to the Audit Committee. In addition, the Internal Audit Function carries out follow up reviews to ensure that previously reported issues have been adequately addressed by Management and the results of such reviews are also periodically reported to the Audit Committee. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses that would require separate disclosure in this annual report.

The total costs incurred for the outsourcing of the Internal Audit function for the financial year ended 31 December 2009 was RM 65,539.60.

Directors' Responsibility Statement

The Board is fully accountable to ensure that the financial statements are drawn up in accordance with Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2009 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the preparation of the financial statements, the Directors have:

- a) applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- b) made judgments and estimates that are prudent and reasonable; and
- c) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Corporate Social Responsibility

The Group recognizes its social obligation to the society and is striving for a balanced approach in fulfilling its key objectives and the expectations of stakeholders.

To fulfill its corporate social responsibility, the Group has supported various charitable causes during the financial year and is committed to carry on its efforts further on a sustainable basis.

The Board of Directors of Knusford Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2009.

COMPOSITION AND ATTENDANCE OF MEETINGS

The members of the Audit Committee and details of their attendance at meetings during the financial year ended 31 December 2009 are as follows:

	Attendance of meetings
Chairman: Lim Ts-Fei (Independent Non-Executive Director)	5/5
Members: Dr Wong Kai Fatt (Independent Non-Executive Director)	4/5
Kang Hui Ling (Senior Independent Non-Executive Director)	5/5

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Composition

- (1) The Audit Committee shall be appointed from amongst the Board members and shall comprise no fewer than three (3) members, all members must be non-executive directors, with a majority of them being independent directors.
- (2) At least one member of the Committee:
 - a. must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - b. if he is not a member of MIA, he must have at least three (3) years working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - c. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Bhd.
- (3) No Alternate Director may be appointed as a member of the Committee.

Chairman

The Chairman, who shall be elected by the members of the Audit Committee, shall be an independent director.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting.

The Secretary shall also be responsible for recording the proceedings of the Audit Committee Meetings.

Meetings

The Committee shall meet at least four (4) times in each financial year. At the invitation of the Committee, other directors, senior management staff and the external consultant may attend the meeting where considered necessary.

In addition, the Chairman may call a meeting of the Audit Committee if requested by the internal or external auditors.

Quorum

The quorum for a meeting shall be at least two (2) members and shall be in accordance with paragraph 15.19 of the Bursa Securities Listing Requirements.

Powers of the Audit Committee

The Audit Committee shall be empowered with the following:

- Authority to investigate any matter within its terms of reference
- Right to employ resources which are required to perform its duties
- Full and unrestricted access to any information pertaining to the Group
- Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any)
- Right to obtain independent professional or other advice
- Right to convene meetings with the internal and external auditors, excluding the attendance of the executive members of the audit committee, whenever deemed necessary

Duties and Responsibilities of the Audit Committee

(1) Review the following and report the same to the Board of Directors of the Company:

- (a) the audit plan;
- (b) the evaluation of the system of internal control by the external auditors;
- (c) the external audit management letter and management response;
- (d) problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (e) the assistance given to internal and external auditors by employees of the company;
- (f) the adequacy of the scope, function competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its work;
- (g) the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (h) the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policies;
 - going concern assumptions;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- (i) whether the share options allocated are in compliance with the by-laws and criteria of Employee Share Option Scheme approved by shareholders;
- (j) Any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity;
- (k) Major findings of internal investigations and management's response;
- (l) Any appointment, audit fees and resignation from the internal and external auditors of the company; and

(m) Whether there is a reason (supported by grounds) to believe that the Company's internal and external auditors is not suitable for re-appointment.

(2) Perform such other functions and duties as may be agreed to by the Committee and the Board.

Summary of Activities of the Audit Committee

The following activities were undertaken by the Audit Committee during the financial year ended 31 December 2009:-

- (a) Reviewed the unaudited quarterly report on the consolidated results of the Group for the quarters ended 31 December 2008, 31 March 2009, 30 June 2009 and 30 September 2009.
- (b) Reviewed and approved the internal audit plan prepared by the Internal Audit Function.
- (c) Reviewed the internal audit reports and ensured the implementation of the action plans are carried out by Management on a timely basis
- (e) Reviewed the audit plan of the external auditors.
- (f) Reviewed the annual audited financial statements, external auditors' reports and their audit findings.
- (g) Reviewed related party transactions.

Summary of Activities of the Internal Audit Function

The activities of the Internal Audit Function during the financial year were as follows:

- (a) develop the internal audit plan for year 2010;
- (b) execution of the approved internal audit plan;
- (c) presentation of the internal audit findings at the quarterly Audit Committee meetings. All findings raised by the Internal Audit Function have been appropriately addressed by Management; and
- (d) conducted follow up reviews to ensure that action plans are properly and appropriately implemented by Management.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Directors' Report

for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding and property investment whilst the principal activities of the subsidiaries are as stated in Note 24 to the financial statements. There has been no other significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to equity holders of the Company	<u>6,845</u>	<u>1,840</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year.

Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review

Directors of the Company

Directors who served since the date of the last report are:

Dato' Lim Kang Swee
Dato' Lim Kang Hoo
Khoo Nang Seng @ Khoo Nam Seng
Aznam bin Mansor
Lim Ts-Fei
Dr. Wong Kai Fatt
Kang Hui Ling
Lim Keng Cheng (appointed on 5.10.09)

for the year ended 31 December 2009

Directors' interests

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2009/ Date of Appointment	Bought	Sold	At 31.12.2009
Interests in the Company				
Dato' Lim Kang Swee	8,154,000	-	-	8,154,000
Dato' Lim Kang Hoo	615,749	-	-	615,749
Khoo Nang Seng @ Khoo Nam Seng	8,124,122	-	-	8,124,122
Aznam bin Mansor	8,000	-	-	8,000
Lim Ts-Fei	10,000	-	-	10,000
Lim Keng Cheng	1,691,500	-	-	1,691,500
Deemed interests in the Company through				
i) Kinston Park Sdn. Bhd.				
Dato' Lim Kang Hoo	32,410,000	-	(30,000,000)	2,410,000
ii) Aman Setegap Sdn. Bhd.				
Dato' Lim Kang Hoo	-	30,000,000	-	30,000,000
iii) Bidarcita Sdn. Bhd.				
Dato' Lim Kang Swee	439,000	-	-	439,000
iv) Icon Sejati Sdn. Bhd.				
Lim Keng Cheng	464,000	-	-	464,000
v) Fablelite Sdn. Bhd.				
Lim Keng Cheng	287,500	-	-	287,500
vi) Lim Seong Hai Holdings Sdn. Bhd.				
Lim Keng Cheng	1,735,500	-	-	1,735,500
Deemed interests in the subsidiary company				
i) Yasmin Marine Technology Sdn. Bhd.				
Dato' Lim Kang Swee	80	-	-	80
Dato' Lim Kang Hoo	80	-	-	80
Khoo Nang Seng @ Khoo Nam Seng	80	-	-	80

By virtue of their interests in the shares of the Company, Dato' Lim Kang Swee, Dato' Lim Kang Hoo and Khoo Nang Seng @ Khoo Nam Seng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Knusford Berhad has an interest.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

for the year ended 31 December 2009

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Other statutory information (continued)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Lim Kang Hoo

Lim Keng Cheng

Kuala Lumpur

Date: 26 April 2010

Balance Sheets

at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Property, plant and equipment	3	47,820	49,306	2	2
Investment property	4	25,803	22,223	26,467	27,105
Investments in subsidiaries	5	-	-	68,392	65,892
Land held for property development	6	27,528	27,528	-	-
Deferred tax assets	7	564	142	-	-
Receivables, deposits and prepayments	8	-	-	30,410	24,172
Total non-current assets		101,715	99,199	125,271	117,171
Property development costs	9	13,495	16,504	-	-
Receivables, deposits and prepayments	8	142,668	49,768	684	354
Inventories	10	3,844	2,655	-	-
Tax recoverable		1,578	1,706	-	7
Cash and cash equivalents	11	36,764	29,097	10,561	5,122
Total current assets		198,349	99,730	11,245	5,483
Total assets		300,064	198,929	136,516	122,654
Equity					
Share capital		99,645	99,645	99,645	99,645
Share premium		22,693	22,693	22,693	22,693
Retained earnings		48,813	41,968	1,871	31
Total equity attributable to equity holders of the Company	12	171,151	164,306	124,209	122,369
Liabilities					
Borrowings	13	1,842	2,221	-	-
Deferred tax liabilities	7	3,239	3,204	-	-
Total non-current liabilities		5,081	5,425	-	-
Payables and accruals	14	94,637	26,047	278	285
Borrowings	13	28,284	3,151	12,026	-
Taxation		911	-	3	-
Total current liabilities		123,832	29,198	12,307	285
Total liabilities		128,913	34,623	12,307	285
Total equity and liabilities		300,064	198,929	136,516	122,654

The notes on pages 33 to 61 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations					
Revenue	15	204,614	112,540	3,961	1,659
Cost of sales	16	(185,547)	(102,419)	(678)	(537)
<hr/>					
Gross profit		19,067	10,121	3,283	1,122
Other income		1,826	2,014	-	-
Administrative expenses		(11,477)	(12,994)	(699)	(355)
Other expenses		-	(214)	-	-
<hr/>					
Results from operating activities		9,416	(1,073)	2,584	767
Interest income		457	702	169	290
Interest expense		(572)	(631)	-	-
<hr/>					
Profit/(Loss) before tax	17	9,301	(1,002)	2,753	1,057
Tax expense	19	(2,456)	(808)	(913)	(399)
<hr/>					
Profit/(Loss) attributable to equity holders of the Company		6,845	(1,810)	1,840	658
<hr/>					
Basic earnings per ordinary share (sen)		6.87	(1.82)		

The notes on pages 33 to 61 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2009

Group	Note	◀ Attributable to equity holders of the Company ▶			
		Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2008		99,645	22,693	44,515	166,853
Loss for the year		-	-	(1,810)	(1,810)
Dividend paid to shareholders	20	-	-	(737)	(737)
At 31 December 2008/ 1 January 2009		99,645	22,693	41,968	164,306
Profit for the year		-	-	6,845	6,845
At 31 December 2009		99,645	22,693	48,813	171,151
Company					
At 1 January 2008		99,645	22,693	110	122,448
Profit for the year		-	-	658	658
Dividend paid to shareholders	20	-	-	(737)	(737)
At 31 December 2008/ 1 January 2009		99,645	22,693	31	122,369
Profit for the year		-	-	1,840	1,840
At 31 December 2009		99,645	22,693	1,871	124,209

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		9,301	(1,002)	2,753	1,057
Adjustments for:					
Depreciation of property, plant and equipment	3	7,628	8,435	-	-
Depreciation of investment property	4	949	378	692	324
Dividend income		-	-	(3,187)	(1,000)
Gain on disposal of property, plant and equipment		(1,284)	(1,466)	-	-
Interest expense		572	631	-	-
Interest income		(457)	(702)	(169)	(290)
Property, plant and equipment written-off		214	250	-	-
Unrealised loss on foreign exchange		-	214	-	-
Operating profit before changes in working capital		16,923	6,738	89	91
Changes in working capital:					
Properties under development		3,009	(1,825)	-	-
Inventories		(1,189)	2,616	-	-
Receivables, deposits and prepayments		(92,900)	(2,468)	(330)	1,659
Payables and accruals		68,590	(490)	(7)	(1,978)
Cash (used in)/generated from operations		(5,567)	4,571	(248)	(228)
Dividends received		-	-	2,390	740
Income taxes paid		(1,804)	(1,092)	(106)	(130)
Net cash (used in)/generated from operating activities		(7,371)	3,479	2,036	382
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(3,877)	(19,156)	-	-
Acquisition of investment property	4	(4,529)	(233)	(54)	(15,722)
Advances to subsidiaries		-	-	(6,238)	-
Interest received		457	702	169	290
Deposits pledged with licensed banks		(7,090)	(204)	(6,704)	(102)
Increase investments in subsidiaries		-	-	(2,500)	-
Proceeds from disposal of property, plant and equipment		1,955	2,318	-	-
Net cash used in investing activities		(13,084)	(16,573)	(15,327)	(15,534)
Cash flows from financing activities					
Dividends paid	20	-	(737)	-	(737)
Interest paid		(572)	(631)	-	-
Proceeds from/(Repayment of) revolving credits		24,700	(200)	12,000	-
Repayment of finance lease liabilities		(3,122)	(2,687)	-	-
Net cash generated from/(used in) financing activities		21,006	(4,255)	12,000	(737)
Net increase/(decrease) in cash and cash equivalents		551	(17,349)	(1,291)	(15,889)
Cash and cash equivalents at 1 January	(ii)	21,871	39,220	1,303	17,192
Cash and cash equivalents at 31 December	(ii)	22,422	21,871	12	1,303

Cash Flow Statements

for the year ended 31 December 2009

(continued)

i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM7,027,000 (2008 - RM19,253,000), of which RM3,150,000 (2008 - RM97,000) were acquired by means of finance lease arrangements.

ii) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	11	19,416	9,250	38	36
Deposits with licensed banks	11	17,348	19,847	10,523	5,086
Bank overdraft	13	(26)	-	(26)	-
		<hr/>	<hr/>	<hr/>	<hr/>
		36,738	29,097	10,535	5,122
Less: Deposits pledged	11	(14,316)	(7,226)	(10,523)	(3,819)
		<hr/>	<hr/>	<hr/>	<hr/>
		22,422	21,871	12	1,303

Knusford Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

Registered office	Principal place of business
33-35, Ground Floor, Wisma Ekovest, Jalan Desa Gombak 6, Taman Sri Setapak, Off Jalan Gombak, 53000 Kuala Lumpur.	Lot 8, Jalan Kecapi 33/2, Section 33, Elite Industrial Estate, 40350 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

The Company is principally engaged in investment holding and property investment whilst the principal activities of the subsidiaries are as stated in Note 24 to the financial statements.

The financial statements were approved by the Board of Directors on 26 April 2010.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, IC Interpretation 12 and IC Interpretation 16 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, is disclosed below:

(i) IC Interpretation 15, *Agreements for the Construction of Real Estate*

IC Interpretation 15 replaces the existing FRS 2012004, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from property development activities of the Group will change from the percentage of completion method to the completed method.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) IC Interpretation 15, *Agreements for the Construction of Real Estate* (continued)

The potential impacts on the financial statements for the years ended 31 December 2008 and 31 December 2009 on initial application of IC Interpretation 15 that is applicable to the Group but not yet effective and that will be applied retrospectively are summarised as follows:

	As currently stated RM'000	Adoption of IC Interpretation 15 RM'000	Expected restatement RM'000
Balance sheets as at 31 December 2009			
Current			
Property development costs	13,495	2,551	16,046
Payables and accruals	(94,637)	(2,895)	(97,532)
Retained earnings	(48,813)	344	(48,469)
Balance sheets as at 31 December 2008			
Current			
Property development costs	16,504	-	16,504
Payables and accruals	(26,047)	-	(26,047)
Retained earnings	(41,968)	-	(41,968)
Income statements for the year ended 31 December 2009			
Revenue	204,614	(2,895)	201,719
Cost of sales	(185,547)	2,551	(182,996)
Profit for the year	6,845	(344)	6,501
Earnings per ordinary share (sen)	6.87	-	6.52
Income statements for the year ended 31 December 2008			
Revenue	112,540	7,517	120,057
Cost of sales	(102,419)	(5,545)	(107,964)
(Loss)/Profit for the year	(1,810)	1,972	162
Earnings per ordinary share (sen)	(1.82)	-	0.16

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - valuation of investment property; and
- Note 7 - recognition of unutilised tax losses and capital allowances

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Minority interest*

Minority interests at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statements as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

(iii) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) *Recognition and measurement* (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) *Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statements.

(iii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) *Depreciation*

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	5 - 50 years
• Equipment, furniture and fittings	10 years
• Plant and machinery	10 - 20 years
• Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (continued)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land which is classified as prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

2. Significant accounting policies (continued)

(e) Investment property (continued)

(ii) *Determination of fair value* (continued)

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate, the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(f) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Land held for property development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(g) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is shown as accrued billings under receivables, deposits and prepayments and the excess of billings to purchasers over income recognised in the income statements is shown as progress billings under payables and accruals.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common cost attributable to developing the properties to completion.

2. Significant accounting policies (continued)

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

The carrying amounts of assets except for financial assets other than subsidiaries and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(l) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the balance sheet. If cost incurred plus recognised profits exceed progress billings, then the difference is presented as amount due to contract customers in the balance sheet.

2. Significant accounting policies (continued)

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(n) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

2. Significant accounting policies (continued)

(q) Revenue recognition

(i) *Goods sold*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) *Rental of machinery*

Revenue from the rental of machinery is recognised in the income statements on an accrual basis in accordance with the substance of the rental agreements.

(iii) *Rental of investment property*

Revenue from rental of investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) *Property development*

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statements.

(v) *Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

(vi) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2. Significant accounting policies (continued)

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements, using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Freehold land	Buildings	Equipment, furniture and fittings	Plant and machinery	Motor vehicles	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	-	30	2,025	82,154	7,444	91,653
Additions	12,794	2,695	38	3,573	153	19,253
Transfer from inventories	-	-	-	1,700	-	1,700
Disposals	-	-	-	(2,178)	(1,168)	(3,346)
Written-off	-	-	-	(1,312)	-	(1,312)
At 31 December 2008/ 1 January 2009	12,794	2,725	2,063	83,937	6,429	107,948
Additions	-	-	966	2,380	3,681	7,027
Disposals	-	-	-	(2,500)	(440)	(2,940)
Written-off	-	-	-	(678)	-	(678)
At 31 December 2009	12,794	2,725	3,029	83,139	9,670	111,357
Depreciation and impairment loss						
At 1 January 2008:						
Accumulated depreciation	-	24	1,391	46,271	5,844	53,530
Accumulated impairment loss	-	-	2	231	-	233
	-	24	1,393	46,502	5,844	53,763
Depreciation for the year (Note 17)	-	51	151	7,648	585	8,435
Disposals	-	-	-	(1,326)	(1,168)	(2,494)
Written-off	-	-	-	(1,062)	-	(1,062)
At 31 December 2008/1 January 2009:						
Accumulated depreciation	-	75	1,542	51,531	5,261	58,409
Accumulated impairment loss	-	-	2	231	-	233
	-	75	1,544	51,762	5,261	58,642
Depreciation for the year (Note 17)	-	55	167	6,566	840	7,628
Disposals	-	-	-	(1,855)	(414)	(2,269)
Written-off	-	-	-	(464)	-	(464)
At 31 December 2009:						
Accumulated depreciation	-	130	1,709	55,778	5,687	63,304
Accumulated impairment loss	-	-	2	231	-	233
	-	130	1,711	56,009	5,687	63,537
Carrying amounts						
At 1 January 2008	-	6	632	35,652	1,600	37,890
At 31 December 2008/1 January 2009	12,794	2,650	519	32,175	1,168	49,306
At 31 December 2009	12,794	2,595	1,318	27,130	3,983	47,820

3. Property, plant and equipment (continued)

Company	Equipment, furniture and fittings RM'000
<i>Cost</i>	
At 1 January 2008/31 December 2008/ 1 January 2009/31 December 2009	3
	<hr/>
<i>Accumulated depreciation</i>	
At 1 January 2008/31 December 2008/ 1 January 2009/31 December 2009	1
	<hr/>
<i>Carrying amounts</i>	
At 1 January 2008/31 December 2008/ 1 January 2009/31 December 2009	2
	<hr/>

3.1 Leased property, plant and equipment

At 31 December 2009, the net carrying amount of leased motor vehicles and plant and machinery of the Group was RM10,764,101 (2008 - RM10,540,000).

4. Investment property

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<i>Cost</i>			
At 1 January 2008	5,225	18,013	23,238
Additions	-	233	233
At 31 December 2008/1 January 2009	5,225	18,246	23,471
Additions	-	4,529	4,529
At 31 December 2009	5,225	22,775	28,000
<i>Accumulated depreciation</i>			
At 1 January 2008	-	870	870
Charge for the year (Note 17)	-	378	378
At 31 December 2008/1 January 2009	-	1,248	1,248
Charge for the year (Note 17)	-	949	949
At 31 December 2009	-	2,197	2,197
<i>Carrying amounts</i>			
At 1 January 2008	5,225	17,143	22,368
At 31 December 2008/1 January 2009	5,225	16,998	22,223
At 31 December 2009	5,225	20,578	25,803
<i>Fair value</i>			
At 1 January 2008	5,520	21,665	27,185
At 31 December 2008/1 January 2009	6,992	20,340	27,332
At 31 December 2009	6,926	23,623	30,549
<i>Company</i>			
<i>Cost</i>			
At 1 January 2008	-	12,029	12,029
Additions	12,794	2,928	15,722
At 31 December 2008/1 January 2009	12,794	14,957	27,751
Additions	-	54	54
At 31 December 2009	12,794	15,011	27,805
<i>Accumulated depreciation</i>			
At 1 January 2008	-	322	322
Charge for the year	-	324	324
At 31 December 2008/1 January 2009	-	646	646
Charge for the year	-	692	692
At 31 December 2009	-	1,338	1,338

4. Investment property (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
<i>Carrying amounts</i>			
At 1 January 2008	-	11,707	11,707
At 31 December 2008/1 January 2009	12,794	14,311	27,105
At 31 December 2009	12,794	13,673	26,467
<i>Fair value</i>			
At 1 January 2008	-	13,293	13,293
At 31 December 2008/1 January 2009	12,794	15,587	28,381
At 31 December 2009	13,988	14,538	28,526

Certain buildings of the Group and of the Company with an aggregate carrying amount of RM17,402,000 (2008 - RM13,681,000) and RM9,834,000 (2008 - RM10,305,000) respectively are in the process of being registered under the name of the Company and its subsidiaries.

The following are recognised in the income statements in respect of investment properties:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental income from external parties	771	966	360	360
Rental income from subsidiaries	-	-	414	299
Direct operating expenses:				
- income generating investment property	253	216	154	129
- non-income generating investment property	123	100	76	84

Security

Certain freehold land and buildings of a subsidiary with an aggregate carrying amount of RM4,544,000 (2008 - RM4,568,000) are charged to secure banking facilities of a subsidiary (Note 13).

5. Investments in subsidiaries

	Company	
	2009 RM'000	2008 RM'000
At cost:		
Unquoted shares		
At 1 January	65,892	65,892
Additions	2,500	-
At 31 December	68,392	65,892

During the year, the Company subscribed for an additional 2,500,000 ordinary shares of RM1 each in Segi Tiara Sdn. Bhd. for a total cash consideration of RM2,500,000.

Details of the subsidiaries are as stated in Note 24.

6. Land held for property development

<i>Cost</i>	Group	
	2009 RM'000	2008 RM'000
At 1 January/ 31 December	27,528	27,528

Included in land held for property development is freehold land with a carrying amount of RM16,110,000 which is pending sub-division and has yet to be registered in the name of a subsidiary (2008 - RM16,110,000).

7. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	-	-	2,539	2,412	2,539	2,412
Land held for development	-	-	1,468	1,575	1,468	1,575
Unabsorbed capital allowances	(215)	-	-	-	(215)	-
Unutilised tax losses	(347)	-	-	-	(347)	-
Provisions	(770)	(925)	-	-	(770)	(925)
Tax (assets)/liabilities	(1,332)	(925)	4,007	3,987	2,675	3,062
Set off	768	783	(768)	(783)	-	-
Net tax (assets)/liabilities	(564)	(142)	3,239	3,204	2,675	3,062

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM'000	2008 RM'000
Deductible temporary differences	(2,924)	(3,684)
Unabsorbed capital allowances	(8,725)	(8,349)
Unutilised tax losses	(1,548)	(2,553)
	(13,197)	(14,586)
Unrecognised deferred tax assets at 25%	(3,300)	(3,647)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereon.

8. Receivables, deposits and prepayments

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	-	-	30,410	24,172
Current					
Trade					
Trade receivables		55,771	53,609	-	-
Less: Allowance for doubtful debts		(6,119)	(6,331)	-	-
	8.2	49,652	47,278	-	-
Construction work-in-progress	8.3	37,390	-	-	-
Progress billings receivables	8.4	45,332	-	-	-
Accrued billings		2,044	725	-	-
		134,418	48,003	-	-
Non-trade					
Other receivables, deposits and prepayments		8,471	2,127	684	354
Less: Allowance for doubtful debts		(221)	(362)	-	-
		8,250	1,765	684	354
		142,668	49,768	684	354

8.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and is not expected to be repayable within the next twelve months.

8.2 Trade receivables

Included in trade receivables of the Group are amounts due from companies deemed related to Directors amounting to RM32,378,000 (2008 - RM36,014,000).

Trade receivables amounting to RM356,000 (2008 - RM Nil) which was provided in the previous year were written off against the allowance for doubtful debts.

8.3 Construction work-in-progress

	Note	Group	
		2009 RM'000	2008 RM'000
Aggregate costs incurred to date		101,031	-
Add: Attributable profits		7,448	-
		108,479	-
Less: Progress billings		(77,285)	-
		31,194	-
Amount due to contract customers reclassified	14	6,196	-
Amount due from contract customers		37,390	-

8.4 Progress billings receivables

Included in progress billings receivables are:

- amount due from a company deemed related to Directors amounting to RM15,902,000; and
- retention sums of RM4,786,000 relating to construction work-in-progress.

8. Receivables, deposits and prepayments (continued)

8.4 Progress billings receivables (continued)

The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2009 RM'000	2008 RM'000
Within 1 year	-	-
1 - 2 years	-	-
2 - 3 years	-	-
3 - 4 years	4,786	-
	<u>4,786</u>	<u>-</u>

9. Property development costs

	Group	
	2009 RM'000	2008 RM'000
At 1 January		
Land	13,885	13,885
Development costs	2,619	50,862
Accumulated costs charged to income statements	-	(47,358)
	<u>16,504</u>	<u>17,389</u>
Development costs incurred during the year	1,815	4,006
Costs charged to income statements	(2,551)	(3,536)
Transfer to inventories	(2,273)	(1,355)
	<u>13,495</u>	<u>16,504</u>
At 31 December		
Land	13,885	13,885
Development costs	2,161	53,513
Accumulated costs charged to income statements	(2,551)	(50,894)
	<u>13,495</u>	<u>16,504</u>

10. Inventories

	Group	
	2009 RM'000	2008 RM'000
Trading inventories	294	967
Developed properties held for sale	3,550	1,688
	<u>3,844</u>	<u>2,655</u>

In the previous year, trading inventories amounting to RM788,000 were written down to net realisable value. The write down was charged to administrative expenses in the income statements.

11. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed banks	17,348	19,847	10,523	5,086
Cash and bank balances	19,416	9,250	38	36
	<u>36,764</u>	<u>29,097</u>	<u>10,561</u>	<u>5,122</u>

11. Cash and cash equivalents (continued)

Included in cash and bank balances of the Group is an amount of RM232,000 (2008 - RM1,321,000), the utilisation of which is subject to the Housing Development (Housing Development Account) Regulations 2002.

Deposits with licensed banks pledged for bank facilities

Included in deposits with licensed banks are deposits amounting to RM14,316,000 (2008 - RM7,226,000) and RM10,523,000 (2008 - RM3,819,000) of the Group and of the Company respectively which are pledged to banks to secure bank borrowings and facilities granted to the Company and certain subsidiaries (Note 13).

12. Share capital and reserves

12.1 Share capital

	Group		Company	
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Authorised:				
Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid:				
Ordinary shares of RM1 each	99,645	99,645	99,645	99,645

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12.2 Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value.

12.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2009 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

13. Borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
Finance lease liabilities	1,842	2,221	-	-
Current				
Bank overdraft - secured	26	-	26	-
Revolving credits - unsecured	25,150	450	12,000	-
Finance lease liabilities	3,108	2,701	-	-
	28,284	3,151	12,026	-

13. Borrowings (continued)

13.1 Security and terms

Bank overdraft of the Group and of the Company is subject to interest at 1.5% per annum above the base lending rate and is secured by way of corporate guarantees, fixed deposits (Note 11) and a fixed charge over a subsidiary's freehold land and buildings (Note 4).

Revolving credits of the Group and of the Company are subject to interest ranging at 0.5% - 1.75% (2008 - 0.5%) per annum above cost of funds. The revolving credits are secured by corporate guarantee by the Company.

Finance lease liabilities are subject to fixed interest rates ranging from 2.30% to 8.97% (2008 - 2.30% to 8.97%) per annum.

13.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2009					
Bank overdraft					
- secured	2010	26	26	-	-
Revolving credits					
- unsecured	2010	25,150	25,150	-	-
Finance lease liabilities					
- secured	2010 - 2013	4,950	3,108	1,064	778
		<u>30,126</u>	<u>28,284</u>	<u>1,064</u>	<u>778</u>
2008					
Revolving credits					
- unsecured	2009	450	450	-	-
Finance lease liabilities					
- secured	2009 - 2013	4,922	2,701	2,108	113
		<u>5,372</u>	<u>3,151</u>	<u>2,108</u>	<u>113</u>
Company					
2009					
Bank overdraft					
- secured	2010	26	26	-	-
Revolving credits					
- unsecured	2010	12,000	12,000	-	-
		<u>12,026</u>	<u>12,026</u>	<u>-</u>	<u>-</u>

13.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2009 RM'000	Interest 2009 RM'000	Principal 2009 RM'000	Minimum lease payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000
Less than one year	3,348	240	3,108	3,054	353	2,701
Between one and five years	1,949	107	1,842	2,342	121	2,221
	<u>5,297</u>	<u>347</u>	<u>4,950</u>	<u>5,396</u>	<u>474</u>	<u>4,922</u>

14. Payables and accruals

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables	14.1	57,634	22,975	-	-
Amount due to contract customers	8.3	6,196	-	-	-
		<u>63,830</u>	<u>22,975</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables and accrued expenses	14.2	30,807	3,072	278	285
		<u>94,637</u>	<u>26,047</u>	<u>278</u>	<u>285</u>

14.1 Trade payables

Included in trade payables of the Group are amounts due to companies deemed related to certain Directors amounting to RM2,949,000 (2008 - RM1,487,000).

Significant payables that are not in the functional currencies of Group entities are as follows:

Functional currency	Foreign currency	Group	
		2009 RM'000	2008 RM'000
RM	Yen	-	952
RM	Euro	-	137
			<u>1,089</u>

14.2 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group are payables and accruals for construction-related costs amounting to RM24,548,000 (2008 - RM Nil).

15. Revenue

Continuing operations		2009	2008
Group		RM'000	RM'000
Sales of goods		75,167	89,820
Rental of machinery		16,503	20,375
Contract revenue		108,478	-
Property development revenue		3,695	1,379
Rental income from investment property		771	966
		<u>204,614</u>	<u>112,540</u>
Company			
Dividend income from unquoted subsidiaries		3,187	1,000
Rental income from investment property		774	659
		<u>3,961</u>	<u>1,659</u>

Notes to the Financial Statements

16. Cost of sales

Group	2009 RM'000	2008 RM'000
Cost of goods sold	68,597	75,690
Direct operation expenses	12,957	24,933
Contract costs recognised as an expense	101,030	-
Property development expenses	2,963	1,796
	<u>185,547</u>	<u>102,419</u>
Company		
Direct operating expenses	<u>678</u>	<u>537</u>

17. Profit/(Loss) before tax

Note	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Allowance for doubtful debts	828	1,328	-	-
Auditors' remuneration:				
- Statutory audit				
- KPMG	135	104	28	25
- Other services				
- KPMG	8	35	-	-
Bad debts written off	87	-	-	-
Depreciation of property, plant and equipment	3	7,628	8,435	-
Depreciation of investment property	4	949	378	692
Property, plant and equipment written-off	3	214	250	-
Personnel expenses (including key management personnel)				
- Wages, salaries and others	12,004	7,956	59	58
- Contributions to Employees Provident Fund	910	683	5	4
Rental of motor vehicles	1,943	117	-	-
Rental of premises	1,024	1,385	-	-
Rental of equipment and machinery	1,411	218	-	-
Write down of inventories	-	788	-	-
Unrealised loss on foreign exchange	-	214	-	-
and after crediting:				
Dividend income from subsidiaries (unquoted)	-	-	3,187	1,000
Gain on disposal of property, plant and equipment	1,284	1,466	-	-
Realised gain on foreign exchange	163	-	-	-
Reversal of allowance of doubtful debts	825	-	-	-
Rental income from investment property	771	966	774	659

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
- Fees	20	20	20	20
- Remuneration	1,344	1,041	-	-
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	55	68	-	-
Total short-term employee benefits	1,419	1,129	20	20

19. Tax expense

Recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense	2,456	808	913	399

Major components of tax expense include:

Current tax expense				
Malaysian - current year	2,837	917	924	413
- prior year	6	217	(11)	(14)
Total current tax	2,843	1,134	913	399
Deferred tax expense				
Reversal of temporary differences	(360)	(78)	-	-
Overprovision in prior years	(27)	(248)	-	-
Total deferred tax	(387)	(326)	-	-
Total tax expense	2,456	808	913	399

Reconciliation of tax expense

Profit/(Loss) before tax	9,301	(1,002)	2,753	1,057
Tax at Malaysian tax rate of 25% (2008 - 26%)	2,325	(260)	688	275
Effect of lower tax rate for certain subsidiaries	-	(49)	-	-
Effect of change in tax rate*	-	148	-	-
Non-deductible expenses	499	540	236	128
Utilisation of previously unrecognised deferred tax assets	(347)	-	-	-
Deferred tax assets not recognised	-	460	-	10
Over provided in prior years	2,477	839	924	413
	(21)	(31)	(11)	(14)
	2,456	808	913	399

* The corporate tax rate is 26% for year of assessment 2008, 25% for year of assessment 2009 and subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using this tax rate.

20. Dividend

Dividend recognised in the previous year by the Group and the Company was:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2008			
Final 2007 ordinary	0.74	737	18 September 2008

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

21. Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans and borrowings and related expenses, corporate assets (primarily the Company's headquarter) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and investment property.

Inter-segment pricing is determined on negotiated terms.

Business segments

The Group comprises the following main business segments:

Trading and services	Reconditioning, sales and rental of light and heavy machinery, trading of building materials and provision of transportation services
Property development	Development of residential properties
Investment property	Rental of investment property
Construction	Civil works contracting

Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

21. Segmental reporting (continued)

	Trading and services		Property development		Investment property		Construction		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments	95,694	120,310	3,695	1,379	771	966	108,478	-	(4,024)	(10,115)	204,614	112,540
Total external revenue	38,256	-	-	-	684	490	-	-	(38,940)	(490)	-	-
Total segment revenue	133,950	120,310	3,695	1,379	1,455	1,456	108,478	-	(42,964)	(10,605)	204,614	112,540
Segment result	3,609	933	18	(1,524)	284	706	6,971	-	(767)	(833)	10,115	(718)
Unallocated expenses											(699)	(355)
Results from operating activities											9,416	(1,073)
Interest income	277	412	-	-	169	290	11	-	-	-	457	702
Interest expense	(419)	(631)	-	-	-	-	(153)	-	-	-	(572)	(631)
Profit/(Loss) before taxation											9,301	(1,002)
Tax expense											(2,456)	(808)
Profit/(Loss) for the year											6,845	(1,810)
Segment assets	141,689	139,450	32,282	32,771	25,803	22,223	97,370	-	(10,467)	(2,834)	286,677	191,605
Unallocated assets											13,387	7,324
Total assets											300,064	198,929
Segment liabilities	(46,516)	(25,393)	(3,175)	(3,208)	-	-	(85,232)	-	10,467	2,839	(124,456)	(25,762)
Unallocated liabilities											(4,457)	(8,861)
Total liabilities											(128,913)	(34,623)
Capital expenditure	1,990	3,727	32	37	4,529	15,722	5,005	-	-	-	11,556	19,486
Depreciation	(7,153)	(8,413)	(28)	(22)	(949)	(378)	(447)	-	-	-	(8,577)	(8,813)
Non-cash expenses other than depreciation and amortisation	(304)	(2,580)	-	-	-	-	-	-	-	-	(304)	(2,580)

22. Financial instruments

Exposure to credit, interest rate, currency and liquidity risks arise in the normal course of the Group's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The exposure to credit risk is monitored and credit evaluations are performed on an ad hoc basis. Fixed deposits are placed only with licensed financial institutions.

At balance sheet date, the Group had no significant concentrations of credit risk other than customers deemed related to Directors which represents 58% (2008 - 67%) and 35% (2008 - Nil) of the total trade receivables and progress billings receivables respectively. The Company has an amount owing from subsidiaries of RM30,410,000 (2008 - RM24,172,000). The maximum exposure to credit risk for the Group and for the Company is represented by the carrying amounts of each financial asset.

Interest rate risk

The Group and the Company borrow for operations at variable rate using revolving credits and bank overdraft. The Group's finance lease liabilities are subject to interest at fixed rates. The deposits placed with licensed banks are subject to interest at variable rate. At balance sheet date, there was no significant exposure of interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group		Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000
2009	Note							
Fixed rate instruments								
Deposit with licensed banks	11	2.00 - 2.50	17,348	17,348	-	-	-	-
Finance lease liabilities	13	3.04 - 8.97	(4,950)	(3,108)	(1,064)	(719)	(43)	(16)
Floating rate instruments								
Bank overdraft - secured	13	7.00	(26)	(26)	-	-	-	-
Revolving credits - unsecured	13	4.28 - 4.53	(25,150)	(25,150)	-	-	-	-
Company								
Fixed rate instruments								
Deposits with licensed banks	11	2.90 - 3.10	10,523	10,523	-	-	-	-
Floating rate instruments								
Bank overdraft - secured	13	7.00	(26)	(26)	-	-	-	-
Revolving credits - unsecured	13	4.53	(12,000)	(12,000)	-	-	-	-
Group								
2008								
Fixed rate instruments								
Deposit with licensed banks	11	2.40 - 3.20	19,847	19,847	-	-	-	-
Finance lease liabilities	13	2.30 - 8.97	(4,922)	(2,701)	(2,108)	(69)	(39)	(5)
Floating rate instruments								
Revolving credits - unsecured	13	4.87	(450)	(450)	-	-	-	-
Company								
Fixed rate instruments								
Deposits with licensed banks	11	2.90 - 3.10	5,086	5,086	-	-	-	-

22. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are US Dollar, Japanese Yen and Euro.

The Group does not hedge its foreign currency exposures and management monitors these exposures on an ongoing basis.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate their fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of financial liabilities, together with the carrying amounts shown in the balance sheets are as follows:

	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Finance lease liabilities	13	4,950	4,937	4,922	4,449

Estimation of fair values

For the above financial liabilities, fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

The interest rate used to discount estimated cash flow is as follows:

	2009	2008
Finance leases liabilities	3.04% - 8.97%	2.30% - 8.97%

23. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2009 RM'000	2008 RM'000
Guarantees and contingencies relating to borrowings of subsidiaries (unsecured)	13,000	450

24. Subsidiaries

The principal activities of the subsidiaries, which are all incorporated in Malaysia, and the effective ownership interest of Knusford Berhad are shown below:

Name of company	Principal activities	Effective ownership interest	
		2009	2008
Wengcon Holdings Sdn. Bhd.	Reconditioning, sales and rental of heavy machinery	100%	100%
Wengcon Equipment Sdn. Bhd.	Rental of machinery and equipment, provision of transportation services and trading of building materials	100%	100%
Segi Tiara Sdn. Bhd.	Civil works contracting	100%	100%
D-Hill Sdn. Bhd.	Property development	100%	100%
Subsidiaries of Wengcon Holdings Sdn. Bhd.			
Wengcon Machinery Sdn. Bhd.	Reconditioning, sales and rental of light and medium machinery	100%	100%
Wengcon Marketing Sdn. Bhd.	Trading in building materials	100%	100%
Hi-Plus Development Sdn. Bhd.	Rental of machinery and equipment	100%	100%
Endau Prima Sdn. Bhd.	Ceased operations	100%	100%
Segi Gemilang Sdn. Bhd.	Rental of machinery and equipment	100%	100%
Subsidiaries of Wengcon Equipment Sdn. Bhd.			
Radiant Seas Sdn. Bhd.	Rental of machinery and equipment	100%	100%
Yasmin Marine Technology Sdn. Bhd.	Rental of machinery and equipment	80%	80%

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with the following companies, which are deemed related to the Directors and major shareholders as follows:

- i) Ekovest Berhad and Ekovest Construction Sdn. Bhd. are deemed related to Dato' Lim Kang Hoo and Khoo Nang Seng @ Khoo Nam Seng;
- ii) Aramijaya Sdn. Bhd. is deemed related to Dato' Lim Kang Hoo, Dato' Lim Kang Swee and Lim Keng Cheng.

25. Related parties (continued)

Identity of related parties (continued)

- iii) Danga Bay Sdn. Bhd. and Rampai Fokus Sdn. Bhd., Uniregion Sdn. Bhd, Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd. are deemed related to Dato' Lim Kang Hoo and Lim Keng Cheng;
- iv) Pestarena Industri Sdn. Bhd. is deemed related to Dato' Lim Kang Hoo and Dato' Lim Kang Swee;
- v) Iskandar Waterfront Development Sdn. Bhd. is deemed related to Dato' Lim Kang Hoo;
- vi) Pembinaan Sahabatjaya Sdn. Bhd., Viro M&E Sdn. Bhd., Fablelite Sdn. Bhd., Milan Suria Sdn. Bhd. and Knight Auto Sdn. Bhd. are deemed related to Lim Keng Cheng.

The significant related party transactions of the Group and Company, other than key management personnel compensation, are as follows:

Type of transactions	Related parties	2009 RM'000	2008 RM'000
Group			
Sale and rental of machinery and equipment, transportation charges and sale of building materials	Aramijaya Sdn. Bhd.	5,635	10,302
	Danga Bay Sdn. Bhd.	11,133	7,311
	Ekovest Berhad	16	187
	Ekovest Construction Sdn. Bhd.	9,950	13,538
	Rampai Fokus Sdn. Bhd.	3,535	961
	Pembinaan Sahabatjaya Sdn. Bhd.	1,437	600
	Uniregion Sdn. Bhd.	145	-
	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd.	139	-
	Viro M&E Sdn. Bhd.	7,073	-
	Iskandar Waterfront Development Sdn. Bhd.	31	-
Sub-contractor fees on civil works	Pembinaan Sahabatjaya Sdn. Bhd.	22,564	-
Purchase and rental of machinery and equipment and purchase of building materials	Aramijaya Sdn. Bhd.	12	73
	Rampai Fokus Sdn. Bhd.	-	314
	Ekovest Berhad	905	1,600
	Ekovest Construction Sdn. Bhd.	495	-
	Pembinaan Sahabatjaya Sdn. Bhd.	1,237	96
	Fablelite Sdn. Bhd.	2	-
	Milan Suria Sdn. Bhd.	19	-
Knight Auto Sdn. Bhd.	40	-	
Purchase of freehold land and building	Pestarena Industri Sdn. Bhd.	-	15,489
Purchase of investment property	Danga Bay Sdn. Bhd.	4,444	-
Rental of premises paid	Ekovest Berhad	180	60
	Viro M&E Sdn. Bhd.	20	-
	Ekovest Holdings Sdn. Bhd.	16	-
	Aramijaya Sdn. Bhd.	40	-
Rental of premises received	Danga Bay Sdn. Bhd.	432	436
	Ekovest Construction Sdn Bhd	177	300
Company			
Rental of premises received	Danga Bay Sdn. Bhd.	360	360
Type of transactions	Subsidiary company		
Rental of premises received	Wengcon Machinery Sdn. Bhd.	398	299

Balance with related parties are disclosed in Note 8 and Note 14. These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 28 to 61 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their performance and cash flows for the year ended on that date.

Signed on behalf of the Board of Director in accordance with a resolution of the Directors:

Dato' Lim Kang Hoo

Lim Keng Cheng

Kuala Lumpur

Date: 26 April 2010

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Lee Mong Fang, the officer primarily responsible for the financial management of Knusford Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 61 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 26 April 2010.

Lee Mong Fang

Before me:

Independent Auditors' Report

to the members of Knusford Berhad

Report on the Financial Statements

We have audited the financial statements of Knusford Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 61.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang
Approval Number: 2782/09/10(J)
Chartered Accountant

Petaling Jaya

Date: 26 April 2010

Material Litigation and Other Information of Knusford Berhad and Its Subsidiaries

For The Year Ended 31 December 2009

- MATERIAL LITIGATION, CLAIMS AND ARBITRATION OF KNUSFORD BERHAD AND ITS SUBSIDIARIES

Neither the Company nor any of its subsidiaries is engaged in any material litigation, claims and arbitration arising from the ordinary course of business either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings, pending or threatened against the Company and its subsidiaries or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company and its subsidiaries.

- SHARE BUY-BACK

There was no share buy-back by the Company.

- AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme.

- SANCTIONS AND/OR PENALTIES IMPOSED

There are no fines or sanctions imposed on the Company and its subsidiaries, directors or management.

- NON AUDIT FEES

There are no non audit fees paid to the external auditors for the financial year ended 31 December 2009.

- PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year.

- PROFIT GUARANTEE

The Company did not give any profit guarantee.

- MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest.

- OPTIONS, WARRANT OR CONVERTIBLE SECURITIES

There was no options, warrants or convertible securities issued by the Company.

- PROPOSED RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE AND ADDITIONAL MANDATE WITH THE NEW RELATED PARTY

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature, at the forthcoming Annual General Meeting of Knusford Berhad scheduled to be held on 28 June 2010.

Analysis of Shareholdings

Date of Annual Report : 4 June 2010
Statement Date : 30 April 2010

1. SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1. Aman Setegap Sdn Bhd	30,000,000	30.11	-	-
2. Kinston Park Sdn Bhd	2,410,000	2.42	~ 30,000,000	30.11
3. Dato' Lim Kang Swee	8,154,000	8.18	# 439,000	0.44
4. Khoo Nang Seng @ Khoo Nam Seng	8,124,122	8.15	-	-
5. Dato' Lim Kang Hoo	615,749	0.62	* 32,410,000	32.53
TOTAL	49,303,871	49.48		

2. DIRECTORS' SHAREHOLDINGS

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1. Dato' Lim Kang Hoo	615,749	0.62	* 32,410,000	32.53
2. Khoo Nang Seng @ Khoo Nam Seng	8,124,122	8.15	-	-
3. Dato' Lim Kang Swee	8,154,000	8.18	# 439,000	0.44
4. Lim Keng Cheng	1,691,500	1.70	^ 2,487,000	2.50
5. Aznam Bin Mansor	8,000	0.01	-	-
6. Lim Ts-Fei	10,000	0.01	-	-
7. Dr. Wong Kai Fatt	-	-	-	-
8. Kang Hui Ling	-	-	-	-
TOTAL	18,603,371	18.67		

~ Deemed interest by virtue of its shareholdings in Aman Setegap Sdn Bhd

* Deemed interest by virtue of his shareholdings in Aman Setegap Sdn Bhd and Kinston Park Sdn Bhd

Deemed interest by virtue of his shareholdings in Bidarcita Sdn Bhd

^ Deemed interest by virtue of his shareholdings in Icon Sejati Sdn Bhd, Fablelite Sdn Bhd and Lim Seong Hai Holdings Sdn Bhd

3. CLASS OF EQUITY SECURITY

Authorised Share Capital : RM200,000,000.00
Issued and Fully Paid-Up : RM 99,645,002.00
Class of Shares : Ordinary shares of RM1.00 each

There is only one class of equity security in the Issued and Paid-up share capital of the Company. There were 956 shareholders holding 99,645,002 ordinary shares of RM1.00 each as at 30 April 2010. Each share entitles the holder to 1 vote.

4. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	Shareholdings	%
Less than 100 shares	8	0.84	128	0.00
100 - 1,000 shares	534	55.86	219,852	0.22
1,001 - 10,000 shares	288	30.12	1,224,174	1.23
10,001 - 100,000 shares	67	7.01	2,214,250	2.22
100,001 to less than 5% of issued shares	56	5.86	50,718,476	50.90
5% and above of issued shares	3	0.31	45,268,122	45.43
TOTAL	956	100	99,645,002	100

5. THIRTY (30) LARGEST SHAREHOLDERS

Name	Shareholdings	%
1 Aman Setegap Sdn Bhd	30,000,000	30.11
2 Khoo Nang Seng @ Khoo Nam Seng	8,124,122	8.15
3 Dato' Lim Kang Swee	7,144,000	7.17
4 Wung Earn Lee	3,577,000	3.59
5 OSK Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ngai Sok Fong	3,489,300	3.50
6 Wong Khai Shiuan	3,149,000	3.16
7 Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Suhaizi Bin Hamid	2,937,800	2.95
8 Wong Siew Chin	2,837,000	2.85
9 OSK Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gary Lee Seaton	2,527,200	2.54
10 Kinston Park Sdn Bhd	2,410,000	2.42
11 Wong Oi Choo	2,372,000	2.38
12 Soh Hui Fung	2,166,500	2.17
13 Lim Seong Hai Holdings Sdn Bhd	1,735,500	1.74
14 Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Piu Fong	1,726,599	1.73
15 Tan Lai Leng	1,618,500	1.62
16 Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Meow Yen	1,571,600	1.58
17 Lim Sew Hua	1,543,000	1.55
18 Lim Keng Cheng	1,533,000	1.54
19 ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Kok Woon	1,256,200	1.26
20 ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Foo Suet Kum	1,158,800	1.16
21 Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Leak Goh	1,076,000	1.08
22 Dato' Lim Kang Swee	1,000,000	1.00
23 A.A. Anthony Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Wen Shiow	852,800	0.86
24 ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lye Sau Chee	785,600	0.79
25 Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Eng Keong	717,800	0.72
26 A.A. Anthony Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Kim Leng	699,000	0.70
27 Dato' Lim Kang Hoo	615,749	0.62
28 Lim Soo San	464,600	0.47
29 Icon Sejati Sdn Bhd	464,000	0.47
30 Bidarcita Sdn Bhd	439,000	0.44

Particulars of Properties

as at 31 December 2009

Location	Age of Buildings	Tenure	Description/ Existing Use	Land Area (Hectares)# / Built-up Area (sq. ft.)/(sq.m)^	Net Book Value (RM'000)	Date of Acquisition
Land and Buildings						
Knusford Berhad						
Lot C-11-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	500	21-Aug-01
Lot C-11-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	500	21-Aug-01
Lot C-12-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	975	21-Aug-01
Lot D-09-05 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	505	01-Oct-05
Lot C-09-05 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	519	21-Dec-06
Lot C-09-06 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	528	21-Dec-06
Lot C-10-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	531	21-Dec-06
Lot C-10-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	531	21-Dec-06
Lot C-12-03 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	1,041	21-Dec-06

Particulars of Properties (continued)

as at 31 December 2009

Location	Age of Buildings	Tenure	Description/ Existing Use	Land Area (Hectares)# / Built-up Area (sq. ft.)/(sq.m)^	Net Book Value (RM'000)	Date of Acquisition
Lot D-10-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	531	21-Dec-06
Lot D-11-3A Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,176*	534	21-Dec-06
Lot D-12-03 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	1,041	21-Dec-06
Lot B-12-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	1,041	21-Dec-06
Lot B-09-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	528	21-Dec-06
Lot C-09-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	528	21-Dec-06
Lot 8, Jalan Kecapi 33/2, Section 33 Elite Industrial Estate, Shah Alam (with a 1 1/2 storey detached factory with an Annexed 3 Storey Office Building)	4	Freehold	Industrial Land and Premises	275,833*	15,390	20-Jun-07
Wengcon Holdings Sdn Bhd						
Lot 3658 Jalan Genting Klang Mhkim of Setapak District of Kuala Lumpur	27	Freehold	Eight (8) two (2) storey workshop	0.304#	2,267	9-May-96
Diamond Square Lot 335,317 and 318 Jalan Gombak Mukim of Setapak District of Kuala Lumpur	13	Freehold	Seven (7) storey commercial buildings comprising of one (1) retail & twelve (12) shop office	20,945 *	4,545	8-Jun-96

Particulars of Properties (continued)

as at 31 December 2009

Location	Age of Buildings	Tenure	Description/ Existing Use	Land Area (Hectares)# / Built-up Area (sq. ft.)/(sq.m)^	Net Book Value (RM'000)	Date of Acquisition
PTD 51261 H.S (D) 339081 Mukim of Senai-Kulai Daerah of Johor Bahru Johor Darul Takzim	12	Freehold	Double (2) storey terrace house	295 ^	225	9-Apr-04
Wengcon Equipment Sdn Bhd						
Lot B-09-02 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	505	01-Oct-05
Lot C-09-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	2,173*	505	01-Oct-05
Lot C-12-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	1,013	01-Oct-05
Lot A-12-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	4,050*	1,013	01-Oct-05
#G-04, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,098*	549	25-Mar-09
#01-04, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,141*	358	25-Mar-09
#02-04, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,141*	213	25-Mar-09
#G-06, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,098*	549	25-Mar-09
#01-06, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,130*	358	25-Mar-09

Particulars of Properties (continued)

as at 31 December 2009

Location	Age of Buildings	Tenure	Description/ Existing Use	Land Area (Hectares)# / Built-up Area (sq. ft.)/(sq.m)^	Net Book value (RM'000)	Date of Acquisition
#02-06, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,152*	213	25-Mar-09
#G-09, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,098*	522	25-Mar-09
#01-09, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,119*	341	25-Mar-09
#02-09, Block 4 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,119*	202	25-Mar-09
#G-06, Block 5 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,109*	522	25-Mar-09
#01-06, Block 5 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,130*	341	25-Mar-09
#02-06, Block 5 Danga Bay Jalan Skudai 80200 Johor Bahru Johor Darul Takzim	1	Freehold	Shoplot	1,130*	202	25-Mar-09
D-Hill Sdn Bhd						
Lot C-04-01 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim	5	Freehold	Apartment	1,038*	164	22-Dec-00
Development Land						
Wengcon Equipment Sdn Bhd						
Lot 2259 Mukim of Semenyih Daerah Ulu Langat Selangor Darul Ehsan	-	Freehold	Development Land	28.1419#	19,714	1-Nov-01
D-Hill Sdn Bhd						
Lot 1600 to 1603 and 1916 Mukim of Semenyih Daerah Ulu Langat Selangor Darul Ehsan	-	Freehold	Development Land	13.25#	7,814	28-April-03

Note: The Group has not revalued any of its properties

Form of proxy

KNUSFORD BERHAD

[380100-D]

(Incorporated in Malaysia)

We _____

of _____

being a member of the abovenamed Company hereby appoint _____

of _____

or failing whom, _____

of _____

or the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Monday, 28 June 2010 at 11.00 a.m and, at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

NO.	ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Adoption of Audited Financial Statements (Resolution 1)			
2.	Re-election of Directors:- i) Ms. Lim Ts-Fei ii) Ms. Kang Hui Ling iii) Mr. Lim Keng Cheng (Resolution 2) (Resolution 3) (Resolution 4)			
3.	Approval of Directors' Fees (Resolution 5)			
4.	Re-appointment of Auditors (Resolution 6)			
5.	I Authorisation pursuant to Section 132D II Proposed Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or or Trading Nature (Resolution 7) (Resolution 8)			

Dated this _____ day of _____ 2010.

Number of shares held

Signature (s) of Shareholder (s)

Notes:

1. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, this form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Fold here

AFFIX
STAMP

The Company Secretary

Knusford Berhad (380100-D)

33-35, Ground Floor, Wisma Ekovest
Jalan Desa Gombak 6
Taman Sri Setapak
Off Jalan Gombak
53000 Kuala Lumpur

Fold here

KNUSFORD BERHAD

(380100-D)

Registered Office

33-35, Ground Floor, Wisma Ekovest,
Jalan Desa Gombak 6,
Taman Sri Setapak, Off Jalan Gombak,
53000 Kuala Lumpur.
Tel: (603) 4023 2525 Fax: (603) 4021 4027

Shah Alam Office

Lot 8, Jalan Kecapi 33/2,
Section 33, Elite Industrial Estate,
40350 Shah Alam, Selangor.
Tel: (603) 5122 2525 Fax: (603) 5122 5252