

KNUSFORD BERHAD (380100-D)**Condensed consolidated statement of financial position**

At 30 September 2010

	At 30 September 2010 RM'000	At 31 December 2009 RM'000
Assets		
Property, plant and equipment	37,587	47,820
Investment properties	25,166	25,803
Land held for property development	27,528	27,528
Deferred tax assets	101	564
Total non-current assets	90,382	101,715
Property development costs	14,909	13,495
Receivables, deposits and prepayments	119,183	142,668
Inventories	3,516	3,844
Tax recoverable	389	1,578
Assets classified as held for sale	8,616	-
Cash and cash equivalents	30,362	36,764
Total current assets	176,975	198,349
Total assets	267,357	300,064
Equity		
Share capital	99,645	99,645
Reserves	78,346	71,506
Total equity attributable to equity holders of the Company	177,991	171,151
Liabilities		
Borrowings	1,032	1,842
Deferred tax liabilities	3,087	3,239
Total non-current liabilities	4,119	5,081
Payables and accruals	57,488	94,637
Liabilities classified as held for sale	1,271	-
Borrowings	24,652	28,284
Taxation	1,836	911
Total current liabilities	85,247	123,832
Total Liabilities	89,366	128,913
Total equity and liabilities	267,357	300,064
Net assets per share (RM)	1.7863	1.7176

(The condensed consolidated balance sheet should be read in conjunction with the financial statements for the year ended 31 December 2009)

KNUSFORD BERHAD (380100-D)**Condensed consolidated statement of comprehensive income**

For the financial period ended 30 September 2010

	Current 3 months ended 30 September		Cumulative 9 months ended 30 September	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations				
Revenue	62,735	47,566	214,557	105,218
Cost of sales	<u>(56,512)</u>	<u>(42,710)</u>	<u>(195,958)</u>	<u>(93,659)</u>
Gross profit	6,223	4,856	18,599	11,559
Other income	512	263	1,544	572
Administrative expenses	<u>(2,522)</u>	<u>(1,947)</u>	<u>(8,905)</u>	<u>(7,086)</u>
Results from operating activities	4,213	3,172	11,238	5,045
Interest income	157	94	371	335
Interest expense	<u>(313)</u>	<u>(120)</u>	<u>(1,047)</u>	<u>(396)</u>
Profit before tax	4,057	3,146	10,562	4,984
Taxation	<u>(1,384)</u>	<u>(916)</u>	<u>(3,722)</u>	<u>(1,555)</u>
Profit after taxation / Total comprehensive income for the period	<u>2,673</u>	<u>2,230</u>	<u>6,840</u>	<u>3,429</u>
Total comprehensive income attributable to:				
Owners of the Company	2,673	2,230	6,840	3,429
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,673</u>	<u>2,230</u>	<u>6,840</u>	<u>3,429</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>2.68</u>	<u>2.24</u>	<u>6.86</u>	<u>3.44</u>
EPS - Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The condensed consolidated income statement should be read in conjunction with the financial statements for the year ended 31 December 2009)

KNUSFORD BERHAD (380100-D)**Condensed consolidated statement of changes in equity**

For the financial period ended 30 September 2010

	Attributable to the Equity Holders of the Parent			Total RM'000	Minority interest RM'000	Total Equity RM'000
	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000			
At 1 January 2010	99,645	22,693	48,813	171,151	-	171,151
Total comprehensive income for the period	-	-	6,840	6,840	-	6,840
At 30 September 2010	<u>99,645</u>	<u>22,693</u>	<u>55,653</u>	<u>177,991</u>	<u>-</u>	<u>177,991</u>
At 1 January 2009	99,645	22,693	41,968	164,306	-	164,306
Total comprehensive income for the period	-	-	3,429	3,429	-	3,429
At 30 September 2009	<u>99,645</u>	<u>22,693</u>	<u>45,397</u>	<u>167,735</u>	<u>-</u>	<u>167,735</u>

(The condensed consolidated statements of changes in equity should be read in conjunction with the financial statements for the year ended 31 December 2009)

KNUSFORD BERHAD (380100-D)**Condensed consolidated statement of cash flows**

For the financial period ended 30 September 2010

	30 September 2010 RM'000	30 September 2009 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	10,562	4,984
Adjustments for:		
Depreciation of property, plant and equipment	5,241	5,740
Depreciation of investment property	493	341
Gain on disposal of property, plant and equipment	-1,055	-106
Interest expenses	1,047	396
Interest income	-371	-335
Impairment losses on property, plant and equipment	1,000	0
Property, plant and equipment written-off	0	87
Operating profit before changes in working capital	<u>16,917</u>	<u>11,107</u>
Changes in working capital:		
Properties under development	-1,414	-66
Inventories	76	628
Receivables, deposits and prepayments	21,403	-20,093
Payables and accruals	-35,851	11,559
Cash generated from operations	<u>1,131</u>	<u>3,135</u>
Income taxes paid	<u>-1,699</u>	<u>-518</u>
Net cash (used in)/generated from operating activities	<u><u>-568</u></u>	<u><u>2,617</u></u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	-1,156	-5,450
Acquisition of investment property	-42	-4,523
Interest received	371	335
Deposits pledged with licensed banks	-249	-6,776
Proceeds from disposal of property, plant and equipment	1,703	794
Net cash generated from/(used in) investing activities	<u><u>627</u></u>	<u><u>-15,620</u></u>
<i>Cash flows from financing activities</i>		
Interest paid	-1,047	-395
Repayment of revolving credits	-1,900	-300
(Repayment of)/ proceeds from finance lease liabilities	-2,558	167
Net cash used in financing activities	<u><u>-5,505</u></u>	<u><u>-528</u></u>
Net decrease in cash and cash equivalents	-5,446	-13,531
Cash and cash equivalents at beginning of period	22,423	21,871
Cash and cash equivalents at end of period	<u><u>16,977</u></u>	<u><u>8,340</u></u>
Deposits with licensed banks (excluding deposits pledged)	9,477	5,860
Cash & bank balance	7,500	2,480
	<u><u>16,977</u></u>	<u><u>8,340</u></u>

(The condensed consolidated cash flow statement should be read in conjunction with the financial statements for the year ended 31 December 2009)

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 30 September 2010

A FRS 134 – Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements are to be read in conjunction with the audited financial statements for the year ended 31 December 2009. The accounting policies, method of computation and basis of consolidation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2009 except for the following :-

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

The adoption of the new FRSs, Interpretations and amendments effective from 1 January 2010 has no material impacts to the Group consolidated financial statements of the current and prior periods financial statements upon its first adoption.

A2 Auditors' report

There is no qualification on the audited report of the Group's preceding annual financial statements.

A3 Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4 Unusual items

There were no unusual items for the period ended 30 September 2010.

A5 Changes in estimates

Not applicable.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and nine months ended 30 September 2010.

A7 Dividends paid

No dividend was paid for the current quarter and nine months ended 30 September 2010.

A8 Segmental information

Segmental information is presented in respect of the Group's business segment. Inter-segment pricing is determined based on negotiated terms.

	9 months ended 30 September 2010 Revenue RM '000	9 months ended 30 September 2009 Revenue RM '000	9 months ended 30 September 2010 Profit before tax RM '000	9 months ended 30 September 2009 Profit before tax RM '000
Trading and services	112,862	89,297	3,300	2,436
Property development	6,597	2,123	746	178
Construction	144,073	34,736	7,775	2,785
Investment Property	805	891	(59)	95
	<hr/>	<hr/>	<hr/>	<hr/>
	264,337	127,047	11,762	5,494
Inter-segment eliminations	(49,780)	(21,829)	(219)	-
Unallocated income	-	-	371	335
Unallocated expenses	-	-	(1,352)	(845)
	<hr/>	<hr/>	<hr/>	<hr/>
	214,557	105,218	10,562	4,984
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A9 Valuation of property, plant and equipment

Valuation of property, plant and equipment has been brought forward, without amendment from the preceding annual financial statements.

A10 Event subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date.

A11 Changes in composition of the Group

There are no changes in the composition of the Group for the quarter and period under review except the following:

The Group had on 24 August 2010 announced that Wengcon Holdings Sdn Bhd (WHSB), a wholly owned subsidiary of the Group had on 24 August 2010 entered into a Share Sale Agreement (SSA) with Dato' Lim Kang Swee ("Purchaser"), a Director of Knusford for the purpose of disposing the entire 300,002 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital in Wengcon Machinery Sdn Bhd ("WMSB") for the sum of Ringgit Malaysia: Four Million Seven Hundred Thirty Seven Thousand Eight Hundred And Five Only (RM4,737,805-00). The disposal is still pending completion as at todate. The assets and liabilities in WMSB were classified as Assets and Liabilities Held for Sale in the Group Condensed Consolidated Financial statement for the period ended 30 September 2010.

The Group had on 12 November 2010 announced that the Company had on 12 November 2010 subscribed for RM 40,000.00 ordinary shares of RM 1.00 each at par value representing 40% of the enlarged issued and paid-up share capital of CBD Development Sdn Bhd (CBDD)

A12 Changes in contingent liabilities

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.

	As at 30 September 2010 RM'000
Guarantees and contingencies relating to borrowings of subsidiaries (unsecured)	12,000

A13 Significant Related Party Transactions

The group has significant related party transactions with companies in which certain directors of the Company have interest, as follows:-

	9 months ended 30 September 2010 RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	8,838
Danga Bay Sdn Bhd	9,948
Ekovest Construction Sdn Bhd	3,976
Pembinaan Sahabatjaya Sdn Bhd	27,992
Rampai Fokus Sdn Bhd	4,459

B Bursa Malaysia listing requirements – Revised Part A of Appendix 9B

B1 Review of performance for the period

The Group recorded a turnover of RM214.557 million and a profit before tax of RM10.562 million for the 9 months ended 30 September 2010 as compared to a turnover of RM105.218 million and a profit before tax of RM4.984 million for the preceding year corresponding period. The increase in turnover and profit before tax were substantially due to contributions from construction division.

B2 Comparison with preceding quarter results

For the quarter under review, the Group recorded a profit before taxation of RM4.057 million on a turnover of RM62.735 million as compared to a profit before taxation of RM4.038 million on a turnover of RM77.464 million for the preceding quarter. The marginal increase in the profit was due to contributions from the property development division.

B3 Prospects

The outlook for the construction and development industry remains competitive and challenging, which the group substantially relies on for its business activities. Nevertheless, the Board will continue to look for other business opportunities to maintain satisfactory results.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Taxation

	Current quarter ended 30 September 2010 RM '000	9 months ended 30 September 2010 RM '000
Current provision	1,116	3,454
Under provision in respect of prior years	53	53
Over provision in respect of prior years	(95)	(95)
Deferred tax	310	310
	<u>1,384</u>	<u>3,722</u>

The Group's effective tax rate for the current quarter ended 30 September 2010 is higher than the prima facie tax rate mainly due to the losses incurred by certain subsidiaries and disallowable expenses.

B6 Unquoted investments and properties

There were no profits on sale of unquoted investments for the current quarter and period ended 30 September 2010.

B7 Quoted securities

There were no purchase or disposal of quoted securities for the current quarter and period ended 30 September 2010.

B8 Corporate proposals

There were no corporate proposals announced or pending completion as at the date of this report.

B9 Group borrowings

At
30 September 2010
RM '000

Current:	
Revolving credits - unsecured	23,250
Finance lease liabilities	1,402
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	24,652
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Non-current:	
Finance lease liabilities	1,032
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B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risks.

B11 Changes in material litigations.

Neither the Company nor its subsidiaries is engaged in any material litigation claims or arbitration, either as a plaintiff or defendant, and the Directors are not aware of any proceedings, pending or threatened against the Company and its subsidiaries or any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company and its subsidiaries.

B12 Dividends declared

No interim dividend has been declared for the quarter and period ended 30 September 2010.

B13 Earnings per share

	Current quarter ended 30 September 2010 RM '000	Preceding year corresponding quarter ended 30 September 2009 RM '000	Cumulative 9 months ended 30 September 2010 RM '000	Cumulative 9 months ended 30 September 2009 RM '000
Earnings	2,673	2,230	6,840	3,429
Issued ordinary shares at beginning of period	99,645	99,645	99,645	99,645
Effect of shares issued for the period	-	-	-	-
Weighted average number of shares at end of period	99,645	99,645	99,645	99,645
Basic earning per ordinary shares (sen)	2.68	2.24	6.86	3.44
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A