

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

At 31 December 2010

	At 31 December 2010 RM'000	At 31 December 2009 RM'000
<b>Assets</b>		
Property, plant and equipment	34,329	47,820
Investment properties	25,057	25,803
Land held for property development	26,777	27,528
Investment in associate	40	-
Deferred tax assets	265	564
<b>Total non-current assets</b>	<b>86,468</b>	<b>101,715</b>
Property development costs	14,404	13,495
Receivables, deposits and prepayments	154,303	142,668
Amount owing by associate	15	-
Inventories	3,516	3,844
Tax recoverable	298	1,578
Cash and cash equivalents	33,841	36,764
<b>Total current assets</b>	<b>206,377</b>	<b>198,349</b>
<b>Total assets</b>	<b>292,845</b>	<b>300,064</b>
<b>Equity</b>		
Share capital	99,645	99,645
Reserves	89,465	71,506
<b>Total equity attributable to equity holders of the Company</b>	<b>189,110</b>	<b>171,151</b>
<b>Liabilities</b>		
Borrowings	760	1,842
Deferred tax liabilities	3,245	3,239
<b>Total non-current liabilities</b>	<b>4,005</b>	<b>5,081</b>
Payables and accruals	76,234	94,637
Borrowings	20,304	28,284
Taxation	3,192	911
<b>Total current liabilities</b>	<b>99,730</b>	<b>123,832</b>
<b>Total Liabilities</b>	<b>103,735</b>	<b>128,913</b>
<b>Total equity and liabilities</b>	<b>292,845</b>	<b>300,064</b>
<b>Net assets per share (RM)</b>	<b>1.8978</b>	<b>1.7176</b>

(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 year ended 31 December 2010

	Current 3 months ended 31 December		Cumulative 12 months ended 31 December	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Continuing operations</b>				
Revenue	102,110	99,396	316,667	204,614
Cost of sales	<u>(86,461)</u>	<u>(91,888)</u>	<u>(282,419)</u>	<u>(185,547)</u>
<b>Gross profit</b>	15,649	7,508	34,248	19,067
Other income	1,836	1,254	3,380	1,826
Administrative expenses	<u>(2,826)</u>	<u>(4,391)</u>	<u>(11,731)</u>	<u>(11,477)</u>
<b>Results from operating activities</b>	14,659	4,371	25,897	9,416
Interest income	165	122	536	457
Interest expense	<u>(288)</u>	<u>(176)</u>	<u>(1,335)</u>	<u>(572)</u>
<b>Profit before tax</b>	14,536	4,317	25,098	9,301
Taxation	<u>(3,417)</u>	<u>(901)</u>	<u>(7,139)</u>	<u>(2,456)</u>
<b>Profit after taxation / Total comprehensive income for the period</b>	<u>11,119</u>	<u>3,416</u>	<u>17,959</u>	<u>6,845</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	11,119	3,416	17,959	6,845
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>11,119</u>	<u>3,416</u>	<u>17,959</u>	<u>6,845</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
EPS - Basic (sen)	<u>11.16</u>	<u>3.43</u>	<u>18.02</u>	<u>6.87</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 year ended 31 December 2010

	Attributable to the Equity Holders of the Parent				Minority interest	Total Equity
	Non-distributable	Share	Distributable	Total		
	Share capital	Share premium	Retained profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2010</b>	99,645	22,693	48,813	171,151	-	171,151
Total comprehensive income for the period	-	-	17,959	17,959	-	17,959
<b>At 31 December 2010</b>	<u>99,645</u>	<u>22,693</u>	<u>66,772</u>	<u>189,110</u>	<u>-</u>	<u>189,110</u>
<b>At 1 January 2009</b>	99,645	22,693	41,968	164,306	-	164,306
Total comprehensive income for the period	-	-	6,845	6,845	-	6,845
<b>At 31 December 2009</b>	<u>99,645</u>	<u>22,693</u>	<u>48,813</u>	<u>171,151</u>	<u>-</u>	<u>171,151</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 year ended 31 December 2010**

	<b>31 December 2010 RM'000</b>	<b>31 December 2009 RM'000</b>
<b><i>Cash flows from operating activities</i></b>		
Profit before tax	25,098	9,301
Adjustments for:		
Depreciation of property, plant and equipment	6,911	7,628
Depreciation of investment property	605	949
Gain on disposal of property, plant and equipment	-1,512	-1,284
Gain on disposal of subsidiary	-271	0
Interest expense	1,335	572
Interest income	-536	-457
Impairment losses on property, plant and equipment	839	0
Property, plant and equipment written-off	0	214
Operating profit before changes in working capital	<u>32,469</u>	<u>16,923</u>
Changes in working capital:		
Properties under development	-159	3,009
Inventories	76	-1,189
Receivables, deposits and prepayments	-17,930	-92,900
Payables and accruals	-13,845	68,590
Cash generated from/(used in) operations	<u>611</u>	<u>-5,567</u>
Income taxes paid	<u>-3,673</u>	<u>-1,804</u>
<b>Net cash used in operating activities</b>	<b><u>-3,062</u></b>	<b><u>-7,371</u></b>
<b><i>Cash flows from investing activities</i></b>		
Acquisition of property, plant and equipment	-1,196	-3,877
Acquisition of investment property	-85	-4,529
Investment in associate	-40	0
Interest received	536	457
Net cashflow from disposal of subsidiary	4,529	0
Deposits pledged with licensed banks	-41	-7,090
Proceeds from disposal of property, plant and equipment	4,000	1,955
<b>Net cash generated from/(used in) investing activities</b>	<b><u>7,703</u></b>	<b><u>-13,084</u></b>
<b><i>Cash flows from financing activities</i></b>		
Interest paid	-1,335	-572
(Repayment of)/proceeds from revolving credits	-4,156	24,700
Repayment of finance lease liabilities	-3,175	-3,122
<b>Net cash (used in)/generated from financing activities</b>	<b><u>-8,666</u></b>	<b><u>21,006</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-4,025</b>	<b>551</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>22,422</b>	<b>21,871</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>18,397</u></b>	<b><u>22,422</u></b>
Deposits with licensed banks (excluding deposits pledged)	13,670	3,032
Cash & bank balance	5,814	19,416
Bank overdraft	-1,087	-26
	<u>18,397</u>	<u>22,422</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 – 31 December 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 financial year ended 31 December 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 twelve months ended 31 December 2010.

#### A7 Dividends paid

No dividend was paid for the current quarter and twelve months ended 31 December 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.

	<b>12 months ended 31 December 2010 Revenue RM '000</b>	<b>12 months ended 31 December 2009 Revenue RM '000</b>	<b>12 months ended 31 December 2010 Profit before tax RM '000</b>	<b>12 months ended 31 December 2009 Profit before tax RM '000</b>
Trading and services	146,289	133,950	7,068	3,609
Property development	11,498	3,695	1,433	18
Construction	220,405	108,478	18,144	6,971
Investment Property	1,288	1,455	125	284
	<hr/>	<hr/>	<hr/>	<hr/>
	379,480	247,578	26,770	10,882
Inter-segment eliminations	(62,813)	(42,964)	(501)	(767)
Unallocated income	-	-	536	457
Unallocated expenses	-	-	(1,707)	(1,271)
	<hr/>	<hr/>	<hr/>	<hr/>
	316,667	204,614	25,098	9,301
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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 sales consideration was fully received by WHSB during the current quarter ended 31 December 2010.

The Group had on 12 November 2010 announced that the Company 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.

	<b>As at 31 December 2010</b>
	<b>RM'000</b>
Guarantees and contingencies relating to borrowings of subsidiaries (unsecured)	11,800
	<u>          </u>

### 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:-

	<b>12 months ended</b>
	<b>31 December 2010</b>
	<b>RM'000</b>
<b>With companies in which certain Directors of the Company, have interests:</b>	
Aramijaya Sdn Bhd	14,515
Danga Bay Sdn Bhd	12,707
Ekovest Construction Sdn Bhd	6,409
Pembinaan Sahabatjaya Sdn Bhd	50,052
Rampai Fokus Sdn Bhd	5,429

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

### **B1 Review of performance for the period**

The Group recorded a turnover of RM316.667 million and a profit before tax of RM25.098 million for the 12 months ended 31 December 2010 as compared to a turnover of RM204.614 million and a profit before tax of RM9.301 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 RM14.536 million on a turnover of RM102.110 million as compared to a profit before taxation of RM4.057 million on a turnover of RM62.735 million for the preceding quarter. The increase in the profit was mainly attributable to increase in construction activities which has a better profit margin.

### **B3 Prospects**

The outlook for the construction and development industry remains competitive and challenging. Nevertheless, the Board will continue to look into other development plans and continue to tender for new potential projects especially from government sector in order to maintain satisfactory results in the following financial year.

### **B4 Variance of actual profit from forecast profit / profit guarantee**

Not applicable.

### **B5 Taxation**

	<b>Current quarter ended 31 December 2010 RM '000</b>	<b>12 months ended 31 December 2010 RM '000</b>
Current provision	3,422	6,876
Under provision in respect of prior years	-	53
Over provision in respect of prior years	-	(95)
Deferred tax	(5)	305
	<u>3,417</u>	<u>7,139</u>

The Group's effective tax rate for the financial year ended 31 December 2010 is higher than the prima facie tax rate mainly due to the losses incurred by certain subsidiaries and disallowable expenses, as for the current quarter ended 31 December 2010 is lower than the prime facie rate mainly due to gain on disposal of property, plant and equipment which are not taxable.

### **B6 Unquoted investments and properties**

There were no profits on sale of unquoted investments and properties except for profit of RM0.271million on disposal of a subsidiary, Wengcon Machinery Sdn Bhd for the current quarter and financial year ended 31 December 2010.

### **B7 Quoted securities**

There were no purchase or disposal of quoted securities for the current quarter and financial year ended 31 December 2010.

### **B8 Corporate proposals**

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



**B9 Group borrowings**

**At  
31 December 2010  
RM '000**

Current:	
Bank overdraft – unsecured	1,087
Revolving credits – unsecured	18,150
Finance lease liabilities	1,067
	20,304
Non-current:	
Finance lease liabilities	760
	760

**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 dividend has been proposed for the current quarter and financial year ended 31 December 2010.

**B13 Earnings per share**

	<b>Current quarter ended 31 December 2010 RM '000</b>	<b>Preceding year corresponding quarter ended 31 December 2009 RM '000</b>	<b>Cumulative 12 months ended 31 December 2010 RM '000</b>	<b>Cumulative 12 months ended 31 December 2009 RM '000</b>
Earnings	11,119	3,416	17,959	6,845
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)	11.16	3.43	18.02	6.87
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A

**B14 Realised and Unrealised Profits/Losses**

The retained profits are analysed as follows :-

	<b>As at 31 December 2010 RM'000</b>	<b>As at 30 September 2010 RM'000</b>
Realised gain	70,547	57,323
Unrealised loss	(3,775)	(1,670 )
Total Group retained profits as per consolidated account	<u>66,772</u>	<u>55,653</u>