

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

For the financial period ended 31 March 2011

	Current 3 months ended 31 March		Cumulative 3 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Continuing operations</b>				
Revenue	58,210	74,358	58,210	74,358
Cost of sales	<u>(47,470)</u>	<u>(68,528)</u>	<u>(47,470)</u>	<u>(68,528)</u>
<b>Gross profit</b>	10,740	5,830	10,740	5,830
Other income	264	56	264	56
Administrative expenses	<u>(1,565)</u>	<u>(3,118)</u>	<u>(1,565)</u>	<u>(3,118)</u>
<b>Results from operating activities</b>	9,439	2,768	9,439	2,768
Interest income	138	90	138	90
Interest expense	<u>(172)</u>	<u>(391)</u>	<u>(172)</u>	<u>(391)</u>
<b>Profit before tax</b>	9,405	2,467	9,405	2,467
Taxation	<u>(2,480)</u>	<u>(1,268)</u>	<u>(2,480)</u>	<u>(1,268)</u>
<b>Profit after taxation / Total comprehensive income for the period</b>	<u>6,925</u>	<u>1,199</u>	<u>6,925</u>	<u>1,199</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	6,925	1,199	6,925	1,199
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>6,925</u>	<u>1,199</u>	<u>6,925</u>	<u>1,199</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
EPS - Basic (sen)	<u>6.95</u>	<u>1.20</u>	<u>6.95</u>	<u>1.20</u>
EPS - Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

At 31 March 2011

	<b>At 31 March 2011 RM'000</b>	<b>At 31 December 2010 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	17,848	19,060
Investment properties	40,164	40,328
Land held for property development	26,777	26,777
Investment in associate	2,000	40
Deferred tax assets	2,593	2,593
<b>Total non-current assets</b>	<b>89,382</b>	<b>88,798</b>
Property development costs	13,772	14,318
Receivables, deposits and prepayments	136,677	173,827
Amount owing by associate	15	-
Inventories	2,994	3,550
Tax recoverable	286	399
Cash and cash equivalents	49,627	34,592
<b>Total current assets</b>	<b>203,371</b>	<b>226,686</b>
<b>Total assets</b>	<b>292,753</b>	<b>315,484</b>
<b>Equity</b>		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	72,890	65,965
<b>Total equity attributable to equity holders of the Company</b>	<b>195,228</b>	<b>188,303</b>
<b>Liabilities</b>		
Borrowings	483	758
Deferred tax liabilities	5,010	5,055
<b>Total non-current liabilities</b>	<b>5,493</b>	<b>5,813</b>
Payables and accruals	86,931	97,935
Borrowings	1,097	20,304
Taxation	4,004	3,129
<b>Total current liabilities</b>	<b>92,032</b>	<b>121,368</b>
<b>Total Liabilities</b>	<b>97,525</b>	<b>127,181</b>
<b>Total equity and liabilities</b>	<b>292,753</b>	<b>315,484</b>
<b>Net assets per share (RM)</b>	<b>1.9592</b>	<b>1.8897</b>

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

For the financial period ended 31 March 2011

	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			
<b>At 1 January 2011</b>	99,645	22,693	65,965	188,303	-	188,303
Total comprehensive income for the period	-	-	6,925	6,925	-	6,925
<b>At 31 March 2011</b>	<u>99,645</u>	<u>22,693</u>	<u>72,890</u>	<u>195,228</u>	<u>-</u>	<u>195,228</u>
<b>At 1 January 2010</b>	99,645	22,693	48,813	171,151	-	171,151
Total comprehensive income for the period	-	-	1,199	1,199	-	1,199
<b>At 31 March 2010</b>	<u>99,645</u>	<u>22,693</u>	<u>50,012</u>	<u>172,350</u>	<u>-</u>	<u>172,350</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

**KNUSFORD BERHAD (380100-D)**

**Condensed consolidated statement of cash flows**

For the financial period ended 31 March 2011

	<b>31 March 2011 RM'000</b>	<b>31 March 2010 RM'000</b>
<b><i>Cash flows from operating activities</i></b>		
Profit before tax	9,405	2,467
Adjustments for:		
Depreciation of property, plant and equipment	1,256	1,758
Depreciation of investment property	162	164
Gain on disposal of property, plant and equipment	-191	-48
Interest expense	172	391
Interest income	-138	-90
Impairment losses on property, plant and equipment	0	1,000
Operating profit before changes in working capital	<u>10,666</u>	<u>5,642</u>
Changes in working capital:		
Properties under development	546	-266
Inventories	556	36
Receivables, deposits and prepayments	37,006	23,717
Payables and accruals	<u>-10,872</u>	<u>-27,787</u>
Cash generated from operations	<u>37,902</u>	<u>1,342</u>
Income taxes paid	<u>-1,536</u>	<u>-733</u>
<b>Net cash generated from operating activities</b>	<u><u>36,366</u></u>	<u><u>609</u></u>
<b><i>Cash flows from investing activities</i></b>		
Acquisition of property, plant and equipment	-45	-520
Acquisition of investment property	0	-2
Investment in associate	-1,960	0
Interest received	138	90
Deposits pledged with licensed banks	-80	-83
Proceeds from disposal of property, plant and equipment	<u>191</u>	<u>70</u>
<b>Net cash used in investing activities</b>	<u><u>-1,756</u></u>	<u><u>-445</u></u>
<b><i>Cash flows from financing activities</i></b>		
Interest paid	-172	-391
(Repayment of)/proceeds from revolving credits	-18,150	200
Repayment of finance lease liabilities	<u>-262</u>	<u>-871</u>
<b>Net cash used in financing activities</b>	<u><u>-18,584</u></u>	<u><u>-1,062</u></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	16,026	-898
<b>Cash and cash equivalents at beginning of period</b>	19,149	22,423
<b>Cash and cash equivalents at end of period</b>	<u><u>35,175</u></u>	<u><u>21,525</u></u>
Deposits with licensed banks (excluding deposits pledged)	26,147	16,040
Cash & bank balance	9,043	5,485
Bank overdraft	<u>-15</u>	<u>0</u>
	<u><u>35,175</u></u>	<u><u>21,525</u></u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

## **KNUSFORD BERHAD (380100-D)**

### **Notes to the interim financial report – 31 March 2011**

#### **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 2010. 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 2010 except for the following :-

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*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

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

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012***

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The adoption of the new FRSs, Interpretations and amendments effective from 1 January 2011 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 was 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 31 March 2011.

##### **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 three months ended 31 March 2011.

## A7 Dividends paid

No dividend was paid for the current quarter and three months ended 31 March 2011.

## 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>3 months ended 31 March 2011 Revenue RM '000</b>	<b>3 months ended 31 March 2010 Revenue RM '000</b>	<b>3 months ended 31 March 2011 Profit before tax RM '000</b>	<b>3 months ended 31 March 2010 Profit before tax RM '000</b>
Trading and services	30,269	38,228	1,394	(624)
Property development	4,444	1,314	1,108	(140)
Construction	33,786	52,143	7,097	3,779
Investment Property	259	295	(64)	(38)
	<hr/>	<hr/>	<hr/>	<hr/>
	68,758	91,980	9,535	2,977
Inter-segment eliminations	(10,548)	(17,622)	(12)	(100)
Unallocated income	-	-	138	90
Unallocated expenses	-	-	(256)	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
	58,210	74,358	9,405	2,467
	<hr/>	<hr/>	<hr/>	<hr/>

## 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 were no changes in the composition of the Group for the quarter and period under review.

## 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 31 March 2011  
RM'000**

Guarantees and contingencies relating to  
Borrowings of subsidiaries (unsecured)

-  
=====

### **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>3 months ended 31 March 2011 RM'000</b>
<b>With companies in which certain Directors of the Company, have interests:</b>	
Aramijaya Sdn Bhd	1,329
Danga Bay Sdn Bhd	1,569
Ekovest Construction Sdn Bhd	1,806
Pembinaan Sahabatjaya Sdn Bhd	10,168

**B Bursa Malaysia listing requirements – Revised Part A of Appendix 9B****B1 Review of performance for the period**

The Group recorded a turnover of RM58.210 million and a profit before tax of RM9.405 million for the 3 months ended 31 March 2011 as compared to a turnover of RM74.358 million and a profit before tax of RM2.467 million for the preceding year corresponding period. The decrease in turnover was due to decrease in construction and trading activities. Despite a decrease in the overall revenue from construction activity, there was an increase in revenue for certain construction contracts with higher margin, thereby leading to better overall results in this sector. Moreover, the preceding year corresponding results inclusive of losses of RM0.538 million recognised for its newly disposed Subsidiary, Wengcon Machinery Sdn Bhd and provision of impairment losses on property, plant and equipment of RM1 million for trading division.

**B2 Comparison with preceding quarter results**

For the quarter under review, the Group recorded a profit before taxation of RM9.405 million on a turnover of RM58.210 million as compared to a profit before taxation of RM14.536 million on a turnover of RM102.110 million for the preceding quarter. The decrease in the turnover and profit were mainly attributable to decrease in construction activities during festival season.

**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.

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

Not applicable.

**B5 Taxation**

	<b>Current quarter ended 31 March 2011 RM '000</b>	<b>3 months ended 31 March 2011 RM '000</b>
Current provision	2,525	2,525
Under /(over) provision in respect of prior years	-	-
Deferred tax	(45)	(45)
	<u>2,480</u>	<u>2,480</u>

The Group's effective tax rate for the current quarter ended 31 March 2011 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 and/or properties as there were no disposal of unquoted investment and/or properties for the current quarter and period ended 31 March 2011.

**B7 Quoted securities**

There were no purchase or disposal of quoted securities for the current quarter and period ended 31 March 2011.

**B8 Corporate proposals**

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



**B9 Group borrowings**

At  
31 March 2010  
RM '000

Current:

Bank overdraft – unsecured  
Finance lease liabilities

15

1,082

---

1,097

Non-current:

Finance lease liabilities

---

483
**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 current quarter ended 31 March 2011.

**B13 Earnings per share**

	Current quarter ended 31 March 2011  RM '000	Preceding year corresponding quarter ended 31 March 2010  RM '000	Cumulative 3 months ended 31 March 2011  RM '000	Cumulative 3 months ended 31 March 2010  RM '000
Earnings	6,925	1,199	6,925	1,199
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)	6.95	1.20	6.95	1.20
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A

**B14 Realised and Unrealised Profits/Losses**

The retained earnings are analysed as follows :-

	<b>As at 31 March 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
Realised gain	128,197	120,211
Unrealised loss	(3,256)	(3,256)
	<hr/> 124,941	<hr/> 116,955
Less: Consolidated adjustments	(52,051)	(50,990)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 72,890	<hr/> <hr/> 65,965

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysia Institute of Accountants on 20 December 2010.