

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

At 30 September 2011

	At 30 September 2011 RM'000	At 31 December 2010 RM'000
Assets		
Property, plant and equipment	17,726	19,060
Investment properties	39,840	40,328
Land held for property development	26,777	26,777
Investment in associate	40	40
Deferred tax assets	2,593	2,593
Total non-current assets	86,976	88,798
Property development costs	11,656	14,318
Receivables, deposits and prepayments	124,643	173,827
Inventories	2,484	3,550
Tax recoverable	15	399
Cash and cash equivalents	96,201	34,592
Total current assets	234,999	226,686
Total assets	321,975	315,484
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	112,208	65,965
Total equity attributable to equity holders of the Company	234,546	188,303
Liabilities		
Borrowings	661	758
Deferred tax liabilities	4,944	5,055
Total non-current liabilities	5,605	5,813
Payables and accruals	66,931	97,935
Borrowings	1,018	20,304
Taxation	13,875	3,129
Total current liabilities	81,824	121,368
Total Liabilities	87,429	127,181
Total equity and liabilities	321,975	315,484
Net assets per share (RM)	2.3538	1.8897

(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 comprehensive income**

For the financial period ended 30 September 2011

	Current 3 months ended 30 September		Cumulative 9 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Continuing operations				
Revenue	85,135	62,735	211,251	214,557
Cost of sales	(50,353)	(56,512)	(145,026)	(195,958)
Gross profit	34,782	6,223	66,225	18,599
Other income	432	512	869	1,544
Administrative expenses	(1,745)	(2,522)	(5,170)	(8,905)
Results from operating activities	33,469	4,213	61,924	11,238
Interest income	305	157	715	371
Interest expense	(48)	(313)	(291)	(1,047)
Profit before tax	33,726	4,057	62,348	10,562
Taxation	(8,640)	(1,384)	(16,105)	(3,722)
Profit after taxation / Total comprehensive income for the period	<u>25,086</u>	<u>2,673</u>	<u>46,243</u>	<u>6,840</u>
Total comprehensive income attributable to:				
Owners of the Company	25,086	2,673	46,243	6,840
Minority interest	-	-	-	-
Total comprehensive income for the period	<u>25,086</u>	<u>2,673</u>	<u>46,243</u>	<u>6,840</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>25.18</u>	<u>2.68</u>	<u>46.41</u>	<u>6.86</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 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 30 September 2011**

	Attributable to the Equity Holders of the Parent				Minority interest RM'000	Total Equity RM'000
	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total RM'000		
At 1 January 2011	99,645	22,693	65,965	188,303	-	188,303
Total comprehensive income for the period	-	-	46,243	46,243	-	46,243
At 30 September 2011	<u>99,645</u>	<u>22,693</u>	<u>112,208</u>	<u>234,546</u>	<u>-</u>	<u>234,546</u>
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>

(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 cash flows

For the financial period ended 30 September 2011

	30 September 2011 RM'000	30 September 2010 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	62,348	10,562
Adjustments for:		
Depreciation of property, plant and equipment	3,784	5,241
Depreciation of investment property	487	493
Gain on disposal of property, plant and equipment	-322	-1,055
Interest expense	291	1,047
Interest income	-715	-371
Impairment losses on property, plant and equipment	0	1,000
Operating profit before changes in working capital	<u>65,873</u>	<u>16,917</u>
Changes in working capital:		
Properties under development	2,662	-1,414
Inventories	1,066	76
Receivables, deposits and prepayments	49,055	21,403
Payables and accruals	-30,871	-35,851
Cash generated from operations	<u>87,785</u>	<u>1,131</u>
Income taxes paid	<u>-5,085</u>	<u>-1,699</u>
Net cash generated from/(used in) operating activities	<u>82,700</u>	<u>-568</u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	-1,875	-1,156
Acquisition of investment property	-1	-42
Interest received	715	371
Deposits pledged with licensed banks	-290	-249
Proceeds from disposal of property, plant and equipment	408	1,703
Net cash (used in)/generated from investing activities	<u>-1,043</u>	<u>627</u>
<i>Cash flows from financing activities</i>		
Interest paid	-291	-1,047
(Repayment of)/proceeds from revolving credits	-18,150	-1,900
Repayment of finance lease liabilities	-822	-2,558
Net cash used in financing activities	<u>-19,263</u>	<u>-5,505</u>
Net increase/(decrease) in cash and cash equivalents	62,394	-5,446
Cash and cash equivalents at beginning of period	19,149	22,423
Cash and cash equivalents at end of period	<u>81,543</u>	<u>16,977</u>
Deposits with licensed banks (excluding deposits pledged)	66,179	9,477
Cash & bank balance	15,376	7,500
Bank Overdraft	-12	0
	<u>81,543</u>	<u>16,977</u>

(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)

Notes to the interim financial report – 30 September 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 30 September 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 nine months ended 30 September 2011.

A7 Dividends paid

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

	9 months ended 30 September 2011 Revenue RM '000	9 months ended 30 September 2010 Revenue RM '000	9 months ended 30 September 2011 Profit before tax RM '000	9 months ended 30 September 2010 Profit before tax RM '000
Trading and services	106,786	112,862	12,318	3,300
Property development	11,429	6,597	3,238	746
Construction	128,145	144,073	47,037	7,775
Investment Property	632	805	(332)	(59)
	<hr/>	<hr/>	<hr/>	<hr/>
	246,992	264,337	62,261	11,762
Inter-segment eliminations	(35,741)	(49,780)	(42)	(219)
Unallocated income	-	-	715	371
Unallocated expenses	-	-	(586)	(1,352)
	<hr/>	<hr/>	<hr/>	<hr/>
	211,251	214,557	62,348	10,562
	<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.

Guarantees and contingencies relating to
Borrowings of subsidiaries (unsecured)

As at 30 September 2011
RM'000

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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 2011 RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	4,443
Danga Bay Sdn Bhd	3,036
Ekovest Construction Sdn Bhd	5,110
Rampai Fokus Sdn Bhd	8,543

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

B1 Review of performance for the period

The Group recorded a turnover of RM211.251 million and a profit before tax of RM62.348 million for the 9 months ended 30 September 2011 as compared to a turnover of RM214.557 million and a profit before tax of RM10.562 million for the preceding year corresponding period. Despite a marginal decrease in the overall revenue of the Group, the profit before tax was higher due to contribution from certain construction contracts with higher margin.

B2 Comparison with preceding quarter results

For the quarter under review, the Group recorded a profit before taxation of RM33.726 million on a turnover of RM85.135 million as compared to a profit before taxation of RM19.217 million on a turnover of RM67.906 million for the preceding quarter. The increase in the profit was mainly attributable to 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 the Government sector in order to maintain satisfactory results.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Taxation

	Current quarter ended 30 September 2011 RM '000	9 months ended 30 September 2011 RM '000
Current provision	8,985	16,518
Deferred tax	(43)	(111)
Overprovision in prior year	(302)	(302)
	8,640	16,105

The Group's effective tax rate for the current quarter ended 30 September 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 30 September 2011.

B7 Quoted securities

There were no purchase or disposal of quoted securities for the current quarter and period ended 30 September 2011.

B8 Corporate proposals

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

B9 Group borrowings

As at
30 September 2011
RM '000

Current:

Finance lease liabilities

1,006

Non-current:

Finance lease liabilities

661

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 30 September 2011.

B13 Earnings per share

	Current quarter ended 30 September 2011 RM '000	Preceding year corresponding quarter ended 30 September 2010 RM '000	Cumulative 9 months ended 30 September 2011 RM '000	Cumulative 9 months ended 30 September 2010 RM '000
Earnings	25,086	2,673	46,243	6,840
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)	25.18	2.68	46.41	6.86
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 :-

	As at 30 September 2011 RM'000	As at 31 December 2010 RM'000
Realised gain	167,751	120,211
Unrealised loss	(3,256)	(3,256)
	<hr/> 164,496	<hr/> 116,955
Less: Consolidated adjustments	(52,287)	(50,990)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 112,208	<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.