

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of financial position

As At 30 June 2012

	At 30 June 2012 RM'000	At 31 December 2011 RM'000
Assets		
Property, plant and equipment	27,061	17,758
Investment properties	41,837	42,169
Investment in associate	2,000	2,000
Land held for property development	41,575	26,777
Deferred tax assets	912	912
Total non-current assets	113,385	89,616
Property development costs	9,535	10,650
Trade and other receivables	113,498	110,659
Inventories	2,273	2,273
Tax recoverable	59	10
Cash and cash equivalents	84,463	105,142
Total current assets	209,828	228,734
Total assets	323,213	318,350
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	135,022	125,998
Total equity attributable to equity holders of the Company	257,360	248,336
Liabilities		
Borrowings	1,324	549
Deferred tax liabilities	2,244	2,288
Total non-current liabilities	3,568	2,837
Payables and accruals	45,593	54,581
Borrowings	13,341	779
Taxation	3,351	11,817
Total current liabilities	62,285	67,177
Total Liabilities	65,853	70,014
Total equity and liabilities	323,213	318,350
Net assets per share (RM)	2.5828	2.4922

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 June 2012

	Current 3 months ended 30 June		Cumulative 6 months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations				
Revenue	31,607	67,906	51,863	126,116
Cost of sales	(27,820)	(47,203)	(43,059)	(94,673)
Gross profit	3,787	20,703	8,804	31,443
Other income	408	173	5,316	437
Administrative expenses	(1,720)	(1,860)	(4,055)	(3,425)
Results from operating activities	2,475	19,016	10,065	28,455
Interest income	944	272	1,312	410
Interest expense	(50)	(71)	(92)	(243)
Profit before tax	3,369	19,217	11,285	28,622
Taxation	(1,062)	(4,985)	(2,261)	(7,465)
Profit after taxation / Total comprehensive income for the period	<u>2,307</u>	<u>14,232</u>	<u>9,024</u>	<u>21,157</u>
Total comprehensive income attributable to:				
Owners of the Company	2,307	14,232	9,024	21,157
Minority interest	-	-	-	-
Total comprehensive income for the period	<u>2,307</u>	<u>14,232</u>	<u>9,024</u>	<u>21,157</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>2.32</u>	<u>14.28</u>	<u>9.06</u>	<u>21.23</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 2011 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 June 2012**

	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 2012	99,645	22,693	125,998	248,336	-	248,336
Total comprehensive income for the period	-	-	9,024	9,024	-	9,024
At 30 June 2012	<u>99,645</u>	<u>22,693</u>	<u>135,022</u>	<u>257,360</u>	<u>-</u>	<u>257,360</u>
At 1 January 2011	99,645	22,693	65,965	188,303	-	188,303
Total comprehensive income for the period	-	-	21,157	21,157	-	21,157
At 30 June 2011	<u>99,645</u>	<u>22,693</u>	<u>87,122</u>	<u>209,460</u>	<u>-</u>	<u>209,460</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 2011 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 June 2012

	30 June 2012 RM'000	30 June 2011 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	11,285	28,622
Adjustments for:		
Depreciation of property, plant and equipment	2,473	2,506
Depreciation of investment property	325	325
Gain on disposal of plant and equipment	-5,036	-260
Interest expense	92	243
Interest income	-1,312	-410
Operating profit before changes in working capital	<u>7,827</u>	<u>31,026</u>
Changes in working capital:		
Properties under development	-13,683	322
Inventories	0	-1,277
Receivables, deposits and prepayments	-2,839	67,759
Payables and accruals	-8,988	-28,248
Cash (used in) / generated from operations	<u>-17,683</u>	<u>69,582</u>
Income taxes paid	-10,821	-2,422
Net cash (used in)/generated from operating activities	<u>-28,504</u>	<u>67,160</u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	-13,615	-78
Acquisition of investment property	-20	-9
Interest received	1,312	410
Deposits released from /(pledged to) licensed banks	7,660	-189
Proceeds from disposal of plant and equipment	8,056	262
Net cash generated from investing activities	<u>3,393</u>	<u>396</u>
<i>Cash flows from financing activities</i>		
Interest paid	-92	-243
Proceeds from/(repayment of) borrowings	12,800	-18,150
Repayment of finance lease liabilities	-597	-527
Net cash generated from / (used in) financing activities	<u>12,111</u>	<u>-18,920</u>
Net (decrease)/increase in cash and cash equivalents	-13,000	48,636
Cash and cash equivalents at beginning of period	90,363	19,149
Cash and cash equivalents at end of period	<u>77,363</u>	<u>67,785</u>
Cash & bank balance	14,518	12,836
Deposits with licensed banks (excluding deposits pledged)	62,849	54,949
Bank Overdraft	-4	0
	<u>77,363</u>	<u>67,785</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 30 June 2012

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 2011. 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 2011 except for the following :-

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)*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

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

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The adoption of the new FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011 and 1 January 2012 has no material impacts to the Group's consolidated financial statements of the current and prior periods financial statements upon its first adoption.

The Group's consolidated financial statements for annual period beginning on 1 January 2013 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 July 2012.

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 June 2012.

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 six months ended 30 June 2012.

A7 Dividends paid

The shareholders have on 25 June 2012 approved the payment of a first and final dividend for the financial year ended 31 December 2011 as follows :-

	RM
First and final dividend of 3.6 sen per ordinary shares less 25% income tax	2,690,415.00
and single tier dividend of 1.4 sen per ordinary shares	<u>1,395,030.10</u>
	<u>4,085,445.10</u>

The said dividend will be paid on 18 September 2012 to members whose names appear in the Record of Depositors on 30 August 2012.

A8 Segmental information

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

	6 months ended 30 June 2012 Revenue RM '000	6 months ended 30 June 2011 Revenue RM '000	6 months ended 30 June 2012 Profit before tax RM '000	6 months ended 30 June 2011 Profit before tax RM '000
Trading and services	39,475	58,671	4,923	3,425
Property development	2,608	7,081	128	1,786
Construction	14,648	81,172	6,050	23,641
Investment Property	386	433	(215)	(221)
	<hr/> 57,117	<hr/> 147,357	<hr/> 10,886	<hr/> 28,631
Inter-segment eliminations	(5,254)	(21,241)	(420)	(28)
Unallocated income	-	-	1,312	410
Unallocated expenses	-	-	(493)	(391)
	<hr/> 51,863	<hr/> 126,116	<hr/> 11,285	<hr/> 28,622
	<hr/> <hr/>	<hr/> <hr/>	<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, except for the following:

On 26 June 2012, the Company has acquired 2 ordinary shares of RM1.00 each in Knusford Oil & Gas Sdn Bhd for a cash consideration of RM2.00 representing 100% of the issued and paid-up share capital of RM2.00.

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 June 2012 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:-

	6 months ended 30 June 2012 RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	2,003
Danga Bay Sdn Bhd	9,922
Ekovest Construction Sdn Bhd	1,384
Pembinaan KS Tebrau Sdn Bhd	993
Rampai Fokus Sdn Bhd	3,694

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

B1 Detailed analysis of the performance of all operating segment of the Group

The Group recorded a turnover of RM51.863 million and profit before tax of RM11.285 million for the 6 months ended 30 June 2012 as compared to turnover of RM126.116 million and profit before tax of RM28.622 million for the preceding year corresponding period.

Performance of the respective operating business segments for the current year to date as compared to the preceding year corresponding period is analysed as follows :-

Trading and services

Despite a decrease in the turnover, the profit before tax was higher due to the gain on disposal of certain plant and equipment with low book carrying value.

Property development

The decrease in the revenue and profit before tax was mainly due to lesser development works done during the period.

Construction

Despite a decrease in the revenue and profit before tax, this division recorded a better profit margin due to works done on certain contracts with higher profit margin. However, the revenue has decreased following the substantial completion of certain construction contracts towards the end of year 2011.

Investment property

The decrease in revenue was due to termination of tenancy for certain units of Group's investment properties.

B2 Comparison with preceding quarter results

For the quarter under review, the Group recorded a profit before taxation of RM3.369 million on a turnover of RM31.607 million as compared to a profit before taxation of RM7.916 million on a turnover of RM20.256 million for the preceding quarter. Despite an increase in the revenue for the current quarter, there was a decrease in the profit before tax as the previous quarter result is inclusive of a gain from the disposal of certain plant and equipment with low book carrying value.

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 June 2012 RM '000	6 months ended 30 June 2012 RM '000
Current provision	1,068	2,305
Overprovision in prior year	-	-
Deferred tax	(6)	(44)
	<u>1,062</u>	<u>2,261</u>

The Group's effective tax rate for the current quarter ended 30 June 2012 is higher than the prima facie tax rate mainly due to the losses incurred by certain subsidiaries and disallowable expenses.

B6 Corporate proposals

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

B7 Group borrowings

	As at 30 June 2012 RM '000
Current:	
Bank overdraft	4
Revolving credit	12,800
Finance lease liabilities	537
	<hr/> 13,341 <hr/>
Non-current:	
Finance lease liabilities	<hr/> 1,324 <hr/>

B8 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.

B9 Dividends declared

No interim dividend has been declared for the current quarter ended 30 June 2012.

B10 Earnings per share

	Current quarter ended 30 June 2012 RM '000	Preceding year corresponding quarter ended 30 June 2011 RM '000	Cumulative 3 months ended 30 June 2012 RM '000	Cumulative months ended 30 June 2011 RM '000
Earnings	2,307	14,232	9,024	21,157
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)	2.32	14.28	9.06	21.23
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A

B11 Notes to the statement of comprehensive income

	Current quarter ended 30 June 2012 RM'000	6 months ended 30 June 2012 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(944)	(1,312)
Other income	(408)	(5,316)
Interest expense	50	92
Depreciation	1,339	2,798

B12 Realised and Unrealised Profits/Losses

The retained earnings are analysed as follows :-

	As at 30 June 2012 RM'000	As at 31 December 2011 RM'000
Realised gain	186,638	177,700
Unrealised loss	(149)	(300)
	<hr/>	<hr/>
	186,489	177,400
Less: Consolidated adjustments	(51,467)	(51,402)
Total Group retained earnings as per consolidated accounts	<hr/>	<hr/>
	135,022	125,998

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.