

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of financial position

As At 30 September 2012

	At 30 September 2012 RM'000	At 31 December 2011 RM'000
Assets		
Property, plant and equipment	24,855	17,758
Investment properties	41,697	42,169
Investment in associate	2,000	2,000
Land held for property development	41,765	26,777
Deferred tax assets	912	912
Total non-current assets	111,229	89,616
Property development costs	9,506	10,650
Trade and other receivables	147,365	110,659
Inventories	2,273	2,273
Tax recoverable	3,590	10
Cash and cash equivalents	57,970	105,142
Total current assets	220,704	228,734
Total assets	331,933	318,350
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	135,443	125,998
Total equity attributable to equity holders of the Company	257,781	248,336
Liabilities		
Borrowings	1,618	549
Deferred tax liabilities	2,228	2,288
Total non-current liabilities	3,846	2,837
Payables and accruals	55,744	54,581
Borrowings	13,396	779
Taxation	1,166	11,817
Total current liabilities	70,306	67,177
Total Liabilities	74,152	70,014
Total equity and liabilities	331,933	318,350
Net assets per share (RM)	2.5870	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 September 2012

	Current 3 months ended 30 September		Cumulative 9 months ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations				
Revenue	53,045	85,135	104,908	211,251
Cost of sales	(45,571)	(50,353)	(88,630)	(145,026)
Gross profit	7,474	34,782	16,278	66,225
Other income	340	432	5,656	869
Administrative expenses	(1,064)	(1,745)	(5,119)	(5,170)
Results from operating activities	6,750	33,469	16,815	61,924
Interest income	487	305	1,799	715
Interest expense	(54)	(48)	(146)	(291)
Profit before tax	7,183	33,726	18,468	62,348
Taxation	(2,677)	(8,640)	(4,938)	(16,105)
Profit after taxation / Total comprehensive income for the period	<u>4,506</u>	<u>25,086</u>	<u>13,530</u>	<u>46,243</u>
Total comprehensive income attributable to:				
Owners of the Company	4,506	25,086	13,530	46,243
Minority interest	-	-	-	-
Total comprehensive income for the period	<u>4,506</u>	<u>25,086</u>	<u>13,530</u>	<u>46,243</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>4.52</u>	<u>25.18</u>	<u>13.58</u>	<u>46.41</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 September 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	-	-	13,530	13,530	-	13,530
Dividends	-	-	(4,085)	(4,085)	-	(4,085)
At 30 September 2012	<u>99,645</u>	<u>22,693</u>	<u>135,443</u>	<u>257,781</u>	<u>-</u>	<u>257,781</u>
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>

(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 September 2012

	30 September 2012 RM'000	30 September 2011 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	18,468	62,348
Adjustments for:		
Depreciation of property, plant and equipment	5,062	3,784
Depreciation of investment property	488	487
Gain on disposal of plant and equipment	-5,263	-322
Interest expense	146	291
Interest income	-1,799	-715
Operating profit before changes in working capital	<u>17,102</u>	<u>65,873</u>
Changes in working capital:		
Properties under development	-13,845	2,662
Inventories	0	1,066
Receivables, deposits and prepayments	-36,706	49,055
Payables and accruals	1,163	-30,871
Cash (used in) / generated from operations	<u>-32,286</u>	<u>87,785</u>
Income taxes paid	-19,229	-5,085
Net cash (used in)/generated from operating activities	<u>-51,515</u>	<u>82,700</u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	-16,851	-1,875
Acquisition of investment property	-57	-1
Interest received	1,799	715
Deposits released from /(pledged to) licensed banks	7,606	-290
Proceeds from disposal of plant and equipment	11,664	408
Net cash generated from / (used in) investing activities	<u>4,161</u>	<u>-1,043</u>
<i>Cash flows from financing activities</i>		
Dividends paid	-4,085	0
Interest paid	-146	-291
Proceeds from/(repayment of) borrowings	12,800	-18,150
Repayment of finance lease liabilities	-770	-822
Net cash generated from / (used in) financing activities	<u>7,799</u>	<u>-19,263</u>
Net (decrease)/increase in cash and cash equivalents	-39,555	62,394
Cash and cash equivalents at beginning of period	90,363	19,149
Cash and cash equivalents at end of period	<u>50,808</u>	<u>81,543</u>
Cash & bank balance	15,156	15,376
Deposits with licensed banks (excluding deposits pledged)	35,665	66,179
Bank Overdraft	-13	-12
	<u>50,808</u>	<u>81,543</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 September 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 September 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 nine months ended 30 September 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.

	9 months ended 30 September 2012 Revenue RM '000	9 months ended 30 September 2011 Revenue RM '000	9 months ended 30 September 2012 Profit before tax RM '000	9 months ended 30 September 2011 Profit before tax RM '000
Trading and services	73,062	106,786	6,251	12,318
Property development	7,464	11,429	3,333	3,238
Construction	30,776	128,145	8,883	47,037
Investment Property	586	632	(311)	(332)
	<hr/> 111,888	<hr/> 246,992	<hr/> 18,156	<hr/> 62,261
Inter-segment eliminations	(6,981)	(35,741)	(489)	(42)
Unallocated income	-	-	1,799	715
Unallocated expenses	-	-	(998)	(586)
	<hr/> 104,907	<hr/> 211,251	<hr/> 18,468	<hr/> 62,348
	<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:

- i) On 26 June 2012, the Company 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.
- ii) On 9 August 2012, the Company acquired 2 ordinary shares of RM1.00 each in Knusford Autohaus Sdn Bhd for a cash consideration of RM2.00 representing 100% of the issued and paid-up share capital of RM2.00.
- iii) On 22 October 2012, the Company acquired 2 ordinary shares of RM1.00 each in Kota Ekspres 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 September 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:-

	9 months ended
	30 September 2012
	RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	2,838
Danga Bay Sdn Bhd	10,482
Ekovest Construction Sdn Bhd	2,595
Pembinaan KS Tebrau Sdn Bhd	1,965
Rampai Fokus Sdn Bhd	8,135

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 RM104.908 million and profit before tax of RM18.468 million for the 9 months ended 30 September 2012 as compared to turnover of RM211.251 million and profit before tax of RM62.348 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

The decrease in revenue and profit before tax was due to decrease in sales volume for this division.

Property development

The profit before tax for this division show a slight improvement despite a reduction in revenue, mainly due to finalization of certain project with actual cost being lower than budgeted.

Construction

The decrease in the revenue and profit before tax was due to lesser construction activities during the period.

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 RM7.183 million on a turnover of RM53.045 million as compared to a profit before taxation of RM3.369 million on a turnover of RM31.607 million for the preceding quarter. The increase in revenue and profit before tax were mainly due to increase in trading and services activities and finalization of certain construction contract.

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 2012 RM '000	9 months ended 30 September 2012 RM '000
Current provision	2,548	4,853
Under provision in prior year	145	145
Deferred tax	(16)	(60)
	<u>2,677</u>	<u>4,938</u>

The Group's effective tax rate for the current quarter ended 30 September 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 September 2012 RM '000
Current:	
Bank overdraft	13
Revolving credit	12,800
Finance lease liabilities	583
	<u>13,396</u>
Non-current:	
Finance lease liabilities	<u>1,618</u>

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 September 2012.

B10 Earnings per share

	Current quarter ended 30 September 2012 RM '000	Preceding year corresponding quarter ended 30 September 2011 RM '000	Cumulative 9 months ended 30 September 2012 RM '000	Cumulative 9 months ended 30 September 2011 RM '000
Earnings	4,506	25,086	13,530	46,243
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)	4.52	25.18	13.58	46.41
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 September 2012 RM'000	9 months ended 30 September 2012 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(487)	(1,799)
Other income	(340)	(5,656)
Interest expense	54	146
Depreciation	2,752	5,550

B12 Realised and Unrealised Profits/Losses

The retained earnings are analysed as follows :-

	As at 30 September 2012 RM'000	As at 31 December 2011 RM'000
Realised gain	189,258	177,700
Unrealised loss	(309)	(300)
	<hr/> 188,949	<hr/> 177,400
Less: Consolidated adjustments	(53,506)	(51,402)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 135,443	<hr/> <hr/> 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.