

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of financial position

As At 31 December 2012

	At 31 December 2012 RM'000	At 31 December 2011 (Restated) RM'000
Assets		
Property, plant and equipment	26,149	17,758
Investment properties	41,473	42,169
Investment in associate	2,000	2,000
Land held for property development	41,945	26,777
Deferred tax assets	35	912
Total non-current assets	111,602	89,616
Property development costs	11,409	29,340
Trade and other receivables	154,809	109,711
Inventories	2,273	2,273
Tax recoverable	443	10
Cash and cash equivalents	61,977	105,142
Total current assets	230,911	246,476
Total assets	342,513	336,092
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	137,057	119,141
Total equity attributable to equity holders of the Company	259,395	241,479
Liabilities		
Borrowings	1,493	549
Deferred tax liabilities	2,788	3
Total non-current liabilities	4,281	552
Payables and accruals	64,016	81,465
Borrowings	13,336	779
Taxation	1,485	11,817
Total current liabilities	78,837	94,061
Total Liabilities	83,118	94,613
Total equity and liabilities	342,513	336,092
Net assets per share (RM)	2.6032	2.4234

(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. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results if the Group has not early adopted IC Interpretation 15 "Agreements for the Construction of Real Estate".)

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of comprehensive income

For the financial period ended 31 December 2012

	Current 3 months ended 31 December		Cumulative 12 months ended 31 December	
	2012 RM'000	2011 (Restated) RM'000	2012 RM'000	2011 (Restated) RM'000
Continuing operations				
Revenue	105,095	77,568	210,003	288,819
Cost of sales	(79,270)	(38,288)	(167,899)	(183,314)
Gross profit	25,825	39,280	42,104	105,505
Other income	2,090	114	7,746	983
Administrative expenses	(11,172)	(22,541)	(16,291)	(27,711)
Results from operating activities	16,743	16,853	33,559	78,777
Interest income	180	845	1,979	1,560
Interest expense	(66)	(23)	(212)	(314)
Profit before tax	16,857	17,675	35,326	80,023
Taxation	(8,387)	(7,898)	(13,325)	(24,003)
Profit after taxation / Total comprehensive income for the period	<u>8,470</u>	<u>9,777</u>	<u>22,001</u>	<u>56,020</u>
Total comprehensive income attributable to:				
Owners of the Company	8,470	9,777	22,001	56,020
Minority interest	-	-	-	-
Total comprehensive income for the period	<u>8,470</u>	<u>9,777</u>	<u>22,001</u>	<u>56,020</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>8.50</u>	<u>9.81</u>	<u>22.08</u>	<u>56.22</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. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results if the Group has not early adopted IC Interpretation 15 "Agreements for the Construction of Real Estate".)

KNUSFORD BERHAD (380100-D)**Condensed consolidated statement of changes in equity
For the financial period ended 31 December 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 (Restated)	99,645	22,693	119,141	241,479	-	241,479
Total comprehensive income for the period	-	-	22,001	22,001	-	22,001
Dividends	-	-	(4,085)	(4,085)	-	(4,085)
At 31 December 2012	<u>99,645</u>	<u>22,693</u>	<u>137,057</u>	<u>259,395</u>	<u>-</u>	<u>259,395</u>
At 1 January 2011 (Restated)	99,645	22,693	63,121	185,459	-	185,459
Total comprehensive income for the period	-	-	56,020	56,020	-	56,020
At 31 December 2011 (Restated)	<u>99,645</u>	<u>22,693</u>	<u>119,141</u>	<u>241,479</u>	<u>-</u>	<u>241,479</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. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results if the Group has not early adopted IC Interpretation 15 "Agreement for the Construction of Real Estate".)

KNUSFORD BERHAD (380100-D)
Condensed consolidated statement of cash flows

For the financial period ended 31 December 2012

	31 December 2012	31 December 2011 (Restated)
	RM'000	RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	35,326	80,023
Adjustments for:		
Depreciation of property, plant and equipment	6,587	5,076
Depreciation of investment property	653	649
Property, plant and equipment written-off	2	0
Gain on disposal of plant and equipment	-5,507	-454
Unrealised forex gain	-7	0
Interest expense	212	314
Interest income	-1,979	-1,560
Operating profit before changes in working capital	<u>35,287</u>	<u>84,048</u>
Changes in working capital:		
Properties under development	2,763	16,871
Inventories	0	1,277
Receivables, deposits and prepayments	-44,150	63,039
Payables and accruals	-18,392	-51,074
Cash (used in) / generated from operations	<u>-24,492</u>	<u>114,161</u>
Income taxes paid	<u>-20,428</u>	<u>-17,348</u>
Net cash (used in)/generated from operating activities	<u><u>-44,920</u></u>	<u><u>96,813</u></u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	-19,706	-3,304
Acquisition of investment property	-57	-2,506
Investment in associate	0	-1,960
Interest received	1,979	1,560
Deposits released from /(pledged to) licensed banks	7,552	-399
Proceeds from disposal of plant and equipment	11,998	659
Net cash generated from / (used in) investing activities	<u><u>1,766</u></u>	<u><u>-5,950</u></u>
<i>Cash flows from financing activities</i>		
Dividends paid	-4,085	0
Interest paid	-212	-314
Proceeds from/(repayment of) borrowings	12,800	-18,150
Repayment of finance lease liabilities	-939	-1,185
Net cash generated from / (used in) financing activities	<u><u>7,564</u></u>	<u><u>-19,649</u></u>
Net (decrease)/increase in cash and cash equivalents	-35,590	71,214
Cash and cash equivalents at beginning of period	90,363	19,149
Cash and cash equivalents at end of period	<u><u>54,773</u></u>	<u><u>90,363</u></u>
Cash & bank balance	15,718	18,263
Deposits with licensed banks (excluding deposits pledged)	39,048	72,125
Bank Overdraft	7	-25
	<u><u>54,773</u></u>	<u><u>90,363</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 2011 and the accompanying explanatory notes attached to the interim financial statements. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results if the Group has not early adopted IC Interpretation 15 "Agreements for the Construction of Real Estate".)

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 31 December 2012

A MFRS 134 – Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 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 explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional one year, i.e. to annual periods beginning on or after 1 January 2014 after which the MFRS will become mandatory.

The Group falls within the definition of Transitioning Entities. However the Group has not opted for defer adoption of the New MFRS to 1 July 2014 and instead choose for earlier adoption on the current quarter financial statements. The earlier adoption will not have material impact on the Group’s except for:-

- i) IC Interpretation 15 Agreements for Construction of Real Estate (IC15).

IC Interpretation 15 supersedes the existing FRS 201₂₀₀₄. Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in change of accounting policy which recognition of revenue from the property development activities of the Group will be changed from the percentage of completion method to the completed method.

These interim financial statements are the Group’s first adoption of MFRS for financial year end 31 December 2012 MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS”) has been applied.

As a result of the adoption of IC Interpretation 15, the development revenue and development cost recognised based on the percentage of completion method previously have now been recognised based on the completed method. The adoption of IC Interpretation 15 had the following impact on the financial position as follows:

Income statement	Individual Period Current Year Quarter		Cumulative Period Current Year To Date	
	Before adoption of IC 15 RM’000	After adoption of IC 15 RM’000	Before adoption of IC 15 RM’000	After adoption of IC 15 RM’000
Revenue	77,261	105,095	182,169	210,003
Cost of sales	(60,579)	(79,270)	(149,209)	(167,899)
Gross Profit	16,682	25,825	32,960	42,104
Other income	2,270	2,270	9,725	9,725
Administration expenses	(11,172)	(11,172)	(16,291)	(16,291)
Interest expense	(66)	(66)	(212)	(212)
Profit before taxation	7,714	16,857	26,182	35,326
Tax Expense	(6,101)	(8,387)	(11,039)	(13,325)
Profit for the period	1,613	8,470	15,143	22,001
Dividend Paid	-	-	(4,085)	(4,085)
Retained Profit b/f	-	(6,857)	125,999	119,141
Retained Profit c/f	1,613	1,613	137,057	137,057

A1 Basis of preparation (continue)

Profit and Loss for 12 months ended 31 December 2011	As previously stated RM'000	Effects on adoption of IC 15 RM'000	As restated RM'000
Revenue	302,021	(13,202)	288,819
Cost of sales	(191,166)	7,852	(183,314)
Tax expense	(25,340)	1,337	(24,003)

Balance Sheet as at 31 December 2011	As previously stated RM'000	Effects on adoption of IC 15 RM'000	As restated RM'000
Property development cost	10,650	18,690	29,340
Retained profit	125,998	(6,857)	119,141
Trade and other receivable	110,659	(948)	109,711
Deferred tax liabilities	2,288	(2,285)	3
Payable and accruals	54,581	26,884	81,465

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 due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter and 12 months ended 31 December 2012 except the effect as explained in Note 1 above.

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 12 months ended 31 December 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 :-

First and final dividend of 3.6 sen per ordinary shares less 25% income tax	RM 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 was 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.

	12 months ended 31 December 2012 Revenue RM '000	12 months ended 31 December 2011 Revenue (Restated) RM '000	12 months ended 31 December 2012 Profit before tax RM '000	12 months ended 31 December 2011 Profit before tax (Restated) RM '000
Trading and services	124,961	125,720	12,094	13,486
Property development	40,471	2,591	14,761	(950)
Construction	57,025	202,096	10,450	68,289
Investment Property	791	897	(351)	(105)
	<hr/>	<hr/>	<hr/>	<hr/>
	223,248	331,304	36,954	80,720
Inter-segment eliminations	(13,245)	(42,485)	(1,696)	(146)
Unallocated income	-	-	1,979	1,560
Unallocated expenses	-	-	(1,911)	(2,111)
	<hr/>	<hr/>	<hr/>	<hr/>
	210,003	288,819	35,326	80,023
	<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 year 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 31 December 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:-

	12 months ended 31 December 2012 RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	3,365
Danga Bay Sdn Bhd	11,205
Ekovest Construction Sdn Bhd	3,633
Pembinaan KS Tebrau Sdn Bhd	2,662
Rampai Fokus Sdn Bhd	9,728
Tebrau Bay Constructions Sdn Bhd	3,949

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 RM210.003 million and profit before tax of RM35.326 million for the 12 months ended 31 December 2012 as compared to turnover of RM288.819 million and profit before tax of RM80.023 million for the preceding year to date.

Performance of the respective operating business segments for the 12 months ended 31 December 2012 as compared to the preceding year is analysed as follows :-

Trading and services

The results recorded in this division are quite comparable to the preceding year.

Property development

The Group has opted for early adoption of IC Interpretation 15 Agreements for the Construction of Real Estate as allowed by MASB. As a result of the early adoption of IC Interpretation 15, the profit before tax and revenue for this division show a significant improvement, mainly due to the adjustment for development revenue and profit recognised in prior year based on percentage of completion to completion method for the 12 months ended 31 December 2012.

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 RM16.857 million on a turnover of RM105.095 million as compared to a profit before taxation of RM7.183 million on a turnover of RM53.045 million for the preceding quarter. The increase in revenue and profit before tax were mainly due to the adjustment for development revenue and profit recognised in prior year based on percentage of completion to completion method for the current quarter.

B3 Prospects

The outlook for the construction and development industry whereby the Group business substantially relies on, 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 31 December 2012 RM '000	12 months ended 31 December 2012 RM '000
Current provision	6,951	11,804
Under provision in prior year	-	145
Deferred tax	1,436	1,376
	<u>8,387</u>	<u>13,325</u>

The Group's effective tax rate for the current quarter and year ended 31 December 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 31 December 2012 RM '000
Current:	
Bank overdraft	-
Revolving credit	12,800
Finance lease liabilities	536
	<hr/> 13,336 <hr/>
Non-current:	
Finance lease liabilities	<hr/> 1,493 <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

The Directors have proposed, subject to the shareholders approval in the forthcoming annual general meeting to be convened, a first and final single tier dividend of 5%. The date for the payment of dividend shall be announced in due course.

B10 Earnings per share

	Current quarter ended 31 December 2012	Preceding year corresponding quarter ended 31 December 2011	Cumulative 12 months ended 31 December 2012	Cumulative 12 months ended 31 December 2011
	RM '000	RM '000	RM '000	RM '000
Earnings	8,470	9,777	22,001	56,020
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)	8.50	9.81	22.08	56.22
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 31 December 2012 RM'000	12 months ended 31 December 2012 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(180)	(1,979)
Other income	(2,090)	(7,746)
Interest expense	66	212
Depreciation	1,690	7,240

B12 Realised and Unrealised Profits/Losses

The retained earnings are analysed as follows :-

	As at 31 December 2012 RM'000	As at 31 December 2011 (Restated) RM'000
Realised gain	192,287	177,700
Unrealised loss	(1,845)	(300)
	<hr/> 190,442	<hr/> 177,400
Less: Consolidated adjustments	(53,385)	(58,259)
Total Group retained earnings as per consolidated accounts	<hr/> 137,057	<hr/> 119,141

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.