

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

As At 30 June 2014

	At 30 June 2014 RM'000	At 31 December 2013 (audited) RM'000
Assets		
Property, plant and equipment	13,211	20,167
Investment properties	76,958	77,123
Investment in associate	-	2,000
Deferred tax assets	3,289	3,204
Total non-current assets	93,458	102,494
Inventories	38,932	34,639
Trade and other receivables	228,589	187,661
Current tax assets	5,277	3,079
Cash and cash equivalents	25,090	45,726
Total current assets	297,888	271,105
Total assets	391,346	373,599
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	151,902	148,736
Total equity attributable to equity holders of the Company	274,240	271,074
Liabilities		
Borrowings	1,269	1,547
Deferred tax liabilities	1,861	1,861
Total non-current liabilities	3,130	3,408
Trade and other payables	96,899	67,301
Borrowings	12,039	28,029
Current tax payable	5,038	3,787
Total current liabilities	113,976	99,117
Total Liabilities	117,106	102,525
Total equity and liabilities	391,346	373,599
Net assets per share (RM)	2.7522	2.7204

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of profit or loss and other comprehensive income For the financial period ended 30 June 2014

	Current 3 months ended 30 June		Cumulative 6 months ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations				
Revenue	80,960	155,025	143,722	208,548
Cost of sales	<u>(71,523)</u>	<u>(125,464)</u>	<u>(127,076)</u>	<u>(173,191)</u>
Gross profit	9,437	29,561	16,646	35,357
Other income	749	1,170	1,343	1,296
Administrative expenses	<u>(3,814)</u>	<u>(2,948)</u>	<u>(8,890)</u>	<u>(6,310)</u>
Results from operating activities	6,372	27,783	9,099	30,343
Interest income	183	107	376	350
Interest expense	<u>(148)</u>	<u>(270)</u>	<u>(565)</u>	<u>(521)</u>
Profit before tax	6,407	27,620	8,910	30,172
Taxation	<u>(4,262)</u>	<u>(9,045)</u>	<u>(5,744)</u>	<u>(10,437)</u>
Profit after taxation / Total comprehensive income for the period	<u>2,145</u>	<u>18,575</u>	<u>3,166</u>	<u>19,735</u>
Total comprehensive income attributable to:				
Owners of the Company	2,145	18,575	3,166	19,735
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,145</u>	<u>18,575</u>	<u>3,166</u>	<u>19,735</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>2.15</u>	<u>18.64</u>	<u>3.18</u>	<u>19.81</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 2013 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 2014**

	Attributable to the Equity Holders of the Parent				Minority interest	Total Equity
	Non-distributable Share capital	Share premium	Distributable Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	99,645	22,693	148,736	271,074	-	271,074
Total comprehensive income for the period	-	-	3,166	3,166	-	3,166
At 30 June 2014	<u>99,645</u>	<u>22,693</u>	<u>151,902</u>	<u>274,240</u>	<u>-</u>	<u>274,240</u>
At 1 January 2013	99,645	22,693	130,492	252,830	-	252,830
Total comprehensive income for the period	-	-	19,735	19,735	-	19,735
At 30 June 2013	<u>99,645</u>	<u>22,693</u>	<u>150,227</u>	<u>272,565</u>	<u>-</u>	<u>272,565</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 2013 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 2014

	30 June 2014 RM'000	30 June 2013 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	8,910	30,172
Adjustments for:		
Depreciation of property, plant and equipment	1,698	2,497
Depreciation of investment property	379	353
Gain on disposal of plant and equipment	57	(99)
Interest expense	565	521
Interest income	(376)	(350)
Operating profit before changes in working capital	<u>11,233</u>	<u>33,094</u>
Changes in working capital:		
Inventories	(4,292)	1,250
Receivables, deposits and prepayments	(40,928)	(107,255)
Payables and accruals	29,598	21,305
Cash used in operations	(4,389)	(51,606)
Income taxes paid	(6,775)	(3,369)
Net cash used in operating activities	<u>(11,164)</u>	<u>(54,975)</u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	(1,684)	(393)
Acquisition of investment property	(215)	(13)
Investment in associate	2,000	0
Interest received	376	350
Deposits pledged to licensed banks	0	7,204
Proceeds from disposal of plant and equipment	7,019	409
Net cash generated from investing activities	<u>7,496</u>	<u>7,557</u>
<i>Cash flows from financing activities</i>		
Interest paid	(565)	(521)
(Repayment of) / proceeds from borrowings	(22,200)	14,400
Repayment of finance lease liabilities	(560)	(437)
Net cash (used in) / generated from financing activities	<u>(23,325)</u>	<u>13,442</u>
Net decrease in cash and cash equivalents	(26,993)	(33,976)
Cash and cash equivalents at beginning of period	45,154	54,773
Cash and cash equivalents at end of period	<u>18,161</u>	<u>20,797</u>
Cash & bank balance	6,877	16,976
Deposits with licensed banks (excluding deposits pledged)	18,213	7,843
Bank Overdraft	(6,929)	(4,022)
	<u>18,161</u>	<u>20,797</u>

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 30 June 2014

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 2013. 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 financial year ended 31 December 2013.

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 2013 except for the following :-

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The following MFRSs, Amendments to MFRSs and IC Interpretation have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the Group except for MFRS 9, but the adoption date is yet to be confirmed by MASB.

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 for the period ended 30 June 2014.

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 6 months ended 30 June 2014.

A7 Dividends paid

No dividend was paid for the current quarter and 6 months ended 30 June 2014.

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 2014 Revenue RM '000	6 months ended 30 June 2013 Revenue RM '000	6 months ended 30 June 2014 Profit before tax RM '000	6 months ended 30 June 2013 Profit before tax RM '000
Trading and services	120,733	178,638	16,946	24,376
Property development	-	19,292	(866)	9,432
Construction	25,190	18,381	(4,714)	(2,042)
Investment Property	952	437	434	(175)
	<hr/>	<hr/>	<hr/>	<hr/>
	146,875	216,748	11,800	31,591
Inter-segment eliminations	(3,153)	(8,200)	-	3,000
Unallocated income	-	-	376	350
Unallocated expenses	-	-	(3,266)	(4,769)
	<hr/>	<hr/>	<hr/>	<hr/>
	143,722	208,548	8,910	30,172
	<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 6 months ended 30 June 2014.

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 2014
	RM'000
Guarantees and contingencies relating to Borrowings of subsidiaries (unsecured)	4,600
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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:-

	6 months ended
	30 June 2014
	RM'000
With companies in which certain Directors of the Company, have interests:	
Anjur Ekar Sdn Bhd	(332)
Aramijaya Sdn Bhd	544
Bidari Kekal Sdn Bhd	(10,464)
Danga Bay Sdn Bhd	1,699
Ekovest Berhad	(277)
Ekovest Construction Sdn Bhd	17,122
Pembinaan KS Tebrau Sdn Bhd	2,631
Rampai Fokus Sdn Bhd	3,386
Sharikat Sukma Kemajuan dan Perusahaan Sdn Bhd	(44,084)

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 revenue of RM143.722 million and profit before tax of RM8.910 million for the 6 months ended 30 June 2014 as compared to revenue of RM208.548 million and profit before tax of RM30.172 million for the preceding year corresponding period.

Performance of the respective operating business segments for the 6 months ended 30 June 2014 as compared to the preceding year corresponding period are analysed as follows :-

Trading and services

The decrease in revenue and profit before tax were mainly due to the decrease in sales volume.

Property development

No revenue was recognised for the current period ended 30 June 2014 due to the adoption of IC Interpretation 15 in year 2012 whereby the property development revenue and profit can only be recognised upon delivery of vacant possession to buyers. No product was completed with vacant possession during the current period ended 30 June 2014.

Construction

Despite an increase in the revenue, the division incurred further loss compared to the preceding year corresponding period, mainly due to the recognition of revenue for certain contract to the extent of cost incurred in light of the uncertainty of the final contract sum.

Investment property

The increase in revenue was due to additional rental income from a new tenancy for certain investment property of the Group.

B2 Comparison with preceding quarter results

For the quarter under review, the Group recorded a profit before taxation of RM6.407 million on a revenue of RM80.960 million as compared to a profit before taxation of RM2.503 million on a revenue of RM62.762 million for the preceding quarter. The increase in revenue and profit before tax were mainly due to increase in sales volume for trading and services division.

B3 Prospects

The outlook for the construction and development industry on which the Group business substantially relies on, remains competitive and challenging. Nevertheless, the Group will continue to look into other development plans and will continue to tender for new potential projects 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 2014 RM '000	6 months ended 30 June 2014 RM '000
Current provision	4,294	5,861
Under provision in prior year	(32)	(32)
Deferred tax	-	(85)
	<u>4,262</u>	<u>5,744</u>

The Group's effective tax rate for the financial period ended 30 June 2014 was 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 2014 RM '000
Current:	
Bank overdraft	6,929
Revolving credit	4,600
Finance lease liabilities	510
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black;"/>
	12,039
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Non-current:	
Finance lease liabilities	1,269
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B8 Changes in material litigation.

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 2014.

B10 Earnings per share

	Current quarter ended 30 June 2014 RM '000	Preceding year corresponding quarter ended 30 June 2013 RM '000	Cumulative 3 months ended 30 June 2014 RM '000	Cumulative 6 months ended 30 June 2013 RM '000
Earnings	2,145	18,575	3,166	19,735
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)	2.15	18.64	3.18	19.81
Diluted earning per ordinary shares (sen)	N/A	N/A	N/A	N/A

B11 Notes to the statement of profit or loss and other comprehensive income

	Current quarter ended 30 June 2014 RM'000	6 months ended 30 June 2014 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(183)	(376)
Other income	(749)	(1,343)
Interest expense	148	565
Depreciation	1,009	2,077
Gain on disposal of property, plant and equipment	82	57

B12 Realised and Unrealised Profits/Losses

The retained earnings are analysed as follows:-

	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Realised gain	196,034	192,932
Unrealised gain	2,387	2,374
	<hr/> 198,421	<hr/> 195,306
Less: Consolidation adjustments	(46,519)	(46,570)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 151,902	<hr/> <hr/> 148,736

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.