

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

As At 30 June 2015

	At 30 June 2015 RM'000	At 31 December 2014 (audited) RM'000
Assets		
Property, plant and equipment	14,156	14,671
Investment properties	96,590	88,234
Investment in associate	-	-
Deferred tax assets	-	127
Total non-current assets	110,746	103,032
Inventories	22,340	19,577
Trade and other receivables	171,027	293,676
Current tax assets	3,448	5,417
Cash and cash equivalents	66,820	56,020
Total current assets	263,635	374,690
Total assets	374,381	477,722
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	174,990	171,667
Total equity attributable to equity holders of the Company	297,328	294,005
Liabilities		
Loans and Borrowings	2,142	2,347
Deferred tax liabilities	1,776	2,368
Total non-current liabilities	3,918	4,715
Trade and other payables	70,710	174,196
Loans and Borrowings	1,300	1,091
Current tax payable	1,125	3,715
Total current liabilities	73,135	179,002
Total Liabilities	77,053	183,717
Total equity and liabilities	374,381	477,722
Net assets per share (RM)	2.9839	2.9505

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	Current 3 months ended 30 June		Cumulative 6 months ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations				
Revenue	37,781	80,960	96,789	143,722
Cost of sales	<u>(33,423)</u>	<u>(71,523)</u>	<u>(88,469)</u>	<u>(127,076)</u>
Gross profit	4,358	9,437	8,320	16,646
Other income	3,566	749	4,227	1,343
Administrative expenses	<u>(4,243)</u>	<u>(3,814)</u>	<u>(8,667)</u>	<u>(8,890)</u>
Results from operating activities	3,681	6,372	3,880	9,099
Interest income	352	183	808	376
Interest expense	<u>(116)</u>	<u>(148)</u>	<u>(247)</u>	<u>(565)</u>
Profit before tax	3,917	6,407	4,441	8,910
Taxation	<u>(867)</u>	<u>(4,262)</u>	<u>(1,118)</u>	<u>(5,744)</u>
Profit after tax / Total comprehensive income for the period	<u>3,050</u>	<u>2,145</u>	<u>3,323</u>	<u>3,166</u>
Total comprehensive income attributable to:				
Owners of the Company	3,050	2,145	3,323	3,166
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>3,050</u>	<u>2,145</u>	<u>3,323</u>	<u>3,166</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>3.06</u>	<u>2.15</u>	<u>3.33</u>	<u>3.18</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 profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015**

	Attributable to the Equity Holders of the Parent				Minority interest	Total Equity
	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total RM'000		
At 1 January 2015	99,645	22,693	171,667	294,005	-	294,005
Total comprehensive income for the period	-	-	3,323	3,323	-	3,323
At 30 June 2015	<u>99,645</u>	<u>22,693</u>	<u>174,990</u>	<u>297,328</u>	<u>-</u>	<u>297,328</u>
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>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	30 June 2015 RM'000	30 June 2014 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	4,441	8,910
Adjustments for:		
Depreciation of property, plant and equipment	1,694	1,698
Depreciation of investment property	542	379
Gain on disposal of plant and equipment	(548)	57
Interest expense	247	565
Interest income	(808)	(376)
Operating profit before changes in working capital	<u>5,568</u>	<u>11,233</u>
Changes in working capital:		
Inventories	(2,763)	(4,292)
Receivables, deposits and prepayments	122,649	(40,928)
Payables and accruals	(103,486)	29,598
Cash generated from / (used in) operations	<u>21,968</u>	<u>(4,389)</u>
Income taxes paid	(2,204)	(6,775)
Net cash generated from / (used in) operating activities	<u><u>19,764</u></u>	<u><u>(11,164)</u></u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	(632)	(1,684)
Acquisition of investment property	(8,898)	(215)
Investment in associate	0	2,000
Interest received	808	376
Proceeds from disposal of plant and equipment	929	7,019
Net cash (used in) / generated from investing activities	<u><u>(7,793)</u></u>	<u><u>7,496</u></u>
<i>Cash flows from financing activities</i>		
Interest paid	(247)	(565)
Repayment of borrowings	0	(22,200)
Repayment of finance lease liabilities	(935)	(560)
Net cash used in financing activities	<u><u>(1,182)</u></u>	<u><u>(23,325)</u></u>
Net increase / (decrease) in cash and cash equivalents	10,789	(26,993)
Cash and cash equivalents at beginning of year	56,020	45,154
Cash and cash equivalents at end of period	<u><u>66,809</u></u>	<u><u>18,161</u></u>
Cash & bank balance	2,946	6,877
Deposits with licensed banks (excluding deposits pledged)	63,874	18,213
Bank Overdraft	(11)	(6,929)
	<u><u>66,809</u></u>	<u><u>18,161</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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Notes to the interim financial report – 30 June 2015

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 and International Accounting Standards (IAS) 34: 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 2014. 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 2014.

1. The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2014 except for the following :-

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, Equipment (Annual Improvements 2010-2012 Cycle and 2011-2013 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 annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

A1 Basis of preparation (continue)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014;
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017; and
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact on the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instrument: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and Company are currently assessing the financial impact of adopting this standard.

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 2015.

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 2015.

A7 Dividends paid

No dividend was paid for the current quarter and 6 months ended 30 June 2015.

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 2015 Revenue RM '000	6 months ended 30 June 2014 Revenue RM '000	6 months ended 30 June 2015 Profit before tax RM '000	6 months ended 30 June 2014 Profit before tax RM '000
Trading and services	98,183	120,733	5,081	16,946
Property development	-	-	(1,272)	(866)
Construction	1,089	25,190	491	(4,714)
Investment Property	1,259	952	583	434
	<hr/> 100,531	<hr/> 146,875	<hr/> 4,883	<hr/> 11,800
Inter-segment eliminations	(3,742)	(3,153)	(297)	-
Unallocated income	-	-	808	376
Unallocated expenses	-	-	(953)	(3,266)
	<hr/> 96,789	<hr/> 143,722	<hr/> 4,441	<hr/> 8,910

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 2015.

A12 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 2015 RM'000
With companies in which certain Directors of the Company, have interests:	
Bidari Kekal Sdn Bhd	(4,792)
Danga Bay Sdn Bhd	2,239
Ekovest Construction Sdn Bhd	38,930
Iskandar Waterfront City Bhd and its subsidiaries	930
Iskandar Waterfront Sdn Bhd	641
Para Impiana Sdn Bhd	1,392
Pembinaan KS Tebrau Sdn Bhd	2,353
Rampai Fokus Sdn Bhd	3,263
Sharikat Sukma Kemajuan dan Perusahaan Sdn Bhd	(20,172)

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

The Group recorded a revenue of RM96.789 million and profit before tax of RM4.441 million for the 6 months ended 30 June 2015 as compared to revenue of RM143.722 million and profit before tax of RM8.910 million for the preceding year corresponding period.

Performance of the respective operating business segments for the 6 months ended 30 June 2015 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 and loss before tax were mainly due to administrative cost incurred.

Construction

The decrease in revenue and increase in profit before tax were mainly due to completion of major construction contracts and a write back for doubtful debts provision.

Investment property

The increase in revenue and profit before tax was due to additional rental income from a few new tenancies for certain investment properties.

B2 Comparison with preceding quarter results

For the quarter under review, the Group recorded a profit before taxation of RM3.917 million on a revenue of RM37.781 million as compared to a profit before taxation of RM0.524 million on a revenue of RM59.008 million for the preceding quarter. Despite a decrease in the revenue, an increase in profit before tax was recorded substantially due to a write back for doubtful debts provision by our construction division.

B3 Prospects

The outlook for the construction and property development industry where the Group business substantially depended on, remain competitive and challenging. Nevertheless, the Group will continue to look for new business opportunities and tender for new potential projects in its effort to maintain satisfactory results.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Taxation

	Current quarter ended 30 June 2015 RM '000	6 months ended 30 June 2015 RM '000
Income tax		
Current provision	740	1,151
Under provision in prior year	-	-
Deferred tax	127	(33)
	<u>867</u>	<u>1,118</u>

The Group's effective tax rate for the financial period ended 30 June 2015 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 2015 RM '000
Current:	
Bank overdraft	11
Revolving credit	-
Finance lease liabilities	1,289
	<hr/> 1,300 <hr/>
Non-current:	
Finance lease liabilities	2,142
	<hr/> <hr/>

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 2015.

B10 Earnings per share

	Current quarter ended 30 June 2015 RM '000	Preceding year corresponding quarter ended 30 June 2014 RM '000	Cumulative 6 months ended 30 June 2015 RM '000	Cumulative 6 months ended 30 June 2014 RM '000
Earnings	3,050	2,145	3,323	3,166
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)	3.06	2.15	3.33	3.18
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 2015 RM'000	6 months ended 30 June 2015 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(352)	(808)
Other income including investment income	(3,566)	(4,227)
Interest expense	116	247
Depreciation and amortization	1,153	2,236
Provision for and write off of receivables	287	287
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items (with details)	-	-

B12 Realised and Unrealised Profits/Losses

The Group retained earnings are analysed as follows:-

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Realised gain	222,607	219,587
Unrealised (loss)/gain	(904)	(1,281)
	<hr/> 221,703	<hr/> 218,306
Less: Consolidation adjustments	(46,713)	(46,639)
Total Group retained earnings as per consolidated accounts	<hr/> 174,990	<hr/> 171,667

The determination of realised and unrealised profits/(losses) 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.