

KNUSFORD BERHAD (380100-D)

Condensed consolidated statement of financial position

As At 30 September 2015

	At 30 September 2015 RM'000	At 31 December 2014 (audited) RM'000
Assets		
Property, plant and equipment	13,349	14,671
Investment properties	97,573	88,234
Investment in joint venture company	336	-
Deferred tax assets	893	127
Total non-current assets	112,151	103,032
Inventories	25,925	19,577
Trade and other receivables	135,563	293,676
Current tax assets	6,138	5,417
Cash and cash equivalents	61,734	56,020
Total current assets	229,360	374,690
Total assets	341,511	477,722
Equity		
Share capital	99,645	99,645
Share premium	22,693	22,693
Retained earnings	170,064	171,667
Total equity attributable to equity holders of the Company	292,402	294,005
Liabilities		
Loans and Borrowings	1,885	2,347
Deferred tax liabilities	1,776	2,368
Total non-current liabilities	3,661	4,715
Trade and other payables	42,967	174,196
Loans and Borrowings	1,293	1,091
Current tax payable	1,188	3,715
Total current liabilities	45,448	179,002
Total Liabilities	49,109	183,717
Total equity and liabilities	341,511	477,722
Net assets per share (RM)	2.9344	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 September 2015

	Current 3 months ended 30 September		Cumulative 9 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations				
Revenue	24,511	113,226	121,300	256,948
Cost of sales	<u>(20,419)</u>	<u>(99,922)</u>	<u>(108,888)</u>	<u>(226,998)</u>
Gross profit	4,092	13,304	12,412	29,950
Other income	736	768	4,963	2,111
Administrative expenses	<u>(3,956)</u>	<u>(6,861)</u>	<u>(12,623)</u>	<u>(15,751)</u>
Results from operating activities	872	7,211	4,752	16,310
Interest income	376	175	1,184	551
Interest expense	<u>(103)</u>	<u>(362)</u>	<u>(350)</u>	<u>(927)</u>
Profit before tax	1,145	7,024	5,586	15,934
Taxation	<u>(1,089)</u>	<u>(2,633)</u>	<u>(2,207)</u>	<u>(8,377)</u>
Profit after tax / Total comprehensive income for the period	<u>56</u>	<u>4,391</u>	<u>3,379</u>	<u>7,557</u>
Total comprehensive income attributable to:				
Owners of the Company	56	4,391	3,379	7,557
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>56</u>	<u>4,391</u>	<u>3,379</u>	<u>7,557</u>
Earnings per share attributable to equity holders of the parent				
EPS - Basic (sen)	<u>0.06</u>	<u>4.41</u>	<u>3.39</u>	<u>7.58</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 September 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	-	-	3,379	3,379	-	3,379
Dividends	-	-	(4,982)	(4,982)	-	(4,982)
At 30 September 2015	<u>99,645</u>	<u>22,693</u>	<u>170,064</u>	<u>292,402</u>	<u>-</u>	<u>292,402</u>
At 1 January 2014	99,645	22,693	148,736	271,074	-	271,074
Total comprehensive income for the period	-	-	7,557	7,557	-	7,557
Dividends	-	-	(4,982)	(4,982)	-	(4,982)
At 30 September 2014	<u>99,645</u>	<u>22,693</u>	<u>151,311</u>	<u>273,649</u>	<u>-</u>	<u>273,649</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 September 2015

	30 September 2015 RM'000	30 September 2014 RM'000
<i>Cash flows from operating activities</i>		
Profit before tax	5,586	15,934
Adjustments for:		
Depreciation of property, plant and equipment	2,559	2,473
Depreciation of investment property	844	568
Gain on disposal of plant and equipment	(601)	(105)
Impairment loss on investment in associate	0	2,000
Interest expense	350	927
Interest income	(1,184)	(551)
Operating profit before changes in working capital	<u>7,554</u>	<u>21,246</u>
Changes in working capital:		
Inventories	(6,348)	(4,869)
Receivables, deposits and prepayments	158,113	(81,863)
Payables and accruals	(131,229)	128,629
Cash generated from operations	<u>28,090</u>	<u>63,143</u>
Income taxes paid	(6,813)	(11,025)
Net cash generated from operating activities	<u>21,277</u>	<u>52,118</u>
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment	(795)	(2,149)
Acquisition of investment property	(10,183)	(213)
Investment in joint venture company	(336)	0
Interest received	1,184	551
Proceeds from disposal of plant and equipment	1,182	462
Net cash used in investing activities	<u>(8,948)</u>	<u>(1,349)</u>
<i>Cash flows from financing activities</i>		
Dividend paid	(4,982)	(4,982)
Interest paid	(350)	(927)
Repayment of borrowings	0	(26,800)
Repayment of finance lease liabilities	(1,291)	(749)
Net cash used in financing activities	<u>(6,623)</u>	<u>(33,458)</u>
Net increase in cash and cash equivalents	5,706	17,311
Cash and cash equivalents at beginning of year	56,020	45,154
Cash and cash equivalents at end of period	<u>61,726</u>	<u>62,465</u>
Cash & bank balance	2,704	24,390
Deposits with licensed banks (excluding deposits pledged)	59,030	38,100
Bank Overdraft	(8)	(25)
	<u>61,726</u>	<u>62,465</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.)

KNUSFORD BERHAD (380100-D)

Notes to the interim financial report – 30 September 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.

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 September 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 9 months ended 30 September 2015.

A7 Dividends paid

The shareholders have on 25 May 2015 approved the payment of a first and final dividend for the financial year ended 31 December 2014 as follows :-

	RM
First and final single tier dividend of 5 sen per ordinary shares	4,982,250.10
	=====

The said dividend was paid on 18 August 2015 to members whose names appear in the Record of Depositors on 31 July 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.

	9 months ended 30 September 2015 Revenue RM '000	9 months ended 30 September 2014 Revenue RM '000	9 months ended 30 September 2015 Profit before tax RM '000	9 months ended 30 September 2014 Profit before tax RM '000
Trading and services	119,143	228,946	4,753	26,721
Property development	4,269	-	695	(1,182)
Construction	1,492	31,380	(36)	(7,214)
Investment Property	1,857	1,418	732	601
	<hr/> 126,761	<hr/> 261,744	<hr/> 6,144	<hr/> 18,926
Inter-segment eliminations	(5,461)	(4,796)	(294)	-
Unallocated income	-	-	1,184	551
Unallocated expenses	-	-	(1,448)	(3,543)
	<hr/> 121,300	<hr/> 256,948	<hr/> 5,586	<hr/> 15,934
	<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 9 months ended 30 September 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:-

	9 months ended 30 September 2015 RM'000
With companies in which certain Directors of the Company, have interests:	
Aramijaya Sdn Bhd	458
Bidari Kekal Sdn Bhd	(4,792)
Danga Bay Sdn Bhd	3,037
Ekovest Berhad	(123)
Ekovest Construction Sdn Bhd	47,771
Ekovest Properties Sdn Bhd	(124)
Iskandar Waterfront City Bhd and its subsidiaries	1,235
Iskandar Waterfront Sdn Bhd	691
Nodedua Sdn Bhd	376
Para Impiana Sdn Bhd	1,770
Pembinaan KS Tebrau Sdn Bhd	3,003
Rampai Fokus Sdn Bhd	3,881
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 RM121.300 million and profit before tax of RM5.586 million for the 9 months ended 30 September 2015 as compared to revenue of RM256.948 million and profit before tax of RM15.934 million for the preceding year corresponding period.

Performance of the respective operating business segments for the 9 months ended 30 September 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

The revenue and profit before tax for this division showed a significant improvement, mainly due to revenue from disposal of a piece of development land during the period.

Construction

The decrease in revenue and loss before tax were mainly due to completion of major construction contracts.

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 RM1.145 million on a revenue of RM24.511 million as compared to a profit before taxation of RM3.917 million on a revenue of RM37.781 million for the preceding quarter. The decrease in revenue and profit before tax were mainly due to decrease in sales volume for trading and service 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 September 2015 RM '000	9 months ended 30 September 2015 RM '000
Income tax		
Current provision	615	1,766
Under provision in prior year	1,367	1,367
Deferred tax	(893)	(926)
	1,089	2,207

The Group's effective tax rate for the financial period ended 30 September 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 September 2015 RM '000
Current:	
Bank overdraft	8
Revolving credit	-
Finance lease liabilities	1,285
	<hr/> 1,293 <hr/>
Non-current:	
Finance lease liabilities	1,885
	<hr/> 1,885 <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 September 2015.

B10 Earnings per share

	Current quarter ended 30 September 2015 RM '000	Preceding year corresponding quarter ended 30 September 2014 RM '000	Cumulative 9 months ended 30 September 2015 RM '000	Cumulative 9 months ended 30 September 2014 RM '000
Earnings	56	4,391	3,379	7,557
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)	0.06	4.41	3.39	7.58
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 September 2015 RM'000	9 months ended 30 September 2015 RM'000
Profit before tax is arrived at after (crediting)/charging :		
Interest income	(376)	(1,184)
Other income including investment income	(735)	(4,962)
Interest expense	103	350
Depreciation and amortization	1,167	3,403
Provision for and write off of receivables	268	555
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 September 2015 RM'000	As at 31 December 2014 RM'000
Realised gain	215,848	219,587
Unrealised loss	(11)	(1,281)
	<hr/> 215,837	<hr/> 218,306
Less: Consolidation adjustments	(45,773)	(46,639)
Total Group retained earnings as per consolidated accounts	<hr/> 170,064	<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.