

KNM GROUP BERHAD

(Company No:521348-H)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2011 (Unaudited)

1. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Year to date	
	Unaudited 3 months ended 31.12.2011 RM'000	Unaudited 3 months ended 31.12.2010 RM'000	Unaudited 31.12.2011 RM'000	Unaudited 31.12.2010 RM'000
Contract revenue	<u>579,817</u>	<u>384,233</u>	<u>1,982,302</u>	<u>1,559,103</u>
Operating (loss)/profit	3,262	10,579	(98,388)	97,184
Financing costs	(13,222)	(14,022)	(52,190)	(54,193)
Interest income	802	115	3,632	3,282
Share of profit/(loss) of jointly controlled entities	(1,523)	236	(602)	237
(Loss)/ Profit before tax	<u>(10,681)</u>	<u>(3,092)</u>	<u>(147,548)</u>	<u>46,510</u>
Tax expense	12,268	10,950	62,100	75,963
Net (loss)/ profit for the period	<u>1,587</u>	<u>7,858</u>	<u>(85,448)</u>	<u>122,473</u>
Other comprehensive (loss)/ income, net of tax				
Foreign currency translation differences	(45,378)	(23,948)	7,941	(132,712)
Net investment in subsidiaries	(26,833)	(20,379)	13,232	(259,056)
Impairment of property, plant and equipment through Revaluation Reserve	(4,576)	-	(4,576)	-
Cash Flow hedge	(7,985)	(1,040)	(3,659)	4,761
Share of other comprehensive income of equity accounted investee	(751)	-	(572)	-
Other comprehensive (loss)/ income for the period, net of tax	<u>(85,523)</u>	<u>(45,367)</u>	<u>12,366</u>	<u>(387,007)</u>
Total comprehensive (loss)/ income for the period	<u>(83,936)</u>	<u>(37,509)</u>	<u>(73,082)</u>	<u>(264,534)</u>
Attributable to:				
Equity holders of the parent	2,992	7,629	(83,432)	118,201
Minority interest	<u>(1,405)</u>	<u>229</u>	<u>(2,016)</u>	<u>4,272</u>
	<u>1,587</u>	<u>7,858</u>	<u>(85,448)</u>	<u>122,473</u>
Total comprehensive (loss)/ income attributable to:				
Equity holders of the parent	(82,062)	(37,545)	(69,111)	(268,141)
Minority interest	<u>(1,874)</u>	<u>36</u>	<u>(3,971)</u>	<u>3,607</u>
Total comprehensive (loss)/ income for the period	<u>(83,936)</u>	<u>(37,509)</u>	<u>(73,082)</u>	<u>(264,534)</u>
Earnings per share:				
- Basic (sen)	0.31	0.78	(8.53)	12.02

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2. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	Unaudited As at 31.12.2011	Audited As at 31.12.2010
		RM'000	RM'000
Assets			
Non-current assets			
Intangible Assets		594,641	620,858
Goodwill		798,507	798,974
Property, plant and equipment		744,492	748,722
Other investment, including derivative		14,088	3,620
Interest in associates		2,451	455
Interest in jointly-controlled entities		1,133	316
Deferred Tax Asset		279,922	195,946
		<u>2,435,234</u>	<u>2,368,891</u>
Current assets			
Inventories		72,128	69,063
Contracts work in progress		484,302	426,541
Trade and other receivables		548,569	363,420
Cash and cash equivalents		416,353	296,237
		<u>1,521,352</u>	<u>1,155,261</u>
TOTAL ASSETS		<u>3,956,586</u>	<u>3,524,152</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,001,093	1,001,093
Treasury Shares		(53,371)	(44,588)
Reserves		663,482	761,936
		<u>1,611,204</u>	<u>1,718,441</u>
Minority interest		<u>7,021</u>	<u>12,328</u>
Total Equity		<u>1,618,225</u>	<u>1,730,769</u>
Non-current liabilities			
Long term payable		20,702	25,552
Long service leave liability		2,366	1,911
Loans and borrowings	B9	398,857	380,493
Deferred taxation		238,042	265,928
		<u>659,967</u>	<u>673,884</u>
Current liabilities			
Payables and accruals		536,731	389,574
Customers advance for contract work in progress		390,160	57,346
Loans and borrowings	B9	745,428	664,641
Current tax liabilities		6,075	7,938
		<u>1,678,394</u>	<u>1,119,499</u>
Total liabilities		<u>2,338,361</u>	<u>1,793,383</u>
TOTAL EQUITY AND LIABILITIES		<u>3,956,586</u>	<u>3,524,152</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>1.61</u>	<u>1.72</u>

The notes set out on pages 5 to 18 form an integral part of and should be read in conjunction with this interim financial report

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 SEPTEMBER 2011**

	← Attributable to equity holders of the parent						→ Distributable Reserve		Minority Interest RM'000	Total equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Hedging Reserve RM'000	Non-Distributable AFS Reserve RM'000	Revaluation and Other Reserve RM'000	(Accumulated Loss) / Retained Profit RM'000	Total RM'000		
As at 1 January 2010	1,001,093	(34,132)	319,426	-	-	(95,732)	818,031	2,008,686	3,046	2,011,732
Effect arising from adoption of FRS 139	-	-	-	(6,274)	30	-	(5,404)	(11,648)	-	(11,648)
As at 1 January 2010, restated	1,001,093	(34,132)	319,426	(6,274)	30	(95,732)	812,627	1,997,038	3,046	2,000,084
Total comprehensive (loss)/ income for the period	-	-	-	4,761	-	(391,103)	118,201	(268,141)	3,607	(264,534)
Transaction with owners in their capacity as owner										
Increase in share capital in subsidiaries	-	-	-	-	-	-	-	-	6,288	6,288
Issue of shares pursuant to: - ESOS	-	-	-	-	-	-	-	-	-	-
Share Buy Back	-	(10,456)	-	-	-	-	-	(10,456)	-	(10,456)
Transfer to share premium for share options exercised	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(613)	(613)
As at 31 DECEMBER 2010 (Audited)	1,001,093	(44,588)	319,426	(1,513)	30	(486,835)	930,828	1,718,441	12,328	1,730,769
As at 1 January 2011	1,001,093	(44,588)	319,426	(1,513)	30	(486,835)	930,828	1,718,441	12,328	1,730,769
Total comprehensive (loss)/ income for the period	-	-	-	(3,659)	-	17,980	(83,432)	(69,111)	(3,971)	(73,082)
Transaction with owners in their capacity as owner										
Acquisition of equity interest in subsidiary	-	-	-	-	-	-	-	-	(1,336)	(1,336)
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	-	-	-
Share Buy Back	-	(8,783)	-	-	-	-	-	(8,783)	-	(8,783)
Dividend	-	-	-	-	-	-	(29,343)	(29,343)	-	(29,343)
As at 31 DECEMBER 2011 (Unaudited)	1,001,093	(53,371)	319,426	(5,172)	30	(468,855)	818,053	1,611,204	7,021	1,618,225

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED
 31 DECEMBER 2011**

(Unaudited)

	31.12.2011 RM '000	31.12.2010 RM '000
Cash flows from operating activities		
Profit before tax	(147,548)	46,510
Adjustments for:		
Amortisation of intangible assets	33,401	33,506
Share based payment	-	-
Depreciation	7,369	7,788
Interest expense	50,181	48,963
Interest income	(3,632)	(3,282)
Loss/(Gain) on foreign exchange-unrealised	6,294	(3,091)
Loss/(Gain) on disposal of property, plant and equipment	(70)	(26)
Share of (profit)/ loss of in associates and jointly-controlled entities	(1,577)	(237)
Change in fair value of forward contract	3,814	(13,577)
Provision for foreseeable losses	26,750	12,521
Impairment/(Reversal) of investment	(65)	-
Goodwill written off	2,794	-
Operating (loss)/profit before working capital changes	<u>(22,289)</u>	<u>129,075</u>
(Increase)/Decrease in working capital:		
Inventories	(3,066)	37,509
Receivables, deposits and prepayments	(247,975)	47,331
Payables and accruals and long service leave liability	460,701	(66,915)
Cash used in operations		
Income taxes paid	(21,784)	(93,251)
Interest paid	(188)	(1,622)
Interest received	3,632	3,282
Net cash generated from operating activities	<u>169,031</u>	<u>55,409</u>
Cash flows from investing activities		
Acquisition of minority interest	-	-
Purchase of property, plant and equipment	(46,052)	(56,350)
Acquisition of minority interest	-	837
Acquisition of investment in Joint-controlled entity	-	(337)
Acquisition of other intangible assets	(3,892)	(1,725)
Acquisition of subsi, net of cash acquired	(940)	-
Proceeds from issuance of share to minority interest	-	6,288
Proceeds from disposal of property, plant and equipment	415	1,080
Net cash used in investing activities	<u>(50,469)</u>	<u>(50,207)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	-	-
Share buy back	(8,783)	(10,456)
Net (repayment)/proceeds from bill payable	194,546	9,041
Repayment of hire purchase liabilities	(10,070)	(5,596)
Net proceeds/(repayment) from term loan	(10,097)	(212,488)
Net proceeds/(repayment) to ICP/IMTN	(75,000)	(5,000)
Interest expenses	(49,994)	(47,341)
Dividend paid	(29,343)	-
Dividend paid to minority interest	-	(613)
Net cash generated from/(used in) financing activities	<u>11,259</u>	<u>(272,453)</u>
Net decrease in cash and cash equivalents	129,821	(267,251)
Cash and cash equivalents at beginning of year	286,532	553,783
Cash and cash equivalents at end of year	<u>416,353</u>	<u>286,532</u>
Cash & bank balances	341,305	211,390
Deposits with financial institutions	9,987	5,712
Deposits with licensed banks	<u>65,061</u>	<u>79,135</u>
	416,353	296,237
Bank overdraft	-	(9,705)
	<u>416,353</u>	<u>286,532</u>

The notes set out on pages 5 to 18 form an integral part of and should be read in conjunction with this interim financial report