

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Income Statement**

		3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
		CURRENT	COMPARATIVE	CURRENT	COMPARATIVE
		QUARTER	QUARTER	PERIOD	PERIOD
		ENDED	ENDED	ENDED	ENDED
		31/03/2008	31/03/2007	31/03/2008	31/03/2007
		RM	RM	RM	RM
Continuing Operations					
Revenue	Note 1	24,402,941	37,440,946	24,402,941	37,440,946
Cost of sales		(17,218,746)	(30,158,520)	(17,218,746)	(30,158,520)
Gross profit		<u>7,184,195</u>	<u>7,282,426</u>	<u>7,184,195</u>	<u>7,282,426</u>
Other income		433,629	477,228	433,629	477,228
Distribution costs		(320,979)	(653,705)	(320,979)	(653,705)
Administrative expenses		(2,991,993)	(2,668,164)	(2,991,993)	(2,668,164)
Other expenses		(594,936)	(560,423)	(594,936)	(560,423)
Finance costs		(193,780)	(360,970)	(193,780)	(360,970)
Share of results of associates		36,724	31,574	36,724	31,574
Profit before tax	Note 2	<u>3,552,860</u>	<u>3,547,966</u>	<u>3,552,860</u>	<u>3,547,966</u>
Income tax expense	Note 3	(1,157,012)	(1,085,168)	(1,157,012)	(1,085,168)
Profit for the period from continuing operations		<u>2,395,848</u>	<u>2,462,798</u>	<u>2,395,848</u>	<u>2,462,798</u>
Discontinued Operation					
Profit/(loss) for the period from a discontinued operation		-	(4,955)	-	(4,955)
Profit for the period		<u>2,395,848</u>	<u>2,457,843</u>	<u>2,395,848</u>	<u>2,457,843</u>
Attributable to:					
Equity holders of the parent		2,427,713	2,443,213	2,427,713	2,443,213
Minority interests		(31,865)	14,630	(31,865)	14,630
		<u>2,395,848</u>	<u>2,457,843</u>	<u>2,395,848</u>	<u>2,457,843</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for profit from continuing operations (sen)		3.84	4.06	3.84	4.06
Basic, for profit/(loss) from a discontinued operation (sen)		-	(0.01)	-	(0.01)
Basic, for profit for the period (sen)		<u>3.84</u>	<u>4.05</u>	<u>3.84</u>	<u>4.05</u>
Diluted, for profit from continuing operations (sen)		3.81	4.05	3.81	4.05
Diluted, for profit/(loss) from a discontinued operation (sen)		-	(0.01)	-	(0.01)
Diluted, for profit for the period (sen)		<u>3.81</u>	<u>4.04</u>	<u>3.81</u>	<u>4.04</u>
Note 1					
Total revenue from continuing operations		24,402,941	37,440,946	24,402,941	37,440,946
Revenue from a discontinued operation		-	13,384	-	13,384
Total revenue		<u>24,402,941</u>	<u>37,454,330</u>	<u>24,402,941</u>	<u>37,454,330</u>
Note 2					
Total profit before tax from continuing operations		3,552,860	3,547,966	3,552,860	3,547,966
Profit/(loss) before tax from a discontinued operation		-	(4,409)	-	(4,409)
Total profit before tax		<u>3,552,860</u>	<u>3,543,557</u>	<u>3,552,860</u>	<u>3,543,557</u>
Note 3					
Income tax expense from continuing operations		1,157,012	1,085,168	1,157,012	1,085,168
Income tax expense from a discontinued operation		-	546	-	546
Total income tax expense		<u>1,157,012</u>	<u>1,085,714</u>	<u>1,157,012</u>	<u>1,085,714</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.)

KKB ENGINEERING BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 31/03/2008 RM	AUDITED AS AT 31/12/2007 RM
ASSETS		
Non-current assets		
Property, plant & equipment	34,584,268	34,753,885
Prepaid land lease payments	18,201,448	18,303,031
Investment in associates	948,806	949,082
	<u>53,734,522</u>	<u>54,005,998</u>
Current assets		
Inventories	21,638,135	20,387,756
Trade receivables	33,348,374	41,310,533
Other receivables	1,042,091	485,970
Amount due from related companies	48,267	19,812
Short-term deposits	24,225,757	22,644,337
Cash and bank balances	1,773,223	1,934,199
	<u>82,075,847</u>	<u>86,782,607</u>
TOTAL ASSETS	<u>135,810,369</u>	<u>140,788,605</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	63,348,250	63,152,750
Share premium	930,504	865,239
Other reserves	7,049,130	7,065,242
Retained earnings	36,217,309	33,789,596
	<u>107,545,193</u>	<u>104,872,827</u>
Minority interests	<u>3,260,447</u>	<u>3,292,312</u>
Total equity	<u>110,805,640</u>	<u>108,165,139</u>
Non-current liabilities		
Borrowings	3,295,555	3,846,508
Deferred tax liabilities	1,370,660	1,370,660
	<u>4,666,215</u>	<u>5,217,168</u>
Current liabilities		
Borrowings	3,605,173	14,363,973
Trade payables	10,493,169	6,313,560
Amount due to customers for contract work	1,000,675	2,102,027
Other payables	2,516,658	1,996,680
Current tax payable	2,722,839	2,630,058
	<u>20,338,514</u>	<u>27,406,298</u>
Total liabilities	<u>25,004,729</u>	<u>32,623,466</u>
TOTAL EQUITY AND LIABILITIES	<u>135,810,369</u>	<u>140,788,605</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements).

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

Condensed Consolidated Statement of Changes in Equity

	Share Capital RM	Share Premium RM	Other Reserves RM	Distributable Retained Earnings RM	Total RM	Minority Interests RM	Total Equity RM
At 1 January 2007	48,280,000	164,583	6,435,000	33,896,301	88,775,884	3,352,522	92,128,406
Profit for the period	-	-	-	2,443,213	2,443,213	14,630	2,457,843
Total recognised income and expense for the period	-	-	-	2,443,213	2,443,213	14,630	2,457,843
Share options granted under ESOS	-	-	4,155	-	4,155	-	4,155
Issue of ordinary shares pursuant to ESOS	43,000	12,690	-	-	55,690	-	55,690
Share issue expenses written off	-	(100)	-	-	(100)	-	(100)
At 31 March 2007	<u>48,323,000</u>	<u>177,173</u>	<u>6,439,155</u>	<u>36,339,514</u>	<u>91,278,842</u>	<u>3,367,152</u>	<u>94,645,994</u>
At 1 January 2008	63,152,750	865,239	7,065,242	33,789,596	104,872,827	3,292,312	108,165,139
Profit for the period	-	-	-	2,427,713	2,427,713	(31,865)	2,395,848
Total recognised income and expense for the period	-	-	-	2,427,713	2,427,713	(31,865)	2,395,848
Share options granted under ESOS	-	-	9,618	-	9,618	-	9,618
Share options exercised under ESOS	-	25,730	(25,730)	-	-	-	-
Issue of ordinary shares pursuant to ESOS	195,500	39,585	-	-	235,085	-	235,085
Share issue expenses written off	-	(50)	-	-	(50)	-	(50)
At 31 March 2008	<u>63,348,250</u>	<u>930,504</u>	<u>7,049,130</u>	<u>36,217,309</u>	<u>107,545,193</u>	<u>3,260,447</u>	<u>110,805,640</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 2007 and the accompanying explanatory notes attached to the interim financial statements).

KKB ENGINEERING BERHAD

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 3 MONTHS ENDED 31/03/2008 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2007 RM
Profit before taxation	3,552,860	3,543,557
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	936,965	932,100
Amortisation of prepaid land lease payments	101,582	103,186
Interest expense	193,780	360,974
Property, plant & equipment written off	10,257	4,789
Gain on disposal of property, plant & equipment	(23,798)	(75,483)
Interest income	(175,826)	(75,362)
Share options granted under ESOS	9,618	4,155
Share of results of associates	(36,724)	(31,574)
Operating profit before changes in working capital	4,568,714	4,766,342
Changes in working capital		
Net decrease/(increase) in current assets	6,136,464	(15,773,543)
Net increase in current liabilities	3,598,236	15,203,174
Cash generated from operations	14,303,414	4,195,973
Interest paid	(193,780)	(360,974)
Taxation paid, net of refund (if any)	(1,073,493)	(746,708)
Net cash generated from operating activities	13,036,141	3,088,291
Investing activities		
Proceeds from disposal of property, plant & equipment	23,800	95,000
Purchase of property, plant & equipment	(777,606)	(1,416,020)
Interest received	175,826	75,362
Dividend received	37,000	36,500
Net cash used in investing activities	(540,980)	(1,209,158)
Financing activities		
Proceeds from issue of shares	235,085	55,690
Share issue expenses	(50)	(100)
Net repayment of short-term borrowings	(10,693,000)	(3,978,000)
Net (repayment of)/proceeds from lease financing	(226,752)	683,761
Repayment of term loan	(390,000)	(334,290)
Net cash used in financing activities	(11,074,717)	(3,572,939)
Net change in cash and cash equivalents	1,420,444	(1,693,806)
Cash and cash equivalents at the beginning of the period	24,578,536	16,761,442
Cash and cash equivalents at the end of the period	25,998,980	15,067,636

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