

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008**Condensed Consolidated Income Statement**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED		
	CURRENT QUARTER ENDED 30/06/2008 RM	COMPARATIVE QUARTER ENDED 30/06/2007 RM	CURRENT PERIOD ENDED 30/06/2008 RM	COMPARATIVE PERIOD ENDED 30/06/2007 RM	
Continuing Operations					
Revenue	Note 1	30,595,143	39,383,950	54,998,084	76,824,896
Cost of sales		<u>(24,085,569)</u>	<u>(31,513,221)</u>	<u>(41,304,315)</u>	<u>(61,671,741)</u>
Gross profit		6,509,574	7,870,729	13,693,769	15,153,155
Other income		580,604	724,720	1,014,233	1,201,948
Distribution costs		(453,620)	(1,133,248)	(774,599)	(1,786,953)
Administrative expenses		(2,336,353)	(2,087,376)	(5,328,346)	(4,755,540)
Other expenses		(457,849)	(675,527)	(1,052,785)	(1,235,950)
Finance costs		(285,208)	(181,495)	(478,988)	(542,465)
Share of results of associates		77,976	25,141	114,700	56,715
Profit before tax	Note 2	3,635,124	4,542,944	7,187,984	8,090,910
Income tax expense	Note 3	<u>(1,287,346)</u>	<u>(1,321,384)</u>	<u>(2,444,358)</u>	<u>(2,406,552)</u>
Profit for the period from continuing operations		2,347,778	3,221,560	4,743,626	5,684,358
Discontinued Operation					
Profit for the period from a discontinued operation		-	301,868	-	296,913
Profit for the period		<u>2,347,778</u>	<u>3,523,428</u>	<u>4,743,626</u>	<u>5,981,271</u>
Attributable to:					
Equity holders of the parent		2,261,768	3,499,611	4,689,481	5,942,824
Minority interests		86,010	23,817	54,145	38,447
		<u>2,347,778</u>	<u>3,523,428</u>	<u>4,743,626</u>	<u>5,981,271</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for profit from continuing operations (sen)		3.04	5.24	6.81	9.28
Basic, for profit from a discontinued operation (sen)		-	0.49	-	0.49
Basic, for profit for the period (sen)		<u>3.04</u>	<u>5.73</u>	<u>6.81</u>	<u>9.77</u>
Diluted, for profit from continuing operations (sen)		3.03	5.14	6.79	9.15
Diluted, for profit from a discontinued operation (sen)		-	0.49	-	0.48
Diluted, for profit for the period (sen)		<u>3.03</u>	<u>5.63</u>	<u>6.79</u>	<u>9.63</u>
Note 1					
Total revenue from continuing operations		30,595,143	39,383,950	54,998,084	76,824,896
Revenue from a discontinued operation		-	11,367	-	24,751
Total revenue		<u>30,595,143</u>	<u>39,395,317</u>	<u>54,998,084</u>	<u>76,849,647</u>
Note 2					
Total profit before tax from continuing operations		3,635,124	4,542,944	7,187,984	8,090,910
Profit before tax from a discontinued operation		-	301,496	-	297,087
Total profit before tax		<u>3,635,124</u>	<u>4,844,440</u>	<u>7,187,984</u>	<u>8,387,997</u>
Note 3					
Income tax expense from continuing operations		1,287,346	1,321,384	2,444,358	2,406,552
Income tax expense from a discontinued operation		-	(372)	-	174
Total income tax expense		<u>1,287,346</u>	<u>1,321,012</u>	<u>2,444,358</u>	<u>2,406,726</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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INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 30/06/2008 RM	AUDITED AS AT 31/12/2007 RM
ASSETS		
Non-current assets		
Property, plant & equipment	41,710,150	34,753,885
Prepaid land lease payments	44,572,207	18,303,031
Investment in associates	982,382	949,082
	<u>87,264,739</u>	<u>54,005,998</u>
Current assets		
Inventories	34,075,766	20,387,756
Trade receivables	44,842,103	41,310,533
Other receivables	1,152,444	485,970
Amount due from related companies	29,691	19,812
Short-term deposits	15,304,273	22,644,337
Cash and bank balances	2,951,931	1,934,199
	<u>98,356,208</u>	<u>86,782,607</u>
TOTAL ASSETS	<u>185,620,947</u>	<u>140,788,605</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,188,250	63,152,750
Share premium	17,156,707	865,239
Other reserves	7,055,220	7,065,242
Retained earnings	34,055,828	33,789,596
	<u>138,456,005</u>	<u>104,872,827</u>
Minority interests	<u>2,206,153</u>	<u>3,292,312</u>
Total equity	<u>140,662,158</u>	<u>108,165,139</u>
Non-current liabilities		
Borrowings	4,118,633	3,846,508
Deferred tax liabilities	1,370,660	1,370,660
	<u>5,489,293</u>	<u>5,217,168</u>
Current liabilities		
Borrowings	18,093,243	14,363,973
Trade payables	10,485,504	6,313,560
Amount due to customers for contract work	4,295,088	2,102,027
Other payables	3,455,153	1,996,680
Current tax payable	3,140,508	2,630,058
	<u>39,469,496</u>	<u>27,406,298</u>
Total liabilities	<u>44,958,789</u>	<u>32,623,466</u>
TOTAL EQUITY AND LIABILITIES	<u>185,620,947</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.)

KKB ENGINEERING BERHAD

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INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008**Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to equity holders of the parent ----->				Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	<-----Non-Distributable-----> Share Premium RM	Other Reserves RM	Distributable Retained Earnings 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	-	-	-	5,942,824	5,942,824	38,447	5,981,271
Total recognised income and expense for the period	-	-	-	5,942,824	5,942,824	38,447	5,981,271
Tax exempt dividend for FYE 31 December 2006	-	-	-	(2,452,200)	(2,452,200)	-	(2,452,200)
Share options granted under ESOS	-	-	16,263	-	16,263	-	16,263
Issue of ordinary shares pursuant to ESOS	1,048,500	418,430	-	-	1,466,930	-	1,466,930
Bonus issue of shares	12,261,000	-	-	(12,261,000)	-	-	-
Share issue expenses written off	-	(231)	-	-	(231)	-	(231)
At 30 June 2007	<u>61,589,500</u>	<u>582,782</u>	<u>6,451,263</u>	<u>25,125,925</u>	<u>93,749,470</u>	<u>3,390,969</u>	<u>97,140,439</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	-	-	-	4,689,481	4,689,481	54,145	4,743,626
Total recognised income and expense for the period	-	-	-	4,689,481	4,689,481	54,145	4,743,626
First and Final dividend for FYE 31 December 2007	-	-	-	(4,425,436)	(4,425,436)	-	(4,425,436)
Acquisition of remaining equity interest in an existing subsidiary	-	-	-	-	-	(1,140,304)	(1,140,304)
Issue of ordinary shares pursuant to acquisition of Land & Buildings	16,000,000	16,000,000	-	-	32,000,000	-	32,000,000
Share options granted under ESOS	-	-	34,660	-	34,660	-	34,660
ESOS's share options lapsed	-	-	(2,187)	2,187	-	-	-
Share options exercised under ESOS	-	42,495	(42,495)	-	-	-	-
Issue of ordinary shares pursuant to ESOS	1,035,500	250,838	-	-	1,286,338	-	1,286,338
Share issue expenses written off	-	(1,865)	-	-	(1,865)	-	(1,865)
At 30 June 2008	<u>80,188,250</u>	<u>17,156,707</u>	<u>7,055,220</u>	<u>34,055,828</u>	<u>138,456,005</u>	<u>2,206,153</u>	<u>140,662,158</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 SECOND QUARTER ENDED 30 JUNE 2008**Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 6 MONTHS ENDED 30/06/2008 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2007 RM
Profit before taxation	7,187,984	8,387,997
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	1,865,655	1,873,445
Amortisation of prepaid land lease payments	336,414	206,373
Interest expense	478,988	542,473
Property, plant & equipment written off	10,861	4,790
Gain on disposal of property, plant & equipment	(63,796)	(368,957)
Interest income	(302,071)	(182,326)
Share options granted under ESOS	34,660	16,263
Share of results of associates	(114,700)	(56,715)
Operating profit before changes in working capital	9,433,995	10,423,343
Changes in working capital		
Net increase in current assets	(17,898,680)	(4,847,137)
Net increase in current liabilities	7,823,479	1,390,374
Cash (used in)/generated from operations	(641,206)	6,966,580
Interest paid	(478,988)	(542,473)
Taxation paid, net of refund (if any)	(1,931,161)	(1,391,802)
Net cash (used in)/generated from operating activities	(3,051,355)	5,032,305
Investing activities		
Proceeds from disposal of property, plant & equipment	63,800	1,410,984
Purchase of property, plant & equipment	(3,438,376)	(2,128,912)
Acquisition of additional shares in subsidiary company	(1,140,304)	-
Interest received	302,071	182,326
Dividend received	81,400	36,500
Net cash used in investing activities	(4,131,409)	(499,102)
Financing activities		
Proceeds from issue of shares	1,286,338	1,466,930
Share issue expenses	(1,865)	(231)
Dividend paid to shareholders of the company	(4,425,436)	(2,452,200)
Net proceeds from/(repayment of) short-term borrowings	3,502,000	(2,531,000)
Net proceeds from lease financing	1,279,395	584,616
Repayment of term loan	(780,000)	(668,580)
Net cash from/(used in) financing activities	860,432	(3,600,465)
Net change in cash and cash equivalents	(6,322,332)	932,738
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	18,256,204	17,694,180

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