

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**Condensed Consolidated Income Statement**

		3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
		CURRENT QUARTER ENDED 31/12/2008 RM	COMPARATIVE QUARTER ENDED 31/12/2007 RM	CURRENT PERIOD ENDED 31/12/2008 RM	COMPARATIVE PERIOD ENDED 31/12/2007 RM
Continuing Operations					
Revenue	Note 1	30,712,027	28,160,850	121,406,838	136,717,430
Cost of sales		<u>(22,907,614)</u>	<u>(19,889,029)</u>	<u>(92,922,871)</u>	<u>(103,749,721)</u>
Gross profit		7,804,413	8,271,821	28,483,967	32,967,709
Other income		437,778	860,668	2,051,962	2,630,923
Distribution costs		(296,327)	(515,518)	(1,628,969)	(3,275,319)
Administrative expenses		(2,887,343)	(2,205,134)	(10,377,490)	(8,734,936)
Other expenses		(189,013)	(818,707)	(1,624,079)	(2,772,896)
Finance costs		(391,844)	(163,453)	(1,032,315)	(883,552)
Share of results of associates		82,095	94,566	247,508	237,595
Profit before tax	Note 2	4,559,759	5,524,243	16,120,584	20,169,524
Income tax expense	Note 3	<u>(1,776,876)</u>	<u>(1,586,495)</u>	<u>(5,092,981)</u>	<u>(5,924,625)</u>
Profit for the period from continuing operations		2,782,883	3,937,748	11,027,603	14,244,899
Discontinued Operation					
Profit/(loss) for the period from a discontinued operation		-	(4,123)	-	301,386
Profit for the period		<u>2,782,883</u>	<u>3,933,625</u>	<u>11,027,603</u>	<u>14,546,285</u>
Attributable to:					
Equity holders of the parent		2,784,051	3,996,993	10,877,024	14,606,495
Minority interests		<u>(1,168)</u>	<u>(63,368)</u>	<u>150,579</u>	<u>(60,210)</u>
		<u>2,782,883</u>	<u>3,933,625</u>	<u>11,027,603</u>	<u>14,546,285</u>
Earnings per share attributable to equity holders of the parent:					
Basic, for profit from continuing operations (sen)		3.46	6.36	14.57	23.20
Basic, for profit/(loss) from a discontinued operation (sen)		-	(0.01)	-	0.49
Basic, for profit for the period (sen)		<u>3.46</u>	<u>6.35</u>	<u>14.57</u>	<u>23.69</u>
Diluted, for profit from continuing operations (sen)		-	6.30	-	23.01
Diluted, for profit/(loss) from a discontinued operation (sen)		-	(0.01)	-	0.48
Diluted, for profit for the period (sen)		<u>-</u>	<u>6.29</u>	<u>-</u>	<u>23.49</u>
There is no diluted earnings per share for current quarter and period ended 31 December 2008 due to the expiration of Employees' Share Option Scheme on 13 October 2008.					
Note 1					
Total revenue from continuing operations		30,712,027	28,160,850	121,406,838	136,717,430
Revenue from a discontinued operation		-	2,850	-	60,341
Total revenue		<u>30,712,027</u>	<u>28,163,700</u>	<u>121,406,838</u>	<u>136,777,771</u>
Note 2					
Total profit before tax from continuing operations		4,559,759	5,524,243	16,120,584	20,169,524
Profit/(loss) before tax from a discontinued operation		-	(5,568)	-	304,626
Total profit before tax		<u>4,559,759</u>	<u>5,518,675</u>	<u>16,120,584</u>	<u>20,474,150</u>
Note 3					
Income tax expense from continuing operations		1,776,876	1,586,495	5,092,981	5,924,625
Income tax expense from a discontinued operation		-	(1,445)	-	3,240
Total income tax expense		<u>1,776,876</u>	<u>1,585,050</u>	<u>5,092,981</u>	<u>5,927,865</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 FOURTH QUARTER ENDED 31 DECEMBER 2008**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 31/12/2008 RM	AUDITED AS AT 31/12/2007 RM
ASSETS		
Non-current assets		
Property, plant & equipment	43,967,799	34,753,885
Prepaid land lease payments	44,102,543	18,303,031
Investment in associates	1,115,190	949,082
	<u>89,185,532</u>	<u>54,005,998</u>
Current assets		
Inventories	43,833,097	20,387,756
Trade receivables	41,278,563	41,310,533
Other receivables	700,860	485,970
Amount due from related companies	-	19,812
Short-term deposits	13,419,720	22,644,337
Cash and bank balances	1,585,409	1,934,199
	<u>100,817,649</u>	<u>86,782,607</u>
TOTAL ASSETS	<u>190,003,181</u>	<u>140,788,605</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,560,000	63,152,750
Share premium	17,245,722	865,239
Other reserves	6,985,109	7,065,242
Retained earnings	40,274,097	33,789,596
	<u>145,064,928</u>	<u>104,872,827</u>
Minority interests	<u>2,302,587</u>	<u>3,292,312</u>
Total equity	<u>147,367,515</u>	<u>108,165,139</u>
Non-current liabilities		
Borrowings	3,163,409	3,846,508
Deferred tax liabilities	2,108,541	1,370,660
	<u>5,271,950</u>	<u>5,217,168</u>
Current liabilities		
Borrowings	22,826,248	14,363,973
Trade payables	11,287,221	6,313,560
Amount due to customers for contract work	229,077	2,102,027
Other payables	1,752,978	1,996,680
Amount due to related companies	939,855	-
Current tax payable	328,337	2,630,058
	<u>37,363,716</u>	<u>27,406,298</u>
Total liabilities	<u>42,635,666</u>	<u>32,623,466</u>
TOTAL EQUITY AND LIABILITIES	<u>190,003,181</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 FOURTH QUARTER ENDED 31 DECEMBER 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----->		Distributable Retained Earnings RM			
	Share Premium RM	Other Reserves 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	-	-	-	14,606,495	14,606,495	(60,210)	14,546,285
Total recognised income and expense for the period	-	-	-	14,606,495	14,606,495	(60,210)	14,546,285
Tax exempt dividend for FYE 31 December 2006	-	-	-	(2,452,200)	(2,452,200)	-	(2,452,200)
Share options granted under ESOS	-	-	77,697	-	77,697	-	77,697
Share options exercised under ESOS	-	142,137	(142,137)	-	-	-	-
Issue of ordinary shares pursuant to ESOS	2,611,750	731,325	-	-	3,343,075	-	3,343,075
Bonus issue of shares	12,261,000	-	-	(12,261,000)	-	-	-
Share issue expenses written off	-	(172,806)	-	-	(172,806)	-	(172,806)
Reversal of deferred taxation	-	-	694,682	-	694,682	-	694,682
At 31 December 2007	<u>63,152,750</u>	<u>865,239</u>	<u>7,065,242</u>	<u>33,789,596</u>	<u>104,872,827</u>	<u>3,292,312</u>	<u>108,165,139</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	-	-	-	10,877,024	10,877,024	150,579	11,027,603
Total recognised income and expense for the period	-	-	-	10,877,024	10,877,024	150,579	11,027,603
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
ESOS's share options lapsed	-	-	(32,913)	32,913	-	-	-
Share options exercised under ESOS	-	47,220	(47,220)	-	-	-	-
Issue of ordinary shares pursuant to ESOS	1,407,250	335,328	-	-	1,742,578	-	1,742,578
Share issue expenses written off	-	(2,065)	-	-	(2,065)	-	(2,065)
At 31 December 2008	<u>80,560,000</u>	<u>17,245,722</u>	<u>6,985,109</u>	<u>40,274,097</u>	<u>145,064,928</u>	<u>2,302,587</u>	<u>147,367,515</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).

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 12 MONTHS ENDED 31/12/2008 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2007 RM
Profit before taxation	16,120,584	20,474,150
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	3,643,905	3,755,560
Amortisation of prepaid land lease payments	806,078	406,327
Interest expense	1,032,315	883,573
Property, plant & equipment written off	12,152	363,180
Gain on disposal of property, plant & equipment	(18,421)	(443,953)
Bad Debts written off	-	2,000
Provision for doubtful debts	-	345,871
Inventory written off	108	374
Interest income	(484,913)	(393,973)
Share options granted under ESOS	-	77,697
Share of results of associates	(247,508)	(237,595)
Operating profit before changes in working capital	<u>20,864,300</u>	<u>25,233,211</u>
Changes in working capital		
Net increase in current assets	(23,555,892)	(1,711,048)
Net increase/(decrease) in current liabilities	<u>3,796,866</u>	<u>(1,204,516)</u>
Cash generated from operations	1,105,274	22,317,647
Interest paid	(1,032,315)	(883,573)
Taxation paid, net of refund (if any)	<u>(6,709,488)</u>	<u>(5,164,853)</u>
Net cash (used in)/generated from operating activities	<u>(6,636,529)</u>	<u>16,269,221</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	67,100	1,485,985
Purchase of property, plant & equipment	(5,698,166)	(2,931,557)
Acquisition of additional shares in subsidiary company	(1,140,304)	-
Interest received	484,913	393,973
Dividend received	81,400	36,500
Net cash used in investing activities	<u>(6,205,057)</u>	<u>(1,015,099)</u>
Financing activities		
Proceeds from issue of shares	1,742,578	3,343,075
Share issue expenses	(2,065)	(172,806)
Dividend paid to shareholders of the company	(4,425,436)	(2,452,200)
Net proceeds from/(repayment of) short-term borrowings	8,197,000	(5,914,000)
Repayment of lease financing	(813,898)	(885,367)
Repayment of term loan	<u>(1,430,000)</u>	<u>(1,355,730)</u>
Net cash generated from/(used in) financing activities	<u>3,268,179</u>	<u>(7,437,028)</u>
Net change in cash and cash equivalents	(9,573,407)	7,817,094
Cash and cash equivalents at the beginning of the year	24,578,536	16,761,442
Cash and cash equivalents at the end of the year	<u>15,005,129</u>	<u>24,578,536</u>

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