

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2009****Condensed Consolidated Income Statement**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2009 RM	COMPARATIVE QUARTER ENDED 30/06/2008 RM	CURRENT PERIOD ENDED 30/06/2009 RM	COMPARATIVE PERIOD ENDED 30/06/2008 RM
Revenue	35,315,849	30,595,143	65,553,389	54,998,084
Cost of sales	<u>(21,194,744)</u>	<u>(24,085,569)</u>	<u>(39,471,961)</u>	<u>(41,304,315)</u>
<b>Gross profit</b>	<b>14,121,105</b>	<b>6,509,574</b>	<b>26,081,428</b>	<b>13,693,769</b>
Other income	323,745	580,604	452,192	1,014,233
Distribution costs	(535,665)	(453,620)	(915,499)	(774,599)
Administrative expenses	(2,111,964)	(2,336,353)	(4,225,842)	(5,328,346)
Other expenses	(325,890)	(457,849)	(628,272)	(1,052,785)
Finance costs	(178,888)	(285,208)	(365,915)	(478,988)
Share of results of associates	<u>18,713</u>	<u>77,976</u>	<u>45,870</u>	<u>114,700</u>
<b>Profit before tax</b>	<b>11,311,156</b>	<b>3,635,124</b>	<b>20,443,962</b>	<b>7,187,984</b>
Income tax expense	<u>(3,048,432)</u>	<u>(1,287,346)</u>	<u>(5,605,646)</u>	<u>(2,444,358)</u>
<b>Profit for the period</b>	<b><u>8,262,724</u></b>	<b><u>2,347,778</u></b>	<b><u>14,838,316</u></b>	<b><u>4,743,626</u></b>
Attributable to:				
Equity holders of the parent	7,795,448	2,261,768	13,967,042	4,689,481
Minority interests	<u>467,276</u>	<u>86,010</u>	<u>871,274</u>	<u>54,145</u>
	<b><u>8,262,724</u></b>	<b><u>2,347,778</u></b>	<b><u>14,838,316</u></b>	<b><u>4,743,626</u></b>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>9.68</u>	<u>3.04</u>	<u>17.34</u>	<u>6.81</u>
Diluted, for profit for the period (sen)	<u>-</u>	<u>3.03</u>	<u>-</u>	<u>6.79</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 SECOND QUARTER ENDED 30 JUNE 2009****Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 30/06/2009 RM	AUDITED AS AT 31/12/2008 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	42,759,753	43,967,799
Prepaid land lease payments	43,632,879	44,102,545
Investment in associates	1,127,140	1,111,270
	<u>87,519,772</u>	<u>89,181,614</u>
<b>Current assets</b>		
Inventories	35,556,419	43,833,097
Amount due from customers for contract work	1,013,318	-
Trade receivables	46,616,198	41,278,563
Other receivables	364,062	934,609
Amount due from related companies	72	3,235
Short-term deposits	17,099,715	13,419,720
Cash and bank balances	4,462,932	1,585,410
	<u>105,112,716</u>	<u>101,054,634</u>
<b>TOTAL ASSETS</b>	<b><u>192,632,488</u></b>	<b><u>190,236,248</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	80,560,000	80,560,000
Share premium	17,245,723	17,245,723
Other reserves	6,985,109	6,985,109
Retained earnings	51,232,175	40,286,131
	<u>156,023,007</u>	<u>145,076,963</u>
<b>Minority interests</b>	<u>3,195,682</u>	<u>2,324,408</u>
<b>Total equity</b>	<b><u>159,218,689</u></b>	<b><u>147,401,371</u></b>
<b>Non-current liabilities</b>		
Borrowings	2,026,475	3,163,409
Deferred tax liabilities	2,939,852	2,139,115
	<u>4,966,327</u>	<u>5,302,524</u>
<b>Current liabilities</b>		
Borrowings	18,576,772	22,826,248
Trade payables	5,253,981	10,970,886
Amount due to customers for contract work	-	229,077
Other payables	1,255,903	2,084,317
Amount due to related companies	953,492	943,090
Current tax payable	2,407,324	478,735
	<u>28,447,472</u>	<u>37,532,353</u>
<b>Total liabilities</b>	<u>33,413,799</u>	<u>42,834,877</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>192,632,488</u></b>	<b><u>190,236,248</u></b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009****Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to equity holders of the parent ----->				Minority Interests	Total Equity	
	Share Capital RM	<-----Non-Distributable-----> Share Premium RM	Other Reserves RM	Distributable Retained Earnings RM			Total RM
<b>At 1 January 2008</b>	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)
<b>At 30 June 2008</b>	<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>
<b>At 1 January 2009</b>	80,560,000	17,245,723	6,985,109	40,286,131	145,076,963	2,324,408	147,401,371
Profit for the period	-	-	-	13,967,042	13,967,042	871,274	14,838,316
Total recognised income and expense for the period	-	-	-	13,967,042	13,967,042	871,274	14,838,316
First and Final dividend for FYE 31 December 2008	-	-	-	(3,020,998)	(3,020,998)	-	(3,020,998)
<b>At 30 June 2009</b>	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>51,232,175</u>	<u>156,023,007</u>	<u>3,195,682</u>	<u>159,218,689</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 2008 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 2009****Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 6 MONTHS ENDED 30/06/2009 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2008 RM
Profit before taxation	20,443,962	7,187,984
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	1,943,907	1,865,655
Amortisation of prepaid land lease payments	469,664	336,414
Interest expense	365,915	478,988
Property, plant & equipment written off	3,645	10,861
Loss/(gain) on disposal of property, plant & equipment	56,535	(63,796)
Interest income	(113,991)	(302,071)
Share options granted under ESOS	-	34,660
Share of results of associates	(45,870)	(114,700)
Operating profit before changes in working capital	<u>23,123,767</u>	<u>9,433,995</u>
Changes in working capital		
Net decrease/(increase) in current assets	2,099,909	(17,898,680)
Net (decrease)/increase in current liabilities	<u>(6,763,992)</u>	<u>7,823,479</u>
Cash generated from/(used in) operations	18,459,684	(641,206)
Interest paid	(365,915)	(478,988)
Taxation paid, net of refund (if any)	<u>(2,476,794)</u>	<u>(1,931,161)</u>
Net cash generated from/(used in) operating activities	<u>15,616,975</u>	<u>(3,051,355)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	68,000	63,800
Purchase of property, plant & equipment	(646,041)	(1,769,823)
Acquisition of additional shares in a subsidiary	-	(1,140,304)
Interest received	113,991	302,071
Dividend received	30,000	81,400
Net cash used in investing activities	<u>(434,050)</u>	<u>(2,462,856)</u>
Financing activities		
Proceeds from issue of shares	-	1,286,338
Share issue expenses	-	(1,865)
Dividend paid to shareholders of the company	(3,020,998)	(4,425,436)
Net (repayment of)/proceeds from short-term borrowings	(10,258,000)	3,502,000
Repayment of lease financing	(436,410)	(389,158)
Net proceeds from/(repayment of) term loan	5,090,000	(780,000)
Net cash used in financing activities	<u>(8,625,408)</u>	<u>(808,121)</u>
Net change in cash and cash equivalents	6,557,517	(6,322,332)
Cash and cash equivalents at the beginning of the period	15,005,130	24,578,536
Cash and cash equivalents at the end of the period	<u>21,562,647</u>	<u>18,256,204</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)