

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**Condensed Consolidated Income Statement**

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2009 RM	COMPARATIVE QUARTER ENDED 30/09/2008 RM	CURRENT PERIOD ENDED 30/09/2009 RM	COMPARATIVE PERIOD ENDED 30/09/2008 RM
Revenue	48,876,242	35,696,727	114,429,631	90,694,811
Cost of sales	<u>(31,684,023)</u>	<u>(28,710,942)</u>	<u>(71,155,984)</u>	<u>(70,015,257)</u>
Gross profit	17,192,219	6,985,785	43,273,647	20,679,554
Other income	357,460	599,951	809,652	1,614,184
Distribution costs	(357,529)	(558,043)	(1,273,028)	(1,332,642)
Administrative expenses	(2,351,121)	(2,161,801)	(6,576,963)	(7,490,147)
Other expenses	(325,925)	(382,281)	(954,197)	(1,435,066)
Finance costs	(169,857)	(161,483)	(535,772)	(640,471)
Share of results of associates	<u>(9,128)</u>	<u>50,713</u>	<u>36,742</u>	<u>165,413</u>
Profit before tax	14,336,119	4,372,841	34,780,081	11,560,825
Income tax expense	<u>(3,278,680)</u>	<u>(871,747)</u>	<u>(8,884,326)</u>	<u>(3,316,105)</u>
Profit for the period	<u>11,057,439</u>	<u>3,501,094</u>	<u>25,895,755</u>	<u>8,244,720</u>
Attributable to:				
Equity holders of the parent	10,479,079	3,403,492	24,446,121	8,092,973
Minority interests	<u>578,360</u>	<u>97,602</u>	<u>1,449,634</u>	<u>151,747</u>
	<u>11,057,439</u>	<u>3,501,094</u>	<u>25,895,755</u>	<u>8,244,720</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period (sen)	<u>13.01</u>	<u>4.24</u>	<u>30.35</u>	<u>11.14</u>
Diluted, for profit for the period (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</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.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 30/09/2009 RM	AUDITED AS AT 31/12/2008 RM
ASSETS		
Non-current assets		
Property, plant & equipment	43,234,665	43,967,799
Prepaid land lease payments	43,398,047	44,102,545
Investment in associates	1,118,012	1,111,270
	<u>87,750,724</u>	<u>89,181,614</u>
Current assets		
Inventories	34,876,389	43,833,097
Amount due from customers for contract work	7,586,560	-
Trade receivables	53,200,492	41,278,563
Other receivables	658,120	934,609
Amount due from related companies	98	3,235
Short-term deposits	14,582,796	13,419,720
Cash and bank balances	2,004,994	1,585,410
	<u>112,909,449</u>	<u>101,054,634</u>
TOTAL ASSETS	<u>200,660,173</u>	<u>190,236,248</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
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	61,711,254	40,286,131
	<u>166,502,086</u>	<u>145,076,963</u>
Minority interests	<u>3,774,042</u>	<u>2,324,408</u>
Total equity	<u>170,276,128</u>	<u>147,401,371</u>
Non-current liabilities		
Borrowings	1,545,933	3,163,409
Deferred tax liabilities	2,774,819	2,139,115
	<u>4,320,752</u>	<u>5,302,524</u>
Current liabilities		
Borrowings	12,236,762	22,826,248
Trade payables	8,048,027	10,970,886
Amount due to customers for contract work	-	229,077
Other payables	1,170,050	2,084,317
Amount due to related companies	1,061,836	943,090
Current tax payable	3,546,618	478,735
	<u>26,063,293</u>	<u>37,532,353</u>
Total liabilities	<u>30,384,045</u>	<u>42,834,877</u>
TOTAL EQUITY AND LIABILITIES	<u>200,660,173</u>	<u>190,236,248</u>

(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.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
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	-	-	-	8,092,973	8,092,973	151,747	8,244,720
Total recognised income and expense for the period	-	-	-	8,092,973	8,092,973	151,747	8,244,720
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	-	-	(67,573)	67,573	-	-	-
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	-	(2,015)	-	-	(2,015)	-	(2,015)
At 30 September 2008	<u>80,560,000</u>	<u>17,245,772</u>	<u>6,985,109</u>	<u>37,524,706</u>	<u>142,315,587</u>	<u>2,303,755</u>	<u>144,619,342</u>
At 1 January 2009	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	-	-	-	24,446,121	24,446,121	1,449,634	25,895,755
Total recognised income and expense for the period	-	-	-	24,446,121	24,446,121	1,449,634	25,895,755
First and Final dividend for FYE 31 December 2008	-	-	-	(3,020,998)	(3,020,998)	-	(3,020,998)
At 30 September 2009	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>61,711,254</u>	<u>166,502,086</u>	<u>3,774,042</u>	<u>170,276,128</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.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 9 MONTHS ENDED 30/09/2009 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2008 RM
Profit before taxation	34,780,081	11,560,825
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	2,890,826	2,837,143
Amortisation of prepaid land lease payments	704,496	571,246
Interest expense	535,772	640,471
Property, plant & equipment written off	3,646	10,989
Loss/(gain) on disposal of property, plant & equipment	56,535	(66,763)
Interest income	(170,707)	(413,633)
Share options granted under ESOS	-	34,660
Share of results of associates	(36,742)	(165,413)
Operating profit before changes in working capital	<u>38,763,907</u>	<u>15,009,525</u>
Changes in working capital		
Net increase in current assets	(10,671,682)	(16,662,584)
Net (decrease)/increase in current liabilities	<u>(3,947,454)</u>	<u>8,119,669</u>
Cash generated from operations	24,144,771	6,466,610
Interest paid	(535,772)	(640,471)
Taxation paid, net of refund (if any)	<u>(4,781,213)</u>	<u>(4,636,753)</u>
Net cash generated from operating activities	<u>18,827,786</u>	<u>1,189,386</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	68,000	67,100
Purchase of property, plant & equipment	(1,920,873)	(3,944,573)
Acquisition of additional shares in a subsidiary	-	(1,140,304)
Interest received	170,707	413,633
Dividend received	30,000	81,400
Net cash used in investing activities	<u>(1,652,166)</u>	<u>(4,522,744)</u>
Financing activities		
Proceeds from issue of shares	-	1,742,578
Share issue expenses	-	(2,015)
Dividend paid to shareholders of the company	(3,020,998)	(4,425,436)
Net repayment of short-term borrowings	(16,602,000)	(1,864,000)
Repayment of lease financing	(669,962)	(593,355)
Net proceeds from/(repayment of) term loan	4,700,000	(1,170,000)
Net cash used in financing activities	<u>(15,592,960)</u>	<u>(6,312,228)</u>
Net change in cash and cash equivalents	1,582,660	(9,645,586)
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>16,587,790</u>	<u>14,932,950</u>

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