

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**Condensed Consolidated Income Statement**

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2009 RM	COMPARATIVE QUARTER ENDED 31/12/2008 RM	CURRENT PERIOD ENDED 31/12/2009 RM	COMPARATIVE PERIOD ENDED 31/12/2008 RM
Revenue	62,086,747	30,712,028	176,516,378	121,406,839
Cost of sales	(40,320,918)	(22,907,615)	(111,476,902)	(92,922,872)
Gross profit	<u>21,765,829</u>	<u>7,804,413</u>	<u>65,039,476</u>	<u>28,483,967</u>
Other income	418,024	437,778	1,227,676	2,051,962
Distribution costs	(399,018)	(296,328)	(1,672,046)	(1,628,970)
Administrative expenses	(4,105,981)	(2,902,344)	(10,682,944)	(10,392,491)
Other expenses	(458,626)	(189,014)	(1,412,823)	(1,624,080)
Finance costs	(172,132)	(391,844)	(707,904)	(1,032,315)
Share of results of associates	(4,618)	78,175	32,124	243,588
Profit before tax	<u>17,043,478</u>	<u>4,540,836</u>	<u>51,823,559</u>	<u>16,101,661</u>
Income tax expense	(4,692,047)	(1,724,100)	(13,576,373)	(5,040,205)
Profit for the period	<u>12,351,431</u>	<u>2,816,736</u>	<u>38,247,186</u>	<u>11,061,456</u>
Attributable to:				
Equity holders of the parent	11,988,073	2,796,085	36,434,194	10,889,058
Minority interests	363,358	20,651	1,812,992	172,398
	<u>12,351,431</u>	<u>2,816,736</u>	<u>38,247,186</u>	<u>11,061,456</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period (sen)	<u>14.88</u>	<u>3.47</u>	<u>45.23</u>	<u>14.59</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 FOURTH QUARTER ENDED 31 DECEMBER 2009**Condensed Consolidated Balance Sheet**

	UNAUDITED AS AT 31/12/2009 RM	AUDITED AS AT 31/12/2008 RM
ASSETS		
Non-current assets		
Property, plant & equipment	42,990,964	43,967,799
Prepaid land lease payments	43,163,215	44,102,545
Investment in associates	1,113,394	1,111,270
	<u>87,267,573</u>	<u>89,181,614</u>
Current assets		
Inventories	33,203,322	43,833,097
Trade receivables	55,058,047	41,278,563
Other receivables	1,023,239	934,609
Amount due from related companies	-	3,235
Short-term deposits	39,651,556	13,419,720
Cash and bank balances	2,654,420	1,585,410
	<u>131,590,584</u>	<u>101,054,634</u>
TOTAL ASSETS	<u>218,858,157</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	73,699,327	40,286,131
	<u>178,490,159</u>	<u>145,076,963</u>
Minority interests	<u>4,137,400</u>	<u>2,324,408</u>
Total equity	<u>182,627,559</u>	<u>147,401,371</u>
Non-current liabilities		
Borrowings	1,611,242	3,163,409
Deferred tax liabilities	2,682,657	2,139,115
	<u>4,293,899</u>	<u>5,302,524</u>
Current liabilities		
Borrowings	13,635,938	22,826,248
Trade payables	10,004,909	10,970,886
Amount due to customers for contract work	1,113,756	229,077
Other payables	3,080,109	2,084,317
Amount due to related companies	1,062,297	943,090
Current tax payable	3,039,690	478,735
	<u>31,936,699</u>	<u>37,532,353</u>
Total liabilities	<u>36,230,598</u>	<u>42,834,877</u>
TOTAL EQUITY AND LIABILITIES	<u>218,858,157</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 FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	10,889,058	10,889,058	172,398	11,061,456
Total recognised income and expense for the period	-	-	-	10,889,058	10,889,058	172,398	11,061,456
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	-	-	-	-	-	(1,140,302)	(1,140,302)
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	-	(2,064)	-	-	(2,064)	-	(2,064)
At 31 December 2008	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>40,286,131</u>	<u>145,076,963</u>	<u>2,324,408</u>	<u>147,401,371</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	-	-	-	36,434,194	36,434,194	1,812,992	38,247,186
Total recognised income and expense for the period	-	-	-	36,434,194	36,434,194	1,812,992	38,247,186
First and Final dividend for FYE 31 December 2008	-	-	-	(3,020,998)	(3,020,998)	-	(3,020,998)
At 31 December 2009	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>73,699,327</u>	<u>178,490,159</u>	<u>4,137,400</u>	<u>182,627,559</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 FOURTH QUARTER ENDED 31 DECEMBER 2009**Condensed Consolidated Cash Flow Statement**

	CUMULATIVE 12 MONTHS ENDED 31/12/2009 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2008 RM
Profit before taxation	51,823,559	16,101,661
Adjustment for non-cash flow items:		
Depreciation of property, plant & equipment	3,868,076	3,643,904
Amortisation of prepaid land lease payments	939,328	806,077
Interest expense	707,904	1,032,315
Property, plant & equipment written off	3,648	12,152
Loss/(gain) on disposal of property, plant & equipment	58,786	(18,421)
Reversal of provision for doubtful debts	-	(100,000)
Inventory written off	-	108
Interest income	(309,772)	(484,913)
Share of results of associates	(32,124)	(243,588)
Operating profit before changes in working capital	57,059,405	20,749,295
Changes in working capital		
Net increase in current assets	(3,635,321)	(23,458,171)
Net increase in current liabilities	1,033,799	3,814,147
Cash generated from operations	54,457,883	1,105,271
Interest paid	(707,904)	(1,032,315)
Taxation paid, net of refund (if any)	(10,071,756)	(6,709,487)
Net cash generated from/(used in) operating activities	43,678,223	(6,636,531)
Investing activities		
Proceeds from disposal of property, plant & equipment	68,000	18,758
Purchase of property, plant & equipment	(1,949,875)	(5,664,345)
Acquisition of additional shares in a subsidiary	-	(1,140,302)
Interest received	309,772	484,913
Dividend received	30,000	81,400
Net cash used in investing activities	(1,542,103)	(6,219,576)
Financing activities		
Proceeds from issue of shares	-	1,742,578
Share issue expenses	-	(2,064)
Dividend paid to shareholders of the company	(3,020,998)	(4,425,436)
Net (repayment of)/proceeds from short-term borrowings	(15,179,000)	8,197,000
Repayment of lease financing	(945,276)	(799,377)
Net proceeds from/(repayment of) term loan	4,310,000	(1,430,000)
Net cash (used in)/generated from financing activities	(14,835,274)	3,282,701
Net change in cash and cash equivalents	27,300,846	(9,573,406)
Cash and cash equivalents at the beginning of the year	15,005,130	24,578,536
Cash and cash equivalents at the end of the year	42,305,976	15,005,130

(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.)