

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010****Condensed Consolidated Statement of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2010 RM	COMPARATIVE QUARTER ENDED 31/03/2009 RM	CURRENT PERIOD ENDED 31/03/2010 RM	COMPARATIVE PERIOD ENDED 31/03/2009 RM
Revenue	67,550,512	30,237,540	67,550,512	30,237,540
Cost of sales	<u>(38,115,387)</u>	<u>(18,277,217)</u>	<u>(38,115,387)</u>	<u>(18,277,217)</u>
<b>Gross profit</b>	<b>29,435,125</b>	<b>11,960,323</b>	<b>29,435,125</b>	<b>11,960,323</b>
Other income	937,692	128,447	937,692	128,447
Distribution costs	(313,367)	(379,834)	(313,367)	(379,834)
Administrative expenses	(2,374,768)	(2,113,878)	(2,374,768)	(2,113,878)
Other expenses	(701,347)	(302,382)	(701,347)	(302,382)
Finance costs	(145,871)	(187,027)	(145,871)	(187,027)
Share of results of associates	<u>(12,177)</u>	<u>27,157</u>	<u>(12,177)</u>	<u>27,157</u>
<b>Profit before tax</b>	<b>26,825,287</b>	<b>9,132,806</b>	<b>26,825,287</b>	<b>9,132,806</b>
Income tax expense	<u>(6,869,495)</u>	<u>(2,557,214)</u>	<u>(6,869,495)</u>	<u>(2,557,214)</u>
<b>Profit for the period</b>	<b>19,955,792</b>	<b>6,575,592</b>	<b>19,955,792</b>	<b>6,575,592</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>19,955,792</b>	<b>6,575,592</b>	<b>19,955,792</b>	<b>6,575,592</b>
Profit for the period attributable to:				
Owners of the parent	19,044,708	6,171,594	19,044,708	6,171,594
Minority interests	<u>911,084</u>	<u>403,998</u>	<u>911,084</u>	<u>403,998</u>
	<b>19,955,792</b>	<b>6,575,592</b>	<b>19,955,792</b>	<b>6,575,592</b>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	19,044,708	6,171,594	19,044,708	6,171,594
Minority interests	<u>911,084</u>	<u>403,998</u>	<u>911,084</u>	<u>403,998</u>
	<b>19,955,792</b>	<b>6,575,592</b>	<b>19,955,792</b>	<b>6,575,592</b>
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>23.64</u>	<u>7.66</u>	<u>23.64</u>	<u>7.66</u>
Diluted, for profit for the period (sen) - Not Applicable				

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 FIRST QUARTER ENDED 31 MARCH 2010****Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 31/03/2010 RM	AUDITED AS AT 31/12/2009 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	44,379,970	42,990,962
Prepaid land lease payments	42,928,384	43,163,218
Investment in associates	1,101,217	1,113,394
	<u>88,409,571</u>	<u>87,267,574</u>
<b>Current assets</b>		
Inventories	34,647,250	33,203,322
Trade receivables	50,216,914	55,058,048
Other receivables	1,844,657	1,023,238
Short-term deposits	65,112,519	39,651,556
Cash and bank balances	2,089,997	2,654,419
	<u>153,911,337</u>	<u>131,590,583</u>
<b>TOTAL ASSETS</b>	<b><u>242,320,908</u></b>	<b><u>218,858,157</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners 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	92,744,035	73,699,327
	<u>197,534,867</u>	<u>178,490,159</u>
<b>Minority interests</b>	<u>4,648,484</u>	<u>4,137,400</u>
<b>Total equity</b>	<b><u>202,183,351</u></b>	<b><u>182,627,559</u></b>
<b>Non-current liabilities</b>		
Lease payables	1,605,884	1,611,243
Deferred tax liabilities	2,660,292	2,682,657
	<u>4,266,176</u>	<u>4,293,900</u>
<b>Current liabilities</b>		
Borrowings	8,415,680	12,603,680
Lease payables	1,063,983	1,032,258
Trade payables	12,234,488	10,004,911
Amount due to customers for contract work	4,089,232	1,113,756
Other payables	2,341,627	3,080,108
Amount due to related companies	1,274,791	1,062,297
Derivative financial instruments	32,400	-
Current tax payable	6,419,180	3,039,688
	<u>35,871,381</u>	<u>31,936,698</u>
<b>Total liabilities</b>	<b><u>40,137,557</u></b>	<b><u>36,230,598</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>242,320,908</u></b>	<b><u>218,858,157</u></b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010****Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to owners 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			
<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
Total comprehensive income for the period	-	-	-	6,171,594	6,171,594	403,998	6,575,592
<b>At 31 March 2009</b>	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>46,457,725</u>	<u>151,248,557</u>	<u>2,728,406</u>	<u>153,976,963</u>
<b>At 1 January 2010</b>	80,560,000	17,245,723	6,985,109	73,699,327	178,490,159	4,137,400	182,627,559
Effect arising from adoption of FRS 139	-	-	-	-	-	-	-
<b>At 1 January 2010, as restated</b>	<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>
Total comprehensive income for the period	-	-	-	19,044,708	19,044,708	911,084	19,955,792
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	(400,000)	(400,000)
<b>At 31 March 2010</b>	<u>80,560,000</u>	<u>17,245,723</u>	<u>6,985,109</u>	<u>92,744,035</u>	<u>197,534,867</u>	<u>4,648,484</u>	<u>202,183,351</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 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010****Condensed Consolidated Statement of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2010 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2009 RM
Profit before taxation	26,825,287	9,132,806
Adjustments for:		
Depreciation of property, plant & equipment	1,009,404	971,010
Amortisation of prepaid land lease payments	234,832	234,832
Interest expense	145,871	187,027
Property, plant & equipment written off	2,490	3,644
(Gain)/loss on disposal of property, plant & equipment	(189,997)	56,535
Unrealised loss on foreign exchange	32,400	-
Interest income	(263,617)	(61,899)
Share of results of associates	12,177	(27,157)
Operating profit before changes in working capital	<u>27,808,847</u>	<u>10,496,798</u>
Changes in working capital		
Net decrease/(increase) in current assets	2,576,042	(4,185,579)
Net increase/(decrease) in current liabilities	<u>4,679,066</u>	<u>(5,115,453)</u>
Cash generated from operations	35,063,955	1,195,766
Interest paid	(145,871)	(187,027)
Taxation paid, net of refund (if any)	<u>(3,512,623)</u>	<u>(1,378,294)</u>
Net cash generated from/(used in) operating activities	<u>31,405,461</u>	<u>(369,555)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	190,000	68,000
Purchase of property, plant & equipment	(2,100,903)	(775,785)
Interest received	263,617	61,899
Dividend received	-	30,000
Net cash used in investing activities	<u>(1,647,286)</u>	<u>(615,886)</u>
Financing activities		
Dividend paid to minority shareholder of a subsidiary	(400,000)	-
Net proceeds from/(repayment of) short-term borrowings	2,202,000	(2,954,000)
Repayment of lease financing	(273,634)	(209,805)
Net (repayment of)/proceeds from term loan	<u>(6,390,000)</u>	<u>5,480,000</u>
Net cash (used in)/generated from financing activities	<u>(4,861,634)</u>	<u>2,316,195</u>
Net change in cash and cash equivalents	24,896,541	1,330,754
Cash and cash equivalents at the beginning of the period	42,305,975	15,005,130
Cash and cash equivalents at the end of the period	<u>67,202,516</u>	<u>16,335,884</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)