

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**Condensed Consolidated Statement of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2010 RM	COMPARATIVE QUARTER ENDED 30/06/2009 RM	CURRENT PERIOD ENDED 30/06/2010 RM	COMPARATIVE PERIOD ENDED 30/06/2009 RM
Revenue	62,893,401	35,315,849	130,443,913	65,553,389
Cost of sales	(41,730,179)	(21,194,744)	(79,845,566)	(39,471,961)
Gross profit	<u>21,163,222</u>	<u>14,121,105</u>	<u>50,598,347</u>	<u>26,081,428</u>
Other income	617,509	323,745	1,555,201	452,192
Distribution costs	(572,453)	(535,665)	(885,820)	(915,499)
Administrative expenses	(2,442,131)	(2,111,964)	(4,816,899)	(4,225,842)
Other expenses	(488,138)	(325,890)	(1,189,485)	(628,272)
Finance costs	(183,914)	(178,888)	(329,785)	(365,915)
Share of results of associates	9,116	18,713	(3,061)	45,870
Profit before tax	<u>18,103,211</u>	<u>11,311,156</u>	<u>44,928,498</u>	<u>20,443,962</u>
Income tax expense	(4,565,311)	(3,048,432)	(11,434,806)	(5,605,646)
Profit for the period	<u>13,537,900</u>	<u>8,262,724</u>	<u>33,493,692</u>	<u>14,838,316</u>
Other Comprehensive Income				
Currency translation differences	(32)	-	(32)	-
Total Comprehensive Income for the period	<u>13,537,868</u>	<u>8,262,724</u>	<u>33,493,660</u>	<u>14,838,316</u>
Profit for the period attributable to:				
Owners of the parent	13,462,277	7,795,448	32,506,985	13,967,042
Minority interests	75,623	467,276	986,707	871,274
	<u>13,537,900</u>	<u>8,262,724</u>	<u>33,493,692</u>	<u>14,838,316</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	13,462,245	7,795,448	32,506,953	13,967,042
Minority interests	75,623	467,276	986,707	871,274
	<u>13,537,868</u>	<u>8,262,724</u>	<u>33,493,660</u>	<u>14,838,316</u>
Earnings per share attributable to ordinary equity holders of the parent:				
Basic, for profit for the period (sen)	<u>5.22</u>	<u>3.02</u>	<u>12.61</u>	<u>5.42</u>
Diluted, for profit for the period (sen) - Not Applicable				

Basic earnings per share for the comparative quarter and period ended 30 June 2009 has been adjusted to take into account the effect of 3 for 5 Bonus share issue and 1 for 1 share split resulting in the increase in the number of ordinary shares.

(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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INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 30/06/2010 RM	AUDITED AS AT 31/12/2009 RM
ASSETS		
Non-current assets		
Property, plant & equipment	45,512,184	42,990,962
Prepaid land lease payments	42,693,552	43,163,218
Investment in associates	1,075,909	1,113,394
	<u>89,281,645</u>	<u>87,267,574</u>
Current assets		
Inventories	41,535,586	33,203,322
Trade receivables	54,227,106	55,058,048
Other receivables	1,762,313	1,023,238
Short-term deposits	67,999,330	39,651,556
Cash and bank balances	3,403,807	2,654,419
	<u>168,928,142</u>	<u>131,590,583</u>
TOTAL ASSETS	<u>258,209,787</u>	<u>218,858,157</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	128,896,000	80,560,000
Share premium	-	17,245,723
Other reserves	6,985,077	6,985,109
Retained earnings	65,046,037	73,699,327
	<u>200,927,114</u>	<u>178,490,159</u>
Minority interests	<u>4,724,107</u>	<u>4,137,400</u>
Total equity	<u>205,651,221</u>	<u>182,627,559</u>
Non-current liabilities		
Lease payables	1,377,241	1,611,243
Deferred tax liabilities	2,630,982	2,682,657
	<u>4,008,223</u>	<u>4,293,900</u>
Current liabilities		
Borrowings	14,534,680	12,603,680
Lease payables	996,884	1,032,258
Trade payables	19,030,106	10,004,911
Amount due to customers for contract work	2,499,728	1,113,756
Other payables	1,669,690	3,080,108
Amount due to related companies	1,284,453	1,062,297
Derivative financial instruments	58,500	-
Current tax payable	8,476,302	3,039,688
	<u>48,550,343</u>	<u>31,936,698</u>
Total liabilities	<u>52,558,566</u>	<u>36,230,598</u>
TOTAL EQUITY AND LIABILITIES	<u>258,209,787</u>	<u>218,858,157</u>

(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.)

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INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to owners 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 2009	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	-	-	-	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)
At 30 June 2009	<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>
At 1 January 2010	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	-	-	-	-	-	-	-
At 1 January 2010, as restated	<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	-	-	(32)	32,506,985	32,506,953	986,707	33,493,660
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	(400,000)	(400,000)
First and Final dividend for FYE 31 December 2009	-	-	-	(10,069,998)	(10,069,998)	-	(10,069,998)
Bonus issue	48,336,000	(17,245,723)	-	(31,090,277)	-	-	-
At 30 June 2010	<u>128,896,000</u>	<u>-</u>	<u>6,985,077</u>	<u>65,046,037</u>	<u>200,927,114</u>	<u>4,724,107</u>	<u>205,651,221</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 SECOND QUARTER ENDED 30 JUNE 2010**Condensed Consolidated Statement of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2010 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2009 RM
Profit before taxation	44,928,498	20,443,962
Adjustments for:		
Depreciation of property, plant & equipment	2,031,006	1,943,907
Amortisation of prepaid land lease payments	469,664	469,664
Interest expense	329,785	365,915
Property, plant & equipment written off	2,490	3,645
(Gain)/loss on disposal of property, plant & equipment	(189,997)	56,535
Impairment of goodwill	8,364	-
Unrealised loss on foreign exchange	58,500	-
Interest income	(680,794)	(113,991)
Share of results of associates	3,061	(45,870)
Operating profit before changes in working capital	<u>46,960,577</u>	<u>23,123,767</u>
Changes in working capital		
Net (increase)/decrease in current assets	(8,241,518)	2,099,909
Net increase/(decrease) in current liabilities	<u>9,222,893</u>	<u>(6,763,992)</u>
Cash generated from operations	47,941,952	18,459,684
Interest paid	(329,785)	(365,915)
Taxation paid, net of refund (if any)	<u>(6,048,746)</u>	<u>(2,476,794)</u>
Net cash generated from operating activities	<u>41,563,421</u>	<u>15,616,975</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	190,000	68,000
Purchase of property, plant & equipment	(4,254,719)	(646,041)
Net cash inflow from acquisition of a subsidiary	26,072	-
Interest received	680,794	113,991
Dividend received	-	30,000
Net cash used in investing activities	<u>(3,357,853)</u>	<u>(434,050)</u>
Financing activities		
Dividend paid to shareholders of the Company	(10,069,998)	(3,020,998)
Dividend paid to minority shareholder of a subsidiary	(400,000)	-
Net proceeds from/(repayment of) short-term borrowings	8,711,000	(10,258,000)
Repayment of lease financing	(569,376)	(436,410)
Net (repayment of)/proceeds from term loan	<u>(6,780,000)</u>	<u>5,090,000</u>
Net cash used in financing activities	<u>(9,108,374)</u>	<u>(8,625,408)</u>
Net change in cash and cash equivalents	29,097,194	6,557,517
Effect of exchange rate changes	(32)	-
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>71,403,137</u>	<u>21,562,647</u>

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