

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011****Condensed Consolidated Statement of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2011 RM	COMPARATIVE QUARTER ENDED 31/03/2010 RM	CURRENT PERIOD ENDED 31/03/2011 RM	COMPARATIVE PERIOD ENDED 31/03/2010 RM
Revenue	59,512,690	67,550,512	59,512,690	67,550,512
Cost of sales	<u>(31,301,239)</u>	<u>(38,115,387)</u>	<u>(31,301,239)</u>	<u>(38,115,387)</u>
<b>Gross profit</b>	<b>28,211,451</b>	<b>29,435,125</b>	<b>28,211,451</b>	<b>29,435,125</b>
Other income	1,675,437	937,692	1,675,437	937,692
Distribution costs	(335,135)	(313,367)	(335,135)	(313,367)
Administrative expenses	(3,025,045)	(2,374,768)	(3,025,045)	(2,374,768)
Other expenses	(395,666)	(701,347)	(395,666)	(701,347)
Finance costs	(72,764)	(145,871)	(72,764)	(145,871)
Share of results of associates	83,569	(12,177)	83,569	(12,177)
<b>Profit before tax</b>	<b>26,141,847</b>	<b>26,825,287</b>	<b>26,141,847</b>	<b>26,825,287</b>
Income tax expense	<u>(6,458,908)</u>	<u>(6,869,495)</u>	<u>(6,458,908)</u>	<u>(6,869,495)</u>
<b>Profit for the period</b>	<b>19,682,939</b>	<b>19,955,792</b>	<b>19,682,939</b>	<b>19,955,792</b>
<b>Other Comprehensive Income</b>				
Foreign currency translation	<u>(15)</u>	<u>-</u>	<u>(15)</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<b>19,682,924</b>	<b>19,955,792</b>	<b>19,682,924</b>	<b>19,955,792</b>
Profit for the period attributable to:				
Owners of the parent	19,677,889	19,044,708	19,677,889	19,044,708
Non-controlling interest	<u>5,050</u>	<u>911,084</u>	<u>5,050</u>	<u>911,084</u>
	<b>19,682,939</b>	<b>19,955,792</b>	<b>19,682,939</b>	<b>19,955,792</b>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	19,677,874	19,044,708	19,677,874	19,044,708
Non-controlling interest	<u>5,050</u>	<u>911,084</u>	<u>5,050</u>	<u>911,084</u>
	<b>19,682,924</b>	<b>19,955,792</b>	<b>19,682,924</b>	<b>19,955,792</b>
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>7.63</u>	<u>7.39</u>	<u>7.63</u>	<u>7.39</u>
Diluted, for profit for the period (sen) - Not Applicable				

Basic earnings per share for the comparative quarter and period ended 31 March 2010 has been adjusted to take into account the effect of 3 for 5 Bonus share issue and share split involving subdivision of every one existing shares of RM1.00 each into two ordinary shares of RM0.50 each 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 financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.)

**KKB ENGINEERING BERHAD**

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011****Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 31/03/2011 RM	AUDITED AS AT 31/12/2010 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	95,783,524	94,895,160
Investment in associates	1,162,713	1,139,144
	<u>96,946,237</u>	<u>96,034,304</u>
<b>Current assets</b>		
Inventories	38,822,748	38,674,288
Trade and other receivables	52,784,853	44,971,301
Other current assets	2,426,477	27,880
Cash and bank balances	110,747,646	103,508,813
	<u>204,781,724</u>	<u>187,182,282</u>
<b>TOTAL ASSETS</b>	<b><u>301,727,961</u></b>	<b><u>283,216,586</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	128,896,000	128,896,000
Other reserves	6,985,817	6,985,832
Retained earnings	119,117,517	99,439,628
	<u>254,999,334</u>	<u>235,321,460</u>
<b>Non-controlling interest</b>	<u>4,654,287</u>	<u>4,649,237</u>
<b>Total equity</b>	<b><u>259,653,621</u></b>	<b><u>239,970,697</u></b>
<b>Non-current liabilities</b>		
Loans and borrowings	2,519,058	2,868,064
Deferred tax liabilities	2,562,434	2,648,628
	<u>5,081,492</u>	<u>5,516,692</u>
<b>Current liabilities</b>		
Loans and borrowings	1,444,354	1,480,144
Trade and other payables	26,870,988	27,058,836
Amount due to customers for contract work	5,239,609	4,273,555
Current tax payable	3,437,897	4,916,662
	<u>36,992,848</u>	<u>37,729,197</u>
<b>Total liabilities</b>	<b>42,074,340</b>	<b>43,245,889</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>301,727,961</u></b>	<b><u>283,216,586</u></b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.)

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011****Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to owners of the parent ----->				Non-controlling Interest	Total Equity	
	Share Capital RM	<-----Non-Distributable-----> Share Premium RM	Other Reserves RM	Distributable Retained Earnings RM			Total RM
<b>At 1 January 2010</b>	80,560,000	17,245,723	6,985,109	73,370,542	178,161,374	4,137,400	182,298,774
Profit for the period	-	-	-	19,044,708	19,044,708	911,084	19,955,792
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	19,044,708	19,044,708	911,084	19,955,792
Dividend paid to non-controlling 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>92,415,250</u>	<u>197,206,082</u>	<u>4,648,484</u>	<u>201,854,566</u>
<b>At 1 January 2011</b>	128,896,000	-	6,985,832	99,439,628	235,321,460	4,649,237	239,970,697
Profit for the period	-	-	-	19,677,889	19,677,889	5,050	19,682,939
Other comprehensive income for the period	-	-	(15)	-	(15)	-	(15)
Total comprehensive income for the period	-	-	(15)	19,677,889	19,677,874	5,050	19,682,924
<b>At 31 March 2011</b>	<u>128,896,000</u>	<u>-</u>	<u>6,985,817</u>	<u>119,117,517</u>	<u>254,999,334</u>	<u>4,654,287</u>	<u>259,653,621</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011****Condensed Consolidated Statement of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2011 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2010 RM
Profit before taxation	26,141,847	26,825,287
Adjustments for:		
Depreciation of property, plant & equipment	1,236,763	1,244,236
Interest expense	72,764	145,871
Property, plant & equipment written off	-	2,490
Gain on disposal of property, plant & equipment	-	(189,997)
Unrealised loss on foreign exchange	-	32,400
Interest income	(878,520)	(263,617)
Share of results of associates	(83,569)	12,177
Total adjustments	347,438	983,560
Operating cash flows before changes in working capital	26,489,285	27,808,847
Changes in working capital		
Net (increase)/decrease in current assets	(9,832,888)	2,576,042
Net increase in current liabilities	778,206	4,679,066
Cash flows from operations	17,434,603	35,063,955
Interest paid	(72,764)	(145,871)
Taxation paid, net of refund (if any)	(8,384,594)	(3,512,623)
Net cash flows from operating activities	8,977,245	31,405,461
Investing activities		
Proceeds from disposal of property, plant & equipment	-	190,000
Purchase of property, plant & equipment	(2,125,129)	(2,100,903)
Interest received	711,525	263,617
Dividend received	60,000	-
Net cash flows used in investing activities	(1,353,604)	(1,647,286)
Financing activities		
Dividend paid to non-controlling shareholder of a subsidiary	-	(400,000)
Net proceeds from short-term borrowings	-	2,202,000
Repayment of lease financing	(384,796)	(273,634)
Net repayment of term loan	-	(6,390,000)
Net cash flows used in financing activities	(384,796)	(4,861,634)
Net increase in cash and cash equivalents	7,238,845	24,896,541
Effect of exchange rate changes on cash and cash equivalents	(12)	-
Cash and cash equivalents at the beginning of the period	103,508,813	42,305,975
Cash and cash equivalents at the end of the period	110,747,646	67,202,516

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.)