

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011****Condensed Consolidated Statement of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2011 RM	COMPARATIVE QUARTER ENDED 30/09/2010 RM	CURRENT PERIOD ENDED 30/09/2011 RM	COMPARATIVE PERIOD ENDED 30/09/2010 RM
Revenue	60,203,943	68,627,465	165,100,323	199,071,378
Cost of sales	(45,794,848)	(34,799,166)	(104,778,306)	(114,644,732)
<b>Gross profit</b>	<u>14,409,095</u>	<u>33,828,299</u>	<u>60,322,017</u>	<u>84,426,646</u>
Other income	890,231	822,361	3,983,254	2,377,562
Distribution costs	(321,438)	(477,422)	(1,076,421)	(1,363,242)
Administrative expenses	(3,109,740)	(2,479,077)	(9,204,083)	(7,295,976)
Other expenses	(426,108)	(608,595)	(1,225,173)	(1,798,080)
Finance costs	(63,980)	(74,352)	(188,799)	(404,137)
Share of results of associates	(55,438)	7,333	120,822	4,272
<b>Profit before tax</b>	<u>11,322,622</u>	<u>31,018,547</u>	<u>52,731,617</u>	<u>75,947,045</u>
Income tax expense	(2,806,637)	(7,638,805)	(12,808,952)	(19,073,611)
<b>Profit for the period</b>	<u>8,515,985</u>	<u>23,379,742</u>	<u>39,922,665</u>	<u>56,873,434</u>
<b>Other Comprehensive Income</b>				
Foreign currency translation	<u>1</u>	<u>170</u>	<u>223</u>	<u>138</u>
<b>Total Comprehensive Income for the period</b>	<u>8,515,986</u>	<u>23,379,912</u>	<u>39,922,888</u>	<u>56,873,572</u>
Profit for the period attributable to:				
Owners of the parent	8,516,143	23,347,500	39,906,358	55,854,485
Non-controlling interest	(158)	32,242	16,307	1,018,949
	<u>8,515,985</u>	<u>23,379,742</u>	<u>39,922,665</u>	<u>56,873,434</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	8,516,144	23,347,670	39,906,581	55,854,623
Non-controlling interest	(158)	32,242	16,307	1,018,949
	<u>8,515,986</u>	<u>23,379,912</u>	<u>39,922,888</u>	<u>56,873,572</u>
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>3.30</u>	<u>9.06</u>	<u>15.48</u>	<u>21.67</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 financial year ended 31 December 2010 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 2011****Condensed Consolidated Statement of Financial Position**

	UNAUDITED AS AT 30/09/2011 RM	AUDITED AS AT 31/12/2010 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	97,574,211	94,895,160
Investment in associates	1,199,966	1,139,144
	<u>98,774,177</u>	<u>96,034,304</u>
<b>Current assets</b>		
Inventories	46,508,913	38,674,288
Trade and other receivables	51,920,112	44,971,301
Other current assets	1,250,725	27,880
Cash and bank balances	91,349,529	103,508,813
	<u>191,029,279</u>	<u>187,182,282</u>
<b>TOTAL ASSETS</b>	<b><u>289,803,456</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	6,986,055	6,985,832
Retained earnings	115,177,987	99,439,628
	<u>251,060,042</u>	<u>235,321,460</u>
<b>Non-controlling interest</b>	<u>4,265,544</u>	<u>4,649,237</u>
<b>Total equity</b>	<b><u>255,325,586</u></b>	<b><u>239,970,697</u></b>
<b>Non-current liabilities</b>		
Loans and borrowings	1,842,395	2,868,064
Deferred tax liabilities	2,209,128	2,648,628
	<u>4,051,523</u>	<u>5,516,692</u>
<b>Current liabilities</b>		
Loans and borrowings	3,868,144	1,480,144
Trade and other payables	23,846,245	27,058,836
Amount due to customers for contract work	84,455	4,273,555
Current tax payable	2,627,503	4,916,662
	<u>30,426,347</u>	<u>37,729,197</u>
<b>Total liabilities</b>	<b><u>34,477,870</u></b>	<b><u>43,245,889</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>289,803,456</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.)

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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011****Condensed Consolidated Statement of Changes in Equity**

	<----- Attributable to owners of the parent ----->				Total RM	Non-controlling Interest RM	Total Equity RM
	Share Capital RM	<-----Non-Distributable-----> Share Premium RM		Other Reserves 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	-	-	-	55,854,485	55,854,485	1,018,949	56,873,434
Other comprehensive income for the period	-	-	138	-	138	-	138
Total comprehensive income for the period	-	-	138	55,854,485	55,854,623	1,018,949	56,873,572
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	(592,500)	(592,500)
First and Final dividend for FYE 31 December 2009	-	-	-	(10,069,998)	(10,069,998)	-	(10,069,998)
Interim dividend for FYE 31 December 2010	-	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
Bonus issue	48,336,000	(17,245,723)	-	(31,090,277)	-	-	-
<b>At 30 September 2010</b>	<u>128,896,000</u>	<u>-</u>	<u>6,985,247</u>	<u>78,397,552</u>	<u>214,278,799</u>	<u>4,563,849</u>	<u>218,842,648</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	-	-	-	39,906,358	39,906,358	16,307	39,922,665
Other comprehensive income for the period	-	-	223	-	223	-	223
Total comprehensive income for the period	-	-	223	39,906,358	39,906,581	16,307	39,922,888
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	(400,000)	(400,000)
Final dividend for FYE 31 December 2010	-	-	-	(24,167,999)	(24,167,999)	-	(24,167,999)
<b>At 30 September 2011</b>	<u>128,896,000</u>	<u>-</u>	<u>6,986,055</u>	<u>115,177,987</u>	<u>251,060,042</u>	<u>4,265,544</u>	<u>255,325,586</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.)

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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011****Condensed Consolidated Statement of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2011 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2010 RM
Profit before taxation	52,731,617	75,947,045
Adjustments for:		
Depreciation of property, plant & equipment	3,692,424	3,792,425
Interest expense	188,799	404,137
Property, plant & equipment written off	973	2,490
Gain on disposal of property, plant & equipment	-	(193,496)
Impairment of goodwill	-	8,364
Interest income	(2,382,444)	(1,187,398)
Share of results of associates	(120,822)	(4,272)
Total adjustments	<u>1,378,930</u>	<u>2,822,250</u>
Operating cash flows before changes in working capital	54,110,547	78,769,295
Changes in working capital		
Net increase in current assets	(14,505,695)	(8,410,293)
Net (decrease)/increase in current liabilities	<u>(7,401,691)</u>	<u>6,661,823</u>
Cash flows from operations	32,203,161	77,020,825
Interest paid	(188,799)	(404,137)
Taxation paid, net of refund (if any)	<u>(16,749,755)</u>	<u>(10,410,970)</u>
Net cash flows from operating activities	<u>15,264,607</u>	<u>66,205,718</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	193,500
Purchase of property, plant & equipment	(6,372,448)	(8,009,411)
Net cash inflow from acquisition of a subsidiary	-	26,072
Interest received	2,094,012	1,187,398
Dividend received	60,000	-
Net cash flows used in investing activities	<u>(4,218,436)</u>	<u>(6,602,441)</u>
Financing activities		
Dividend paid to shareholders of the Company	(24,167,999)	(19,737,198)
Dividend paid to non-controlling shareholder of a subsidiary	(400,000)	(592,500)
Net proceeds from short-term borrowings	2,500,000	(5,248,000)
Repayment of lease financing	(1,137,669)	(849,044)
Net repayment of term loan	-	(7,170,000)
Net cash flows used in financing activities	<u>(23,205,668)</u>	<u>(33,596,742)</u>
Net (decrease)/increase in cash and cash equivalents	(12,159,497)	26,006,535
Effect of exchange rate changes on cash and cash equivalents	213	138
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	<u>91,349,529</u>	<u>68,312,648</u>

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