

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2012 RM	COMPARATIVE QUARTER ENDED 31/03/2011 RM	CURRENT PERIOD ENDED 31/03/2012 RM	COMPARATIVE PERIOD ENDED 31/03/2011 RM
Revenue	52,536,190	59,512,690	52,536,190	59,512,690
Cost of sales	(39,153,984)	(31,301,239)	(39,153,984)	(31,301,239)
Gross profit	<u>13,382,206</u>	<u>28,211,451</u>	<u>13,382,206</u>	<u>28,211,451</u>
Other income	1,061,772	1,675,437	1,061,772	1,675,437
Distribution costs	(177,703)	(335,135)	(177,703)	(335,135)
Administrative expenses	(3,051,643)	(3,025,045)	(3,051,643)	(3,025,045)
Other expenses	(492,896)	(395,666)	(492,896)	(395,666)
Finance costs	(81,185)	(72,764)	(81,185)	(72,764)
Share of results of associates	11,819	83,569	11,819	83,569
Profit before tax	<u>10,652,370</u>	<u>26,141,847</u>	<u>10,652,370</u>	<u>26,141,847</u>
Income tax expense	<u>(2,617,008)</u>	<u>(6,458,908)</u>	<u>(2,617,008)</u>	<u>(6,458,908)</u>
Profit for the period	<u>8,035,362</u>	<u>19,682,939</u>	<u>8,035,362</u>	<u>19,682,939</u>
Other Comprehensive Income				
Foreign currency translation	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>(15)</u>
Total Comprehensive Income for the period	<u>8,035,362</u>	<u>19,682,924</u>	<u>8,035,362</u>	<u>19,682,924</u>
Profit for the period attributable to:				
Owners of the parent	7,710,733	19,677,889	7,710,733	19,677,889
Non-controlling interest	<u>324,629</u>	<u>5,050</u>	<u>324,629</u>	<u>5,050</u>
	<u>8,035,362</u>	<u>19,682,939</u>	<u>8,035,362</u>	<u>19,682,939</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	7,710,733	19,677,874	7,710,733	19,677,874
Non-controlling interest	<u>324,629</u>	<u>5,050</u>	<u>324,629</u>	<u>5,050</u>
	<u>8,035,362</u>	<u>19,682,924</u>	<u>8,035,362</u>	<u>19,682,924</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>2.99</u>	<u>7.63</u>	<u>2.99</u>	<u>7.63</u>
Diluted, for profit for the period (sen) - Not Applicable				

(These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/03/2012 RM	(Restated) AS AT 31/12/2011 RM	(Restated) AS AT 01/01/2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	105,911,694	99,360,590	94,895,160
Investment in associates	1,223,856	1,212,037	1,139,144
	<u>107,135,550</u>	<u>100,572,627</u>	<u>96,034,304</u>
Current assets			
Inventories	55,584,933	67,706,552	38,674,288
Trade and other receivables	54,061,874	64,128,896	44,971,301
Other current assets	2,701,844	788,857	27,880
Cash and bank balances	70,234,446	75,332,557	103,508,813
	<u>182,583,097</u>	<u>207,956,862</u>	<u>187,182,282</u>
TOTAL ASSETS	<u>289,718,647</u>	<u>308,529,489</u>	<u>283,216,586</u>
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	1,923,327	1,587,460	4,273,555
Loans and borrowings	5,631,614	24,957,301	1,480,144
Trade and other payables	15,287,983	24,156,210	27,058,836
Income tax payable	2,293,019	1,173,333	4,916,662
	<u>25,135,943</u>	<u>51,874,304</u>	<u>37,729,197</u>
Net Current assets	<u>157,447,154</u>	<u>156,082,558</u>	<u>149,453,085</u>
Non-current liabilities			
Loans and borrowings	1,619,176	1,564,686	2,868,064
Deferred tax liabilities	2,077,028	2,239,361	2,648,628
	<u>3,696,204</u>	<u>3,804,047</u>	<u>5,516,692</u>
Total liabilities	<u>28,832,147</u>	<u>55,678,351</u>	<u>43,245,889</u>
Net assets	<u>260,886,500</u>	<u>252,851,138</u>	<u>239,970,697</u>
Equity attributable to owners of the parent			
Share capital	128,896,000	128,896,000	128,896,000
Other reserves	(193)	(193)	723
Retained earnings	126,907,492	119,196,759	106,424,737
	<u>255,803,299</u>	<u>248,092,566</u>	<u>235,321,460</u>
Non-controlling interest	<u>5,083,201</u>	<u>4,758,572</u>	<u>4,649,237</u>
Total equity	<u>260,886,500</u>	<u>252,851,138</u>	<u>239,970,697</u>
TOTAL EQUITY AND LIABILITIES	<u>289,718,647</u>	<u>308,529,489</u>	<u>283,216,586</u>

(These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012
Unaudited Condensed Consolidated Statements of Changes in Equity

	<----- Attributable to owners of the parent ----->				Total RM	Non-controlling Interest RM	Total Equity RM
	Share Capital RM	<----- Non-Distributable ----->		Distributable Retained Earnings RM			
		Share Premium RM	Other Reserves RM				
At 1 January 2011, as previously stated	128,896,000	-	6,985,832	99,439,628	235,321,460	4,649,237	239,970,697
Effect of transition to MFRS	-	-	(6,985,109)	6,985,109	-	-	-
At 1 January 2011, as restated	<u>128,896,000</u>	<u>-</u>	<u>723</u>	<u>106,424,737</u>	<u>235,321,460</u>	<u>4,649,237</u>	<u>239,970,697</u>
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
At 31 March 2011	<u>128,896,000</u>	<u>-</u>	<u>708</u>	<u>126,102,626</u>	<u>254,999,334</u>	<u>4,654,287</u>	<u>259,653,621</u>
At 1 January 2012, as previously stated	128,896,000	-	6,984,916	112,211,650	248,092,566	4,758,572	252,851,138
Effect of transition to MFRS	-	-	(6,985,109)	6,985,109	-	-	-
At 1 January 2012, as restated	<u>128,896,000</u>	<u>-</u>	<u>(193)</u>	<u>119,196,759</u>	<u>248,092,566</u>	<u>4,758,572</u>	<u>252,851,138</u>
Profit for the period	-	-	-	7,710,733	7,710,733	324,629	8,035,362
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,710,733	7,710,733	324,629	8,035,362
At 31 March 2012	<u>128,896,000</u>	<u>-</u>	<u>(193)</u>	<u>126,907,492</u>	<u>255,803,299</u>	<u>5,083,201</u>	<u>260,886,500</u>

(These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2012 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2011 RM
Profit before taxation	10,652,370	26,141,847
Adjustments for:		
Depreciation of property, plant & equipment	1,182,776	1,236,763
Interest expense	81,185	72,764
Property, plant & equipment written off	108	-
Impairment loss on trade receivables	103,080	-
Interest income	(719,281)	(878,520)
Share of results of associates	(11,819)	(83,569)
Total adjustments	<u>636,049</u>	<u>347,438</u>
Operating cash flows before changes in working capital	11,288,419	26,489,285
Changes in working capital		
Decrease/(increase) in inventories	12,121,619	(148,460)
Increase in amount due to customers for contract work	335,867	966,054
Decrease/(increase) in receivables	10,130,721	(7,646,557)
Decrease in payables	(8,868,227)	(187,848)
Increase in other current assets	(891)	(2,037,871)
Cash flows from operations	<u>25,007,508</u>	<u>17,434,603</u>
Interest paid	(81,185)	(72,764)
Taxation paid, net of refund (if any)	(3,571,753)	(8,384,594)
Net cash flows from operating activities	<u>21,354,570</u>	<u>8,977,245</u>
Investing activities		
Purchase of property, plant & equipment	(7,733,987)	(2,125,129)
Interest received	552,502	711,525
Dividend received	-	60,000
Net cash flows used in investing activities	<u>(7,181,485)</u>	<u>(1,353,604)</u>
Financing activities		
Repayment of short-term borrowings	(19,396,000)	-
Repayment of lease financing	124,804	(384,796)
Net cash flows used in financing activities	<u>(19,271,196)</u>	<u>(384,796)</u>
Net (decrease)/increase in cash and cash equivalents	(5,098,111)	7,238,845
Effect of exchange rate changes on cash and cash equivalents	-	(12)
Cash and cash equivalents at the beginning of the period	75,332,557	103,508,813
Cash and cash equivalents at the end of the period	<u>70,234,446</u>	<u>110,747,646</u>

(These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)