

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2012 RM	COMPARATIVE QUARTER ENDED 30/06/2011 RM	CURRENT PERIOD ENDED 30/06/2012 RM	COMPARATIVE PERIOD ENDED 30/06/2011 RM
Revenue	33,849,387	45,383,690	86,385,577	104,896,380
Cost of sales	(25,774,196)	(27,682,219)	(64,928,180)	(58,983,458)
Gross profit	<u>8,075,191</u>	<u>17,701,471</u>	<u>21,457,397</u>	<u>45,912,922</u>
Other income	1,206,051	1,417,586	2,267,823	3,093,023
Distribution costs	(309,313)	(419,848)	(487,016)	(754,983)
Administrative expenses	(2,939,988)	(3,069,298)	(5,991,631)	(6,094,343)
Other expenses	(548,992)	(403,399)	(1,041,888)	(799,065)
Finance costs	(44,320)	(52,055)	(125,505)	(124,819)
Share of results of associates	(73,063)	92,691	(61,244)	176,260
Profit before tax	<u>5,365,566</u>	<u>15,267,148</u>	<u>16,017,936</u>	<u>41,408,995</u>
Income tax expense	<u>(1,306,812)</u>	<u>(3,543,407)</u>	<u>(3,923,820)</u>	<u>(10,002,315)</u>
Profit for the period	<u>4,058,754</u>	<u>11,723,741</u>	<u>12,094,116</u>	<u>31,406,680</u>
Other Comprehensive Income				
Foreign currency translation	<u>-</u>	<u>237</u>	<u>-</u>	<u>222</u>
Total Comprehensive Income for the period	<u>4,058,754</u>	<u>11,723,978</u>	<u>12,094,116</u>	<u>31,406,902</u>
Profit for the period attributable to:				
Owners of the parent	3,709,111	11,712,326	11,419,844	31,390,215
Non-controlling interest	<u>349,643</u>	<u>11,415</u>	<u>674,272</u>	<u>16,465</u>
	<u>4,058,754</u>	<u>11,723,741</u>	<u>12,094,116</u>	<u>31,406,680</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	3,709,111	11,712,563	11,419,844	31,390,437
Non-controlling interest	<u>349,643</u>	<u>11,415</u>	<u>674,272</u>	<u>16,465</u>
	<u>4,058,754</u>	<u>11,723,978</u>	<u>12,094,116</u>	<u>31,406,902</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>1.44</u>	<u>4.54</u>	<u>4.43</u>	<u>12.18</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 SECOND QUARTER ENDED 30 JUNE 2012**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2012 RM	(Restated) AS AT 31/12/2011 RM	(Restated) AS AT 01/01/2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	109,210,891	99,360,590	94,895,160
Investment in associates	1,090,793	1,212,037	1,139,144
	<u>110,301,684</u>	<u>100,572,627</u>	<u>96,034,304</u>
Current assets			
Inventories	43,631,738	67,706,552	38,674,288
Trade and other receivables	35,502,051	64,128,896	44,971,301
Other current assets	4,172,347	788,857	27,880
Cash and bank balances	80,043,211	75,332,557	103,508,813
	<u>163,349,347</u>	<u>207,956,862</u>	<u>187,182,282</u>
TOTAL ASSETS	<u>273,651,031</u>	<u>308,529,489</u>	<u>283,216,586</u>
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	1,781,194	1,587,460	4,273,555
Loans and borrowings	1,326,304	24,957,301	1,480,144
Trade and other payables	8,993,853	24,156,210	27,058,836
Income tax payable	2,768,771	1,173,333	4,916,662
	<u>14,870,122</u>	<u>51,874,304</u>	<u>37,729,197</u>
Net Current assets	<u>148,479,225</u>	<u>156,082,558</u>	<u>149,453,085</u>
Non-current liabilities			
Loans and borrowings	1,600,091	1,564,686	2,868,064
Deferred tax liabilities	1,902,764	2,239,361	2,648,628
	<u>3,502,855</u>	<u>3,804,047</u>	<u>5,516,692</u>
Total liabilities	<u>18,372,977</u>	<u>55,678,351</u>	<u>43,245,889</u>
Net assets	<u>255,278,054</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	120,949,403	119,196,759	106,424,737
	<u>249,845,210</u>	<u>248,092,566</u>	<u>235,321,460</u>
Non-controlling interest	<u>5,432,844</u>	<u>4,758,572</u>	<u>4,649,237</u>
Total equity	<u>255,278,054</u>	<u>252,851,138</u>	<u>239,970,697</u>
TOTAL EQUITY AND LIABILITIES	<u>273,651,031</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 SECOND QUARTER ENDED 30 JUNE 2012**Unaudited Condensed Consolidated Statements 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
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	-	-	-	31,390,215	31,390,215	16,465	31,406,680
Other comprehensive income for the period	-	-	222	-	222	-	222
Total comprehensive income for the period	-	-	222	31,390,215	31,390,437	16,465	31,406,902
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)
At 30 June 2011	<u>128,896,000</u>	<u>-</u>	<u>945</u>	<u>113,646,953</u>	<u>242,543,898</u>	<u>4,265,702</u>	<u>246,809,600</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	-	-	-	11,419,844	11,419,844	674,272	12,094,116
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	11,419,844	11,419,844	674,272	12,094,116
At 30 June 2012	<u>128,896,000</u>	<u>-</u>	<u>(193)</u>	<u>120,949,403</u>	<u>249,845,210</u>	<u>5,432,844</u>	<u>255,278,054</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 SECOND QUARTER ENDED 30 JUNE 2012**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2012 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2011 RM
Profit before taxation	16,017,936	41,408,995
Adjustments for:		
Depreciation of property, plant & equipment	2,359,249	2,469,545
Interest expense	125,505	124,819
Property, plant & equipment written off	108	-
Gain on disposal of property, plant & equipment	2	-
Provision for doubtful debts	15,083	-
Reversal of provision for doubtful debts	(100,000)	-
Impairment loss on trade receivables	224,668	-
Interest income	(1,441,248)	(1,730,839)
Share of results of associates	61,244	(176,260)
Total adjustments	<u>1,244,611</u>	<u>687,265</u>
Operating cash flows before changes in working capital	17,262,547	42,096,260
Changes in working capital		
Decrease/(increase) in inventories	24,074,814	(3,719,052)
Increase/(decrease) in amount due to customers for contract work	193,734	(3,577,500)
Decrease in receivables	28,793,938	698,911
Decrease in payables	(15,162,357)	(6,475,153)
Increase in other current assets	(9,529)	(9,016)
Cash flows from operations	<u>55,153,147</u>	<u>29,014,450</u>
Interest paid	(125,505)	(124,819)
Taxation paid, net of refund (if any)	(6,058,940)	(13,977,169)
Net cash flows from operating activities	<u>48,968,702</u>	<u>14,912,462</u>
Investing activities		
Purchase of property, plant & equipment	(12,209,660)	(3,846,384)
Interest received	1,134,404	1,442,408
Dividend received	80,000	60,000
Net cash flows used in investing activities	<u>(10,995,256)</u>	<u>(2,343,976)</u>
Financing activities		
Dividend paid to shareholders of the Company	(9,667,200)	(24,167,999)
Dividend paid to non-controlling shareholder of a subsidiary	-	(400,000)
Repayment of short-term borrowings	(23,672,000)	-
Repayment of lease financing	76,408	(760,054)
Net cash flows used in financing activities	<u>(33,262,792)</u>	<u>(25,328,053)</u>
Net increase/(decrease) in cash and cash equivalents	4,710,654	(12,759,567)
Effect of exchange rate changes on cash and cash equivalents	-	225
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>80,043,211</u>	<u>90,749,471</u>

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