

KKB ENGINEERING BERHAD

(Company no: 26495-D)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Selected explanatory notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting

1. First-time adoption of Malaysian Financial Reporting Standards

These condensed consolidated interim financial statements, for the period ended 30 June 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial performance, financial position and cash flows is set out in Note 2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and the statement of cash flows.

2. Significant Accounting Policies and Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognized under FRS is not adjusted.

(b) Property, Plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded leasehold land and certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those land and buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and buildings during the year 1999 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM6,985,109 (30 June 2011: RM6,985,109; 31 December 2011: RM6,985,109) was transferred to retained earnings on date of transition to MFRS.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided in the following pages:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM	Note 2(b) Property, plant and equipment RM	MFRS as at 1 January 2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	94,895,160		94,895,160
Investment in associates	1,139,144		1,139,144
	-----		-----
	96,034,304		96,034,304
	-----		-----
Current assets			
Inventories	38,674,288		38,674,288
Trade and other receivables	44,971,301		44,971,301
Other current assets	27,880		27,880
Cash and bank balances	103,508,813		103,508,813
	-----		-----
	187,182,282		187,182,282
	-----		-----
TOTAL ASSETS	283,216,586		283,216,586
	=====		=====
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	4,273,555		4,273,555
Loans and borrowings	1,480,144		1,480,144
Trade and other payables	27,058,836		27,058,836
Income tax payable	4,916,662		4,916,662
	-----		-----
	37,729,197		37,729,197
	-----		-----
Net current assets	149,453,085		149,453,085
	-----		-----
Non-current liabilities			
Loans and borrowings	2,868,064		2,868,064
Deferred tax liabilities	2,648,628		2,648,628
	-----		-----
	5,516,692		5,516,692
	-----		-----
Total liabilities	43,245,889		43,245,889
	-----		-----
Net assets	239,970,697		239,970,697
	-----		-----
Equity attributable to owners of the parent			
Share capital	128,896,000		128,896,000
Other reserves	6,985,832	(6,985,109)	723
Retained earnings	99,439,628	6,985,109	106,424,737
	-----		-----
	235,321,460		235,321,460
	-----		-----
Non-controlling interests	4,649,237		4,649,237
	-----		-----
Total equity	239,970,697		239,970,697
	-----		-----
TOTAL EQUITY AND LIABILITIES	283,216,586		283,216,586
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(ii) Reconciliation of equity as at 30 June 2011

	FRS as at 30 June 2011 RM	Note 2(b) Property, plant and equipment RM	MFRS as at 30 June 2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	96,271,998		96,271,998
Investment in associates	1,255,404		1,255,404
	-----		-----
	97,527,402		97,527,402
	-----		-----
Current assets			
Inventories	42,393,340		42,393,340
Trade and other receivables	44,560,821		44,560,821
Other current assets	1,333,782		1,333,782
Cash and bank balances	90,749,471		90,749,471
	-----		-----
	179,037,414		179,037,414
	-----		-----
TOTAL ASSETS	276,564,816		276,564,816
	=====		=====
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	696,055		696,055
Loans and borrowings	1,405,299		1,405,299
Trade and other payables	20,583,683		20,583,683
Income tax payable	2,623,541		2,623,541
	-----		-----
	25,308,578		25,308,578
	-----		-----
Net current assets	153,728,836		153,728,836
	-----		-----
Non-current liabilities			
Loans and borrowings	2,182,855		2,182,855
Deferred tax liabilities	2,263,783		2,263,783
	-----		-----
	4,446,638		4,446,638
	-----		-----
Total liabilities	29,755,216		29,755,216
	-----		-----
Net assets	246,809,600		246,809,600
	-----		-----
Equity attributable to owners of the parent			
Share capital	128,896,000		128,896,000
Other reserves	6,986,054	(6,985,109)	945
Retained earnings	106,661,844	6,985,109	113,646,953
	-----		-----
	242,543,898		242,543,898
	-----		-----
Non-controlling interests	4,265,702		4,265,702
	-----		-----
Total equity	246,809,600		246,809,600
	-----		-----
TOTAL EQUITY AND LIABILITIES	276,564,816		276,564,816
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(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM	Note 2(b) Property, plant and equipment RM	MFRS as at 31 December 2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	99,360,590		99,360,590
Investment in associates	1,212,037		1,212,037
	-----		-----
	100,572,627		100,572,627
	-----		-----
Current assets			
Inventories	67,706,552		67,706,552
Trade and other receivables	64,128,896		64,128,896
Other current assets	788,857		788,857
Cash and bank balances	75,332,557		75,332,557
	-----		-----
	207,956,862		207,956,862
	-----		-----
TOTAL ASSETS	308,529,489		308,529,489
	=====		=====
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	1,587,460		1,587,460
Loans and borrowings	24,957,301		24,957,301
Trade and other payables	24,156,210		24,156,210
Income tax payable	1,173,333		1,173,333
	-----		-----
	51,874,304		51,874,304
	-----		-----
Net current assets	156,082,558		156,082,558
	-----		-----
Non-current liabilities			
Loans and borrowings	1,564,686		1,564,686
Deferred tax liabilities	2,239,361		2,239,361
	-----		-----
	3,804,047		3,804,047
	-----		-----
Total liabilities	55,678,351		55,678,351
	-----		-----
Net assets	252,851,138		252,851,138
	-----		-----
Equity attributable to owners of the parent			
Share capital	128,896,000		128,896,000
Other reserves	6,984,916	(6,985,109)	(193)
Retained earnings	112,211,650	6,985,109	119,196,759
	-----		-----
	248,092,566		248,092,566
	-----		-----
Non-controlling interests	4,758,572		4,758,572
	-----		-----
Total equity	252,851,138		252,851,138
	-----		-----
TOTAL EQUITY AND LIABILITIES	308,529,489		308,529,489
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3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2011 was not qualified.

4. Seasonal or cyclical factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors in the current quarter and financial year to date.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group in the current quarter and financial year to date.

6. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the current quarter and financial year to date.

7. Debt and equity securities

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares in the current quarter and financial year to date.

8. Dividend paid

On 5 June 2012, the Company paid a final dividend of 5.0 sen per ordinary share of RM0.50 each, taxable at 25%, in respect of the financial year ended 31 December 2011, hence brought the total dividend paid to 10.0 sen per ordinary share of RM0.50 each, in respect of the financial year ended 31 December 2011.

9. Segmental Reporting

The information for business segments predominantly conducted in Malaysia for the current financial year to date was as follows:

RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2012

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	57,480,671	38,427,291	95,907,962
Less: Inter-segment revenue	(9,166,236)	(356,149)	(9,522,385)
External revenue	48,314,435	38,071,142	86,385,577
Results	11,317,937	4,886,748	16,204,685
Finance costs	(54,941)	(70,564)	(125,505)
Share of results of associates	(57,613)	(3,631)	(61,244)
Profit before tax	11,205,383	4,812,553	16,017,936
Income tax expense	(2,802,188)	(1,121,632)	(3,923,820)
Profit after tax	8,403,195	3,690,921	12,094,116

OTHER INFORMATION

Interest income	518,010	923,238	1,441,248
Depreciation	1,062,948	1,296,301	2,359,249
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RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2011

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	20,441,602	86,626,207	107,067,809
Less: Inter-segment revenue	(997,116)	(1,174,313)	(2,171,429)
	-----	-----	-----
External revenue	19,444,486	85,451,894	104,896,380
	-----	-----	-----
Results	1,485,030	39,872,524	41,357,554
Finance costs	(10,959)	(113,860)	(124,819)
Share of results of associates	(25,879)	202,139	176,260
	-----	-----	-----
Profit before tax	1,448,192	39,960,803	41,408,995
Income tax expense	(366,659)	(9,635,656)	(10,002,315)
	-----	-----	-----
Profit after tax	1,081,533	30,325,147	31,406,680
	=====	=====	=====

OTHER INFORMATION

Interest income	514,792	1,216,047	1,730,839
Depreciation	979,145	1,490,400	2,469,545
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10. Material subsequent events

There were no material subsequent events as at the date of this announcement.

11. Changes in composition of the Group

There were no changes in composition of the Group for the current quarter and financial year to date.

12. Contingent liabilities/Contingent assets as at 30 June 2012

There were no material contingent liabilities or contingent assets as at the date of this announcement.

13. Capital Commitments

	As at 30/06/2012 RM	As At 30/06/2011 RM
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	6,583,848	9,797,167
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14. Related Party Transactions

	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
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Dividend income	80,000	-	80,000	80,000
- Project management fee income	-	289,463	-	539,991
- Sale of fabricated and galvanized steel products	-	6,032,234	-	18,027,747
- Provision of miscellaneous services such as machineries, equipments and labour	9,709	-	10,297	-
- Interest income	87	55,979	6,210	98,262
- Purchase of miscellaneous services such as machineries, equipments and labour	10,293	18,338	27,302	46,474
- Interest expense	107	14	235	18
Transactions with an associate and subsidiaries of an associate investor, Cahya Mata Sarawak Bhd.				
- Sales of structural steel works and steel fabricated products to CMS Clinker Sdn. Bhd., and CMS Quarries Sdn. Bhd.	- 92,100	182,279 897,100	- 92,100	251,872 1,706,300
- Sales of steel pipes and pipe fittings to CMS Infra Trading Sdn. Bhd.	41,376	-	4,033,647	-
- Provision of earthworks to OM Materials (Sarawak) Sdn. Bhd.	1,767,132	-	13,066,503	-
Rental expense paid to companies in which certain directors of the Company have substantial financial interest and/or are also directors				
- KKB Development Sdn. Bhd.	17,850	17,850	35,700	35,700
- KKB Realty Sdn. Bhd.	11,400	-	22,800	-
- Sepang Kaya Sdn. Bhd.	30,857	30,857	61,714	61,714
Rental expense paid to a director, Dato Kho Kak Beng				
	7,200	7,200	14,400	14,400
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	2,068,111	7,531,314	17,450,908	20,862,478
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The above transactions have been entered into with related parties on terms and conditions that are not more favourable to the related party than those generally available to the public.

Explanatory notes pursuant to Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Detailed Review of performance

The Group recorded a total revenue of RM33.9 million for the current quarter (2Q2011: RM45.4 million) and a pre-tax profit of RM5.4 million (2Q2011: RM15.3 million). The Manufacturing Sector contributed 52% (2Q2011: 21%) towards the Group's revenue and balance of 48% (2Q2011: 79%) from the Engineering Sector.

The Manufacturing sector registered a higher revenue of RM17.5 million (2Q2011: RM9.5 million), an improvement of 84% over the preceding year corresponding quarter, with Steel Pipes Manufacturing business contributing a revenue of RM12.7 million (2Q2011: RM3.0 million).

The LPG Division recorded RM4.8 million in revenue for 2Q2012, lower by 26% compared to 2Q2011 figure of RM6.5 million, mainly due to delayed offtake by key customers.

The improved performance of the Group's Steel Pipes Manufacturing business has contributed to the overall increase in the Manufacturing sector's gross profit for the quarter to reach RM6.0 million as compared to RM1.4 million registered in the preceding year corresponding quarter.

The Engineering sector's revenue of RM16.3 million (2Q2011: RM35.8 million) has decreased due to the limited number of new projects secured by the Civil Construction division, whilst awaiting future award(s).

The Group's Steel Fabrication Division recorded revenue of RM10.4 million as compared to RM16.5 million achieved in 2Q2011, due to the near completion of major projects.

Comparatively, Group's revenue from Hot Dip Galvanising Division has dropped by 23% to reach RM1.7 million, from RM2.2 million achieved in 2Q2011. This is in tandem with the lower revenue from the Steel Fabrication Division as significant portion of revenue from Hot Dip Galvanising Division was derived from related activities to the Steel Fabrication Division.

Group's revenue and pre-tax profit for the six months period ended 30 June 2012 were RM86.4 million and RM16.0 million respectively. The year-on-year comparison of the Group's consolidated results has shown a reduction in both the revenue and pre-tax profit of 18% and 61% respectively compared to the preceding year corresponding period.

Increased competition within the industry and the timing of expected new works has somewhat contributed to a decline in the Group's quarterly and year-to-date's performance. However, the continued positive performance registered by the Manufacturing sector has lessened the impact of the weaker performance shown by the Engineering sector.

16. Material changes in the quarterly results compared to the results of the preceding quarter

The Group's current quarter revenue of RM33.9 million (1Q2012: RM52.5 million) was 35.4% lower as compared to the preceding quarter. Lower revenue recorded by the Steel Pipes Manufacturing business and Civil Construction division within the Manufacturing and Engineering sector was the main trigger for the decline in revenue. These two divisions contributed a combined revenue of RM17.0 million compared to RM38.3 million registered in the preceding quarter and hence the lower Group's current quarter pre-tax profit.

17. Prospects

The outlook for the Group's operations continues to be challenging for the second half of year 2012.

The Group is continuously pursuing various engineering projects, particularly projects related to the development of the Sarawak Corridor of Renewable Energy ("SCORE") and other basic social-

infrastructure works for the supply, laying and commissioning of water pipes and other related infrastructure projects that are planned to be implemented throughout Sarawak and Sabah.

Whilst volatility of global raw material and steel prices will continue to pose as a challenge to the Group's performance, the Group will continue to be prudent in its activities to further improve its efficiency and managing costs exposure.

However, the group has been awarded by Pertama Ferroalloys Sdn Bhd a contract amounting to RM171 million, to commence within the 3rd quarter 2012 period.

Barring any unforeseen circumstances, the Board remains cautiously optimistic of the Group achieving a favourable set of results for the financial year ending 2012.

18. Variances from profit forecast and profit guarantee

Not applicable to the Group as no profit forecast and profit guarantee were published.

19. Commentary on the company's progress to achieve the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the revenue or profit estimate, forecast, projection or internal targets

Not applicable to the Group as no announcements or disclosures were published in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

20. Statement of the Board of Directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved

Not applicable to the Group as no announcements or disclosures were published in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

21. Taxation

	3 Months Ended		Cumulative 6 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM	RM	RM	RM
Malaysian taxation				
- Current year	1,474,568	3,842,057	4,253,909	10,387,160
- Prior Year	6,508	-	6,508	-
Deferred tax	(174,264)	(298,650)	(336,597)	(384,845)
	<u>1,306,812</u>	<u>3,543,407</u>	<u>3,923,820</u>	<u>10,002,315</u>

The Group's effective tax rate for the current financial year to date is marginally lower than the statutory tax rate principally due to certain income are exempted for taxation purposes.

22. Status of Corporate Proposals

On 30 November 2011, KKB Engineering Berhad entered into a Memorandum of Understanding ("MOU") with Brooke Dockyard & Engineering Works Corporation.

Discussion is on-going between both parties on the framework and areas of potential collaboration identified pertaining to the above MOU.

The Company and Brooke Dockyard & Engineering Works Corporation had on 10 May 2012 mutually agreed to extend the MOU for another six (6) months effective from 1 June 2012 expiring on 30 November 2012.

Save as disclosed above, there were no new or outstanding corporate proposals announced, which have not been completed as at the date of this announcement.

23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 30 June 2012 were as follows: -

Loans and Borrowings (denominated in Ringgit Malaysia)	Secured RM	Unsecured RM
<u>Current</u>		
Lease payables	1,326,304	-
	-----	-----
<u>Non-Current</u>		
Lease payables	1,600,091	-
	-----	-----
Total borrowings	2,926,395	-
	=====	=====

24. Material Litigations

On 29 June 2012, KKB Builders Sdn Bhd ("KKB Builders"), a wholly owned subsidiary of KKB Engineering Berhad ("KKB"), through its solicitors, Battenberg and Talma Advocates has been served a Writ of Summons dated 26 June 2012 by Messrs Suhaili & Bong, Advocates for Global Upline Sdn Bhd ("GUSB").

Details of the circumstances leading to the filing of the writ of summons against KKB Builders are as follows:-

- a) On 12 July 2011, KKB Builders sub-contracted its proposed earthworks in Samalaju Industrial Park, Bintulu to GUSB. It is awarded on the basis of a Fixed Lump Sum Contract.
- b) By two (2) letters both dated 5 June 2012, KKB Builders served notice on GUSB for breaches of the sub-contract agreement. GUSB was given fourteen (14) days' notice to rectify and remedy the breaches.
- c) As a result of GUSB's failure to remedy and rectify the said breaches, KKB Builders terminated the employment of the sub-contractor vide a letter dated 21 June 2012. GUSB has failed to carry out its obligations under the sub-contract agreement without any valid grounds. GUSB has failed to proceed regularly and diligently with the sub-contract works resulting in delay, failed to execute the sub-contract works in accordance with the sub-contract agreement, stopping work and abandonment of works, all without any valid grounds.
- d) Upon the termination, KKB Builders took possession of the site and proceeded to take over and execute the balance of the sub-contract works effective 22 June 2012.
- e) On 26 June 2012, GUSB issued a Writ of Summons and served on Messrs Battenberg & Talma, Advocates for KKB Builders seeking a declaration that the Notice of Termination of the sub-contract issued by KKB Builders was illegal, null and void and claiming the sum of RM31,643,887.15 comprising payments for work done and Variation Orders. They are also claiming for interest and costs.
- f) The sub-contract is a Fixed Lump Sum Contract. The alleged Variation Orders are without basis and irrelevant and in any event fell within the ambit of the Fixed Lump Sum Contract. KKB Builders has paid GUSB interim payment claims and which are in excess of actual work done

after verification.

There is no operational impact as KKB Builders has taken possession and proceeded with execution of the balance of the sub-contract works effective 22 June 2012.

The Company is of the opinion that there is no material financial impact on the Group as GUSB's claim is without basis, frivolous and vexatious.

25. Dividend

No interim dividend has been recommended for payment in the current quarter and financial year-to-date.

26. Earnings per share

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2012	Comparative Quarter Ended 30/06/2011	Current Period Ended 30/06/2012	Comparative Period Ended 30/06/2011
Net profit attributable to owners of the parent (RM)	<u>3,709,111</u>	<u>11,712,326</u>	<u>11,419,844</u>	<u>31,390,215</u>
Weighted average number of ordinary shares in issue	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>
Basic earnings per share for the period attributable to owners of the parent (sen)	<u>1.44</u>	<u>4.54</u>	<u>4.43</u>	<u>12.18</u>

There is no dilution in its earnings per ordinary share in the current quarter and financial year to date as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

27. Realised and Unrealised Profits/Losses

	As at 30/06/2012 RM	(Restated) As at 31/12/2011 RM
	Total retained profits of the Company and its subsidiaries:	
- Realised	136,765,148	134,580,740
- Unrealised	(10,140,558)	(10,477,348)
	-----	-----
	126,624,590	124,103,392
Total share of retained profits from an associate:		
- Realised	955,908	1,081,815
- Unrealised	(1,713)	(6,376)
	-----	-----
	127,578,785	125,178,831
Less: Consolidation adjustments	(6,629,382)	(5,982,072)
	-----	-----
Total group retained profits as per consolidated accounts	<u>120,949,403</u>	<u>119,196,759</u>

28. Additional Disclosures on Profit for the period

	Current Quarter Ended 30/06/2012 RM	Current Period Ended 30/06/2012 RM
Profit for the period is arrived at after charging/(crediting):		
Interest income	(721,967)	(1,441,248)
Foreign exchange gain	(5,182)	(82,956)
Rental income	(1,500)	(3,400)
Depreciation of property, plant and equipment	1,176,473	2,359,249
Interest expense	44,320	125,505
Impairment loss on trade receivables	121,588	224,668
Property, plant and equipment written off	-	108
Reversal of provision for doubtful debts	(100,000)	(100,000)

Other than the above items which have been included in the statement of comprehensive income, there were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 June 2012.