

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2012 RM	COMPARATIVE QUARTER ENDED 30/09/2011 RM	CURRENT PERIOD ENDED 30/09/2012 RM	COMPARATIVE PERIOD ENDED 30/09/2011 RM
Revenue	41,856,022	60,203,943	128,241,599	165,100,323
Cost of sales	(34,945,094)	(45,794,848)	(99,873,274)	(104,778,306)
Gross profit	<u>6,910,928</u>	<u>14,409,095</u>	<u>28,368,325</u>	<u>60,322,017</u>
Other income	750,062	890,231	3,017,885	3,983,254
Distribution costs	(226,975)	(321,438)	(713,991)	(1,076,421)
Administrative expenses	(4,048,969)	(3,109,740)	(10,040,600)	(9,204,083)
Other expenses	(629,504)	(426,108)	(1,671,392)	(1,225,173)
Finance costs	(41,818)	(63,980)	(167,323)	(188,799)
Share of results of associates	28,441	(55,438)	(32,803)	120,822
Profit before tax	<u>2,742,165</u>	<u>11,322,622</u>	<u>18,760,101</u>	<u>52,731,617</u>
Income tax expense	(750,988)	(2,806,637)	(4,674,808)	(12,808,952)
Profit for the period	<u>1,991,177</u>	<u>8,515,985</u>	<u>14,085,293</u>	<u>39,922,665</u>
Other Comprehensive Income				
Foreign currency translation	-	1	-	223
Total Comprehensive Income for the period	<u>1,991,177</u>	<u>8,515,986</u>	<u>14,085,293</u>	<u>39,922,888</u>
Profit for the period attributable to:				
Owners of the parent	1,755,864	8,516,143	13,175,708	39,906,358
Non-controlling interest	235,313	(158)	909,585	16,307
	<u>1,991,177</u>	<u>8,515,985</u>	<u>14,085,293</u>	<u>39,922,665</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	1,755,864	8,516,144	13,175,708	39,906,581
Non-controlling interest	235,313	(158)	909,585	16,307
	<u>1,991,177</u>	<u>8,515,986</u>	<u>14,085,293</u>	<u>39,922,888</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>0.68</u>	<u>3.30</u>	<u>5.11</u>	<u>15.48</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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2012 RM	(Restated) AS AT 31/12/2011 RM	(Restated) AS AT 01/01/2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	117,161,879	99,360,590	94,895,160
Investment in associates	1,119,233	1,212,037	1,139,144
	<u>118,281,112</u>	<u>100,572,627</u>	<u>96,034,304</u>
Current assets			
Inventories	54,566,686	67,706,552	38,674,288
Amount due from customers for contract work	2,715,850	-	-
Trade and other receivables	45,194,559	64,128,896	44,971,301
Other current assets	1,430,503	788,857	27,880
Cash and bank balances	78,274,277	75,332,557	103,508,813
	<u>182,181,875</u>	<u>207,956,862</u>	<u>187,182,282</u>
TOTAL ASSETS	<u>300,462,987</u>	<u>308,529,489</u>	<u>283,216,586</u>
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	-	1,587,460	4,273,555
Loans and borrowings	2,295,475	24,957,301	1,480,144
Trade and other payables	35,564,819	24,156,210	27,058,836
Income tax payable	2,500,359	1,173,333	4,916,662
	<u>40,360,653</u>	<u>51,874,304</u>	<u>37,729,197</u>
Net Current assets	<u>141,821,222</u>	<u>156,082,558</u>	<u>149,453,085</u>
Non-current liabilities			
Loans and borrowings	1,916,274	1,564,686	2,868,064
Deferred tax liabilities	916,829	2,239,361	2,648,628
	<u>2,833,103</u>	<u>3,804,047</u>	<u>5,516,692</u>
Total liabilities	<u>43,193,756</u>	<u>55,678,351</u>	<u>43,245,889</u>
Net assets	<u>257,269,231</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	122,705,267	119,196,759	106,424,737
	<u>251,601,074</u>	<u>248,092,566</u>	<u>235,321,460</u>
Non-controlling interest	<u>5,668,157</u>	<u>4,758,572</u>	<u>4,649,237</u>
Total equity	<u>257,269,231</u>	<u>252,851,138</u>	<u>239,970,697</u>
TOTAL EQUITY AND LIABILITIES	<u>300,462,987</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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	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)
At 30 September 2011	<u>128,896,000</u>	<u>-</u>	<u>946</u>	<u>122,163,096</u>	<u>251,060,042</u>	<u>4,265,544</u>	<u>255,325,586</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	-	-	-	13,175,708	13,175,708	909,585	14,085,293
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,175,708	13,175,708	909,585	14,085,293
Final dividend for FYE 31 December 2011	-	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
At 30 September 2012	<u>128,896,000</u>	<u>-</u>	<u>(193)</u>	<u>122,705,267</u>	<u>251,601,074</u>	<u>5,668,157</u>	<u>257,269,231</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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2012 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2011 RM
Profit before taxation	18,760,101	52,731,617
Adjustments for:		
Depreciation of property, plant & equipment	3,615,462	3,692,424
Interest expense	167,323	188,799
Property, plant & equipment written off	108	973
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	273,734	-
Interest income	(2,064,402)	(2,382,444)
Share of results of associates	32,803	(120,822)
Total adjustments	<u>1,940,113</u>	<u>1,378,930</u>
Operating cash flows before changes in working capital	20,700,214	54,110,547
Changes in working capital		
Decrease/(increase) in inventories	13,139,866	(3,719,052)
Increase in amount due from customers for contract work	(2,715,850)	-
Decrease in amount due to customers for contract work	(1,587,460)	(3,577,500)
Decrease in receivables	19,076,427	698,912
Increase/(decrease) in payables	11,408,609	(6,475,153)
Increase in other current assets	(1,709)	(9,016)
Cash flows from operations	<u>60,020,097</u>	<u>41,028,738</u>
Interest paid	(167,323)	(188,799)
Taxation paid, net of refund (if any)	<u>(5,330,251)</u>	<u>(13,977,169)</u>
Net cash flows from operating activities	<u>54,522,523</u>	<u>26,862,770</u>
Investing activities		
Purchase of property, plant & equipment	(21,416,860)	(6,372,448)
Interest received	1,733,495	2,094,012
Dividend received	80,000	60,000
Net cash flows used in investing activities	<u>(19,603,365)</u>	<u>(4,218,436)</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)	2,500,000
Net Proceeds from/(repayment of) lease financing	1,361,762	(1,137,669)
Net cash flows used in financing activities	<u>(31,977,438)</u>	<u>(23,205,668)</u>
Net increase/(decrease) in cash and cash equivalents	2,941,720	(561,334)
Effect of exchange rate changes on cash and cash equivalents	-	213
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><u>78,274,277</u></u>	<u><u>102,947,692</u></u>

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