

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2012 RM	COMPARATIVE QUARTER ENDED 31/12/2011 RM	CURRENT PERIOD ENDED 31/12/2012 RM	COMPARATIVE PERIOD ENDED 31/12/2011 RM
Revenue	38,467,525	69,383,739	166,709,124	234,484,062
Cost of sales	<u>(26,483,743)</u>	<u>(54,118,968)</u>	<u>(126,357,017)</u>	<u>(158,897,274)</u>
Gross profit	11,983,782	15,264,771	40,352,107	75,586,788
Other income	1,304,126	885,532	4,322,011	4,868,786
Distribution costs	(267,499)	(435,023)	(981,490)	(1,511,444)
Administrative expenses	(4,081,246)	(5,114,202)	(14,121,846)	(14,318,285)
Other expenses	(743,807)	(685,841)	(2,415,199)	(1,911,014)
Finance costs	(126,337)	(258,792)	(293,660)	(447,591)
Share of results of associates	87,516	12,071	54,713	132,893
Profit before tax	8,156,535	9,668,516	26,916,636	62,400,133
Income tax expense	<u>(372,442)</u>	<u>(2,474,625)</u>	<u>(5,047,250)</u>	<u>(15,283,577)</u>
Profit for the period	7,784,093	7,193,891	21,869,386	47,116,556
Other Comprehensive Income				
Foreign currency translation	<u>193</u>	<u>(1,139)</u>	<u>193</u>	<u>(916)</u>
Total Comprehensive Income for the period	7,784,286	7,192,752	21,869,579	47,115,640
Profit for the period attributable to:				
Owners of the parent	7,317,879	6,700,863	20,493,587	46,607,221
Non-controlling interest	<u>466,214</u>	<u>493,028</u>	<u>1,375,799</u>	<u>509,335</u>
	<u>7,784,093</u>	<u>7,193,891</u>	<u>21,869,386</u>	<u>47,116,556</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	7,318,072	6,699,724	20,493,780	46,606,305
Non-controlling interest	<u>466,214</u>	<u>493,028</u>	<u>1,375,799</u>	<u>509,335</u>
	<u>7,784,286</u>	<u>7,192,752</u>	<u>21,869,579</u>	<u>47,115,640</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>2.84</u>	<u>2.60</u>	<u>7.95</u>	<u>18.08</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 FOURTH QUARTER ENDED 31 DECEMBER 2012**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2012 RM	(Restated) AS AT 31/12/2011 RM	(Restated) AS AT 01/01/2011 RM
ASSETS			
Non-current assets			
Property, plant & equipment	122,668,690	99,360,590	94,895,160
Investment in associates	1,246,749	1,212,037	1,139,144
Deferred tax assets	1,371,927	-	-
	<u>125,287,366</u>	<u>100,572,627</u>	<u>96,034,304</u>
Current assets			
Inventories	47,947,224	67,706,552	38,674,288
Trade and other receivables	53,576,833	64,128,896	44,971,301
Other current assets	3,325,224	788,857	27,880
Cash and bank balances	69,290,714	75,332,557	103,508,813
	<u>174,139,995</u>	<u>207,956,862</u>	<u>187,182,282</u>
TOTAL ASSETS	<u>299,427,361</u>	<u>308,529,489</u>	<u>283,216,586</u>
EQUITY AND LIABILITIES			
Current liabilities			
Amount due to customers for contract work	828,970	1,587,460	4,273,555
Loans and borrowings	8,537,107	24,957,301	1,480,144
Trade and other payables	18,720,660	24,156,210	27,058,836
Income tax payable	1,343,511	1,173,333	4,916,662
	<u>29,430,248</u>	<u>51,874,304</u>	<u>37,729,197</u>
Net Current assets	<u>144,709,747</u>	<u>156,082,558</u>	<u>149,453,085</u>
Non-current liabilities			
Loans and borrowings	2,205,204	1,564,686	2,868,064
Deferred tax liabilities	2,738,392	2,239,361	2,648,628
	<u>4,943,596</u>	<u>3,804,047</u>	<u>5,516,692</u>
Total liabilities	<u>34,373,844</u>	<u>55,678,351</u>	<u>43,245,889</u>
Net assets	<u>265,053,517</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)	723
Retained earnings	130,023,146	119,196,759	106,424,737
	<u>258,919,146</u>	<u>248,092,566</u>	<u>235,321,460</u>
Non-controlling interest	<u>6,134,371</u>	<u>4,758,572</u>	<u>4,649,237</u>
Total equity	<u>265,053,517</u>	<u>252,851,138</u>	<u>239,970,697</u>
TOTAL EQUITY AND LIABILITIES	<u>299,427,361</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 FOURTH QUARTER ENDED 31 DECEMBER 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 ----->		Distributable Retained Earnings RM	Total RM			RM	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	-	-	-	46,607,221	46,607,221	509,335	47,116,556		
Other comprehensive income for the period	-	-	(916)	-	(916)	-	(916)		
Total comprehensive income for the period	-	-	(916)	46,607,221	46,606,305	509,335	47,115,640		
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)		
Interim dividend for FYE 31 December 2011	-	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)		
At 31 December 2011	<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>		
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	-	-	-	20,493,587	20,493,587	1,375,799	21,869,386		
Other comprehensive income for the period	-	-	193	-	193	-	193		
Total comprehensive income for the period	-	-	193	20,493,587	20,493,780	1,375,799	21,869,579		
Final dividend for FYE 31 December 2011	-	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)		
At 31 December 2012	<u>128,896,000</u>	<u>-</u>	<u>-</u>	<u>130,023,146</u>	<u>258,919,146</u>	<u>6,134,371</u>	<u>265,053,517</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 FOURTH QUARTER ENDED 31 DECEMBER 2012**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2012 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2011 RM
Profit before taxation	26,916,636	62,400,133
Adjustments for:		
Depreciation of property, plant & equipment	4,912,824	4,922,244
Interest expense	293,660	447,591
Property, plant & equipment written off	1,505	973
Gain on disposal of property, plant & equipment	-	(52,521)
Bad debts written off	15,083	-
Provision for doubtful debts	-	99,553
Reversal of provision for doubtful debts	(129,780)	-
Inventory written off	-	1,134
Impairment loss on trade receivables	618,552	188,718
Interest income	(2,724,751)	(2,970,519)
Share of results of associates	(54,713)	(132,893)
Total adjustments	<u>2,932,380</u>	<u>2,504,280</u>
Operating cash flows before changes in working capital	29,849,016	64,904,413
Changes in working capital		
Decrease/(increase) in inventories	19,759,328	(29,033,398)
Decrease in amount due to customers for contract work	(758,490)	(2,686,095)
Decrease/(increase) in receivables	10,609,214	(19,157,435)
Decrease in payables	(5,435,550)	(2,902,626)
Decrease in other current assets	1,615	16,851
Cash flows from operations	<u>54,025,133</u>	<u>11,141,710</u>
Interest paid	(293,660)	(447,591)
Taxation paid, net of refund (if any)	(8,287,950)	(20,214,001)
Net cash flows from operating activities	<u>45,443,523</u>	<u>(9,519,882)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	85,500
Purchase of property, plant & equipment	(28,222,429)	(9,421,626)
Investment in an associate company	(40,000)	-
Interest received	2,163,745	2,682,088
Dividend received	60,000	60,000
Net cash flows used in investing activities	<u>(26,038,684)</u>	<u>(6,594,038)</u>
Financing activities		
Dividend paid to shareholders of the Company	(9,667,200)	(33,835,199)
Dividend paid to non-controlling shareholder of a subsidiary	-	(400,000)
Net (repayment of)/proceeds from short-term borrowings	(16,672,000)	23,672,000
Net proceeds from/(repayment of) lease financing	892,325	(1,498,221)
Net cash flows used in financing activities	<u>(25,446,875)</u>	<u>(12,061,420)</u>
Net decrease in cash and cash equivalents	(6,042,036)	(28,175,340)
Effect of exchange rate changes on cash and cash equivalents	193	(916)
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>69,290,714</u>	<u>75,332,557</u>

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