

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013****Unaudited Condensed Consolidated Statements of Comprehensive Income**

|  | 3 MONTHS ENDED                                  |   | CUMULATIVE 3 MONTHS ENDED                      |  |
|--|---|---|--|--|
|  | CURRENT<br>QUARTER<br>ENDED<br>31/03/2013<br>RM | COMPARATIVE<br>QUARTER<br>ENDED<br>31/03/2012<br>RM | CURRENT<br>PERIOD<br>ENDED<br>31/03/2013<br>RM | COMPARATIVE<br>PERIOD<br>ENDED<br>31/03/2012<br>RM |
| Revenue  | 64,281,659                                      | 52,536,190  | 64,281,659                                     | 52,536,190   |
| Cost of sales  | (43,836,955)                                    | (39,153,984)  | (43,836,955)                                   | (39,153,984)                                       |
| <b>Gross profit</b>  | <u>20,444,704</u>                               | <u>13,382,206</u>                                   | <u>20,444,704</u>                              | <u>13,382,206</u>                                  |
| Other income   | 930,990   | 1,061,772   | 930,990  | 1,061,772  |
| Distribution costs   | (307,658)                                       | (177,703)   | (307,658)                                      | (177,703)  |
| Administrative expenses                                      | (4,418,730)                                     | (3,051,643)   | (4,418,730)                                    | (3,051,643)  |
| Other expenses   | (878,196)                                       | (492,896)   | (878,196)                                      | (492,896)  |
| Finance costs  | (74,036)  | (81,185)  | (74,036)                                       | (81,185)   |
| Share of results of associates                               | 106,949   | 11,819  | 106,949  | 11,819   |
| <b>Profit before tax</b>                                     | <u>15,804,023</u>                               | <u>10,652,370</u>                                   | <u>15,804,023</u>                              | <u>10,652,370</u>                                  |
| Income tax expense   | (3,888,324)                                     | (2,617,008)   | (3,888,324)                                    | (2,617,008)  |
| <b>Profit for the period</b>                                 | <u>11,915,699</u>                               | <u>8,035,362</u>                                    | <u>11,915,699</u>                              | <u>8,035,362</u>                                   |
| <b>Other Comprehensive Income</b>                            | <u>-</u>  | <u>-</u>  | <u>-</u>                                       | <u>-</u>   |
| <b>Total Comprehensive Income for the period</b>             | <u>11,915,699</u>                               | <u>8,035,362</u>                                    | <u>11,915,699</u>                              | <u>8,035,362</u>                                   |
| Profit for the period attributable to:                       |   |   |  |  |
| Owners of the parent   | 11,378,304                                      | 7,710,733   | 11,378,304                                     | 7,710,733  |
| Non-controlling interest                                     | 537,395   | 324,629   | 537,395  | 324,629  |
|  | <u>11,915,699</u>                               | <u>8,035,362</u>                                    | <u>11,915,699</u>                              | <u>8,035,362</u>                                   |
| Total Comprehensive Income for the period attributable to:   |   |   |  |  |
| Owners of the parent   | 11,378,304                                      | 7,710,733   | 11,378,304                                     | 7,710,733  |
| Non-controlling interest                                     | 537,395   | 324,629   | 537,395  | 324,629  |
|  | <u>11,915,699</u>                               | <u>8,035,362</u>                                    | <u>11,915,699</u>                              | <u>8,035,362</u>                                   |
| <b>Earnings per share attributable to owners the parent:</b> |   |   |  |  |
| Basic, for profit for the period (sen)                       | <u>4.41</u>                                     | <u>2.99</u>   | <u>4.41</u>                                    | <u>2.99</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 2013****Unaudited Condensed Consolidated Statements of Financial Position**

|  | AS AT<br>31/03/2013<br>RM | AS AT<br>31/12/2012<br>RM |
|--|---------------------------|---------------------------|
| <b>ASSETS</b>                                      |                           |                           |
| <b>Non-current assets</b>                          |                           |                           |
| Property, plant & equipment                        | 124,892,379               | 122,668,690               |
| Investment in associates                           | 1,713,698                 | 1,246,749                 |
| Deferred tax assets                                | 984,057                   | 1,371,927                 |
|  | <u>127,590,134</u>        | <u>125,287,366</u>        |
| <b>Current assets</b>                              |                           |                           |
| Inventories  | 33,775,248                | 47,947,224                |
| Trade and other receivables                        | 59,380,853                | 53,576,833                |
| Other current assets                               | 2,304,283                 | 3,325,224                 |
| Investment securities                              | 76,305,416                | 53,870,519                |
| Cash and bank balances                             | 3,390,011                 | 15,420,195                |
|  | <u>175,155,811</u>        | <u>174,139,995</u>        |
| <b>TOTAL ASSETS</b>                                | <b><u>302,745,945</u></b> | <b><u>299,427,361</u></b> |
| <b>EQUITY AND LIABILITIES</b>                      |                           |                           |
| <b>Current liabilities</b>                         |                           |                           |
| Amount due to customers for contract work          | 2,735,809                 | 828,970                   |
| Loans and borrowings                               | 1,363,442                 | 8,537,107                 |
| Trade and other payables                           | 16,076,378                | 18,720,660                |
| Income tax payable                                 | 1,088,020                 | 1,343,511                 |
|  | <u>21,263,649</u>         | <u>29,430,248</u>         |
| <b>Net Current assets</b>                          | <b><u>153,892,162</u></b> | <b><u>144,709,747</u></b> |
| <b>Non-current liabilities</b>                     |                           |                           |
| Loans and borrowings                               | 1,888,935                 | 2,205,204                 |
| Deferred tax liabilities                           | 2,624,145                 | 2,738,392                 |
|  | <u>4,513,080</u>          | <u>4,943,596</u>          |
| <b>Total liabilities</b>                           | <b><u>25,776,729</u></b>  | <b><u>34,373,844</u></b>  |
| <b>Net assets</b>                                  | <b><u>276,969,216</u></b> | <b><u>265,053,517</u></b> |
| <b>Equity attributable to owners of the parent</b> |                           |                           |
| Share capital                                      | 128,896,000               | 128,896,000               |
| Retained earnings                                  | 141,401,450               | 130,023,146               |
|  | <u>270,297,450</u>        | <u>258,919,146</u>        |
| <b>Non-controlling interest</b>                    | <b><u>6,671,766</u></b>   | <b><u>6,134,371</u></b>   |
| <b>Total equity</b>                                | <b><u>276,969,216</u></b> | <b><u>265,053,517</u></b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <b><u>302,745,945</u></b> | <b><u>299,427,361</u></b> |

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

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013****Unaudited Condensed Consolidated Statements of Changes in Equity**

|   | <----- Attributable to owners of the parent -----> |  |   |                    | Non-controlling<br>Interest | Total<br>Equity    |
|---|--|--|---|--------------------|-----------------------------|--------------------|
|   | Share<br>Capital<br>RM                             | Non-Distributable<br>Other<br>Reserves<br>RM | Distributable<br>Retained<br>Earnings<br>RM | Total<br>RM        |                             |                    |
| <b>At 1 January 2012</b>                  | 128,896,000  | (193)  | 119,196,759                                 | 248,092,566        | 4,758,572                   | 252,851,138        |
| 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          |
| <b>At 31 March 2012</b>                   | <u>128,896,000</u>                                 | <u>(193)</u>                                 | <u>126,907,492</u>                          | <u>255,803,299</u> | <u>5,083,201</u>            | <u>260,886,500</u> |
| <b>At 1 January 2013</b>                  | 128,896,000  | -  | 130,023,146                                 | 258,919,146        | 6,134,371                   | 265,053,517        |
| Profit for the period                     | -  | -  | 11,378,304                                  | 11,378,304         | 537,395                     | 11,915,699         |
| Other comprehensive income for the period | -  | -  | -   | -                  | -                           | -                  |
| Total comprehensive income for the period | -  | -  | 11,378,304                                  | 11,378,304         | 537,395                     | 11,915,699         |
| <b>At 31 March 2013</b>                   | <u>128,896,000</u>                                 | <u>-</u>                                     | <u>141,401,450</u>                          | <u>270,297,450</u> | <u>6,671,766</u>            | <u>276,969,216</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 2013****Unaudited Condensed Consolidated Statements of Cash Flows**

|  | CUMULATIVE<br>3 MONTHS ENDED<br>31/03/2013<br>RM | CUMULATIVE<br>3 MONTHS ENDED<br>31/03/2012<br>RM |
|--|--|--|
| Profit before taxation                                   | 15,804,023                                       | 10,652,370                                       |
| Adjustments for:   |  |  |
| Depreciation of property, plant & equipment              | 1,536,623  | 1,182,776  |
| Interest expense   | 74,036   | 81,185   |
| Property, plant & equipment written off                  | 618  | 108  |
| Impairment loss on trade receivables                     | 22,504   | 103,080  |
| Fair value changes in investment securities              | (436,579)  | (490,227)  |
| Interest income  | (271,039)  | (229,054)  |
| Share of results of associates                           | (106,949)  | (11,819)   |
| Total adjustments  | 819,214  | 636,049  |
| Operating cash flows before changes in working capital   | 16,623,237                                       | 11,288,419                                       |
| Changes in working capital                               |  |  |
| Decrease in inventories                                  | 14,171,976                                       | 12,121,619                                       |
| Increase in amount due to customers for contract work    | 1,906,839  | 335,867  |
| (Increase)/decrease in receivables                       | (5,584,880)                                      | 10,158,135                                       |
| Decrease in payables                                     | (2,644,282)                                      | (8,868,227)                                      |
| Increase in other current assets                         | (11,857)   | (891)  |
| Cash flows from operations                               | 24,461,033                                       | 25,034,922                                       |
| Interest paid  | (74,036)   | (81,185)   |
| Taxation paid, net of refund (if any)                    | (2,837,393)                                      | (3,571,753)                                      |
| Net cash flows from operating activities                 | 21,549,604                                       | 21,381,984                                       |
| Investing activities                                     |  |  |
| Purchase of property, plant & equipment                  | (3,760,931)                                      | (7,233,987)                                      |
| Investment in an associate company                       | (390,000)  | -  |
| Net (purchase of)/proceeds from investment securities    | (21,998,318)                                     | 5,683,797  |
| Interest received  | 29,395   | 34,861   |
| Dividend received  | 30,000   | -  |
| Net cash flows used in investing activities              | (26,089,854)                                     | (1,515,329)                                      |
| Financing activities                                     |  |  |
| Net repayment of bankers' acceptances                    | (7,000,000)                                      | (19,396,000)                                     |
| Repayment of lease instalments                           | (489,934)  | (375,196)  |
| Net cash flows used in financing activities              | (7,489,934)                                      | (19,771,196)                                     |
| Net (decrease)/increase in cash and cash equivalents     | (12,030,184)                                     | 95,459   |
| Cash and cash equivalents at the beginning of the period | 15,420,195                                       | 4,205,733  |
| Cash and cash equivalents at the end of the period       | 3,390,011  | 4,301,192  |

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