

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013****Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2013 RM	COMPARATIVE QUARTER ENDED 30/06/2012 RM	CURRENT PERIOD ENDED 30/06/2013 RM	COMPARATIVE PERIOD ENDED 30/06/2012 RM
Revenue	60,089,121	33,849,387	124,370,780	86,385,577
Cost of sales	(39,798,385)	(25,774,196)	(83,635,340)	(64,928,180)
<b>Gross profit</b>	<u>20,290,736</u>	<u>8,075,191</u>	<u>40,735,440</u>	<u>21,457,397</u>
Other income	1,067,784	1,206,051	1,998,774	2,267,823
Distribution costs	(346,534)	(309,313)	(654,192)	(487,016)
Administrative expenses	(3,566,854)	(2,939,988)	(7,985,584)	(5,991,631)
Other expenses	(509,310)	(548,992)	(1,387,506)	(1,041,888)
Finance costs	(77,492)	(44,320)	(151,528)	(125,505)
Share of results of associates	(85,490)	(73,063)	21,459	(61,244)
<b>Profit before tax</b>	<u>16,772,840</u>	<u>5,365,566</u>	<u>32,576,863</u>	<u>16,017,936</u>
Income tax expense	(4,220,265)	(1,306,812)	(8,108,589)	(3,923,820)
<b>Profit for the period</b>	<u>12,552,575</u>	<u>4,058,754</u>	<u>24,468,274</u>	<u>12,094,116</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>12,552,575</u>	<u>4,058,754</u>	<u>24,468,274</u>	<u>12,094,116</u>
Profit for the period attributable to:				
Owners of the parent	11,972,071	3,709,111	23,350,375	11,419,844
Non-controlling interest	580,504	349,643	1,117,899	674,272
	<u>12,552,575</u>	<u>4,058,754</u>	<u>24,468,274</u>	<u>12,094,116</u>
Total Comprehensive Income for the period attributable to:				
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Non-controlling interest	580,504	349,643	1,117,899	674,272
	<u>12,552,575</u>	<u>4,058,754</u>	<u>24,468,274</u>	<u>12,094,116</u>
<b>Earnings per share attributable to owners the parent:</b>				
Basic, for profit for the period (sen)	<u>4.64</u>	<u>1.44</u>	<u>9.06</u>	<u>4.43</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 2013****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2013 RM	AS AT 31/12/2012 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	126,829,174	122,668,690
Investment in associates	2,058,208	1,246,749
Deferred tax assets	953,464	1,371,927
	<u>129,840,846</u>	<u>125,287,366</u>
<b>Current assets</b>		
Inventories	48,371,317	47,947,224
Trade and other receivables	66,103,724	53,576,833
Other current assets	922,853	3,325,224
Investment securities	69,879,541	53,870,519
Cash and bank balances	4,781,614	15,420,195
	<u>190,059,049</u>	<u>174,139,995</u>
<b>TOTAL ASSETS</b>	<b><u>319,899,895</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	897,146	828,970
Loans and borrowings	1,309,808	8,537,107
Trade and other payables	32,257,178	18,720,660
Income tax payable	2,044,275	1,343,511
	<u>36,508,407</u>	<u>29,430,248</u>
<b>Net Current assets</b>	<u>153,550,642</u>	<u>144,709,747</u>
<b>Non-current liabilities</b>		
Loans and borrowings	1,568,397	2,205,204
Deferred tax liabilities	2,568,500	2,738,392
	<u>4,136,897</u>	<u>4,943,596</u>
<b>Total liabilities</b>	<u>40,645,304</u>	<u>34,373,844</u>
<b>Net assets</b>	<u>279,254,591</u>	<u>265,053,517</u>
<b>Equity attributable to owners of the parent</b>		
Share capital	128,896,000	128,896,000
Retained earnings	143,706,321	130,023,146
	<u>272,602,321</u>	<u>258,919,146</u>
<b>Non-controlling interest</b>	<u>6,652,270</u>	<u>6,134,371</u>
<b>Total equity</b>	<u>279,254,591</u>	<u>265,053,517</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>319,899,895</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.)

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013****Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Total RM	Non-controlling Interest RM	Total Equity RM
	Share Capital RM	Non-Distributable Other Reserves RM	Distributable Retained Earnings 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	-	-	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
Final dividend for FYE 31 December 2011	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
<b>At 30 June 2012</b>	<u>128,896,000</u>	<u>(193)</u>	<u>120,949,403</u>	<u>249,845,210</u>	<u>5,432,844</u>	<u>255,278,054</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	-	-	23,350,375	23,350,375	1,117,899	24,468,274
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	23,350,375	23,350,375	1,117,899	24,468,274
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	(600,000)	(600,000)
First & final dividend for FYE 31 December 2012	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
<b>At 30 June 2013</b>	<u>128,896,000</u>	<u>-</u>	<u>143,706,321</u>	<u>272,602,321</u>	<u>6,652,270</u>	<u>279,254,591</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 2013****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2013 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2012 RM
Profit before taxation	32,576,863	16,017,936
Adjustments for:		
Depreciation of property, plant & equipment	3,078,230	2,359,249
Interest expense	151,528	125,505
Property, plant & equipment written off	619	108
Loss 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	106,075	224,668
Fair value changes in investment securities	(1,033,366)	(1,016,612)
Interest income	(404,109)	(424,636)
Share of results of associates	(21,459)	61,244
Total adjustments	<u>1,877,518</u>	<u>1,244,611</u>
Operating cash flows before changes in working capital	34,454,381	17,262,547
Changes in working capital		
(Increase)/decrease in inventories	(424,093)	24,074,814
Increase in amount due to customers for contract work	68,176	193,734
(Increase)/decrease in receivables	(12,298,501)	28,793,938
Increase/(decrease) in payables	13,536,518	(15,162,357)
Increase in other current assets	(11,738)	(9,529)
Cash flows from operations	<u>35,324,743</u>	<u>55,153,147</u>
Interest paid	(151,528)	(125,505)
Taxation paid, net of refund (if any)	(4,745,145)	(6,058,940)
Net cash flows from operating activities	<u>30,428,070</u>	<u>48,968,702</u>
Investing activities		
Purchase of property, plant & equipment	(7,239,333)	(11,382,289)
Investment in an associate company	(820,000)	-
Net purchase of investment securities	(14,975,656)	(3,772,744)
Interest received	69,644	117,792
Dividend received	30,000	80,000
Net cash flows used in investing activities	<u>(22,935,345)</u>	<u>(14,957,241)</u>
Financing activities		
Dividend paid to shareholders of the Company	(9,667,200)	(9,667,200)
Dividend paid to non-controlling interest of a subsidiary	(600,000)	-
Net repayment of bankers' acceptances	(7,000,000)	(23,672,000)
Repayment of lease instalments	(864,106)	(750,963)
Net cash flows used in financing activities	<u>(18,131,306)</u>	<u>(34,090,163)</u>
Net decrease in cash and cash equivalents	(10,638,581)	(78,702)
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	<u>4,781,614</u>	<u>4,127,031</u>

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