

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2013 RM	COMPARATIVE QUARTER ENDED 31/12/2012 RM	CURRENT PERIOD ENDED 31/12/2013 RM	COMPARATIVE PERIOD ENDED 31/12/2012 RM
Revenue	47,616,943	38,467,525	228,879,891	166,709,124
Cost of sales	(36,982,334)	(26,483,743)	(162,716,891)	(126,357,017)
Gross profit	<u>10,634,609</u>	<u>11,983,782</u>	<u>66,163,000</u>	<u>40,352,107</u>
Other income	875,856	1,304,126	3,542,692	4,322,011
Distribution costs	(585,082)	(267,499)	(1,930,149)	(981,490)
Administrative expenses	(5,760,778)	(4,081,246)	(17,281,763)	(14,121,846)
Other expenses	242,430	(743,807)	(2,216,741)	(2,415,199)
Finance costs	(179,931)	(126,337)	(354,602)	(293,660)
Share of results of associates	(511,362)	87,516	(810,029)	54,713
Profit before tax	<u>4,715,742</u>	<u>8,156,535</u>	<u>47,112,408</u>	<u>26,916,636</u>
Income tax expense	(1,332,333)	(372,442)	(12,155,842)	(5,047,250)
Profit for the period	<u>3,383,409</u>	<u>7,784,093</u>	<u>34,956,566</u>	<u>21,869,386</u>
Other Comprehensive Income				
Foreign currency translation	-	193	-	193
Total Comprehensive Income for the period	<u>3,383,409</u>	<u>7,784,286</u>	<u>34,956,566</u>	<u>21,869,579</u>
Profit for the period attributable to:				
Owners of the parent	2,971,167	7,317,879	33,457,777	20,493,587
Non-controlling interest	412,242	466,214	1,498,789	1,375,799
	<u>3,383,409</u>	<u>7,784,093</u>	<u>34,956,566</u>	<u>21,869,386</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	2,971,167	7,318,072	33,457,777	20,493,780
Non-controlling interest	412,242	466,214	1,498,789	1,375,799
	<u>3,383,409</u>	<u>7,784,286</u>	<u>34,956,566</u>	<u>21,869,579</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>1.15</u>	<u>2.84</u>	<u>12.98</u>	<u>7.95</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 2013**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2013 RM	AS AT 31/12/2012 RM
ASSETS		
Non-current assets		
Property, plant & equipment	155,148,033	122,668,690
Investment in associates	2,086,720	1,246,749
Deferred tax assets	535,054	1,371,927
	<u>157,769,807</u>	<u>125,287,366</u>
Current assets		
Inventories	52,362,454	47,947,224
Amount due from customers for contract work	267,616	-
Trade and other receivables	83,504,862	53,576,833
Other current assets	570,527	3,325,224
Investment securities	25,649,203	53,870,519
Cash and bank balances	11,835,463	15,420,195
	<u>174,190,125</u>	<u>174,139,995</u>
TOTAL ASSETS	<u>331,959,932</u>	<u>299,427,361</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	-	828,970
Loans and borrowings	8,521,551	8,537,107
Trade and other payables	25,060,495	18,720,660
Income tax payable	549,412	1,343,511
	<u>34,131,458</u>	<u>29,430,248</u>
Net Current assets	<u>140,058,667</u>	<u>144,709,747</u>
Non-current liabilities		
Loans and borrowings	9,015,733	2,205,204
Deferred tax liabilities	4,225,698	2,738,392
	<u>13,241,431</u>	<u>4,943,596</u>
Total liabilities	<u>47,372,889</u>	<u>34,373,844</u>
Net assets	<u>284,587,043</u>	<u>265,053,517</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	148,657,883	130,023,146
	<u>277,553,883</u>	<u>258,919,146</u>
Non-controlling interest	<u>7,033,160</u>	<u>6,134,371</u>
Total equity	<u>284,587,043</u>	<u>265,053,517</u>
TOTAL EQUITY AND LIABILITIES	<u>331,959,932</u>	<u>299,427,361</u>

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

	<----- Attributable to owners of the parent ----->			Non-controlling	Total	
	Share	Non-Distributable	Distributable	Interest	Equity	
	Capital	Other	Retained			
	RM	Reserves	Earnings	RM	RM	
		RM	RM			
At 1 January 2012	128,896,000	(193)	119,196,759	248,092,566	4,758,572	252,851,138
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>130,023,146</u>	<u>258,919,146</u>	<u>6,134,371</u>	<u>265,053,517</u>
At 1 January 2013	128,896,000	-	130,023,146	258,919,146	6,134,371	265,053,517
Profit for the period	-	-	33,457,777	33,457,777	1,498,789	34,956,566
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	33,457,777	33,457,777	1,498,789	34,956,566
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)
Interim dividend for FYE 31 December 2013	-	-	(5,155,840)	(5,155,840)	-	(5,155,840)
At 31 December 2013	<u>128,896,000</u>	<u>-</u>	<u>148,657,883</u>	<u>277,553,883</u>	<u>7,033,160</u>	<u>284,587,043</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 2013**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2013 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2012 RM
Profit before taxation	47,112,408	26,916,636
Adjustments for:		
Depreciation of property, plant & equipment	7,498,276	4,912,824
Interest expense	354,602	293,660
Property, plant & equipment written off	728	1,505
Bad debts written off	-	15,083
Reversal of provision for doubtful debts	-	(129,780)
Impairment loss on trade receivables	317,498	618,552
Fair value changes in investment securities	(1,855,595)	(2,034,891)
Unrealised loss on foreign exchange	23,218	-
Interest income	(665,474)	(689,860)
Share of results of associates	810,029	(54,713)
Total adjustments	<u>6,483,282</u>	<u>2,932,380</u>
Operating cash flows before changes in working capital	53,595,690	29,849,016
Changes in working capital		
(Increase)/decrease in inventories	(4,415,230)	19,759,328
Increase in amount due from customers for contract work	(267,616)	-
Decrease in amount due to customers for contract work	(828,970)	(758,490)
(Increase)/decrease in receivables	(29,702,646)	10,609,214
Increase/(decrease) in payables	6,316,617	(5,435,550)
Decrease in other current assets	498	1,615
Cash flows from operations	<u>24,698,343</u>	<u>54,025,133</u>
Interest paid	(354,602)	(293,660)
Taxation paid, net of refund (if any)	<u>(7,871,563)</u>	<u>(8,287,950)</u>
Net cash flows from operating activities	<u>16,472,178</u>	<u>45,443,523</u>
Investing activities		
Purchase of property, plant & equipment	(29,416,202)	(25,696,367)
Investment in an associate company	(1,680,000)	(40,000)
Net proceeds from investment securities	30,076,911	19,291,196
Interest received	122,593	128,854
Dividend received	30,000	60,000
Net cash flows used in investing activities	<u>(866,698)</u>	<u>(6,256,317)</u>
Financing activities		
Dividend paid to shareholders of the Company	(14,823,040)	(9,667,200)
Dividend paid to non-controlling interest	(600,000)	-
Net repayment of bankers' acceptances	(1,711,000)	(16,672,000)
Repayment of lease instalments	<u>(2,056,172)</u>	<u>(1,633,737)</u>
Net cash flows used in financing activities	<u>(19,190,212)</u>	<u>(27,972,937)</u>
Net (decrease)/increase in cash and cash equivalents	(3,584,732)	11,214,269
Effect of exchange rate changes on cash and cash equivalents	-	193
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>11,835,463</u>	<u>15,420,195</u>

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