

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2014 RM	COMPARATIVE QUARTER ENDED 31/03/2013 RM	CURRENT PERIOD ENDED 31/03/2014 RM	COMPARATIVE PERIOD ENDED 31/03/2013 RM
Revenue	42,617,751	64,281,659	42,617,751	64,281,659
Cost of sales	(29,125,123)	(43,836,955)	(29,125,123)	(43,836,955)
Gross profit	<u>13,492,628</u>	<u>20,444,704</u>	<u>13,492,628</u>	<u>20,444,704</u>
Other income	721,967	930,990	721,967	930,990
Distribution costs	(1,529,028)	(307,658)	(1,529,028)	(307,658)
Administrative expenses	(5,591,476)	(4,418,730)	(5,591,476)	(4,418,730)
Other expenses	(740,845)	(878,196)	(740,845)	(878,196)
Finance costs	(353,181)	(74,036)	(353,181)	(74,036)
Share of results of associates	(620,193)	106,949	(620,193)	106,949
Profit before tax	<u>5,379,872</u>	<u>15,804,023</u>	<u>5,379,872</u>	<u>15,804,023</u>
Income tax expense	(1,432,058)	(3,888,324)	(1,432,058)	(3,888,324)
Profit for the period	<u>3,947,814</u>	<u>11,915,699</u>	<u>3,947,814</u>	<u>11,915,699</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>3,947,814</u>	<u>11,915,699</u>	<u>3,947,814</u>	<u>11,915,699</u>
Profit for the period attributable to:				
Owners of the parent	3,797,451	11,378,304	3,797,451	11,378,304
Non-controlling interest	150,363	537,395	150,363	537,395
	<u>3,947,814</u>	<u>11,915,699</u>	<u>3,947,814</u>	<u>11,915,699</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	3,797,451	11,378,304	3,797,451	11,378,304
Non-controlling interest	150,363	537,395	150,363	537,395
	<u>3,947,814</u>	<u>11,915,699</u>	<u>3,947,814</u>	<u>11,915,699</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>1.47</u>	<u>4.41</u>	<u>1.47</u>	<u>4.41</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 2014**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/03/2014 RM	AS AT 31/12/2013 RM
ASSETS		
Non-current assets		
Property, plant & equipment	155,326,327	155,148,033
Investment in associates	2,726,527	2,086,720
Deferred tax assets	511,049	510,002
	<u>158,563,903</u>	<u>157,744,755</u>
Current assets		
Inventories	65,561,464	52,362,454
Amount due from customers for contract work	1,753,515	267,616
Trade and other receivables	64,669,396	83,607,854
Other current assets	1,264,908	570,527
Investment securities	51,359,277	25,649,203
Cash and bank balances	5,326,804	11,835,463
	<u>189,935,364</u>	<u>174,293,117</u>
TOTAL ASSETS	<u>348,499,267</u>	<u>332,037,872</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	24,529,148	8,521,551
Trade and other payables	21,551,764	25,163,487
Income tax payable	169,184	549,412
	<u>46,250,096</u>	<u>34,234,450</u>
Net Current assets	<u>143,685,268</u>	<u>140,058,667</u>
Non-current liabilities		
Loans and borrowings	9,902,589	9,015,733
Deferred tax liabilities	3,811,725	4,200,646
	<u>13,714,314</u>	<u>13,216,379</u>
Total liabilities	<u>59,964,410</u>	<u>47,450,829</u>
Net assets	<u>288,534,857</u>	<u>284,587,043</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	152,455,334	148,657,883
	<u>281,351,334</u>	<u>277,553,883</u>
Non-controlling interest	<u>7,183,523</u>	<u>7,033,160</u>
Total equity	<u>288,534,857</u>	<u>284,587,043</u>
TOTAL EQUITY AND LIABILITIES	<u>348,499,267</u>	<u>332,037,872</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 FIRST QUARTER ENDED 31 MARCH 2014**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Non-controlling	Total
	Non-Distributable	Distributable	Total	Interest	Equity
	Share	Retained			
	Capital	Earnings			
	RM	RM	RM	RM	RM
At 1 January 2013	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
At 31 March 2013	<u>128,896,000</u>	<u>141,401,450</u>	<u>270,297,450</u>	<u>6,671,766</u>	<u>276,969,216</u>
At 1 January 2014	128,896,000	148,657,883	277,553,883	7,033,160	284,587,043
Profit for the period	-	3,797,451	3,797,451	150,363	3,947,814
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	3,797,451	3,797,451	150,363	3,947,814
At 31 March 2014	<u>128,896,000</u>	<u>152,455,334</u>	<u>281,351,334</u>	<u>7,183,523</u>	<u>288,534,857</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 2014**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2014 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2013 RM
Profit before taxation	5,379,872	15,804,023
Adjustments for:		
Depreciation of property, plant & equipment	2,902,893	1,536,623
Interest expense	353,181	74,036
Property, plant & equipment written off	88	618
Impairment loss on trade receivables	110,186	22,504
Dividend income	(158,899)	(282,266)
Fair value changes in investment securities	(151,416)	(154,313)
Unrealised gain on foreign exchange	(23,218)	-
Interest income	(177,192)	(271,039)
Share of results of associates	620,193	(106,949)
Total adjustments	<u>3,475,816</u>	<u>819,214</u>
Operating cash flows before changes in working capital	8,855,688	16,623,237
Changes in working capital		
(Increase)/decrease in inventories	(13,199,010)	14,171,976
Increase in amount due from customers for contract work	(1,485,899)	-
Increase in amount due to customers for contract work	-	1,906,839
Decrease/(increase) in receivables	18,970,432	(5,584,880)
Decrease in payables	(3,588,505)	(2,644,282)
Increase in other current assets	(12,352)	(11,857)
Cash flows from operations	<u>9,540,354</u>	<u>24,461,033</u>
Interest paid	(353,181)	(74,036)
Taxation paid, net of refund (if any)	<u>(2,884,283)</u>	<u>(2,837,393)</u>
Net cash flows from operating activities	<u>6,302,890</u>	<u>21,549,604</u>
Investing activities		
Purchase of property, plant & equipment	(930,333)	(3,760,931)
Investment in an associate company	(1,290,000)	(390,000)
Net proceeds from investment securities	(25,399,759)	(21,998,318)
Interest received	35,032	29,395
Dividend received	30,000	30,000
Net cash flows used in investing activities	<u>(27,555,060)</u>	<u>(26,089,854)</u>
Financing activities		
Net proceeds from/(repayment of) bankers' acceptances	15,603,000	(7,000,000)
Repayment of lease instalments	<u>(859,489)</u>	<u>(489,934)</u>
Net cash flows from/(used in) financing activities	<u>14,743,511</u>	<u>(7,489,934)</u>
Net decrease in cash and cash equivalents	(6,508,659)	(12,030,184)
Cash and cash equivalents at the beginning of the period	11,835,463	15,420,195
Cash and cash equivalents at the end of the period	<u>5,326,804</u>	<u>3,390,011</u>

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