

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2014 RM	COMPARATIVE QUARTER ENDED 30/06/2013 RM	CURRENT PERIOD ENDED 30/06/2014 RM	COMPARATIVE PERIOD ENDED 30/06/2013 RM
Revenue	48,472,810	60,089,121	91,090,561	124,370,780
Cost of sales	(34,331,108)	(39,798,385)	(63,456,231)	(83,635,340)
Gross profit	<u>14,141,702</u>	<u>20,290,736</u>	<u>27,634,330</u>	<u>40,735,440</u>
Other income	911,355	1,067,784	1,633,322	1,998,774
Distribution costs	(590,395)	(346,534)	(2,119,423)	(654,192)
Administrative expenses	(4,073,978)	(3,566,854)	(9,665,454)	(7,985,584)
Other expenses	(560,080)	(509,310)	(1,300,925)	(1,387,506)
Finance costs	(217,750)	(77,492)	(570,931)	(151,528)
Share of results of associates	(875,620)	(85,490)	(1,495,813)	21,459
Profit before tax	<u>8,735,234</u>	<u>16,772,840</u>	<u>14,115,106</u>	<u>32,576,863</u>
Income tax expense	(627,456)	(4,220,265)	(2,059,514)	(8,108,589)
Profit for the period	<u>8,107,778</u>	<u>12,552,575</u>	<u>12,055,592</u>	<u>24,468,274</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>8,107,778</u>	<u>12,552,575</u>	<u>12,055,592</u>	<u>24,468,274</u>
Profit for the period attributable to:				
Owners of the parent	7,598,047	11,972,071	11,395,498	23,350,375
Non-controlling interest	509,731	580,504	660,094	1,117,899
	<u>8,107,778</u>	<u>12,552,575</u>	<u>12,055,592</u>	<u>24,468,274</u>
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	<u>8,107,778</u>	<u>12,552,575</u>	<u>12,055,592</u>	<u>24,468,274</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>2.95</u>	<u>4.64</u>	<u>4.42</u>	<u>9.06</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 2014**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2014 RM	AS AT 31/12/2013 RM
ASSETS		
Non-current assets		
Property, plant & equipment	156,672,976	155,148,033
Investment in associates	1,850,908	2,086,720
Deferred tax assets	476,693	510,002
	<u>159,000,577</u>	<u>157,744,755</u>
Current assets		
Inventories	51,999,447	52,362,454
Amount due from customers for contract work	3,946,547	267,616
Trade and other receivables	73,601,775	83,607,854
Other current assets	2,997,403	570,527
Investment securities	22,398,079	25,649,203
Cash and bank balances	6,084,719	11,835,463
	<u>161,027,970</u>	<u>174,293,117</u>
TOTAL ASSETS	<u>320,028,547</u>	<u>332,037,872</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	9,696,116	8,521,551
Trade and other payables	12,700,432	25,163,487
Income tax payable	385,709	549,412
	<u>22,782,257</u>	<u>34,234,450</u>
Net Current assets	<u>138,245,713</u>	<u>140,058,667</u>
Non-current liabilities		
Loans and borrowings	9,880,326	9,015,733
Deferred tax liabilities	3,612,929	4,200,646
	<u>13,493,255</u>	<u>13,216,379</u>
Total liabilities	<u>36,275,512</u>	<u>47,450,829</u>
Net assets	<u>283,753,035</u>	<u>284,587,043</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	147,163,781	148,657,883
	<u>276,059,781</u>	<u>277,553,883</u>
Non-controlling interest	<u>7,693,254</u>	<u>7,033,160</u>
Total equity	<u>283,753,035</u>	<u>284,587,043</u>
TOTAL EQUITY AND LIABILITIES	<u>320,028,547</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 SECOND QUARTER ENDED 30 JUNE 2014**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Non-controlling Interest	Total Equity
	Non-Distributable Share Capital RM	Distributable Retained Earnings RM	Total 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	-	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 shareholder of a subsidiary	-	-	-	(600,000)	(600,000)
First and final dividend for FYE 31 December 2012	-	(9,667,200)	(9,667,200)	-	(9,667,200)
At 30 June 2013	<u>128,896,000</u>	<u>143,706,321</u>	<u>272,602,321</u>	<u>6,652,270</u>	<u>279,254,591</u>
At 1 January 2014	128,896,000	148,657,883	277,553,883	7,033,160	284,587,043
Profit for the period	-	11,395,498	11,395,498	660,094	12,055,592
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	11,395,498	11,395,498	660,094	12,055,592
Final dividend for FYE 31 December 2013	-	(12,889,600)	(12,889,600)	-	(12,889,600)
At 30 June 2014	<u>128,896,000</u>	<u>147,163,781</u>	<u>276,059,781</u>	<u>7,693,254</u>	<u>283,753,035</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 2014**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2014 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2013 RM
Profit before taxation	14,115,106	32,576,863
Adjustments for:		
Depreciation of property, plant & equipment	5,821,441	3,078,230
Interest expense	570,931	151,528
Property, plant & equipment written off	88	619
Gain on disposal of property, plant & equipment	(4,867)	-
Impairment loss on trade receivables	183,867	106,075
Dividend income	(327,138)	(639,336)
Fair value changes in investment securities	(271,883)	(394,030)
Unrealised gain on foreign exchange	(23,218)	-
Interest income	(303,888)	(404,109)
Share of results of associates	1,495,813	(21,459)
Total adjustments	<u>7,141,146</u>	<u>1,877,518</u>
Operating cash flows before changes in working capital	21,256,252	34,454,381
Changes in working capital		
Decrease/(increase) in inventories	363,007	(424,093)
Increase in amount due from customers for contract work	(3,678,931)	-
Increase in amount due to customers for contract work	-	68,176
Decrease/(increase) in receivables	10,046,245	(12,298,501)
(Decrease)/increase in payables	(12,439,837)	13,536,518
Increase in other current assets	(12,235)	(11,738)
Cash flows from operations	<u>15,534,501</u>	<u>35,324,743</u>
Interest paid	(570,931)	(151,528)
Taxation paid, net of refund (if any)	(5,192,268)	(4,745,145)
Net cash flows from operating activities	<u>9,771,302</u>	<u>30,428,070</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	12,861	-
Purchase of property, plant & equipment	(4,109,662)	(7,239,333)
Investment in an associate company	(1,290,000)	(820,000)
Net proceeds from/(purchase of) investment securities	3,850,145	(14,975,656)
Interest received	79,855	69,644
Dividend received	30,000	30,000
Net cash flows used in investing activities	<u>(1,426,801)</u>	<u>(22,935,345)</u>
Financing activities		
Dividend paid to shareholders of the Company	(12,889,600)	(9,667,200)
Dividend paid to non-controlling interest	-	(600,000)
Net proceeds from/(repayment of) bankers' acceptances	681,000	(7,000,000)
Repayment of lease instalments	(1,886,645)	(864,106)
Net cash flows used in financing activities	<u>(14,095,245)</u>	<u>(18,131,306)</u>
Net decrease in cash and cash equivalents	(5,750,744)	(10,638,581)
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>6,084,719</u>	<u>4,781,614</u>

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