

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2014 RM	COMPARATIVE QUARTER ENDED 30/09/2013 RM	CURRENT PERIOD ENDED 30/09/2014 RM	COMPARATIVE PERIOD ENDED 30/09/2013 RM
Revenue	44,828,142	56,892,168	135,918,703	181,262,948
Cost of sales	(33,949,268)	(42,099,217)	(97,405,499)	(125,734,557)
<b>Gross profit</b>	<u>10,878,874</u>	<u>14,792,951</u>	<u>38,513,204</u>	<u>55,528,391</u>
Other income	585,395	668,062	2,218,717	2,666,836
Distribution costs	(902,583)	(690,875)	(3,022,006)	(1,345,067)
Administrative expenses	(3,753,156)	(3,535,401)	(13,418,610)	(11,520,985)
Other expenses	(770,748)	(1,071,665)	(2,071,673)	(2,459,171)
Finance costs	(352,157)	(23,143)	(923,088)	(174,671)
Share of results of associates	(930,155)	(320,126)	(2,425,967)	(298,667)
<b>Profit before tax</b>	<u>4,755,470</u>	<u>9,819,803</u>	<u>18,870,577</u>	<u>42,396,666</u>
Income tax expense	(2,609,920)	(2,714,920)	(4,669,434)	(10,823,509)
<b>Profit for the period</b>	<u>2,145,550</u>	<u>7,104,883</u>	<u>14,201,143</u>	<u>31,573,157</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>2,145,550</u>	<u>7,104,883</u>	<u>14,201,143</u>	<u>31,573,157</u>
Profit for the period attributable to:				
Owners of the parent	1,226,092	7,136,235	12,621,591	30,486,610
Non-controlling interest	919,458	(31,352)	1,579,552	1,086,547
	<u>2,145,550</u>	<u>7,104,883</u>	<u>14,201,143</u>	<u>31,573,157</u>
Total Comprehensive Income for the period attributable to:				
Owners of the parent	1,226,092	7,136,235	12,621,591	30,486,610
Non-controlling interest	919,458	(31,352)	1,579,552	1,086,547
	<u>2,145,550</u>	<u>7,104,883</u>	<u>14,201,143</u>	<u>31,573,157</u>
<b>Earnings per share attributable to owners the parent:</b>				
Basic, for profit for the period (sen)	<u>0.48</u>	<u>2.77</u>	<u>4.90</u>	<u>11.83</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 THIRD QUARTER ENDED 30 SEPTEMBER 2014****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2014 RM	AS AT 31/12/2013 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	156,086,999	155,148,033
Investment in associates	1,780,753	2,086,720
Deferred tax assets	-	510,002
	<u>157,867,752</u>	<u>157,744,755</u>
<b>Current assets</b>		
Inventories	49,035,311	52,362,454
Amount due from customers for contract work	422,759	267,616
Trade and other receivables	66,174,412	83,607,854
Other current assets	3,962,312	570,527
Investment securities	44,683,939	25,649,203
Cash and bank balances	9,150,115	11,835,463
	<u>173,428,848</u>	<u>174,293,117</u>
<b>TOTAL ASSETS</b>	<b><u>331,296,600</u></b>	<b><u>332,037,872</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	17,786,767	8,521,551
Trade and other payables	12,593,050	25,163,487
Income tax payable	1,761,305	549,412
	<u>32,141,122</u>	<u>34,234,450</u>
<b>Net Current assets</b>	<b><u>141,287,726</u></b>	<b><u>140,058,667</u></b>
<b>Non-current liabilities</b>		
Loans and borrowings	10,219,289	9,015,733
Deferred tax liabilities	3,037,603	4,200,646
	<u>13,256,892</u>	<u>13,216,379</u>
<b>Total liabilities</b>	<b><u>45,398,014</u></b>	<b><u>47,450,829</u></b>
<b>Net assets</b>	<b><u>285,898,586</u></b>	<b><u>284,587,043</u></b>
<b>Equity attributable to owners of the parent</b>		
Share capital	128,896,000	128,896,000
Retained earnings	148,389,874	148,657,883
	<u>277,285,874</u>	<u>277,553,883</u>
<b>Non-controlling interest</b>	<b><u>8,612,712</u></b>	<b><u>7,033,160</u></b>
<b>Total equity</b>	<b><u>285,898,586</u></b>	<b><u>284,587,043</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>331,296,600</u></b>	<b><u>332,037,872</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 THIRD QUARTER ENDED 30 SEPTEMBER 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		
<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	-	30,486,610	30,486,610	1,086,547	31,573,157
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	30,486,610	30,486,610	1,086,547	31,573,157
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)
<b>At 30 September 2013</b>	<u>128,896,000</u>	<u>150,842,556</u>	<u>279,738,556</u>	<u>6,620,918</u>	<u>286,359,474</u>
<b>At 1 January 2014</b>	128,896,000	148,657,883	277,553,883	7,033,160	284,587,043
Profit for the period	-	12,621,591	12,621,591	1,579,552	14,201,143
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	12,621,591	12,621,591	1,579,552	14,201,143
Final dividend for FYE 31 December 2013	-	(12,889,600)	(12,889,600)	-	(12,889,600)
<b>At 30 September 2014</b>	<u>128,896,000</u>	<u>148,389,874</u>	<u>277,285,874</u>	<u>8,612,712</u>	<u>285,898,586</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 THIRD QUARTER ENDED 30 SEPTEMBER 2014****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2014 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2013 RM
Profit before taxation	18,870,577	42,396,666
Adjustments for:		
Depreciation of property, plant & equipment	8,753,415	5,077,166
Interest expense	923,088	174,671
Property, plant & equipment written off	3,061	619
Gain on disposal of property, plant & equipment	(47,989)	-
Impairment loss on trade receivables	260,639	180,252
Dividend income	(510,578)	(882,084)
Fair value changes in investment securities	(327,703)	(657,211)
Unrealised gain on foreign exchange	(23,218)	-
Interest income	(409,216)	(518,342)
Share of results of associates	2,425,967	298,667
Total adjustments	<u>11,047,466</u>	<u>3,673,738</u>
Operating cash flows before changes in working capital	29,918,043	46,070,404
Changes in working capital		
Decrease in inventories	3,327,143	2,471,454
Increase in amount due from customers for contract work	(155,143)	-
Increase in amount due to customers for contract work	-	1,159,553
Decrease/(increase) in receivables	17,468,638	(9,597,194)
(Decrease)/increase in payables	(12,547,219)	7,436,977
Increase in other current assets	(6,118)	(5,620)
Cash flows from operations	<u>38,005,344</u>	<u>47,535,574</u>
Interest paid	(923,088)	(174,671)
Taxation paid, net of refund (if any)	(7,496,251)	(7,075,293)
Net cash flows from operating activities	<u>29,586,005</u>	<u>40,285,610</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	39,181	-
Purchase of property, plant & equipment	(4,873,274)	(16,916,286)
Investment in an associate company	(2,150,000)	(820,000)
Net purchase of investment securities	(18,196,455)	(14,515,511)
Net cash inflow from voluntary winding up of subsidiaries	15,997	-
Interest received	113,381	97,520
Dividend received	30,000	30,000
Net cash flows used in investing activities	<u>(25,021,170)</u>	<u>(32,124,277)</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	8,421,000	(7,000,000)
Repayment of lease instalments	(2,781,583)	(1,409,276)
Net cash flows used in financing activities	<u>(7,250,183)</u>	<u>(18,676,476)</u>
Net decrease in cash and cash equivalents	(2,685,348)	(10,515,143)
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>9,150,115</u>	<u>4,905,052</u>

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