

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2015 RM	COMPARATIVE QUARTER ENDED 30/06/2014 RM	CURRENT PERIOD ENDED 30/06/2015 RM	COMPARATIVE PERIOD ENDED 30/06/2014 RM
Revenue	30,122,622	48,472,810	106,849,315	91,090,561
Cost of sales	<u>(16,303,481)</u>	<u>(34,331,108)</u>	<u>(54,895,221)</u>	<u>(63,456,231)</u>
Gross profit	13,819,141	14,141,702	51,954,094	27,634,330
Other income	1,842,075	911,355	3,126,272	1,633,322
Distribution costs	(124,022)	(590,395)	(306,413)	(2,119,423)
Administrative expenses	(4,069,875)	(4,073,978)	(8,737,955)	(9,665,454)
Other expenses	(745,691)	(560,080)	(1,213,421)	(1,300,925)
Finance costs	(141,646)	(217,750)	(290,773)	(570,931)
Share of results of associates	<u>(142,346)</u>	<u>(875,620)</u>	<u>279,599</u>	<u>(1,495,813)</u>
Profit before tax	10,437,636	8,735,234	44,811,403	14,115,106
Income tax expense	<u>(2,876,689)</u>	<u>(627,456)</u>	<u>(8,643,063)</u>	<u>(2,059,514)</u>
Profit for the period	7,560,947	8,107,778	36,168,340	12,055,592
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	7,560,947	8,107,778	36,168,340	12,055,592
Profit for the period attributable to:				
Owners of the parent	6,667,691	7,598,047	33,338,401	11,395,498
Non-controlling interests	<u>893,256</u>	<u>509,731</u>	<u>2,829,939</u>	<u>660,094</u>
	7,560,947	8,107,778	36,168,340	12,055,592
Total Comprehensive Income for the period attributable to:				
Owners of the parent	6,667,691	7,598,047	33,338,401	11,395,498
Non-controlling interests	<u>893,256</u>	<u>509,731</u>	<u>2,829,939</u>	<u>660,094</u>
	7,560,947	8,107,778	36,168,340	12,055,592
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>2.59</u>	<u>2.95</u>	<u>12.93</u>	<u>4.42</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.)

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2015 RM	AS AT 31/12/2014 RM
ASSETS		
Non-current assets		
Property, plant & equipment	152,087,787	157,259,373
Investment in associates	<u>2,510,678</u>	<u>1,391,079</u>
	<u>154,598,465</u>	<u>158,650,452</u>
Current assets		
Inventories	30,004,545	38,860,261
Amount due from customers for contract work	307,050	-
Trade and other receivables	27,211,391	41,732,952
Other current assets	3,745,734	2,867,049
Investment securities	122,621,553	91,090,687
Cash and bank balances	<u>9,631,676</u>	<u>7,549,362</u>
	<u>193,521,949</u>	<u>182,100,311</u>
TOTAL ASSETS	<u>348,120,414</u>	<u>340,750,763</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	-	2,035,871
Loans and borrowings	3,337,253	15,060,746
Trade and other payables	7,881,223	11,453,901
Income tax payable	<u>7,494,145</u>	<u>5,213,883</u>
	<u>18,712,621</u>	<u>33,764,401</u>
Net Current assets	<u>174,809,328</u>	<u>148,335,910</u>
Non-current liabilities		
Loans and borrowings	7,864,892	9,392,302
Deferred tax liabilities	<u>1,546,454</u>	<u>1,954,273</u>
	<u>9,411,346</u>	<u>11,346,575</u>
Total liabilities	<u>28,123,967</u>	<u>45,110,976</u>
Net assets	<u>319,996,447</u>	<u>295,639,787</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	<u>179,763,213</u>	<u>156,736,492</u>
	308,659,213	285,632,492
Non-controlling interests	<u>11,337,234</u>	<u>10,007,295</u>
Total equity	<u>319,996,447</u>	<u>295,639,787</u>
TOTAL EQUITY AND LIABILITIES	<u>348,120,414</u>	<u>340,750,763</u>

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

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Non-controlling	Total
	Non-Distributable	Distributable	Total	Interests	Equity
	Share	Retained			
	Capital	Earnings			
	RM	RM	RM	RM	RM
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>
At 1 January 2015	128,896,000	156,736,492	285,632,492	10,007,295	295,639,787
Profit for the period	-	33,338,401	33,338,401	2,829,939	36,168,340
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	33,338,401	33,338,401	2,829,939	36,168,340
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(1,500,000)	(1,500,000)
First and final dividend for FYE 31 December 2014	-	(10,311,680)	(10,311,680)	-	(10,311,680)
At 30 June 2015	<u>128,896,000</u>	<u>179,763,213</u>	<u>308,659,213</u>	<u>11,337,234</u>	<u>319,996,447</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.)

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2015 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2014 RM
Profit before taxation	44,811,403	14,115,106
Adjustments for:		
Depreciation of property, plant & equipment	6,233,624	5,821,441
Interest expense	290,773	570,931
Property, plant & equipment written off	6,236	88
Gain on disposal of property, plant & equipment	-	(4,867)
Impairment loss on trade receivables	344,142	183,867
Dividend income	(826,406)	(327,138)
Fair value changes in investment securities	(909,659)	(271,883)
Unrealised foreign exchange gain	(4,846)	(23,218)
Interest income	(462,436)	(303,888)
Share of results of associates	(279,599)	1,495,813
Total adjustments	<u>4,391,829</u>	<u>7,141,146</u>
Operating cash flows before changes in working capital	49,203,232	21,256,252
Changes in working capital		
Decrease in inventories	8,855,716	363,007
Increase in amount due from customers for contract work	(307,050)	(3,678,931)
Decrease in amount due to customers for contract work	(2,035,871)	-
Decrease in receivables	14,550,433	10,046,245
Decrease in payables	(3,567,832)	(12,439,837)
Increase in other current assets	(5,961)	(12,235)
Cash flows from operations	<u>66,692,667</u>	<u>15,534,501</u>
Interest paid	(290,773)	(570,931)
Taxation paid, net of refund	(7,643,343)	(5,192,268)
Net cash flows from operating activities	<u>58,758,551</u>	<u>9,771,302</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	12,861
Acquisition of property, plant & equipment	(1,068,274)	(4,109,662)
Additional investment in an associate	(860,000)	(1,290,000)
Net (acquisition of)/proceeds from investment securities	(29,794,801)	3,850,145
Interest received	89,422	79,855
Dividend received from an associate	20,000	30,000
Net cash flows used in investing activities	<u>(31,613,653)</u>	<u>(1,426,801)</u>
Financing activities		
Dividend paid to shareholders of the Company	(10,311,680)	(12,889,600)
Dividend paid to non-controlling interests	(1,500,000)	-
Net (repayment of)/proceeds from bankers' acceptances	(11,200,000)	681,000
Repayment of lease instalments	(2,050,904)	(1,886,645)
Net cash flows used in financing activities	<u>(25,062,584)</u>	<u>(14,095,245)</u>
Net increase/(decrease) in cash and cash equivalents	2,082,314	(5,750,744)
Cash and cash equivalents at the beginning of the period	7,549,362	11,835,463
Cash and cash equivalents at the end of the period	<u>9,631,676</u>	<u>6,084,719</u>

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