

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2015 RM	COMPARATIVE QUARTER ENDED 30/09/2014 RM	CURRENT PERIOD ENDED 30/09/2015 RM	COMPARATIVE PERIOD ENDED 30/09/2014 RM
Revenue	8,278,785	44,828,142	115,128,100	135,918,703
Cost of sales	<u>(9,928,192)</u>	<u>(33,949,268)</u>	<u>(64,823,413)</u>	<u>(97,405,499)</u>
Gross profit/(loss)	(1,649,407)	10,878,874	50,304,687	38,513,204
Other income	1,687,107	585,395	4,813,379	2,218,717
Distribution costs	(97,352)	(902,583)	(403,765)	(3,022,006)
Administrative expenses	(3,252,232)	(3,753,156)	(11,990,187)	(13,418,610)
Other expenses	(375,294)	(770,748)	(1,588,715)	(2,071,673)
Finance costs	(123,451)	(352,157)	(414,224)	(923,088)
Share of results of associates	<u>(1,017,667)</u>	<u>(930,154)</u>	<u>(738,068)</u>	<u>(2,425,967)</u>
Profit/(Loss) before tax	(4,828,296)	4,755,471	39,983,107	18,870,577
Income tax expense	<u>1,560,977</u>	<u>(2,609,920)</u>	<u>(7,082,086)</u>	<u>(4,669,434)</u>
Profit/(Loss) for the period	<u>(3,267,319)</u>	<u>2,145,551</u>	<u>32,901,021</u>	<u>14,201,143</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Expense) for the period	<u>(3,267,319)</u>	<u>2,145,551</u>	<u>32,901,021</u>	<u>14,201,143</u>
Profit/(Loss) for the period attributable to:				
Owners of the parent	(3,355,906)	1,226,093	29,982,495	12,621,591
Non-controlling interests	<u>88,587</u>	<u>919,458</u>	<u>2,918,526</u>	<u>1,579,552</u>
	<u>(3,267,319)</u>	<u>2,145,551</u>	<u>32,901,021</u>	<u>14,201,143</u>
Total Comprehensive Income/(Expense) for the period attributable to:				
Owners of the parent	(3,355,906)	1,226,093	29,982,495	12,621,591
Non-controlling interests	<u>88,587</u>	<u>919,458</u>	<u>2,918,526</u>	<u>1,579,552</u>
	<u>(3,267,319)</u>	<u>2,145,551</u>	<u>32,901,021</u>	<u>14,201,143</u>
Earnings/(Loss) per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>(1.30)</u>	<u>0.48</u>	<u>11.63</u>	<u>4.90</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 2015**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2015 RM	AS AT 31/12/2014 RM
ASSETS		
Non-current assets		
Property, plant & equipment	150,484,643	157,259,373
Investment in associates	1,493,011	1,391,079
	<u>151,977,654</u>	<u>158,650,452</u>
Current assets		
Inventories	28,647,020	38,860,261
Amount due from customers for contract work	535,213	-
Trade and other receivables	22,288,001	41,732,952
Other current assets	3,733,502	2,867,049
Investment securities	116,234,843	91,090,687
Cash and bank balances	17,398,809	7,549,362
	<u>188,837,388</u>	<u>182,100,311</u>
TOTAL ASSETS	<u>340,815,042</u>	<u>340,750,763</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	-	2,035,871
Loans and borrowings	3,131,673	15,060,746
Trade and other payables	10,140,328	11,453,901
Income tax payable	4,697,476	5,213,883
	<u>17,969,477</u>	<u>33,764,401</u>
Net Current assets	<u>170,867,911</u>	<u>148,335,910</u>
Non-current liabilities		
Loans and borrowings	7,087,613	9,392,302
Deferred tax liabilities	528,824	1,954,273
	<u>7,616,437</u>	<u>11,346,575</u>
Total liabilities	<u>25,585,914</u>	<u>45,110,976</u>
Net assets	<u>315,229,128</u>	<u>295,639,787</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	176,407,307	156,736,492
	<u>305,303,307</u>	<u>285,632,492</u>
Non-controlling interests	<u>9,925,821</u>	<u>10,007,295</u>
Total equity	<u>315,229,128</u>	<u>295,639,787</u>
TOTAL EQUITY AND LIABILITIES	<u>340,815,042</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.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	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)
At 30 September 2014	<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>
At 1 January 2015	128,896,000	156,736,492	285,632,492	10,007,295	295,639,787
Profit for the period	-	29,982,495	29,982,495	2,918,526	32,901,021
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	29,982,495	29,982,495	2,918,526	32,901,021
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(3,000,000)	(3,000,000)
First and final dividend for FYE 31 December 2014	-	(10,311,680)	(10,311,680)	-	(10,311,680)
At 30 September 2015	<u>128,896,000</u>	<u>176,407,307</u>	<u>305,303,307</u>	<u>9,925,821</u>	<u>315,229,128</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 2015**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2015 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2014 RM
Profit before taxation	39,983,107	18,870,577
Adjustments for:		
Depreciation of property, plant & equipment	9,313,113	8,753,415
Interest expense	414,224	923,088
Property, plant & equipment written off	6,236	3,061
Gain on disposal of property, plant & equipment	(69,999)	(47,989)
Reversal of bad debts written off	(10,000)	-
Impairment loss on trade receivables	449,194	260,639
Dividend income	(1,515,683)	(510,578)
Fair value changes in investment securities	(1,336,671)	(327,703)
Unrealised foreign exchange gain	(4,846)	(23,218)
Interest income	(599,102)	(409,216)
Share of results of associates	738,068	2,425,967
Total adjustments	7,384,534	11,047,466
Operating cash flows before changes in working capital	47,367,641	29,918,043
Changes in working capital		
Decrease in inventories	10,213,241	3,327,143
Increase in amount due from customers for contract work	(535,213)	(155,143)
Decrease in amount due to customers for contract work	(2,035,871)	-
Decrease in receivables	19,485,410	17,484,635
Decrease in payables	(1,308,727)	(12,547,219)
Increase in other current assets	(5,981)	(6,118)
Cash flows from operations	73,180,500	38,021,341
Interest paid	(414,224)	(923,088)
Taxation paid, net of refund	(9,884,414)	(7,496,251)
Net cash flows from operating activities	62,881,862	29,602,002
Investing activities		
Proceeds from disposal of property, plant & equipment	70,000	39,181
Acquisition of property, plant & equipment	(2,544,621)	(4,873,274)
Additional investment in an associate	(860,000)	(2,150,000)
Net acquisition of investment securities	(22,291,802)	(18,196,455)
Interest received	119,449	113,381
Dividend received from an associate	20,000	30,000
Net cash flows used in investing activities	(25,486,974)	(25,037,167)
Financing activities		
Dividend paid to shareholders of the Company	(10,311,680)	(12,889,600)
Dividend paid to non-controlling interests	(3,000,000)	-
Net (repayment of)/proceeds from bankers' acceptances	(11,200,000)	8,421,000
Repayment of lease instalments	(3,033,761)	(2,781,583)
Net cash flows used in financing activities	(27,545,441)	(7,250,183)
Net increase/(decrease) in cash and cash equivalents	9,849,447	(2,685,348)
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	17,398,809	9,150,115

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