

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2022 RM	COMPARATIVE QUARTER ENDED 30/06/2021 RM	CURRENT PERIOD ENDED 30/06/2022 RM	COMPARATIVE PERIOD ENDED 30/06/2021 RM
Revenue from contracts with customers	109,717,737	81,045,418	203,098,948	180,768,649
Cost of sales	(99,135,878)	(67,020,276)	(181,243,154)	(145,185,762)
<b>Gross profit</b>	<u>10,581,859</u>	<u>14,025,142</u>	<u>21,855,794</u>	<u>35,582,887</u>
Selling and distribution expenses	(21,457)	(229,699)	(135,666)	(342,643)
Administrative expenses	(8,328,028)	(9,162,856)	(16,863,910)	(17,551,999)
<b>Operating profit</b>	<u>2,232,374</u>	<u>4,632,587</u>	<u>4,856,218</u>	<u>17,688,245</u>
Finance costs	(56,010)	(806,673)	(79,164)	(1,691,873)
Finance income	101,356	140,137	192,150	316,883
Other expenses	(580,224)	(583,070)	(1,166,114)	(1,461,009)
Other income	831,251	962,151	1,867,300	2,059,739
Share of results of associates	299,741	292,586	311,527	878,804
<b>Profit before tax</b>	<u>2,828,488</u>	<u>4,637,718</u>	<u>5,981,917</u>	<u>17,790,789</u>
Income tax expense	(403,315)	(1,093,794)	(1,502,292)	(2,497,516)
<b>Profit for the period</b>	<u>2,425,173</u>	<u>3,543,924</u>	<u>4,479,625</u>	<u>15,293,273</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>2,425,173</u>	<u>3,543,924</u>	<u>4,479,625</u>	<u>15,293,273</u>
Profit for the period attributable to:				
Equity holders of the parent	1,613,423	2,472,083	4,002,855	11,994,613
Non-controlling interests	811,750	1,071,841	476,770	3,298,660
	<u>2,425,173</u>	<u>3,543,924</u>	<u>4,479,625</u>	<u>15,293,273</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	1,613,423	2,472,083	4,002,855	11,994,613
Non-controlling interests	811,750	1,071,841	476,770	3,298,660
	<u>2,425,173</u>	<u>3,543,924</u>	<u>4,479,625</u>	<u>15,293,273</u>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>0.56</u>	<u>0.96</u>	<u>1.39</u>	<u>4.65</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**

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2022 RM	AS AT 31/12/2021 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	143,283,687	148,097,542
Investment in associates	6,876,726	6,565,199
Goodwill	1,632,667	1,632,667
Deferred tax assets	2,309,851	1,366,000
	<u>154,102,931</u>	<u>157,661,408</u>
<b>Current assets</b>		
Inventories	48,232,038	45,266,891
Trade and other receivables	66,101,178	59,499,253
Contract assets	85,846,525	55,101,373
Other current assets	8,655,101	7,333,070
Short term funds	149,078,909	157,313,712
Cash and short-term deposits	25,515,796	34,672,880
	<u>383,429,547</u>	<u>359,187,179</u>
<b>TOTAL ASSETS</b>	<b><u>537,532,478</u></b>	<b><u>516,848,587</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	175,254,461	175,254,461
Retained earnings	215,343,921	225,777,418
<b>Equity attributable to equity holders of the parent</b>	<u>390,598,382</u>	<u>401,031,879</u>
<b>Non-controlling interests</b>	<u>38,242,619</u>	<u>38,765,849</u>
<b>Total equity</b>	<u>428,841,001</u>	<u>439,797,728</u>
<b>Non-current liabilities</b>		
Lease liabilities	153,364	52,387
Trade and other payables	6,501,674	5,701,088
Deferred tax liabilities	347,762	63,088
	<u>7,002,800</u>	<u>5,816,563</u>
<b>Current liabilities</b>		
Trade and other payables	99,576,121	70,197,498
Lease liabilities	151,530	116,729
Income tax payable	1,961,026	920,069
	<u>101,688,677</u>	<u>71,234,296</u>
<b>Total liabilities</b>	<u>108,691,477</u>	<u>77,050,859</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>537,532,478</u></b>	<b><u>516,848,587</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 SECOND QUARTER ENDED 30 JUNE 2022****Unaudited Condensed Consolidated Statements of Changes in Equity**

	<- Attributable to equity holders of the parent ->			Non-controlling	Total
	Issued Capital RM	Retained Earnings RM	Total RM	Interests RM	Equity RM
<b>At 1 January 2022</b>	175,254,461	225,777,418	401,031,879	38,765,849	439,797,728
Profit for the period	-	4,002,855	4,002,855	476,770	4,479,625
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	4,002,855	4,002,855	476,770	4,479,625
Dividend paid to non-controlling interests	-	-	-	(1,000,000)	(1,000,000)
First and final dividend for FYE 31 December 2021	-	(14,436,352)	(14,436,352)	-	(14,436,352)
<b>At 30 June 2022</b>	<u>175,254,461</u>	<u>215,343,921</u>	<u>390,598,382</u>	<u>38,242,619</u>	<u>428,841,001</u>
<b>At 1 January 2021</b>	128,896,000	210,058,152	338,954,152	37,277,888	376,232,040
Profit for the period	-	11,994,613	11,994,613	3,298,660	15,293,273
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	11,994,613	11,994,613	3,298,660	15,293,273
Dividend paid to non-controlling interests	-	-	-	(1,391,875)	(1,391,875)
<b>At 30 June 2021</b>	<u>128,896,000</u>	<u>222,052,765</u>	<u>350,948,765</u>	<u>39,184,673</u>	<u>390,133,438</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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(Company No : 26495 - D)

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2022 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2021 RM
Profit before taxation	5,981,917	17,790,789
Adjustments for:		
Depreciation of property, plant and equipment	5,400,059	5,712,689
Finance costs	79,164	1,691,873
Property, plant and equipment written off	413	20,369
Gain on disposal of property, plant & equipment	-	(66,999)
Dividend income	(683,773)	(831,918)
Fair value changes in short term funds	(587,258)	(98,163)
Net unrealised foreign exchange gain	(193,857)	(194,259)
Interest income from financial assets	(192,150)	(316,883)
Share of results of associates	(311,527)	(878,804)
Total adjustments	<u>3,511,071</u>	<u>5,037,905</u>
Operating cash flows before changes in working capital	9,492,988	22,828,694
Changes in working capital		
(Increase)/decrease in inventories	(2,965,147)	7,860,494
(Increase)/decrease in receivables	(6,497,154)	10,487,156
(Increase)/decrease in contract assets	(30,745,152)	17,337,039
Increase/(decrease) in payables	30,268,295	(25,002,092)
Decrease in other current assets	514,990	108,317
Cash flows from operations	<u>68,820</u>	<u>33,619,608</u>
Interest paid	(79,164)	(1,691,873)
Taxation paid, net of refund	<u>(2,957,533)</u>	<u>(6,787,352)</u>
Net cash flows (used in)/from operating activities	<u>(2,967,877)</u>	<u>25,140,383</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	67,000
Purchase of property, plant and equipment	(336,915)	(474,095)
Investment in short term funds	(11,000,000)	(50,000,428)
Redemption of short term funds	20,505,834	20,001,000
Interest received	192,150	316,883
Net cash flows from/(used in) investing activities	<u>9,361,069</u>	<u>(30,089,640)</u>
Financing activities		
Dividend paid to shareholders of the Company	(14,436,352)	-
Dividend paid to non-controlling interests	(1,000,000)	(1,391,875)
Repayment of principal portion of lease liabilities	<u>(113,924)</u>	<u>(421,862)</u>
Net cash flows used in financing activities	<u>(15,550,276)</u>	<u>(1,813,737)</u>
Net decrease in cash and cash equivalents	(9,157,084)	(6,762,994)
Cash and cash equivalents at the beginning of the period	34,672,880	38,292,236
Cash and cash equivalents at the end of the period	<u><u>25,515,796</u></u>	<u><u>31,529,242</u></u>

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

## **NOTES TO THE QUARTERLY FINANCIAL STATEMENTS**

### **Selected explanatory notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting**

#### **1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2021. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

#### **2. Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021 except for the adoption of the following with effect from 1 January 2022:

- ❖ Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021
- ❖ Amendments to MFRS 3: Reference to the Conceptual Framework
- ❖ Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- ❖ Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
- ❖ Annual Improvements to MFRS Standards 2018 – 2020 Cycle

Adoption of the above is not expected to have any material financial impact on the Group's results.

#### **3. Seasonal or cyclical factors**

The business operations of the Group are not significantly affected by any seasonal or cyclical factors in the current quarter and financial year to date.

#### **4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group in the current quarter and financial year to date.

#### **5. Changes in Estimates**

There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the current quarter and financial year to date.

#### **6. Debt and equity securities**

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares in the current quarter and financial year to date.

## 7. Dividend paid

On 24 June 2022, the Company paid a first and final single tier dividend of five (5.0) sen per ordinary share, in respect of the financial year ended 31 December 2021.

## 8. Segmental Reporting

The information for business segments predominantly conducted in Malaysia for the current financial year to date was as follows:

### RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2022

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	3,611,349	199,487,599	-	203,098,948
Inter-segment revenue	543,261	17,814,711	(18,357,972)	-
Total revenue	4,154,610	217,302,310	(18,357,972)	203,098,948
Results	(1,724,649)	7,474,203	-	5,749,554
Finance costs	-	(79,164)	-	(79,164)
Share of results of associates	284,655	26,872	-	311,527
(Loss)/Profit before tax	(1,439,994)	7,421,911	-	5,981,917
Income tax expense	(69,710)	(1,432,582)	-	(1,502,292)
(Loss)/Profit after tax	(1,509,704)	5,989,329	-	4,479,625

### OTHER DISCLOSURES

Finance income	15,126	177,024	-	192,150
Depreciation of property, plant and equipment	518,402	4,881,657	-	5,400,059

### RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2021

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	16,231,818	164,536,831	-	180,768,649
Inter-segment revenue	5,273,357	27,658,121	(32,931,478)	-
Total revenue	21,505,175	192,194,952	(32,931,478)	180,768,649
Results	(27,383)	18,631,241	-	18,603,858
Finance costs	(6,362)	(1,685,511)	-	(1,691,873)
Share of results of associates	366,713	512,091	-	878,804
Profit before tax	332,968	17,457,821	-	17,790,789
Income tax credit/(expense)	14,989	(2,512,505)	-	(2,497,516)
Profit after tax	347,957	14,945,316	-	15,293,273

## **OTHER DISCLOSURES**

Finance income	55,297	261,586	-	316,883
Depreciation of property, plant and equipment	606,127	5,106,562	-	5,712,689
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### **9. Material subsequent events**

There were no material subsequent events as at the date of this announcement.

### **10. Changes in composition of the Group**

There were no changes in composition of the Group for the current quarter and financial year to date.

### **11. Fair Value of Financial Instruments**

#### **(a) Determination of fair value**

The carrying amounts of trade and other receivables, trade and other payables, cash and short-term deposits, lease liabilities are reasonable approximation of fair values, due to their short-term and interest-bearing nature. In addition to that, trade receivables and trade payables are subject to normal trade credit terms.

#### **(b) Fair value hierarchy**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Quantitative disclosures of the fair value measurement hierarchy were as follows:

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Assets measured at fair value:</b>					
Short term funds	30/06/2022	149,078,909	-	-	149,078,909
	31/12/2021	157,313,712	-	-	157,313,712
		=====	=====	=====	=====

There has been no transfers between the fair value hierarchy during the period.

### **12. Contingent liabilities/Contingent assets as at 30 June 2022**

There were no material contingent liabilities or contingent assets as at the date of this announcement.

### 13. Capital Commitments

	As At 30/06/2022 RM	As At 30/06/2021 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	9,342	49,621
- Approved but not contracted for	-	-
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	9,342	49,621
	=====	=====

### 14. Related Party Transactions

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2022 RM	Comparative Quarter Ended 30/06/2021 RM	Current Period Ended 30/06/2022 RM	Comparative Period Ended 30/06/2021 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	-	7,650	-	7,650
- Provision of miscellaneous services such as machineries, equipments and labour etc	258,453	233,552	741,201	702,917
- Rental income	6,000	6,000	12,000	12,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,476	60,595	22,952	119,021
Transactions with subsidiary of an investor, Cahya Mata Sarawak Bhd.				
- Sales of fabricated/galvanised steel products and structural steel works to CMS Concrete Products Sdn. Bhd.	46,800	-	46,800	3,246
Short term lease expense paid to companies in which certain directors of the Company have substantial financial interest and/or are also directors				
- KKB Development Sdn. Bhd.	17,850	17,850	35,700	35,700
- KKB Realty Sdn. Bhd.	15,300	15,300	30,600	25,800
- Sepang Kaya Sdn. Bhd.	32,708	30,856	65,416	61,713
Short term lease expense paid to a director, Dato Sri Kho Kak Beng	19,200	19,200	38,400	38,400
Transactions with a person connected with certain directors of the Company				
Sales of fabricated/structural steel works				
- AHE Ceilings Sdn Bhd	-	-	-	175,501
Short term lease expense				
- Kho Siew Lan	4,800	4,800	9,600	9,600
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	412,587	395,803	1,002,669	1,191,548
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These transactions have been entered into with related parties on terms and conditions that are not more favourable to the related party than those generally available to the public.

## Explanatory notes pursuant to Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### 15. Review Of Performance

Financial review for current quarter and financial year to date

	Quarter		Changes (%)	Cumulative 6 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	30/06/22	30/06/21		30/06/22	30/06/21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	109,718	81,045	35.4%	203,099	180,769	12.4%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	5,581	8,291	-32.7%	11,461	25,195	-54.5%
Profit before interest and tax	2,884	5,444	-47.0%	6,061	19,483	-68.9%
Profit before tax	2,828	4,638	-39.0%	5,982	17,791	-66.4%
Profit after tax	2,425	3,544	-31.6%	4,480	15,293	-70.7%
Profit attributable to equity holders of the parent	1,613	2,472	-34.7%	4,003	11,995	-66.6%

Group's current quarter revenue of RM109.7 million increased by 35.4% over the preceding year corresponding quarter. The main contributor to the increase, contributing approximately RM71.0 million or 64.7% of current quarter's revenue was from the Civil Construction division.

The Group's pre-tax profit however decreased by 39.0% to RM2.8 million compared to RM4.6 million in the preceding year corresponding quarter on the back of lower revenue and margin contributions from the respective business activities.

#### Engineering Sector

The Engineering sector's revenue of RM107.5 million (2Q2021: RM74.6 million) surpassed the preceding year second quarter's revenue by 44.1%, mainly attributed to higher revenue recognition from the Civil Construction division.

The Group's Civil Construction division 2Q2022 revenue increased by 142.3% to RM71.0 million compared to RM29.3 million in the preceding year corresponding quarter. Improved revenue due to higher progress claims from the Pan Borneo Highway project in the State of Sarawak (Phase 1 Works Package Contract – WPC-09) undertaken by the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd., which contributed revenue of RM59.4 million in the current quarter compared to RM18.8 million recorded in the preceding year corresponding quarter. The water related construction projects secured from Jabatan Bekalan Air Luar Bandar Sarawak, Kuching Water Board and LAKU Management Sdn Bhd contributed a combined revenue of RM10.7 million in the current quarter (2Q2021: RM10.1 million).

For Steel Fabrication division, group revenue reduced by 19.0% to RM35.8 million, compared to RM44.2 million in the preceding year second quarter. Current quarter's revenue was mainly from the Engineering, Procurement, Construction, Installation and Commissioning of Wellhead Platforms for BKD-A and Host Tie-In Modification at BNCP-B Topsides – BAKAU Non-Associated Gas Development Project for Petronas Carigali Sdn Bhd; Engineering, Procurement and Construction of Flare Platform for

Kasawari Gas Development Project under Unincorporated Joint Venture of Malaysia Marine and Heavy Engineering Sdn Bhd and Technip Geoproduction (M) Sdn Bhd and the newly commence project i.e Piles fabrication for SK408W Jerun A CPP Jacket under Malaysia Marine and Heavy Engineering Sdn Bhd.

Whilst revenue for the Hot Dip Galvanising division of RM669K remained low compared to RM1.1 million in the preceding year corresponding quarter. Revenue mainly contributed from the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad and other ad-hoc walk in customers.

#### Manufacturing Sector

The Manufacturing sector registered a lower revenue of RM2.3 million in the current quarter compared to RM6.5 million in the preceding year corresponding quarter, attributed to lower activities for both the Steel Pipes and LP Gas Cylinders Manufacturing divisions.

Revenue from the Group's Steel Pipes manufacturing division for the quarter decreased significantly to a low of RM914K (2Q2021: RM4.1 million), as the quarter's revenue was mostly from ad-hoc customers while contracts for supply of Mild Steel Pipes required under the Sarawak Water Supply Grid Programme had been fulfilled.

Current quarter's revenue of RM1.3 million from the LP Gas Cylinders manufacturing division reduced by 45.8% compared to RM2.4 million recorded in the preceding year corresponding quarter, due to lower off-take from Petronas. However, as sales to its existing customers dwindled, the division registered its sales to Mygaz Sdn Bhd and Petrosniaga Sdn Bhd with billing for the quarter worth some RM972K for the Reconditioning/Requalification of LPG Cylinders and sales of LPG Compact Valves.

### **16. Material changes in the quarterly results compared to the results of the preceding quarter**

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/06/22	31/03/22	
	RM'000	RM'000	
Revenue	109,718	93,381	17.5%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	5,581	5,880	-5.1%
Profit before interest and tax	2,884	3,177	-9.2%
Profit before tax	2,828	3,153	-10.3%
Profit after tax	2,425	2,054	18.1%
Profit attributable to equity holders of the parent	1,613	2,389	-32.5%

The Group's current quarter revenue of RM109.7 million (1Q2022: RM93.4 million) was 17.5% higher as a result of higher progress billings recognized from the Civil Construction division in particular from the Pan Borneo Highway project in the State of Sarawak (Phase 1 Works Package Contract – WPC-09) undertaken by the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd.

Group's pre-tax profit however reduced by 10.3% to RM2.8 million (1Q2022: RM3.2 million) mainly due to a lower profit margin recognition from the Steel Fabrication projects on the back of lower revenue as it draws closer to completion stage.

## 17. Prospects

The Board and Management anticipates the prospects to remain challenging in the 2H2022. Beyond 2022, the Group is optimistic that numerous tenders being pursued shall be awarded in 2023 and we are positioned well to actively participate in new works.

Management believes that the synergies between our Engineering, Construction and Manufacturing can be leveraged upon to create distinctive opportunities for business growth and in return generate greater and sustainable value for all our stakeholders.

The strategic investment by the Sarawak State Government in the equity of KKB in December 2021 augurs well for the Group. This will strengthen the Group's ongoing and future cooperation with the State Government to meet some of the objectives set by the Post COVID-19 Development Strategy 2030 ("PCDS 2030"). Management team continues to identify areas of potential cooperation and collaboration over the coming years.

The Group remains cautious on the overall global outlook in view of the hike in interest rates and the current geo-political upheavals. Although it is not expected to have direct significant impacts on the Group, it may have potential consequential impacts through disruptions in the global supply chain and the increase in raw material prices and logistics costs.

Acknowledging the near-term uncertainties and challenges, the Board and Management remains positive over the mid to long term prospects of KKB Group, going forward.

## 18. Variances from financial estimate, forecast or projection, or profit guarantee

Not applicable to the Group as no financial estimate, forecast or projection, or profit guarantee were published.

## 19. Commentary on the company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

## 20. Statement of the Board of Directors' opinion as to whether the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

## 21. Income Tax Expense

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2022 RM	Comparative Quarter Ended 30/06/2021 RM	Current Period Ended 30/06/2022 RM	Comparative Period Ended 30/06/2021 RM
Malaysian taxation - Current year	1,383,370	1,453,292	2,161,469	3,887,805
Deferred tax	(980,055)	(359,498)	(659,177)	(1,390,289)
	-----	-----	-----	-----
	403,315	1,093,794	1,502,292	2,497,516
	=====	=====	=====	=====

## 22. Status of Corporate Proposals

(A) There were no corporate proposals announced which have not been completed as at the date of this announcement.

(B) Status of Utilisation of Proceeds

Pursuant to the Private Placement which was duly completed on 22 December 2021 upon the subscription and listing of the 30,935,040 Placement Shares at RM1.5004 on the Main Market of Bursa Malaysia Securities Berhad, the gross proceeds raised from the Private Placement Exercise was RM46,414,934.

The utilisation of the Private Placement proceeds as at 31 July 2022 is as set out below:

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Balance/ (Deviation) (RM)	Intended Timeframe for Utilisation from date of listing of the Placement Shares
Business expansion	10,000,000	-	10,000,000	Within 24 months
Working capital	36,214,934	(24,548,731)	11,666,203	Within 24 months
Estimated expenses for the Private Placement	200,000	(56,473)	143,527	Upon completion of the Private Placement

## 23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 30 June 2022 were as follows: -

Interest-bearing Loans and Borrowings (denominated in Ringgit Malaysia)

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	69,233	82,297
	-----	-----
<u>Non-Current</u>		
Lease liabilities	17,622	135,742
	-----	-----
Total borrowings	86,855	218,039
	=====	=====

Total Group's loans and borrowings as at 30 June 2021 were as follows: -

Interest-bearing Loans and Borrowings (denominated in Ringgit Malaysia)

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	291,537	119,804
	-----	-----
<u>Non-Current</u>		
Lease liabilities	86,439	1,146
	-----	-----
Total borrowings	377,976	120,950
	=====	=====

## 24. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risks entered into by the Group as at the date of this announcement.

**25. Derivative Financial Instruments**

There were no derivative financial instruments entered into by the Group as at 30 June 2022.

**26. Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

There were no gains/losses arising from fair value changes of financial liabilities for the current quarter and financial year to date.

**27. Material Litigations**

There were no pending material litigations as at the date of this announcement.

**28. Dividend**

No interim dividend has been recommended for payment in the current quarter and financial year-to-date.

**29. Earnings per share**

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2022	Comparative Quarter Ended 30/06/2021	Current Period Ended 30/06/2022	Comparative Period Ended 30/06/2021
Net profit attributable to equity holders of the parent (RM)	<u>1,613,423</u>	<u>2,472,083</u>	<u>4,002,855</u>	<u>11,994,613</u>
Weighted average number of ordinary shares in issue	<u>288,727,040</u>	<u>257,792,000</u>	<u>288,727,040</u>	<u>257,792,000</u>
Basic earnings per share for the period attributable to equity holders of the parent (sen)	<u>0.56</u>	<u>0.96</u>	<u>1.39</u>	<u>4.65</u>

There is no dilution in its earnings per ordinary share in the current quarter and financial year to date as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

**30. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

### 31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 6 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM	RM	RM	RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(101,356)	(140,137)	(192,150)	(316,883)
Realised foreign exchange (gain)/loss	-	(404)	3,034	3,207
Unrealised foreign exchange gain	-	-	(193,857)	(194,259)
Rental income	(46,500)	(40,500)	(93,000)	(70,500)
Gain on disposal of property, plant and equipment	-	(1,999)	-	(66,999)
Depreciation of property, plant and equipment	2,696,667	2,846,560	5,400,059	5,712,689
Finance costs	56,010	806,673	79,164	1,691,873
Property, plant and equipment written off	413	12,410	413	20,369

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 June 2022.