

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2022 RM	COMPARATIVE QUARTER ENDED 30/09/2021 RM	CURRENT PERIOD ENDED 30/09/2022 RM	COMPARATIVE PERIOD ENDED 30/09/2021 RM
Revenue from contracts with customers	102,003,338	99,102,043	305,102,286	279,870,692
Cost of sales	(88,462,471)	(77,112,062)	(269,705,625)	(222,297,824)
Gross profit	<u>13,540,867</u>	<u>21,989,981</u>	<u>35,396,661</u>	<u>57,572,868</u>
Selling and distribution expenses	(37,928)	(267,242)	(173,594)	(609,885)
Administrative expenses	(7,821,747)	(8,217,640)	(24,685,657)	(25,769,639)
Operating profit	<u>5,681,192</u>	<u>13,505,099</u>	<u>10,537,410</u>	<u>31,193,344</u>
Finance costs	(125,685)	(909,591)	(204,849)	(2,601,464)
Finance income	129,986	162,737	322,136	479,620
Other expenses	(2,543,714)	(662,515)	(3,709,828)	(2,123,524)
Other income	974,568	1,253,806	2,841,868	3,313,545
Share of results of associates	381,259	161,449	692,786	1,040,253
Profit before tax	<u>4,497,606</u>	<u>13,510,985</u>	<u>10,479,523</u>	<u>31,301,774</u>
Income tax expense	(911,573)	(3,637,285)	(2,413,865)	(6,134,801)
Profit for the period	<u>3,586,033</u>	<u>9,873,700</u>	<u>8,065,658</u>	<u>25,166,973</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>3,586,033</u>	<u>9,873,700</u>	<u>8,065,658</u>	<u>25,166,973</u>
Profit for the period attributable to:				
Equity holders of the parent	1,025,499	9,634,209	5,028,354	21,628,822
Non-controlling interests	2,560,534	239,491	3,037,304	3,538,151
	<u>3,586,033</u>	<u>9,873,700</u>	<u>8,065,658</u>	<u>25,166,973</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	1,025,499	9,634,209	5,028,354	21,628,822
Non-controlling interests	2,560,534	239,491	3,037,304	3,538,151
	<u>3,586,033</u>	<u>9,873,700</u>	<u>8,065,658</u>	<u>25,166,973</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period (sen)	<u>0.36</u>	<u>3.74</u>	<u>1.74</u>	<u>8.39</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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2022 RM	AS AT 31/12/2021 RM
ASSETS		
Non-current assets		
Property, plant & equipment	140,669,798	148,097,542
Investment in associates	7,257,985	6,565,199
Goodwill	1,632,667	1,632,667
Deferred tax assets	3,344,504	1,366,000
	<u>152,904,954</u>	<u>157,661,408</u>
Current assets		
Inventories	45,858,028	45,266,891
Trade and other receivables	84,709,630	59,499,253
Contract assets	57,722,003	55,101,373
Other current assets	6,785,381	7,333,070
Short term funds	174,726,946	157,313,712
Cash and short-term deposits	22,555,187	34,672,880
	<u>392,357,175</u>	<u>359,187,179</u>
TOTAL ASSETS	<u>545,262,129</u>	<u>516,848,587</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	175,254,461	175,254,461
Retained earnings	216,369,420	225,777,418
Equity attributable to equity holders of the parent	<u>391,623,881</u>	<u>401,031,879</u>
Non-controlling interests	<u>40,803,153</u>	<u>38,765,849</u>
Total equity	<u>432,427,034</u>	<u>439,797,728</u>
Non-current liabilities		
Lease liabilities	114,910	52,387
Trade and other payables	6,732,412	5,701,088
Deferred tax liabilities	617,165	63,088
	<u>7,464,487</u>	<u>5,816,563</u>
Current liabilities		
Trade and other payables	105,042,545	70,197,498
Lease liabilities	158,879	116,729
Income tax payable	169,184	920,069
	<u>105,370,608</u>	<u>71,234,296</u>
Total liabilities	<u>112,835,095</u>	<u>77,050,859</u>
TOTAL EQUITY AND LIABILITIES	<u>545,262,129</u>	<u>516,848,587</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 THIRD QUARTER ENDED 30 SEPTEMBER 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
At 1 January 2022	175,254,461	225,777,418	401,031,879	38,765,849	439,797,728
Profit for the period	-	5,028,354	5,028,354	3,037,304	8,065,658
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	5,028,354	5,028,354	3,037,304	8,065,658
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)
At 30 September 2022	<u>175,254,461</u>	<u>216,369,420</u>	<u>391,623,881</u>	<u>40,803,153</u>	<u>432,427,034</u>
At 1 January 2021	128,896,000	210,058,152	338,954,152	37,277,888	376,232,040
Profit for the period	-	21,628,822	21,628,822	3,538,151	25,166,973
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	21,628,822	21,628,822	3,538,151	25,166,973
Dividend paid to non-controlling interests	-	-	-	(1,391,875)	(1,391,875)
First and final dividend for FYE 31 December 2020	-	(10,311,680)	(10,311,680)	-	(10,311,680)
At 30 September 2021	<u>128,896,000</u>	<u>221,375,294</u>	<u>350,271,294</u>	<u>39,424,164</u>	<u>389,695,458</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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2022 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2021 RM
Profit before taxation	10,479,523	31,301,774
Adjustments for:		
Depreciation of property, plant and equipment	8,061,567	8,504,022
Finance costs	204,849	2,601,464
Property, plant and equipment written off	413	20,379
Loss/(gain) on disposal of property, plant & equipment	6,164	(66,999)
Dividend income	(1,003,541)	(1,297,563)
Fair value changes in short term funds	(1,125,855)	(158,022)
Net unrealised foreign exchange gain	(193,857)	(194,259)
Interest income from financial assets	(322,136)	(479,620)
Share of results of associates	(692,786)	(1,040,253)
Total adjustments	<u>4,934,818</u>	<u>7,889,149</u>
Operating cash flows before changes in working capital	15,414,341	39,190,923
Changes in working capital		
(Increase)/decrease in inventories	(591,137)	12,545,894
(Increase)/decrease in receivables	(25,105,606)	39,946,557
Increase in contract assets	(2,620,630)	(4,057,646)
Increase/(decrease) in payables	35,965,457	(25,261,320)
Decrease in other current assets	805,267	114,960
Cash flows from operations	<u>23,867,692</u>	<u>62,479,368</u>
Interest paid	(204,849)	(2,601,464)
Taxation paid, net of refund	(4,846,754)	(8,657,866)
Net cash flows from operating activities	<u>18,816,089</u>	<u>51,220,038</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	8,013	67,000
Purchase of property, plant and equipment	(389,334)	(633,278)
Investment in short term funds	(52,000,000)	(51,000,464)
Redemption of short term funds	36,716,162	20,001,000
Interest received	322,136	479,620
Net cash flows used in investing activities	<u>(15,343,023)</u>	<u>(31,086,122)</u>
Financing activities		
Dividend paid to shareholders of the Company	(14,436,352)	(10,311,680)
Dividend paid to non-controlling interests	(1,000,000)	(1,391,875)
Repayment of principal portion of lease liabilities	(154,407)	(624,860)
Net cash flows used in financing activities	<u>(15,590,759)</u>	<u>(12,328,415)</u>
Net (decrease)/increase in cash and cash equivalents	(12,117,693)	7,805,501
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>22,555,187</u>	<u>46,097,737</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 SEPTEMBER 2022

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	8,613,464	296,488,822	-	305,102,286
Inter-segment revenue	4,062,697	26,471,416	(30,534,113)	-
Total revenue	12,676,161	322,960,238	(30,534,113)	305,102,286
Results	(1,809,996)	11,801,582	-	9,991,586
Finance costs	-	(204,849)	-	(204,849)
Share of results of associates	333,375	359,411	-	692,786
(Loss)/Profit before tax	(1,476,621)	11,956,144	-	10,479,523
Income tax expense	(283,821)	(2,130,044)	-	(2,413,865)
(Loss)/Profit after tax	(1,760,442)	9,826,100	-	8,065,658

OTHER DISCLOSURES

Finance income	22,281	299,855	-	322,136
Depreciation of property, plant and equipment	789,559	7,272,008	-	8,061,567

RESULTS FOR PERIOD-TO-DATE ENDED 30 SEPTEMBER 2021

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	21,760,944	258,109,748	-	279,870,692
Inter-segment revenue	10,059,753	29,934,695	(39,994,448)	-
Total revenue	31,820,697	288,044,443	(39,994,448)	279,870,692
Results	716,386	32,146,599	-	32,862,985
Finance costs	(7,550)	(2,593,914)	-	(2,601,464)
Share of results of associates	463,635	576,618	-	1,040,253
Profit before tax	1,172,471	30,129,303	-	31,301,774
Income tax expense	(275,942)	(5,858,859)	-	(6,134,801)
Profit after tax	896,529	24,270,444	-	25,166,973

OTHER DISCLOSURES

Finance income	79,973	399,647	-	479,620
Depreciation of property, plant and equipment	896,788	7,607,234	-	8,504,022
	-----	-----	-----	-----

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
Assets measured at fair value:					
Short term funds	30/09/2022	174,726,946	-	-	174,726,946
	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 September 2022

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

13. Capital Commitments

	As At 30/09/2022 RM	As At 30/09/2021 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	13,754	132,501
- Approved but not contracted for	-	-
	-----	-----
	13,754	132,501
	=====	=====

14. Related Party Transactions

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2022 RM	Comparative Quarter Ended 30/09/2021 RM	Current Period Ended 30/09/2022 RM	Comparative Period Ended 30/09/2021 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	-	5,700	-	13,350
- Provision of miscellaneous services such as machineries, equipments and labour etc	458,023	361,842	1,199,224	1,064,759
- Rental income	6,000	6,000	18,000	18,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,476	56,756	34,428	175,777
Transactions with subsidiary/associate of an investor, Cahya Mata Sarawak Bhd.				
- Sales of fabricated/galvanised steel products and structural steel works to CMS Concrete Products Sdn. Bhd.	-	-	-	3,246
- Purchase of steel and concrete products from CMS Concrete Products Sdn. Bhd.	64,620	3,400	111,420	3,400
- Purchase of aggregates, etc from SEDC Quarries Sdn. Bhd.	4,418,811	-	4,418,811	-
- Purchase of cement and other Products from CMS Infra Trading Sdn. Bhd.	74,137	-	74,137	-
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	53,550	53,550
- KKB Realty Sdn. Bhd.	15,300	15,300	45,900	41,100
- Sepang Kaya Sdn. Bhd.	32,708	32,708	98,124	94,421
Short term lease expense paid to a director, Dato Sri Kho Kak Beng	19,200	19,200	57,600	57,600
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	14,400	14,400
Short term lease expense				
- House Of Favourites	3,000	-	3,000	-
	-----	-----	-----	-----
	5,125,925	523,556	6,128,594	1,715,104
	-----	-----	-----	-----

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 9 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	30/09/22	30/09/21		30/09/22	30/09/21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	102,003	99,102	2.9%	305,102	279,871	9.0%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	7,285	17,212	-57.7%	18,746	42,407	-55.8%
Profit before interest and tax	4,623	14,421	-67.9%	10,684	33,903	-68.5%
Profit before tax	4,498	13,511	-66.7%	10,480	31,302	-66.5%
Profit after tax	3,586	9,874	-63.7%	8,066	25,167	-68.0%
Profit attributable to equity holders of the parent	1,025	9,634	-89.4%	5,028	21,629	-76.8%

Group's current quarter revenue of RM102.0 million (3Q21: RM99.1 million) comprised revenue from the Engineering and Manufacturing sectors of RM97.0 million and RM5.0 million respectively, bringing its year-to-date revenue to RM305.1 million (9 months 2021: RM279.9 million). Comparatively, revenue increased by 2.9% and 9.0% respectively for the quarter and year-to-date, mainly attributed to higher revenue recognition from the Group's Civil Construction division.

The Group recorded a lower pre-tax profit in the current quarter and year-to-date of RM4.5 million (3Q21: RM13.5 million) and RM10.5 million (9 months 2021: RM31.3 million), respectively on the back of lower margin contributions for both the Engineering and Manufacturing sectors.

The highly competitive environment coupled with escalation of cost due to inflationary pressure, volatility of global raw material prices and higher input costs have led to the reduction in profit margins.

Engineering Sector

The Sector's revenue for the quarter of RM97.0 million (3Q21: RM93.6 million) representing 95% of the overall Group's turnover, improved marginally by 3.6% as a result of higher progress billings from the Civil Construction division.

The Group's Civil Construction division registered revenue of RM70.9 million in 3Q22, which increased by 94.8% as compared to RM36.4 million in the preceding year corresponding quarter. Higher revenue in the current quarter mainly 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 RM62.3 million in the current quarter compared to RM23.1 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 RM4.6 million in the current quarter (3Q21: RM13.3 million).

For Steel Fabrication division, group revenue reduced by 54.9% to RM25.3 million, compared to RM56.1 million in the preceding year corresponding quarter. 3Q22 revenue was mainly from the Engineering, Procurement, Construction, Installation and Commissioning of Wellhead Platforms for BKD-A and Host Tie-In Modification at BNCPP-B Topsides – BAKAU Non-Associated Gas Development Project; Engineering, Procurement and Construction of Flare Platform for Kasawari Gas Development Project; Piles fabrication for SK408W Jerun A CPP Jacket; Engineering, Procurement, Construction and Commissioning of PEMANIS Satellite (PESA) Topside; Structural steel work for the Glove factory in Bintulu and Structural steel work for the Malaysia Sarawak Methanol project under Samsung Engineering Co. Ltd.

HDG division posted lower revenue of RM787K in the current quarter compared to RM1.1 million in the preceding year corresponding quarter. Revenue was mostly from ad-hoc walk-in customers and from the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad.

Manufacturing Sector

The Manufacturing Sector registered a revenue of RM5.0 million for the current quarter ended 30 September 2022 (3Q21: RM5.5 million). The quarter's results ended lower compared to the preceding year corresponding quarter mainly due to lower activities for both the Steel Pipes and LP Gas Cylinders Manufacturing divisions.

Current quarter's revenue of RM3.1 million from the LP Gas Cylinders manufacturing division remained fairly consistent with that recorded in the preceding year corresponding quarter. 3Q22 revenue was for the supply of New and Reconditioning/Requalification of LPG Cylinders as well as the supply of LPG Compact Valves to Petronas Dagangan Berhad, Mygaz Sdn Bhd and Petrosniaga Sdn Bhd.

Revenue from the Group's Steel Pipes manufacturing division for the quarter decreased by 20.8% to RM1.9 million (3Q21: RM2.4 million), mostly for the supply of MSCL Pipes and Specials to ad-hoc customers. The division's performance will continue to be weighed down in the absence of any new major contracts for supply of Mild Steel Pipes under the Sarawak Water Supply Grid Programme.

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 (%)
	30/09/22	30/06/22	
	RM'000	RM'000	
Revenue	102,003	109,718	-7.0%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	7,285	5,581	30.5%
Profit before interest and tax	4,623	2,884	60.3%
Profit before tax	4,498	2,828	59.1%
Profit after tax	3,586	2,425	47.9%
Profit attributable to equity holders of the parent	1,025	1,613	-36.5%

Group's current quarter revenue of RM102.0 million decreased by 7.0% compared to RM109.7 million in the preceding quarter, mainly due to lower revenue recognition from the Steel Fabrication division. Despite lower revenue, pre-tax profit of the Group increased by 59.1% to RM4.5 million compared to RM2.8 million in the preceding quarter attributed to improve margin from the Steel Fabrication division.

17. Prospects

Whilst Malaysia transitions into an endemic stage of the Covid-19, management remains vigilant in monitoring closely any potential impacts that current uncertain global economic environment may have on the Group's financials.

Business environment continues to remain volatile and uncertain as we move into the final quarter of the year. Weakening of Ringgit currency against United States Dollar (USD), on-going geopolitical tensions, rising inflation and interest rates are amongst factors that may impact the Group's performance. Management acknowledged these headwinds and remains cautious to ride these waves of unpredictable developments in order to deliver merits to our stakeholders.

The Group continues to tender for projects to replenish its order book. Beyond 2022, the Group is optimistic that tenders being pursued may be awarded in 2023 and KKB Group is well positioned to actively participate in new works.

With the existing contracts in hand and the Group's diverse portfolio of robust businesses coupled with a healthy financial position, the Board remains positive that KKB Group will perform favourably for the financial year ending 2022, barring any unforeseen circumstances.

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 9 Months Ended	
	Current Quarter Ended 30/09/2022 RM	Comparative Quarter Ended 30/09/2021 RM	Current Period Ended 30/09/2022 RM	Comparative Period Ended 30/09/2021 RM
Malaysian taxation				
- Current year	707,857	819,077	2,869,326	4,706,882
- Prior year	968,966	-	968,966	-
Deferred tax	(765,250)	2,818,208	(1,424,427)	1,427,919
	-----	-----	-----	-----
	911,573	3,637,285	2,413,865	6,134,801
	=====	=====	=====	=====

The lower effective tax expense for the financial year to date was primarily due to utilization of losses at subsidiaries level for which no deferred tax was provided.

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 October 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	(29,694,785)	6,520,149	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 September 2022 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u> Lease liabilities	69,919	88,960
	-----	-----
<u>Non-Current</u> Lease liabilities	-	114,910
	-----	-----
Total borrowings	69,919	203,870
	=====	=====

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

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

	Secured RM	Unsecured RM
<u>Current</u> Lease liabilities	151,413	51,396
	-----	-----
<u>Non-Current</u> Lease liabilities	69,530	-
	-----	-----
Total borrowings	220,943	51,396
	=====	=====

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 September 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 9 Months Ended	
	Current Quarter Ended 30/09/2022	Comparative Quarter Ended 30/09/2021	Current Period Ended 30/09/2022	Comparative Period Ended 30/09/2021
Net profit attributable to equity holders of the parent (RM)	<u>1,025,499</u>	<u>9,634,209</u>	<u>5,028,354</u>	<u>21,628,822</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>0.36</u>	<u>3.74</u>	<u>1.74</u>	<u>8.39</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 9 Months Ended	
	Current Quarter Ended 30/09/2022 RM	Comparative Quarter Ended 30/09/2021 RM	Current Period Ended 30/09/2022 RM	Comparative Period Ended 30/09/2021 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(129,986)	(162,737)	(322,136)	(479,620)
Realised foreign exchange (gain)/loss	(324)	32,865	2,710	36,072
Unrealised foreign exchange gain	-	-	(193,857)	(194,259)
Rental income	(46,500)	(46,500)	(139,500)	(117,000)
Loss/(Gain) on disposal of property, plant and equipment	6,164	-	6,164	(66,999)
Depreciation of property, plant and equipment	2,661,508	2,791,333	8,061,567	8,504,022
Finance costs	125,685	909,591	204,849	2,601,464
Property, plant and equipment written off	-	10	413	20,379

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 September 2022.