

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2022 RM	COMPARATIVE QUARTER ENDED 31/12/2021 RM	CURRENT PERIOD ENDED 31/12/2022 RM	COMPARATIVE PERIOD ENDED 31/12/2021 RM
Revenue from contracts with customers	81,740,733	111,765,443	386,843,019	391,636,135
Cost of sales	(59,312,034)	(97,688,550)	(329,017,659)	(319,986,374)
<b>Gross profit</b>	<u>22,428,699</u>	<u>14,076,893</u>	<u>57,825,360</u>	<u>71,649,761</u>
Selling and distribution expenses	(351,972)	(105,199)	(525,566)	(715,084)
Administrative expenses	(8,215,555)	(7,164,504)	(32,901,212)	(32,934,143)
<b>Operating profit</b>	<u>13,861,172</u>	<u>6,807,190</u>	<u>24,398,582</u>	<u>38,000,534</u>
Finance costs	(224,042)	(539,239)	(428,891)	(3,140,703)
Finance income	117,860	147,609	439,996	627,229
Other expenses	(1,811,099)	(4,636,042)	(5,520,927)	(6,759,566)
Other income	1,898,738	939,184	4,740,606	4,252,729
Share of results of associates	772,177	74,546	1,464,963	1,114,799
<b>Profit before tax</b>	<u>14,614,806</u>	<u>2,793,248</u>	<u>25,094,329</u>	<u>34,095,022</u>
Income tax (expense)/credit	(4,213,849)	950,561	(6,627,714)	(5,184,240)
<b>Profit for the period</b>	<u>10,400,957</u>	<u>3,743,809</u>	<u>18,466,615</u>	<u>28,910,782</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>10,400,957</u>	<u>3,743,809</u>	<u>18,466,615</u>	<u>28,910,782</u>
Profit for the period attributable to:				
Equity holders of the parent	6,676,747	4,402,124	11,705,101	26,030,946
Non-controlling interests	3,724,210	(658,315)	6,761,514	2,879,836
	<u>10,400,957</u>	<u>3,743,809</u>	<u>18,466,615</u>	<u>28,910,782</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	6,676,747	4,402,124	11,705,101	26,030,946
Non-controlling interests	3,724,210	(658,315)	6,761,514	2,879,836
	<u>10,400,957</u>	<u>3,743,809</u>	<u>18,466,615</u>	<u>28,910,782</u>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>2.31</u>	<u>1.69</u>	<u>4.05</u>	<u>10.06</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 FOURTH QUARTER ENDED 31 DECEMBER 2022****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2022 RM	AS AT 31/12/2021 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	135,005,814	148,097,542
Investment in associates	8,030,162	6,565,199
Goodwill	1,632,667	1,632,667
Deferred tax assets	2,620,094	1,366,000
	<u>147,288,737</u>	<u>157,661,408</u>
<b>Current assets</b>		
Inventories	47,655,553	45,266,891
Trade and other receivables	83,759,519	59,499,253
Contract assets	43,773,368	55,101,373
Other current assets	6,892,230	7,333,070
Short term funds	205,331,452	157,313,712
Cash and short-term deposits	16,132,280	34,672,880
	<u>403,544,402</u>	<u>359,187,179</u>
<b>TOTAL ASSETS</b>	<b><u>550,833,139</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	223,046,167	225,777,418
<b>Equity attributable to equity holders of the parent</b>	<u>398,300,628</u>	<u>401,031,879</u>
<b>Non-controlling interests</b>	<u>44,527,363</u>	<u>38,765,849</u>
<b>Total equity</b>	<u>442,827,991</u>	<u>439,797,728</u>
<b>Non-current liabilities</b>		
Lease liabilities	93,857	52,387
Trade and other payables	6,986,596	5,701,088
Deferred tax liabilities	285,812	63,088
	<u>7,366,265</u>	<u>5,816,563</u>
<b>Current liabilities</b>		
Trade and other payables	100,329,332	70,197,498
Lease liabilities	140,364	116,729
Income tax payable	169,187	920,069
	<u>100,638,883</u>	<u>71,234,296</u>
<b>Total liabilities</b>	<u>108,005,148</u>	<u>77,050,859</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>550,833,139</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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(Company No : 26495 - D)

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**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022****Unaudited Condensed Consolidated Statements of Changes in Equity**

	<- Attributable to equity holders of the parent ->				
	Issued Capital RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total 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	-	11,705,101	11,705,101	6,761,514	18,466,615
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	11,705,101	11,705,101	6,761,514	18,466,615
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 31 December 2022</b>	<u>175,254,461</u>	<u>223,046,167</u>	<u>398,300,628</u>	<u>44,527,363</u>	<u>442,827,991</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	-	26,030,946	26,030,946	2,879,836	28,910,782
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	26,030,946	26,030,946	2,879,836	28,910,782
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)
Issuance of shares	46,414,934	-	46,414,934	-	46,414,934
Share issue expenses	(56,473)	-	(56,473)	-	(56,473)
<b>At 31 December 2021</b>	<u>175,254,461</u>	<u>225,777,418</u>	<u>401,031,879</u>	<u>38,765,849</u>	<u>439,797,728</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 FOURTH QUARTER ENDED 31 DECEMBER 2022****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2022 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2021 RM
Profit before taxation	25,094,329	34,095,022
Adjustments for:		
Depreciation of property, plant and equipment	10,692,994	11,233,009
Finance costs	428,891	3,140,703
Property, plant and equipment written off	413	20,477
Loss/(gain) on disposal of property, plant & equipment	4,168	(86,814)
Write down of slow moving inventories	90,017	131,918
Impairment loss on trade receivables	971,314	3,944,865
Dividend income	(1,285,845)	(1,733,437)
Fair value changes in short term funds	(2,194,917)	(264,966)
Net unrealised foreign exchange loss/(gain)	138,044	(402)
Interest income from financial assets	(439,996)	(627,229)
Share of results of associates	(1,464,963)	(1,114,799)
Total adjustments	<u>6,940,120</u>	<u>14,643,325</u>
Operating cash flows before changes in working capital	32,034,449	48,738,347
Changes in working capital		
Decrease/(increase) in inventories	969,936	(419,537)
(Increase)/decrease in receivables	(25,225,601)	61,017,546
Decrease in contract assets	11,328,005	33,425,590
Increase/(decrease) in payables	31,273,319	(98,917,571)
Decrease/(increase) in other current assets	881,673	(761,569)
Cash flows from operations	<u>51,261,781</u>	<u>43,082,806</u>
Interest paid	(428,891)	(3,140,703)
Taxation paid, net of refund	(8,850,799)	(11,927,387)
Net cash flows from operating activities	<u>41,982,091</u>	<u>28,014,716</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	10,013	87,101
Purchase of property, plant and equipment	(805,395)	(785,184)
Investment in short term funds	(93,000,188)	(120,000,588)
Redemption of short term funds	48,463,210	54,504,500
Interest received	439,996	627,229
Net cash flows used in investing activities	<u>(44,892,364)</u>	<u>(65,566,942)</u>
Financing activities		
Proceeds from issuance of shares	-	46,414,934
Share issue expenses	-	(56,473)
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	(193,975)	(722,036)
Increase in deposits pledged for bank guarantee	-	(300,000)
Net cash flows (used in)/from financing activities	<u>(15,630,327)</u>	<u>33,632,870</u>
Net decrease in cash and cash equivalents	(18,540,600)	(3,919,356)
Cash and cash equivalents at the beginning of the period	34,372,880	38,292,236
Cash and cash equivalents at the end of the period	<u>15,832,280</u>	<u>34,372,880</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 31 DECEMBER 2022

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	13,150,157	373,692,862	-	386,843,019
Inter-segment revenue	6,320,674	26,547,135	(32,867,809)	-
Total revenue	19,470,831	400,239,997	(32,867,809)	386,843,019
Results	(947,594)	25,005,851	-	24,058,257
Finance costs	-	(428,891)	-	(428,891)
Share of results of associates	579,769	885,194	-	1,464,963
(Loss)/Profit before tax	(367,825)	25,462,154	-	25,094,329
Income tax expense	(713,184)	(5,914,530)	-	(6,627,714)
(Loss)/Profit after tax	(1,081,009)	19,547,624	-	18,466,615

### OTHER DISCLOSURES

Finance income	39,873	400,123	-	439,996
Depreciation of property, plant and equipment	1,062,415	9,630,579	-	10,692,994

### RESULTS FOR PERIOD-TO-DATE ENDED 31 DECEMBER 2021

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	25,055,248	366,580,887	-	391,636,135
Inter-segment revenue	10,510,037	42,862,572	(53,372,609)	-
Total revenue	35,565,285	409,443,459	(53,372,609)	391,636,135
Results	583,768	35,537,158	-	36,120,926
Finance costs	(7,790)	(3,132,913)	-	(3,140,703)
Share of results of associates	657,211	457,588	-	1,114,799
Profit before tax	1,233,189	32,861,833	-	34,095,022
Income tax credit/(expense)	380,514	(5,564,754)	-	(5,184,240)
Profit after tax	1,613,703	27,297,079	-	28,910,782

## **OTHER DISCLOSURES**

Finance income	95,871	531,358	-	627,229
Depreciation of property, plant and Equipment	1,166,418	10,066,591	-	11,233,009
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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	31/12/2022	205,331,452	-	-	205,331,452
	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 31 December 2022**

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

### 13. Capital Commitments

	As At 31/12/2022 RM	As At 31/12/2021 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	5,561,244	205,102
- Approved but not contracted for	-	-
	-----	-----
	5,561,244	205,102
	=====	=====

### 14. Related Party Transactions

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2022 RM	Comparative Quarter Ended 31/12/2021 RM	Current Period Ended 31/12/2022 RM	Comparative Period Ended 31/12/2021 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	-	-	-	13,350
- Provision of miscellaneous services such as machineries, equipments and labour etc	390,556	574,073	1,589,780	1,638,832
- Rental income	6,000	6,000	24,000	24,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,476	49,747	45,904	225,524
Transactions with related companies of investors, Cahya Mata Sarawak Bhd. and/or Sarawak Economic Development Corporation				
- 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.	37,722	-	149,142	3,400
- Purchase of aggregates, etc from SEDC Quarries Sdn. Bhd.	2,161,068	-	6,579,879	-
- Purchase of cement and other Products from CMS Infra Trading Sdn. Bhd.	-	-	74,137	-
- Purchase of quarry sand, etc from Borneo Granite Sdn. Bhd.	247,348	-	247,348	-
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	71,400	71,400
- KKB Realty Sdn. Bhd.	15,300	15,300	61,200	56,400
- Sepang Kaya Sdn. Bhd.	32,708	32,708	130,832	127,129



Short term lease expense paid to a director, Dato Sri Kho Kak Beng	19,200	19,200	76,800	76,800
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	19,200	19,200
Short term lease expense				
- House Of Favourites	3,000	-	6,000	-
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	2,947,028	719,678	9,075,622	2,434,782
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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 12 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	31/12/22	31/12/21		31/12/22	31/12/21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	81,741	111,765	-26.9%	386,843	391,636	-1.2%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	17,470	6,061	188.2%	36,216	48,469	-25.3%
Profit before interest and tax	14,839	3,332	345.3%	25,523	37,236	-31.5%
Profit before tax	14,615	2,793	423.3%	25,094	34,095	-26.4%
Profit after tax	10,401	3,744	177.8%	18,467	28,911	-36.1%
Profit attributable to equity holders of the parent	6,677	4,402	51.7%	11,705	26,031	-55.0%

Group's current quarter revenue of RM81.7 million declined by 26.9% as compared to RM111.8 million recorded in the preceding year corresponding quarter, mainly due to lower revenue from the Civil Construction and Steel Fabrication divisions within the Engineering sector.

Despite lower revenue recorded, Group's current quarter pre-tax profit however increased by 423.3% to RM14.6 million compared to RM2.8 million in the preceding year corresponding quarter, attributed to a higher gross profit recognition from the Steel Fabrication division with improved margin.

The Group's year-to-date revenue and pre-tax profit of RM386.8 million and RM25.1 million respectively, were lower as compared to the preceding year on the back of lower revenue and gross profit recognition from the Steel Fabrication and Steel Pipes Manufacturing divisions.

### Engineering Sector

The Sector's current quarter revenue of RM77.2 million was 28.8% lower compared to RM108.5 million registered in the preceding year fourth quarter, due to lower revenue from the Civil Construction and Steel Fabrication divisions.

For Steel Fabrication division, Group revenue reduced by 14.1% to RM26.3 million, compared to RM30.6 million in the preceding year corresponding quarter. 4Q22 revenue was mainly from the on-going projects in hand such as the 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; Piles fabrication for SK408W Jerun A CPP Jacket under Malaysia Marine and Heavy Engineering Sdn Bhd; Structural steel work for the Malaysia Sarawak Methanol project under Samsung Engineering Co. Ltd.; Engineering, Procurement, Construction and Commissioning of PEMANIS Satellite (PESA) Topside under PTTEP Sarawak Oil Limited; 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 for Petronas Carigali Sdn Bhd and Structural steel work for the Glove factory in Bintulu under Fook Lai Construction & Development Sdn Bhd.

The Group's 4Q22 revenue for the Construction division decreased by 34.3% to RM50.3 million compared to RM76.6 million in the preceding year corresponding quarter. Lower revenue in the current quarter mainly due to lower 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 RM43.2 million in the current quarter compared to RM66.5 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 RM4.3 million in the current quarter (4Q21: RM10.2 million). Lower as most projects are nearing its completion stage.

Revenue of RM624K for the Hot-Dip Galvanising division remained low in the current quarter compared to RM1.2 million in the preceding year corresponding quarter. Revenue was mostly from ad-hoc walk-in customers only as contract for the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad has been fulfilled.

### Manufacturing Sector

The Manufacturing Sector registered a revenue of RM4.5 million for the current quarter compared to RM3.3 million in the preceding year corresponding quarter, due to increase activities for both the Steel Pipes and LP Gas Cylinders Manufacturing divisions.

Current quarter's revenue of RM3.0 million for the LP Gas Cylinders manufacturing division recorded an increase of 30.4% over the preceding year corresponding quarter. 4Q22 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 increased by 50.0% to RM1.5 million (4Q21: RM1.0 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 (%)
	31/12/22	30/09/22	
	RM'000	RM'000	
Revenue	81,741	102,003	-19.9%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	17,470	7,285	139.8%
Profit before interest and tax	14,839	4,623	221.0%
Profit before tax	14,615	4,498	224.9%
Profit after tax	10,401	3,586	190.0%
Profit attributable to equity holders of the parent	6,677	1,025	551.4%

Group's current quarter revenue of RM81.7 million decreased by 19.9% compared to RM102.0 million in the preceding quarter, mainly due to lower revenue recognition from the Civil Construction division. Despite lower revenue, pre-tax profit of the Group increased to RM14.6 million compared to RM4.5 million in the preceding quarter attributed to improve performance of both the Engineering and Manufacturing sector.

## 17. Prospects

OceanMight Sdn Bhd (KKB's subsidiary), has been awarded by Sarawak Shell Berhad ("SSB") and Sabah Shell Petroleum Co. Limited ("SSPC") as the Primary Contractor for the Price Agreement for Engineering, Procurement and Construction ("EPC") of Standard Wellhead Platforms for SSB/SSPC, effective from 24 October 2022 until 23 October 2027. The Price Agreement opened up more opportunities for OceanMight, being one of the few PETRONAS Licensed Yards in Malaysia, to bid for contract works involving the EPC of Standard Wellhead Platforms for SSB/SSPC.

In January 2023, OceanMight Sdn Bhd secured a contract for the Provision of Engineering, Procurement and Construction ("EPC") of Standard Wellhead Platforms for MLNG FaS (F27, F22 and Selasih) Gas Field Development project from Sarawak Shell Berhad. This bodes well for the Group as it will provide a steady stream of income for the duration of the contract.

The Group continues to engage and identify local or foreign partners to cooperate with. Our future business and expansion plan, including the area of renewable energy shall be pursued further considering the vast potentials and future developments.

With the existing contracts in hand and the Group's diverse portfolio of businesses coupled with its healthy financial position, the Board remains positive that KKB Group will perform favourably for the financial year ending 2023, barring any unforeseen circumstances.

However, the continued uncertainties in the global economic environment, escalation of costs due to inflationary pressure, volatility of global raw material steel prices, and fluctuation of foreign exchange rates are amongst factors that may impact the Group's performance.

## 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/(Credit)**

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2022 RM	Comparative Quarter Ended 31/12/2021 RM	Current Period Ended 31/12/2022 RM	Comparative Period Ended 31/12/2021 RM
Malaysian taxation				
- Current year	3,820,792	1,487,800	6,690,118	6,194,682
- Prior year	-	392,707	968,966	392,707
Deferred tax	393,057	(2,831,068)	(1,031,370)	(1,403,149)
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	4,213,849	(950,561)	6,627,714	5,184,240
	=====	=====	=====	=====

The higher effective tax expense for the financial year to date was primarily due to 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 January 2023 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	(31,808,990)	4,405,944	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 31 December 2022 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u> Lease liabilities	52,387	87,977
<u>Non-Current</u> Lease liabilities	-	93,857
Total borrowings	52,387	181,835

Total Group's loans and borrowings as at 31 December 2021 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u> Lease liabilities	97,589	19,140
<u>Non-Current</u> Lease liabilities	52,387	-
Total borrowings	149,976	19,140

### 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 31 December 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

The Board of Directors is pleased to recommend a first and final single tier dividend of six (6.0) sen per ordinary share, in respect of the financial year ended 31 December 2022, subject to shareholders' approval at the forthcoming Annual General Meeting.

The date of the Annual General Meeting and the dates of the dividend entitlement and payment will be announced at a later date.

**29. Earnings per share**

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2022	Comparative Quarter Ended 31/12/2021	Current Period Ended 31/12/2022	Comparative Period Ended 31/12/2021
Net profit attributable to equity holders of the parent (RM)	<u>6,676,747</u>	<u>4,402,124</u>	<u>11,705,101</u>	<u>26,030,946</u>
Weighted average number of ordinary shares in issue	<u>288,727,040</u>	<u>261,154,504</u>	<u>288,727,040</u>	<u>258,639,535</u>
Basic earnings per share for the period attributable to equity holders of the parent (sen)	<u>2.31</u>	<u>1.69</u>	<u>4.05</u>	<u>10.06</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 12 Months Ended	
	Current Quarter Ended 31/12/2022 RM	Comparative Quarter Ended 31/12/2021 RM	Current Period Ended 31/12/2022 RM	Comparative Period Ended 31/12/2021 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(117,860)	(147,609)	(439,996)	(627,229)
Realised foreign exchange (gain)/loss	(711)	(341,616)	1,999	(305,544)
Unrealised foreign exchange loss/(gain)	331,901	193,857	138,044	(402)
Rental income	(46,500)	(46,500)	(186,000)	(163,500)
(Gain)/Loss on disposal of property, plant and equipment	(1,996)	(19,815)	4,168	(86,814)
Depreciation of property, plant and equipment	2,631,427	2,728,987	10,692,994	11,233,009
Finance costs	224,042	539,239	428,891	3,140,703
Property, plant and equipment written off	-	98	413	20,477
Write down of slow moving inventories	90,017	131,918	90,017	131,918
Impairment loss on trade receivables	971,314	3,944,865	971,314	3,944,865

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no 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 31 December 2022.