

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2023 RM	COMPARATIVE QUARTER ENDED 31/03/2022 RM	CURRENT PERIOD ENDED 31/03/2023 RM	COMPARATIVE PERIOD ENDED 31/03/2022 RM
Revenue from contracts with customers	60,486,446	93,381,211	60,486,446	93,381,211
Cost of sales	(48,017,539)	(82,107,276)	(48,017,539)	(82,107,276)
Gross profit	<u>12,468,907</u>	<u>11,273,935</u>	<u>12,468,907</u>	<u>11,273,935</u>
Selling and distribution expenses	(535,131)	(114,209)	(535,131)	(114,209)
Administrative expenses	(9,200,105)	(8,535,882)	(9,200,105)	(8,535,882)
Operating profit	<u>2,733,671</u>	<u>2,623,844</u>	<u>2,733,671</u>	<u>2,623,844</u>
Finance costs	(269,006)	(23,154)	(269,006)	(23,154)
Finance income	151,345	90,794	151,345	90,794
Other expenses	(497,856)	(585,890)	(497,856)	(585,890)
Other income	3,109,513	1,036,049	3,109,513	1,036,049
Share of results of associates	344,129	11,786	344,129	11,786
Profit before tax	<u>5,571,796</u>	<u>3,153,429</u>	<u>5,571,796</u>	<u>3,153,429</u>
Income tax expense	(955,015)	(1,098,977)	(955,015)	(1,098,977)
Profit for the period	<u>4,616,781</u>	<u>2,054,452</u>	<u>4,616,781</u>	<u>2,054,452</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>4,616,781</u>	<u>2,054,452</u>	<u>4,616,781</u>	<u>2,054,452</u>
Profit/(loss) for the period attributable to:				
Equity holders of the parent	3,401,506	2,389,432	3,401,506	2,389,432
Non-controlling interests	1,215,275	(334,980)	1,215,275	(334,980)
	<u>4,616,781</u>	<u>2,054,452</u>	<u>4,616,781</u>	<u>2,054,452</u>
Total Comprehensive Income/(Loss) for the period attributable to:				
Equity holders of the parent	3,401,506	2,389,432	3,401,506	2,389,432
Non-controlling interests	1,215,275	(334,980)	1,215,275	(334,980)
	<u>4,616,781</u>	<u>2,054,452</u>	<u>4,616,781</u>	<u>2,054,452</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period (sen)	<u>1.18</u>	<u>0.83</u>	<u>1.18</u>	<u>0.83</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 FIRST QUARTER ENDED 31 MARCH 2023**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/03/2023 RM	AS AT 31/12/2022 RM
ASSETS		
Non-current assets		
Property, plant & equipment	133,469,672	135,005,814
Investment in associates	8,374,292	8,030,162
Goodwill	1,632,667	1,632,667
Deferred tax assets	2,461,875	2,620,094
	<u>145,938,506</u>	<u>147,288,737</u>
Current assets		
Inventories	55,647,288	47,655,553
Trade and other receivables	56,114,726	77,510,061
Contract assets	60,651,458	50,022,826
Other current assets	5,700,239	6,892,230
Short term funds	189,691,605	205,331,452
Cash and short-term deposits	24,575,696	16,132,280
	<u>392,381,012</u>	<u>403,544,402</u>
TOTAL ASSETS	<u>538,319,518</u>	<u>550,833,139</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	175,254,461	175,254,461
Retained earnings	226,447,673	223,046,167
Equity attributable to equity holders of the parent	<u>401,702,134</u>	<u>398,300,628</u>
Non-controlling interests	<u>45,742,638</u>	<u>44,527,363</u>
Total equity	<u>447,444,772</u>	<u>442,827,991</u>
Non-current liabilities		
Lease liabilities	72,579	93,857
Trade and other payables	7,045,014	6,986,596
Deferred tax liabilities	41,885	285,812
	<u>7,159,478</u>	<u>7,366,265</u>
Current liabilities		
Trade and other payables	82,780,072	100,329,332
Lease liabilities	122,249	140,364
Income tax payable	812,947	169,187
	<u>83,715,268</u>	<u>100,638,883</u>
Total liabilities	<u>90,874,746</u>	<u>108,005,148</u>
TOTAL EQUITY AND LIABILITIES	<u>538,319,518</u>	<u>550,833,139</u>

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

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023**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 2023	175,254,461	223,046,167	398,300,628	44,527,363	442,827,991
Profit for the period	-	3,401,506	3,401,506	1,215,275	4,616,781
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	3,401,506	3,401,506	1,215,275	4,616,781
At 31 March 2023	<u>175,254,461</u>	<u>226,447,673</u>	<u>401,702,134</u>	<u>45,742,638</u>	<u>447,444,772</u>
At 1 January 2022	175,254,461	225,777,418	401,031,879	38,765,849	439,797,728
Profit/(loss) for the period	-	2,389,432	2,389,432	(334,980)	2,054,452
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	2,389,432	2,389,432	(334,980)	2,054,452
At 31 March 2022	<u>175,254,461</u>	<u>228,166,850</u>	<u>403,421,311</u>	<u>38,430,869</u>	<u>441,852,180</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

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2023 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2022 RM
Profit before taxation	5,571,796	3,153,429
Adjustments for:		
Depreciation of property, plant and equipment	2,062,781	2,703,392
Finance costs	269,006	23,154
Reversal of impairment on trade receivables	(53,071)	-
Dividend income	(398,075)	(306,818)
Fair value changes in short term funds	(1,463,678)	(410,691)
Net unrealised foreign exchange gain	(331,901)	(193,857)
Interest income from financial assets	(151,345)	(90,794)
Share of results of associates	(344,129)	(11,786)
Total adjustments	(410,412)	1,712,600
Operating cash flows before changes in working capital	5,161,384	4,866,029
Changes in working capital		
Increase in inventories	(7,991,735)	(183,041)
Decrease/(increase) in receivables	21,547,198	(18,278,105)
Increase in contract assets	(10,628,632)	(13,105,767)
(Decrease)/increase in payables	(17,257,733)	16,691,032
Decrease in other current assets	-	218,098
Cash flows used in operations	(9,169,518)	(9,791,754)
Interest paid	(269,006)	(23,154)
Net taxes refunded/(paid)	795,028	(979,515)
Net cash flows used in operating activities	(8,643,496)	(10,794,423)
Investing activities		
Purchase of property, plant and equipment	(526,640)	(232,771)
Investment in short term funds	(2,500,000)	(8,000,000)
Redemption of short term funds	20,001,600	499,999
Interest received	151,345	90,794
Net cash flows generated from/(used in) investing activities	17,126,305	(7,641,978)
Financing activities		
Repayment of principal portion of lease liabilities	(39,393)	(66,728)
Increase in deposits pledged for bank guarantee	(208,548)	-
Net cash flows used in financing activities	(247,941)	(66,728)
Net increase/(decrease) in cash and cash equivalents	8,234,868	(18,503,129)
Cash and cash equivalents at the beginning of the period	15,832,280	34,372,880
Cash and cash equivalents at the end of the period	24,067,148	15,869,751

(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 2022. 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 2022.

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 2022 except for the adoption of the following, where applicable, when they become effective:

- ❖ MFRS 17: Insurance Contracts
- ❖ Amendments to MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 - Comparative Information)
- ❖ Amendments to MFRS 101 and Practice Statement 2: Disclosure of Accounting Policies
- ❖ Amendments to MFRS 108: Definition of Accounting Estimates
- ❖ Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction
- ❖ Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- ❖ Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- ❖ Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

No dividend was paid in the current quarter and financial year to date.

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 MARCH 2023

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	1,822,368	58,664,078	-	60,486,446
Inter-segment revenue	494,620	(1,592,354)	1,097,734	-
Total revenue	2,316,988	57,071,724	1,097,734	60,486,446
Results	(940,137)	6,436,810	-	5,496,673
Finance costs	-	(269,006)	-	(269,006)
Share of results of associates	172,945	171,184	-	344,129
(Loss)/Profit before tax	(767,192)	6,338,988	-	5,571,796
Income tax expense	-	(955,015)	-	(955,015)
(Loss)/Profit after tax	(767,192)	5,383,973	-	4,616,781

OTHER DISCLOSURES

Finance income	21,148	130,197	-	151,345
Depreciation of property, plant and equipment	255,546	1,807,235	-	2,062,781

RESULTS FOR PERIOD-TO-DATE ENDED 31 MARCH 2022

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	1,353,326	92,027,885	-	93,381,211
Inter-segment revenue	186,205	9,201,500	(9,387,705)	-
Total revenue	1,539,531	101,229,385	(9,387,705)	93,381,211
Results	(1,213,770)	4,378,567	-	3,164,797
Finance costs	-	(23,154)	-	(23,154)
Share of results of associates	74,251	(62,465)	-	11,786
(Loss)/Profit before tax	(1,139,519)	4,292,948	-	3,153,429
Income tax expense	(56,063)	(1,042,914)	-	(1,098,977)

(Loss)/Profit after tax	(1,195,582)	3,250,034	-	2,054,452
	=====	=====	=====	=====

OTHER DISCLOSURES

Finance income	7,018	83,776	-	90,794
Depreciation of property, plant and equipment	260,652	2,442,740	-	2,703,392
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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
Assets measured at fair value:					
Short term funds	31/03/2023	189,691,605	-	-	189,691,605
	31/12/2022	205,331,452	-	-	205,331,452
		=====	=====	=====	=====

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

12. Contingent liabilities/Contingent assets as at 31 March 2023

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

13. Capital Commitments

	As At 31/03/2023 RM	As At 31/03/2022 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	4,755,419	73,125
- Approved but not contracted for	9,129,329	-
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	13,884,748	73,125
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14. Related Party Transactions

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2023 RM	Comparative Quarter Ended 31/03/2022 RM	Current Period Ended 31/03/2023 RM	Comparative Period Ended 31/03/2022 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Provision of miscellaneous services such as machineries, equipments and labour etc	435,182	482,748	435,182	482,748
- Rental income	6,000	6,000	6,000	6,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,824	11,476	11,824	11,476
Transactions with related companies of investors, Cahya Mata Sarawak Bhd. and/or Sarawak Economic Development Corporation				
- Purchase of aggregates, etc from SEDC Quarries Sdn. Bhd.	7,839	-	7,839	-
- Purchase of quarry sand, etc from Borneo Granite Sdn. Bhd.	422,518	-	422,518	-
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	17,850	17,850
- KKB Realty Sdn. Bhd.	15,300	15,300	15,300	15,300
- Sepang Kaya Sdn. Bhd.	32,708	32,708	32,708	32,708
Short term lease expense paid to a director, Dato Sri Kho Kak Beng	19,200	19,200	19,200	19,200
Transactions with a person connected with certain directors of the Company				
Short term lease expense				
- Kho Siew Lan	4,800	4,800	4,800	4,800
Short term lease expense				
- House Of Favourites	6,000	-	6,000	-
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	979,221	590,082	979,221	590,082
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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 3 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	31/03/23	31/03/22		31/03/23	31/03/22	
	RM'000	RM'000		RM'000	RM'000	
Revenue	60,486	93,381	-35.2%	60,486	93,381	-35.2%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	7,904	5,880	34.4%	7,904	5,880	34.4%
Profit before interest and tax	5,841	3,177	83.9%	5,841	3,177	83.9%
Profit before tax	5,572	3,153	76.7%	5,572	3,153	76.7%
Profit after tax	4,617	2,054	124.8%	4,617	2,054	124.8%
Profit attributable to equity holders of the parent	3,402	2,389	42.4%	3,402	2,389	42.4%

Revenue decreased by 35.2% compared to the preceding year corresponding first quarter, mainly attributed to lower revenue registered by the Civil Construction and Steel Fabrication divisions within the Engineering sector. The newly commenced projects under the Steel Fabrication and Civil Construction divisions are still at the early stage to contribute positively to the overall Group's performance.

Group's current quarter revenue of RM60.5 million (1Q22: RM93.4 million) comprises revenue from the Engineering and Manufacturing sectors of RM58.7 million (1Q22: RM92.0 million) and RM1.8 million (1Q22: RM1.4 million), respectively.

Despite recorded lower revenue, Group's pre-tax profit ("PBT") rose to RM5.6 million in the current quarter compared to RM3.2 million in the preceding year corresponding quarter. 1Q23 Group's PBT increased by 76.7% on the back of improved gross profit margin from both the Steel Fabrication and Civil Construction divisions supported by the increase in Other Income and Share of Results of Associate.

Engineering Sector

The Engineering sector contributed 97% (1Q22: 99%) to the Group's total revenue. The sector's revenue of RM58.7 million (1Q22: RM92.0 million) decreased by 36.2%, showing lower revenue from the Civil Construction and Steel Fabrication divisions as compared with the preceding year corresponding quarter.

For Steel Fabrication division, Group revenue reduced by 33.0% to RM24.4 million, compared to RM36.4 million in the preceding year corresponding quarter. 1Q23 revenue was mainly from the newly commenced project for Sarawak Shell Berhad i.e the Provision of Engineering, Procurement and Construction of Standard Wellhead Platforms for MLNG FaS (F27, F22 and Selasih); the other on-going

jobs such as Engineering, Procurement and Construction of Flare Platform for Kasawari Gas Development Project; Piles fabrication for SK408W Jerun A CPP Jacket; 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 and Structural steel work for the Glove factory in Bintulu, Sarawak.

Construction's division revenue for the quarter of RM33.7 million (1Q22: RM54.8 million) decreased by 38.5% compared to the preceding year corresponding first 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 RM26.1 million in the current quarter compared to RM48.6 million recorded in the preceding year corresponding first quarter. The water related construction projects secured from Jabatan Bekalan Air Luar Bandar Sarawak, Kuching Water Board and LAKU Management Sdn Bhd implemented under the Sarawak Water Supply Grid Programme contributed a combined revenue of RM5.2 million in the current quarter (1Q22: RM6.2 million).

HDG Division also experienced lower revenue of RM501K in the current quarter compared to RM811K in the preceding year corresponding first quarter. Revenue was mostly from ad-hoc walk-in customers.

Manufacturing Sector

Activities for the Manufacturing sector remain low, which registered a revenue of RM1.8 million for the current quarter compared to RM1.3 million in the preceding year corresponding quarter. The sector'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.

LP Gas Cylinders manufacturing division's revenue for the quarter of RM1.8 million improved by 38.5% compared to 1Q22 revenue of RM1.3 million. About 34% was from the supply of new LPG cylinders to Petronas Dagangan Berhad and 66% from the Reconditioning/Requalification of LPG Cylinders to Mygaz Sdn Bhd.

The Group's Steel Pipes manufacturing business in Kota Kinabalu, Sabah will commence delivery for the newly secured job for the export of Mild Steel Pipes to Brunei in April 2023 onwards.

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 (%)
	31/03/23	31/12/22	
	RM'000	RM'000	
Revenue	60,486	81,741	-26.0%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	7,904	17,470	-54.8%
Profit before interest and tax	5,841	14,839	-60.6%
Profit before tax	5,572	14,615	-61.9%
Profit after tax	4,617	10,401	-55.6%
Profit attributable to equity holders of the parent	3,402	6,677	-49.0%

Group's revenue for the current quarter of RM60.5 million recorded a decrease of 26.0%, compared to the preceding quarter of RM81.7 million. Similarly, Group's pre-tax profit reduced to RM5.6 million in the current quarter compared to RM14.6 million in the preceding quarter, amidst lower revenue registered by both the Engineering and Manufacturing sectors. The Civil Construction and Steel Fabrication divisions within the Engineering sector recorded a combined revenue of RM58.2 million (4Q22: RM76.6 million) whilst revenue from the Steel Pipes division decreased to RM29K in the current quarter (4Q22: RM1.5 million).

17. Prospects

Two recent contract awards will continue to provide a steady stream of income for the Group during the duration of the contracts, namely:

- (i) The award of contract from Samsung Engineering (M) Sdn Bhd in April 2023 for the Module Fabrication and supply of Steel Structures for the Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak.
- (ii) The award from Sarawak Shell Berhad in January 2023 for the Provision of Engineering, Procurement and Construction of Standard Wellhead Platforms for MLNG FaS (F27, F22 and Selasih) Gas Field Development project.

The above 2nd contract award is the first of the contracts awarded by Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd to OceanMight Sdn Bhd under the five (5) years Price Agreement for the Engineering, Procurement and Construction of Standard Wellhead Platform effective from 24th October 2022 to 23rd October 2027.

KKB Group continue to explore all opportunities and to grow our areas of engineering services with increased focus given to Renewable Energy, long-term objective to participate directly or with other strategic partner(s) in the Oil and Gas sectors.

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.

Barring any unforeseen circumstances, KKB Group expects performance to be sustained for the financial year ending 2023 on the back of its order book coupled with its healthy financial position.

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 3 Months Ended	
	Current Quarter Ended 31/03/2023 RM	Comparative Quarter Ended 31/03/2022 RM	Current Period Ended 31/03/2023 RM	Comparative Period Ended 31/03/2022 RM
Malaysian taxation - Current year	1,040,724	778,099	1,040,724	778,099
Deferred tax	(85,709)	320,878	(85,709)	320,878
	-----	-----	-----	-----
	955,015	1,098,977	955,015	1,098,977
	=====	=====	=====	=====

The lower effective tax expense for the financial year to date was primarily due to certain non-taxable income.

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 30 April 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	(2,941,034)	7,058,966	Within 24 months
Working capital	36,214,934	(36,358,461)	(143,527)	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 March 2023 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	35,272	86,977
	-----	-----
<u>Non-Current</u>		
Lease liabilities	-	72,579
	-----	-----
Total borrowings	35,272	159,556
	=====	=====

Total Group's loans and borrowings as at 31 March 2022 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	76,063	84,580
	-----	-----
<u>Non-Current</u>		
Lease liabilities	35,094	156,353
	-----	-----
Total borrowings	111,157	240,933
	=====	=====

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 March 2023.

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

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 has been recommended by the Board of Directors on 23 February 2023, payable to shareholders of the Company whose names appear in the Record of Depositors on 30 May 2023.

The payment of this first and final dividend is subject to the shareholders' approval at the forthcoming Forty-Seventh (47th) Annual General Meeting to be held on 25 May 2023, and if approved will be paid on 15 June 2023.

29. Earnings per share

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2023	Comparative Quarter Ended 31/03/2022	Current Period Ended 31/03/2023	Comparative Period Ended 31/03/2022
Net profit attributable to equity holders of the parent (RM)	3,401,506	2,389,432	3,401,506	2,389,432
Weighted average number of ordinary shares in issue	288,727,040	288,727,040	288,727,040	288,727,040

Basic earnings per share for the period attributable to equity holders of the parent (sen)	1.18	0.83	1.18	0.83
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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 2022 was not qualified.

31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2023 RM	Comparative Quarter Ended 31/03/2022 RM	Current Period Ended 31/03/2023 RM	Comparative Period Ended 31/03/2022 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(151,345)	(90,794)	(151,345)	(90,794)
Realised foreign exchange loss	20,445	3,034	20,445	3,034
Unrealised foreign exchange gain	(331,901)	(193,857)	(331,901)	(193,857)
Rental income	(44,500)	(46,500)	(44,500)	(46,500)
Reversal of impairment on trade receivables	(53,071)	-	(53,071)	-
Depreciation of property, plant and equipment	2,062,781	2,703,392	2,062,781	2,703,392
Finance costs	269,006	23,154	269,006	23,154

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 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 31 March 2023.