

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

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

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2023 RM	COMPARATIVE QUARTER ENDED 31/12/2022 RM	CURRENT PERIOD ENDED 31/12/2023 RM	COMPARATIVE PERIOD ENDED 31/12/2022 RM
Revenue from contracts with customers	166,063,336	81,740,733	470,977,755	386,843,019
Cost of sales	(140,286,167)	(59,312,034)	(384,369,147)	(329,017,659)
<b>Gross profit</b>	<u>25,777,169</u>	<u>22,428,699</u>	<u>86,608,608</u>	<u>57,825,360</u>
Selling and distribution expenses	(788,706)	(351,972)	(2,812,696)	(525,566)
Administrative expenses	(11,492,681)	(8,192,692)	(39,165,439)	(32,878,349)
<b>Operating profit</b>	<u>13,495,782</u>	<u>13,884,035</u>	<u>44,630,473</u>	<u>24,421,445</u>
Finance costs	(889,518)	(224,042)	(2,204,680)	(428,891)
Finance income	382,696	117,860	1,034,687	439,996
Other expenses	(1,617,156)	(1,833,962)	(3,029,872)	(5,543,790)
Other income	2,727,062	1,898,738	9,798,844	4,740,606
Share of results of associates	703,090	772,177	1,933,604	1,464,963
<b>Profit before tax</b>	<u>14,801,956</u>	<u>14,614,806</u>	<u>52,163,056</u>	<u>25,094,329</u>
Income tax expense	(9,487,611)	(4,213,849)	(17,817,365)	(6,627,714)
<b>Profit for the period</b>	<u>5,314,345</u>	<u>10,400,957</u>	<u>34,345,691</u>	<u>18,466,615</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u><u>5,314,345</u></u>	<u><u>10,400,957</u></u>	<u><u>34,345,691</u></u>	<u><u>18,466,615</u></u>
Profit for the period attributable to:				
Equity holders of the parent	3,613,082	6,676,747	26,628,838	11,705,101
Non-controlling interests	1,701,263	3,724,210	7,716,853	6,761,514
	<u>5,314,345</u>	<u>10,400,957</u>	<u>34,345,691</u>	<u>18,466,615</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	3,613,082	6,676,747	26,628,838	11,705,101
Non-controlling interests	1,701,263	3,724,210	7,716,853	6,761,514
	<u>5,314,345</u>	<u>10,400,957</u>	<u>34,345,691</u>	<u>18,466,615</u>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>1.25</u>	<u>2.31</u>	<u>9.22</u>	<u>4.05</u>
Diluted, for profit for the period (sen) - Not Applicable				

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

**KKB ENGINEERING BERHAD**

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**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2023 RM	AS AT 31/12/2022 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	135,348,156	135,005,814
Investment in associates	9,963,766	8,030,162
Goodwill	1,632,667	1,632,667
Deferred tax assets	1,902,949	2,620,094
	<u>148,847,538</u>	<u>147,288,737</u>
<b>Current assets</b>		
Inventories	51,504,980	47,655,553
Trade and other receivables	80,487,304	77,510,061
Contract assets	114,592,652	50,022,826
Other current assets	2,402,352	6,892,230
Short term funds	196,488,120	205,331,452
Cash and short-term deposits	35,831,559	16,132,280
	<u>481,306,967</u>	<u>403,544,402</u>
<b>TOTAL ASSETS</b>	<b><u>630,154,505</u></b>	<b><u>550,833,139</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	175,254,461	175,254,461
Retained earnings	232,351,383	223,046,167
<b>Equity attributable to equity holders of the parent</b>	<u>407,605,844</u>	<u>398,300,628</u>
<b>Non-controlling interests</b>	<u>51,244,216</u>	<u>44,527,363</u>
<b>Total equity</b>	<u>458,850,060</u>	<u>442,827,991</u>
<b>Non-current liabilities</b>		
Lease liabilities	7,374	93,857
Trade and other payables	7,915,262	6,986,596
Deferred tax liabilities	4,100,491	285,812
	<u>12,023,127</u>	<u>7,366,265</u>
<b>Current liabilities</b>		
Trade and other payables	157,534,767	100,329,332
Lease liabilities	96,098	140,364
Income tax payable	1,650,453	169,187
	<u>159,281,318</u>	<u>100,638,883</u>
<b>Total liabilities</b>	<u>171,304,445</u>	<u>108,005,148</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>630,154,505</u></b>	<b><u>550,833,139</u></b>

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

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**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
<b>At 1 January 2023</b>	175,254,461	223,046,167	398,300,628	44,527,363	442,827,991
Profit for the period	-	26,628,838	26,628,838	7,716,853	34,345,691
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	26,628,838	26,628,838	7,716,853	34,345,691
Dividend paid to non-controlling interests	-	-	-	(1,000,000)	(1,000,000)
First and final dividend for FYE 31 December 2022	-	(17,323,622)	(17,323,622)	-	(17,323,622)
<b>At 31 December 2023</b>	<u>175,254,461</u>	<u>232,351,383</u>	<u>407,605,844</u>	<u>51,244,216</u>	<u>458,850,060</u>
<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>

(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 FOURTH QUARTER ENDED 31 DECEMBER 2023****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2023 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2022 RM
Profit before taxation	52,163,056	25,094,329
Adjustments for:		
Depreciation of property, plant and equipment	9,986,766	10,692,994
Finance costs	2,204,680	428,891
Property, plant and equipment written off	43	413
(Gain)/loss on disposal of property, plant & equipment	(70,998)	4,168
Bad debts written off	-	22,863
(Reversal of write down)/write down of slow moving inventories	(15,810)	90,017
Impairment loss on trade receivables	820,514	971,314
Dividend income	(1,835,652)	(1,285,845)
Fair value changes in short term funds	(4,558,827)	(2,194,917)
Net unrealised foreign exchange (gain)/loss	(152,210)	138,044
Interest income from financial assets	(1,034,687)	(439,996)
Share of results of associates	(1,933,604)	(1,464,963)
Total adjustments	<u>3,410,215</u>	<u>6,962,983</u>
Operating cash flows before changes in working capital	55,573,271	32,057,312
Changes in working capital		
(Increase)/decrease in inventories	(3,833,617)	969,936
Increase in receivables	(3,481,717)	(18,999,006)
(Increase)/decrease in contract assets	(64,569,826)	5,078,547
Increase in payables	57,970,272	31,273,319
Decrease in other current assets	-	881,673
Cash flows generated from operations	<u>41,658,383</u>	<u>51,261,781</u>
Interest paid	(2,204,680)	(428,891)
Net taxes paid	<u>(7,314,398)</u>	<u>(8,850,799)</u>
Net cash flows generated from operating activities	<u>32,139,305</u>	<u>41,982,091</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	71,000	10,013
Purchase of property, plant and equipment	(10,317,696)	(805,395)
Investment in short term funds	(76,507,648)	(93,000,188)
Redemption of short term funds	91,745,459	48,463,210
Interest received	1,034,687	439,996
Net cash flows generated from/(used in) investing activities	<u>6,025,802</u>	<u>(44,892,364)</u>
Financing activities		
Dividend paid to shareholders of the Company	(17,323,622)	(14,436,352)
Dividend paid to non-controlling interests	(1,000,000)	(1,000,000)
Repayment of principal portion of lease liabilities	(142,206)	(193,975)
Increase in deposits pledged for bank guarantee	<u>(219,100)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(18,684,928)</u>	<u>(15,630,327)</u>
Net increase/(decrease) in cash and cash equivalents	19,480,179	(18,540,600)
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	<u>35,312,459</u>	<u>15,832,280</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 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

On 15 June 2023, the Company paid 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.

## 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 2023

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	25,942,074	445,035,681	-	470,977,755
Inter-segment revenue	3,125,780	52,991,216	(56,116,996)	-
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Total revenue	29,067,854	498,026,897	(56,116,996)	470,977,755
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Results	3,542,362	48,891,770	-	52,434,132
Finance costs	(177)	(2,204,503)	-	(2,204,680)
Share of results of associates	527,870	1,405,734	-	1,933,604
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Profit before tax	4,070,055	48,093,001	-	52,163,056
Income tax expense	(2,141,407)	(15,675,958)	-	(17,817,365)
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Profit after tax	1,928,648	32,417,043	-	34,345,691
	=====	=====	=====	=====

### OTHER DISCLOSURES

Finance income	104,695	929,992	-	1,034,687
Depreciation of property, plant and equipment	972,305	9,014,461	-	9,986,766
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### 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
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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**

On 26 June 2023, KKB Engineering Berhad acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of KKB Energy Sdn. Bhd. ("KKBESB") for a total cash consideration of RM2.00.

The intended principal activities of KKBESB are to undertake construction and manufacturing of utility projects and parts, transportation projects and other related support services relating to renewable energy such as hydrogen electrolyzers assembly and processes; to carry on the business of other engineering and construction services as contractors and sub-contractors for all kinds of constructional, structural, civil engineering, electrical, mechanical works, buildings, roads, bridges, stations, towers and all other activities relating to renewable energy.

Save as disclosed above, there were no other changes affecting the 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	31/12/2023	196,488,120	-	-	196,488,120
	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 December 2023

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

## 13. Capital Commitments

	As At 31/12/2023 RM	As At 31/12/2022 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	1,870,034	5,561,244
- Approved but not contracted for	3,582,476	-
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	5,452,510	5,561,244
	=====	=====

## 14. Related Party Transactions

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2023 RM	Comparative Quarter Ended 31/12/2022 RM	Current Period Ended 31/12/2023 RM	Comparative Period Ended 31/12/2022 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Provision of miscellaneous services such as machineries, equipments and labour etc	443,534	390,556	1,541,321	1,589,780
- Rental income	21,000	6,000	39,000	24,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,824	11,476	47,296	45,904
Transactions with related companies of investors, Cahya Mata Sarawak Bhd. and/or Sarawak Economic Development Corporation				
- Purchase of steel and concrete products from CMS Concrete Products Sdn. Bhd.	-	37,722	-	149,142
- Purchase of aggregates, etc from SEDC Quarries Sdn. Bhd.	19,002	2,161,068	53,385	6,579,879
- Purchase of cement and other products from CMS Infra Trading Sdn. Bhd.	-	14,637	8,850	88,774
- Purchase of quarry sand, etc from				

Borneo Granite Sdn. Bhd.	-	247,348	631,091	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.	19,800	15,300	70,200	61,200
- Sepang Kaya Sdn. Bhd.	32,708	32,708	130,832	130,832
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				
Short term lease expense				
- Kho Siew Lan	4,800	4,800	19,200	19,200
Short term lease expense				
- House Of Favourites	3,000	3,000	12,000	6,000
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	592,718	2,961,665	2,701,375	9,090,259
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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	
	31/12/23	31/12/22		31/12/23	31/12/22	
	RM'000	RM'000		RM'000	RM'000	
Revenue	166,063	81,741	103.2%	470,978	386,843	21.7%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	18,524	17,470	6.0%	64,355	36,216	77.7%
Profit before interest and tax	15,691	14,839	5.7%	54,368	25,523	113.0%
Profit before tax	14,802	14,615	1.3%	52,163	25,094	107.9%
Profit after tax	5,314	10,401	-48.9%	34,346	18,467	86.0%
Profit attributable to equity holders of the parent	3,613	6,677	-45.9%	26,629	11,705	127.5%

The Group's current quarter revenue increased by 103.2% to RM166.1 million (4Q22: RM81.7 million), mainly due to higher revenue recognition from the Engineering sector, in particular the Steel Fabrication and Construction divisions, alongside higher Steel Pipes revenue within the Manufacturing sector.

Similarly, the Group's year to date revenue increased by 21.7% to RM471.0 million compared to RM386.8 million recorded in the preceding year corresponding period, attributed to higher revenue recognition from the Steel Fabrication and Steel Pipes Manufacturing divisions although offset by lower revenue from the Construction division.

Group's pre-tax profit ("PBT") for the current quarter of RM14.8 million (4Q22: RM14.6 million) improved marginally by 1.3% compared to the preceding year corresponding quarter. 4Q23 results was impacted by the weak performance of the subsidiary company i.e KKBWCT Joint Venture Sdn Bhd.

However, the year-to-date PBT rose significantly by 107.9% to RM52.2 million (FY2022: RM25.1 million). The overall improved performance in FY2023 was driven by the Group's Steel Fabrication and Construction divisions alongside improved contribution from the Manufacturing sector, although offset by the weak performance of the subsidiary company i.e KKBWCT Joint Venture Sdn Bhd.

### Engineering Sector

4Q23 Group revenue for the engineering sector has escalated by 104.7% to RM158.0 million (4Q22: RM77.2 million), resulting in a strong year-to-date revenue of RM445.0 million compared to RM373.7, representing an increase of 19.1% over the preceding year.

The Group's Construction division registered revenue of RM65.6 million (4Q22: RM50.3 million), a 30.4% hike compared to the preceding year corresponding quarter due to higher progress billings. 4Q23 revenue was mostly from progressive claims from the Pan Borneo Highway project (Phase 1 Works Package Contract – WPC-09) and construction project for the Tiang Bendera Gergasi at Fort Margherita, Kuching, Sarawak. Revenue contribution from the water related construction projects is very minimal as mostly reaching its tail end.

For Steel Fabrication division, group revenue increased by 250.2% to RM92.1 million as compared to RM26.3 million in the preceding year corresponding quarter. Current quarter's revenue was mainly from the Engineering, Procurement and Construction ("EPC") of Standard Wellhead Platforms for MLNG FaS (F27, F22, Selasih and F23 Brownfield); Module Fabrication and supply of Steel Structures for the Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak and other miscellaneous fabrication works.

Hot Dip Galvanising division's revenue for the quarter remained low due to lower business volume. Revenue was mostly from ad-hoc walk-in customers.

### Manufacturing Sector

Group revenue for the manufacturing sector improved by 80.0% to RM8.1 million compared to RM4.5 million recorded in the preceding year fourth quarter.

Higher revenue from the Group's Steel Pipes manufacturing division for the quarter as compared to the preceding year corresponding quarter. Revenue increased to RM6.0 million (4Q22: RM1.5 million), mostly from the export of Mild Steel Pipes to Brunei by KKB Industries (Sabah) Sdn Bhd and from other ad-hoc customers in Kota Kinabalu, Sabah.

Revenue from LPG Cylinders manufacturing division was lower by 30.0%, recorded revenue of RM2.1 million (4Q22: RM3.0 million), in the absence of orders for new LPG cylinders by Petroleum Companies in the current quarter. Current quarter's revenue was from the Reconditioning/Requalification of LPG Cylinders and sales of LPG Compact Valves.

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

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/12/23	30/09/23	
	RM'000	RM'000	
Revenue	166,063	140,054	18.6%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	18,524	18,607	-0.4%
Profit before interest and tax	15,691	16,034	-2.1%
Profit before tax	14,802	15,435	-4.1%
Profit after tax	5,314	11,789	-54.9%
Profit attributable to equity holders of the parent	3,613	9,728	-62.9%

Group's revenue for the current quarter of RM166.1 million (4Q22: RM140.1 million) was higher by 18.6% compared to the preceding quarter, attributed to higher revenue registered by the Steel Fabrication and Construction divisions.

Despite higher revenue, Group's profit before taxation decreased by 4.1% to RM14.8 million, on the back of lower gross profit recorded by the Construction division due to the weak performance of the subsidiary company i.e KKBWCT Joint Venture Sdn Bhd.

Comparatively, 4Q23 Group's profit after taxation was lower by 54.9% compared to the preceding quarter primarily due to derecognition of deferred tax assets and losses at subsidiaries level for which no deferred tax was provided.

## 17. Prospects

The Group ended 31 December 2023 with strong earnings results and a healthy financial position. Market remains impacted by rising raw material and commodity prices which led to inflationary pressures and rising construction and operational costs.

The on-going contract for Engineering, Procurement and Construction of Standard Wellhead Platforms for MLNG FaS (F27, F22, Selasih and Brownfield) together with the Fabrication and Supply of Modules for the Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak is expected to contribute positively to the Group's financial performance for financial year ending 31 December 2024.

The recent subcontract work awarded in January 2024 by Malaysia Marine and Heavy Engineering Sdn Bhd for Kasawari Carbon Capture & Storage project (for the fabrication of Bridge and Boat landing) will commence sometime second half of 2024. The Group has intensified its tender book exercises and actively pursuing new opportunities to secure more infrastructure projects, including water supply and construction projects and Energy related works to replenish our orderbook for both the Engineering and Manufacturing sectors.

The Engineering sector contributes positively to the Group's earnings and anticipated that this sector will continue its path in generating revenue and profit to the Group. Management continues to build on existing customer relationships, develop new customers and remains focused on exploring new business opportunities and improving operational efficiency for long-term sustainable growth.

The Group remains vigilant of the challenges and the continued uncertainties in the global economic environment, escalation of costs due to inflationary pressure, volatility of global raw material steel prices and weakening of the Malaysian Ringgit against major foreign currencies are amongst factors that may impact the Group's performance.

As at 31 December 2023, the Group's total outstanding orderbook remained strong, poised to make a positive contribution to the Group's revenue and profit for the financial year ending 31 December 2024, 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 12 Months Ended	
	Current Quarter Ended 31/12/2023 RM	Comparative Quarter Ended 31/12/2022 RM	Current Period Ended 31/12/2023 RM	Comparative Period Ended 31/12/2022 RM
Malaysian taxation				
- Current year	6,177,922	3,820,792	12,739,370	6,690,118
- Prior year	-	-	546,172	968,966
Deferred tax	3,309,689	393,057	4,531,823	(1,031,370)
	-----	-----	-----	-----
	9,487,611	4,213,849	17,817,365	6,627,714
	=====	=====	=====	=====

The higher effective tax expense for the current quarter and financial year to date were primarily due to losses at subsidiaries level for which no deferred tax was provided, derecognition of deferred tax assets for reinvestment allowance, unutilized tax losses and unabsorbed capital allowances.

**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 21 December 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	(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 December 2023 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	-	96,098
	-----	-----
<u>Non-Current</u>		
Lease liabilities	-	7,374
	-----	-----
Total borrowings	-	103,472
	=====	=====

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	181,834
	=====	=====

### 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 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

Save that an announcement was made to Bursa Malaysia Securities Berhad on 15 September 2023 pursuant to the Arbitration Notice issued by OceanMight Sdn Bhd (a subsidiary of KKB Engineering Berhad) against Shapadu Energy Services Sdn Bhd, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position.

## 28. Dividend

The Board of Directors is pleased to recommend a first and final single tier dividend of seven (7.0) sen per ordinary share, in respect of the financial year ended 31 December 2023, 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 31/12/2023	Comparative Quarter Ended 31/12/2022	Current Period Ended 31/12/2023	Comparative Period Ended 31/12/2022
Net profit attributable to equity holders of the parent (RM)	<u>3,613,082</u>	<u>6,676,747</u>	<u>26,628,838</u>	<u>11,705,101</u>
Weighted average number of ordinary shares in issue	<u>288,727,040</u>	<u>288,727,040</u>	<u>288,727,040</u>	<u>288,727,040</u>
Basic earnings per share for the period attributable to equity holders of the parent (sen)	<u>1.25</u>	<u>2.31</u>	<u>9.22</u>	<u>4.05</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 2022 was not qualified.

## 31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2023 RM	Comparative Quarter Ended 31/12/2022 RM	Current Period Ended 31/12/2023 RM	Comparative Period Ended 31/12/2022 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(382,696)	(117,860)	(1,034,687)	(439,996)
Realised foreign exchange (gain)/loss	(300,671)	(711)	(617,810)	1,999
Unrealised foreign exchange loss/(gain)	179,691	331,901	(152,210)	138,044
Rental income	(46,400)	(46,500)	(144,000)	(186,000)
(Gain)/loss on disposal of property, plant and equipment	(70,998)	(1,996)	(70,998)	4,168
Impairment loss on trade receivables	878,585	971,314	820,514	971,314

Depreciation of property, plant and equipment	2,832,631	2,631,427	9,986,766	10,692,994
Finance costs	889,518	224,042	2,204,680	428,891
Property, plant and equipment written off	43	-	43	413
(Reversal of write down)/write down of slow moving inventories	(15,810)	90,017	(15,810)	90,017
Bad debts written off	-	22,863	-	22,863

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 2023.