

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/06/2024 RM	COMPARATIVE QUARTER ENDED 30/06/2023 RM	CURRENT PERIOD ENDED 30/06/2024 RM	COMPARATIVE PERIOD ENDED 30/06/2023 RM
Revenue from contracts with customers	109,215,411	104,373,976	259,544,823	164,860,422
Cost of sales	(80,027,387)	(79,193,537)	(206,669,866)	(127,211,076)
<b>Gross profit</b>	<u>29,188,024</u>	<u>25,180,439</u>	<u>52,874,957</u>	<u>37,649,346</u>
Selling and distribution expenses	(485,115)	(768,546)	(1,110,455)	(1,303,677)
Administrative expenses	(12,575,185)	(9,737,204)	(24,619,768)	(18,937,309)
<b>Operating profit</b>	<u>16,127,724</u>	<u>14,674,689</u>	<u>27,144,734</u>	<u>17,408,360</u>
Finance costs	(1,296,095)	(447,125)	(2,366,047)	(716,131)
Finance income	508,598	228,134	1,051,893	379,479
Other expenses	(721,982)	(443,575)	(1,403,364)	(941,431)
Other income	1,729,199	1,819,902	4,191,363	4,929,415
Share of results of associates	1,199,057	522,091	2,182,660	866,220
<b>Profit before tax</b>	<u>17,546,501</u>	<u>16,354,116</u>	<u>30,801,239</u>	<u>21,925,912</u>
Income tax expense	(6,069,215)	(3,728,102)	(9,681,745)	(4,683,117)
<b>Profit for the period</b>	<u>11,477,286</u>	<u>12,626,014</u>	<u>21,119,494</u>	<u>17,242,795</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>11,477,286</u>	<u>12,626,014</u>	<u>21,119,494</u>	<u>17,242,795</u>
Profit for the period attributable to:				
Equity holders of the parent	3,397,829	9,886,680	7,155,651	13,288,186
Non-controlling interests	8,079,457	2,739,334	13,963,843	3,954,609
	<u>11,477,286</u>	<u>12,626,014</u>	<u>21,119,494</u>	<u>17,242,795</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	3,397,829	9,886,680	7,155,651	13,288,186
Non-controlling interests	8,079,457	2,739,334	13,963,843	3,954,609
	<u>11,477,286</u>	<u>12,626,014</u>	<u>21,119,494</u>	<u>17,242,795</u>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>1.18</u>	<u>3.42</u>	<u>2.48</u>	<u>4.60</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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(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/06/2024 RM	AS AT 31/12/2023 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	132,940,587	135,348,156
Investment in associates	12,146,426	9,963,766
Goodwill	1,632,667	1,632,667
Deferred tax assets	4,424,854	3,964,181
	<u>151,144,534</u>	<u>150,908,770</u>
<b>Current assets</b>		
Inventories	52,652,950	51,504,980
Trade and other receivables	50,100,561	80,952,531
Contract assets	129,539,875	124,433,775
Other current assets	4,402,385	2,402,352
Short term funds	183,091,506	196,488,120
Cash and short-term deposits	78,927,354	35,687,693
	<u>498,714,631</u>	<u>491,469,451</u>
<b>TOTAL ASSETS</b>	<b><u>649,859,165</u></b>	<b><u>642,378,221</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	175,254,461	175,254,461
Retained earnings	219,296,141	232,351,383
<b>Equity attributable to equity holders of the parent</b>	394,550,602	407,605,844
<b>Non-controlling interests</b>	65,208,059	51,244,216
<b>Total equity</b>	<u>459,758,661</u>	<u>458,850,060</u>
<b>Non-current liabilities</b>		
Lease liabilities	-	7,374
Trade and other payables	8,645,456	7,915,262
Deferred tax liabilities	4,999,759	6,161,723
	<u>13,645,215</u>	<u>14,084,359</u>
<b>Current liabilities</b>		
Contract liabilities	2,090,610	9,841,123
Trade and other payables	165,102,874	157,856,128
Lease liabilities	79,493	96,098
Income tax payable	9,182,312	1,650,453
	<u>176,455,289</u>	<u>169,443,802</u>
<b>Total liabilities</b>	<u>190,100,504</u>	<u>183,528,161</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>649,859,165</u></b>	<b><u>642,378,221</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.)

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024****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 2024</b>	175,254,461	232,351,383	407,605,844	51,244,216	458,850,060
Profit for the period	-	7,155,651	7,155,651	13,963,843	21,119,494
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	7,155,651	7,155,651	13,963,843	21,119,494
First and final dividend for FYE 31 December 2023	-	(20,210,893)	(20,210,893)	-	(20,210,893)
<b>At 30 June 2024</b>	<u>175,254,461</u>	<u>219,296,141</u>	<u>394,550,602</u>	<u>65,208,059</u>	<u>459,758,661</u>
<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	-	13,288,186	13,288,186	3,954,609	17,242,795
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	13,288,186	13,288,186	3,954,609	17,242,795
First and final dividend for FYE 31 December 2022	-	(17,323,622)	(17,323,622)	-	(17,323,622)
<b>At 30 June 2023</b>	<u>175,254,461</u>	<u>219,010,731</u>	<u>394,265,192</u>	<u>48,481,972</u>	<u>442,747,164</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)

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 6 MONTHS ENDED 30/06/2024 RM	CUMULATIVE 6 MONTHS ENDED 30/06/2023 RM
Profit before taxation	30,801,239	21,925,912
Adjustments for:		
Depreciation of property, plant and equipment	5,172,354	4,581,306
Finance costs	2,366,047	716,131
Reversal of impairment on trade receivables	-	(53,071)
Dividend income	(1,272,126)	(880,200)
Fair value changes in short term funds	(2,134,461)	(2,461,548)
Net unrealised foreign exchange gain	(179,691)	(331,901)
Interest income from financial assets	(1,051,893)	(379,479)
Share of results of associates	(2,182,660)	(866,220)
Total adjustments	<u>717,570</u>	<u>325,018</u>
Operating cash flows before changes in working capital	31,518,809	22,250,930
Changes in working capital		
Increase in inventories	(1,147,970)	(5,415,458)
Decrease in receivables	30,490,858	9,654,560
Increase in contract assets	(5,106,100)	(36,847,732)
Decrease in contract liabilities	(7,750,513)	-
Increase in payables	8,373,878	10,396,290
Increase in other current assets	(12,011)	(750)
Cash flows generated from operations	<u>56,366,951</u>	<u>37,840</u>
Interest paid	(2,366,047)	(716,131)
Net taxes (paid)/refunded	(5,760,545)	42,624
Net cash flows generated from/(used in) operating activities	<u>48,240,359</u>	<u>(635,667)</u>
Investing activities		
Purchase of property, plant and equipment	(2,724,727)	(1,106,405)
Investment in short term funds	(40,600,000)	(2,500,000)
Redemption of short term funds	57,403,201	57,396,269
Interest received	1,195,758	379,479
Net cash flows generated from investing activities	<u>15,274,232</u>	<u>54,169,343</u>
Financing activities		
Dividend paid to shareholders of the Company	(20,210,893)	(17,323,622)
Repayment of principal portion of lease liabilities	(64,036)	(79,389)
Increase in short-term deposits with maturity more than 3 months	(349,010)	(5,022,438)
Decrease/(increase) in deposits pledged for bank guarantee	519,100	(211,980)
Net cash flows used in financing activities	<u>(20,104,839)</u>	<u>(22,637,429)</u>
Net increase in cash and cash equivalents	43,409,752	30,896,247
Cash and cash equivalents at the beginning of the period	24,910,213	15,832,280
Cash and cash equivalents at the end of the period	<u>68,319,965</u>	<u>46,728,527</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 2023. 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 2023.

#### **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 2023 except for the adoption of the following, where applicable, when they become effective:

- ❖ Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- ❖ Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- ❖ Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
- ❖ Amendments to MFRS 121: Lack of Exchangeability
- ❖ 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 25 June 2024, the Company paid 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.

## 8. Segmental Reporting

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

### RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2024

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	13,068,255	246,476,568	-	259,544,823
Inter-segment revenue	961,684	62,388,883	(63,350,567)	-
Total revenue	14,029,939	308,865,451	(63,350,567)	259,544,823
Results	(1,214,323)	32,198,949	-	30,984,626
Finance costs	(314)	(2,365,733)	-	(2,366,047)
Share of results of associates	132,961	2,049,699	-	2,182,660
Profit before tax	(1,081,676)	31,882,915	-	30,801,239
Income tax expense	-	(9,681,745)	-	(9,681,745)
Profit after tax	(1,081,676)	22,201,170	-	21,119,494
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### OTHER DISCLOSURES

Finance income	89,574	962,319	-	1,051,893
Depreciation of property, plant and equipment	432,476	4,739,878	-	5,172,354
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### RESULTS FOR PERIOD-TO-DATE ENDED 30 JUNE 2023

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	9,351,517	155,508,905	-	164,860,422
Inter-segment revenue	854,988	2,904,813	(3,759,801)	-
Total revenue	10,206,505	158,413,718	(3,759,801)	164,860,422
Results	368,088	21,407,735	-	21,775,823
Finance costs	(34)	(716,097)	-	(716,131)
Share of results of associates	299,401	566,819	-	866,220
Profit before tax	667,455	21,258,457	-	21,925,912
Income tax expense	(262,661)	(4,420,456)	-	(4,683,117)

Profit after tax	404,794	16,838,001	-	17,242,795
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***OTHER DISCLOSURES***

Finance income	40,498	338,981	-	379,479
Depreciation of property, plant and equipment	507,729	4,073,577	-	4,581,306
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**9. Material subsequent events**

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

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

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

**11. Fair Value of Financial Instruments**

**(a) Determination of fair value**

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

**(b) Fair value hierarchy**

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

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

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

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

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

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Assets measured at fair value:</b>					
Short term funds	30/06/2024	183,091,506	-	-	183,091,506
	31/12/2023	196,488,120	-	-	196,488,120
		=====	=====	=====	=====

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

**12. Contingent liabilities/Contingent assets as at 30 June 2024**

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

**13. Capital Commitments**

	As At 30/06/2024 RM	As At 30/06/2023 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	1,018,559	3,692,782
- Approved but not contracted for	-	9,009,524
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	1,018,559	12,702,306
	=====	=====

**14. Related Party Transactions**

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2024 RM	Comparative Quarter Ended 30/06/2023 RM	Current Period Ended 30/06/2024 RM	Comparative Period Ended 30/06/2023 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Provision of miscellaneous services such as machineries, equipments and labour etc	331,439	287,163	552,203	722,345
- Rental income	28,500	6,000	57,000	12,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	16,475	11,824	28,015	23,648
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.	-	26,544	-	34,383
- Purchase of quarry sand, etc from Borneo Granite Sdn. Bhd.	-	208,573	-	631,091
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.	28,650	17,850	50,500	35,700
- KKB Realty Sdn. Bhd.	19,800	15,300	39,600	30,600
- Sepang Kaya Sdn. Bhd.	33,325	32,708	66,033	65,416
Short term lease expense paid to a director, Dato Sri Kho Kak Beng	19,200	19,200	38,400	38,400
Short term lease expense paid to person connected with certain directors of the Company				
- Kho Siew Lan	4,800	4,800	9,600	9,600
- House Of Favourites	6,000	-	6,000	6,000
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	488,189	629,962	847,351	1,609,183
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These transactions have been entered into with related parties on terms and conditions that are not more favourable to the related party than those generally available to the public.

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

### 15. Review Of Performance

Financial review for current quarter and financial year to date

	Quarter		Changes (%)	Cumulative 6 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	30/06/24	30/06/23		30/06/24	30/06/23	
	RM'000	RM'000		RM'000	RM'000	
Revenue	109,215	104,374	4.6%	259,545	164,860	57.4%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	21,500	19,320	11.3%	38,340	27,223	40.8%
Profit before interest and tax	18,843	16,801	12.2%	33,167	22,642	46.5%
Profit before tax	17,547	16,354	7.3%	30,801	21,926	40.5%
Profit after tax	11,477	12,626	-9.1%	21,119	17,243	22.5%
Profit attributable to equity holders of the parent	3,398	9,887	-65.6%	7,156	13,288	-46.1%

The 2<sup>nd</sup> Quarter 2024 revenue for the Group was RM109.2 million against a pre-tax profit of RM17.5 million. The Engineering sector contributed RM104.6 million towards the Group's revenue with the remaining RM4.6 million from the Manufacturing sector.

The Group's revenue and pre-tax profit for 1<sup>st</sup> half 2024 (1H24) were RM259.5 million and RM30.8 million respectively. The strong performance accomplished by the Engineering sector has propelled the overall performance of the Group as indicated by the improved revenue of RM94.7 million or 57.4% higher as compared to RM164.9 million achieved in the preceding year 1<sup>st</sup> half 2023 (1H23).

In line with the increased revenue, the Group continued to return satisfactory performance for the 1<sup>st</sup> six months' period ended 30 June 2024 which saw an increase of 40.5% in the Group's pre-tax profit to RM30.8 million compared to RM21.9 million in 1H23. Engineering Sector contributed 97% towards the overall gross profitability for 1<sup>st</sup> half 2024 attributable to the favourable performance of the Steel Fabrication division.

#### Engineering Sector

The Engineering Sector registered a revenue of RM104.6 million for this current quarter ended 30 June 2024, increased by 8.1% as compared to RM96.8 million in the preceding year corresponding second quarter, whereby the sector's year-to-date revenue increased by 58.5% to RM246.5 million (1H23: RM155.5 million).

Similarly, Gross Profit increased by 29.6% to reach RM29.3 million in 2Q24 compared to RM22.6 million recorded in the preceding year corresponding quarter.

For Steel Fabrication division, group revenue of RM71.2 million increased by 23.6% as compared to RM57.6 million recorded in the preceding year second quarter. Current quarter's revenue was mainly from the on-going Engineering, Procurement and Construction ("EPC") of Standard Wellhead Platforms

for MLNG FaS (F27, F22, Selasih and F23 Brownfield) for Sarawak Shell Berhad; Module Fabrication/supply of Steel Structures for the Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak; fabrication of Bridge and Boat landing for Kasawari Carbon Capture & Storage project; supply/fabrication of Low and High Tension Steel Poles for Syarikat Sesco Berhad and other miscellaneous fabrication works.

For the Group's Construction division, 2Q24 revenue decreased by 17.5% to RM32.1 million compared to RM38.9 million in the preceding year corresponding quarter. Revenue for the quarter was mostly from the Pan Borneo Highway project (Phase 1 Works Package Contract – WPC-09) and revenue recognition from the water related construction project for Kuching Water Board which are reaching its tail end.

Revenue for the Hot-Dip Galvanising (HDG) division improved to RM1.3 million (2Q23: RM416K) mainly due to increase volume of HDG activities for both Shell FaS and Samsung OGP projects and from the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad.

#### Manufacturing Sector

The Manufacturing sector current quarter's revenue of RM4.6 million (2Q23: RM7.5 million) decreased by 38.7% thereby reducing the sector contribution to overall group revenue.

Current quarter's revenue for the LP Gas Cylinders manufacturing division remained low in the absence of new major contract awards by Petroleum Companies. 2Q24 revenue of RM381K (2Q23: RM2.7 million) was from the Reconditioning/Requalification of LP Gas Cylinders and supply of new LP Gas cylinders to Petronas Dagangan Berhad and Petrosniaga Sdn Bhd.

The Group's Steel Pipes manufacturing division recorded a lower revenue of RM4.2 million in the current quarter as compared to RM4.9 million registered in the preceding year corresponding quarter. The drop in revenue from the steel pipe division were mainly due to the completion of Mild Steel pipes supply to Brunei by the Group's manufacturing plant in Kota Kinabalu, Sabah. The recent orders secured in May 2024 for the supply of MSCL Pipes and Fittings to Salim Water Treatment Plant, Sibul, Sarawak is still at the early stage to contribute to the sector's revenue and earnings.

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

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/06/24	31/03/24	
	RM'000	RM'000	
Revenue	109,215	150,329	-27.3%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	21,500	16,839	27.7%
Profit before interest and tax	18,843	14,325	31.5%
Profit before tax	17,547	13,255	32.4%
Profit after tax	11,477	9,642	19.0%
Profit attributable to equity holders of the parent	3,398	3,758	-9.6%

Revenue for the quarter of RM109.2 million (1Q24: RM150.3 million) was lower by 27.3% compared to the immediate preceding quarter, due to lower sales registered by both the Engineering and Manufacturing sectors. However, current quarter's pre-tax profit of RM17.5 million was 32.4% higher as compared to the preceding quarter of RM13.3 million, mainly due to improved margin from the Engineering sector, in particular the Steel Fabrication division.

## **17. Prospects**

Supported by the existing contracts in hand for the on-going Major Onshore fabrication jobs for the Oil & Gas facilities, KKB Group is expected to perform satisfactorily in 2H2024, barring any unforeseen circumstances.

OceanMight Sdn Bhd (KKB's subsidiary) is currently working on the on-going projects in hand i.e the EPC of Standard Wellhead Platforms for Sarawak Shell Berhad; Module Fabrication/supply of Steel Structures for the Malaysia Rosmari & Marjoram Onshore Gas Plant project in Bintulu, Sarawak and fabrication of Bridge and Boat landing for Kasawari Carbon Capture & Storage project.

Performance for the Manufacturing sector will improve in 2H2024 with the recent orders secured in May 2024 for the supply of Mild Steel Concrete Lined Pipes and Fittings to Salim Water Treatment Plant, Sibul, Sarawak and completion of delivery by early 2025.

The Group's diversified operations coupled with its healthy financial position will continue to bolster the Group's development in bracing the adverse impact under the challenging and competitive business environment. The Group actively participates in new tenders or biddings, pursuing various engineering and construction projects, particularly projects related to the supply, laying and commissioning of water pipes and other steel related or infrastructure works throughout Sarawak to replenish our orderbook for both the Engineering and Manufacturing sectors.

The Group continues to manage the challenges of uncertainties in the global economic environment, escalation of costs due to inflationary pressure, volatility of global raw material steel prices and fluctuation of 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

	3 Months Ended		Cumulative 6 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM	RM	RM	RM
Malaysian taxation				
- Current year	6,551,905	3,286,431	11,304,382	4,327,155
Deferred tax	(482,690)	441,671	(1,622,637)	355,962
	-----	-----	-----	-----
	6,069,215	3,728,102	9,681,745	4,683,117
	=====	=====	=====	=====

The higher effective tax expense for the current quarter and financial year to date were primarily due to losses at Company and subsidiaries level for which no deferred tax was provided.

## 22. Status of Corporate Proposals

There were no new or outstanding corporate proposals announced which have not been completed as at the date of this announcement.

## 23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 30 June 2024 were as follows: -

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

	Secured	Unsecured
	RM	RM
<u>Current</u>		
Lease liabilities	-	79,493
	-----	-----
<u>Non-Current</u>		
Lease liabilities	-	-
	-----	-----
Total borrowings	-	79,493
	=====	=====

Total Group's loans and borrowings as at 30 June 2023 were as follows: -

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

	Secured	Unsecured
	RM	RM
<u>Current</u>		
Lease liabilities	17,801	85,958
	-----	-----
<u>Non-Current</u>		
Lease liabilities	-	51,074
	-----	-----
Total borrowings	17,801	137,032
	=====	=====

**24. Off Balance Sheet Financial Instruments**

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

**25. Derivative Financial Instruments**

There were no derivative financial instruments entered into by the Group as at 30 June 2024.

**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**

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

**29. Earnings per share**

	3 Months Ended		Cumulative 6 Months Ended	
	Current Quarter Ended 30/06/2024	Comparative Quarter Ended 30/06/2023	Current Period Ended 30/06/2024	Comparative Period Ended 30/06/2023
Net profit attributable to equity holders of the parent (RM)	<u>3,397,829</u>	<u>9,886,680</u>	<u>7,155,651</u>	<u>13,288,186</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>1.18</u>	<u>3.42</u>	<u>2.48</u>	<u>4.60</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 2023 was not qualified.

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

	3 Months Ended		Cumulative 6 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM	RM	RM	RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(508,598)	(228,134)	(1,051,893)	(379,479)
Realised foreign exchange loss/(gain)	101,758	(268,160)	(6,646)	(247,715)
Unrealised foreign exchange gain	-	-	(179,691)	(331,901)
Rental income	(3,300)	(24,500)	(106,550)	(69,000)
Reversal of impairment on trade receivables	-	-	-	(53,071)
Depreciation of property, plant and equipment	2,657,551	2,518,525	5,172,354	4,581,306
Finance costs	1,296,095	447,125	2,366,047	716,131

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 June 2024.