

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Kimlun Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 2 January 2014. The approval from Bursa Securities has also been obtained on 26 November 2013 for the admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares and the Warrants as well as the new Kimlun Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board have seen and approved all the documentation relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 18 February 2014. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and the Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares and the Warrants made by the Entitled Shareholders and/ or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



KIMLUN CORPORATION BERHAD

(Company No.: 867077-X)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 60,112,500 NEW ORDINARY SHARES OF RM0.50 EACH IN KIMLUN CORPORATION BERHAD ("KIMLUN") ("KIMLUN SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING KIMLUN SHARES HELD TOGETHER WITH 60,112,500 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AT 5.00 P.M. ON 18 FEBRUARY 2014 AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE

Principal Adviser and Underwriter



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Tuesday, 18 February 2014 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Tuesday, 25 February 2014 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Friday, 28 February 2014 at 4.00 p.m.
Last date and time for acceptance and payment	:	Wednesday, 5 March 2014 at 5.00 p.m.*
Last date and time for excess application and payment	:	Wednesday, 5 March 2014 at 5.00 p.m.*

* or such later date and time as our Board may determine, subject to the consent of our Underwriter, and announce not less than two (2) Market Days before the stipulated date and time.

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES AND THE WARRANTS AS WELL AS THE NEW KIMLUN SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS SHARES AND THE WARRANTS. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Act"	:	The Companies Act, 1965
"Board"	:	The Board of Directors of Kimlun
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	The Capital Markets and Services Act, 2007
"Deed Poll"	:	The deed poll dated 30 January 2014 constituting the Warrants
"Director(s)"	:	A natural person who holds directorship in the Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes:- <ul style="list-style-type: none"> i. In the case of an issuer of structured warrants, a director of the issuer of the structured warrants; or ii. In the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be
"EGM"	:	Extraordinary general meeting
"Entitled Shareholder(s)"	:	Our shareholders whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	5.00 p.m. on 18 February 2014, being the time and date on which the names of our Entitled Shareholders must appear in the Company's Record of Depositors in order to participate in the Rights Issue with Warrants
"EPS"	:	Earnings per Share
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renounee(s) (if applicable) prior to excess application
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDV"	:	Gross development value
"IBS"	:	Industrial building systems

DEFINITIONS (CONT'D)

"IM"	:	Iskandar Malaysia
"Kimlun" or the "Company"	:	Kimlun Corporation Berhad (867077-X)
" Kimlun Group" or the "Group"	:	Kimlun and its subsidiary companies, collectively
" Kimlun Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.50 each in Kimlun
"KM"	:	Kilometers
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	15 January 2014, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Subscription Level"	:	A maximum level of subscription of 60,112,500 Rights Shares together with 60,112,500 Warrants pursuant to the Rights Issue with Warrants, as determined by the Board
"MRT"	:	Mass Rapid Transit
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment
"Official List"	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PKK"	:	Pusat Khidmat Kontraktor, Malaysia
"Provisional Rights Shares with Warrants"	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Depository
"RHBIB" or the "Principal Adviser" or the "Underwriter"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue with Warrants"	:	The renounceable rights issue of 60,112,500 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held together with 60,112,500 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, on the Entitlement Date at an issue price of RM1.10 per Rights Share

DEFINITIONS (CONT'D)

"Rights Share(s)"	:	60,112,500 new Kimlun Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollars
"SOHO"	:	Small Office Home Office
"Underwriting Agreement"	:	Underwriting agreement dated 30 January 2014 between our Company and the Underwriter in relation to the underwriting of 31,446,775 Rights Shares, which are not covered by the Undertaking Shareholders
"WAMP"	:	Weighted average market price
"Warrant(s)"	:	60,112,500 free detachable warrants to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "Kimlun" in this Abridged Prospectus are made to Kimlun Corporation Berhad (867077-X) and references to "our Group" or "Kimlun Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Pang Tin @ Pang Yon Tin <i>(Executive Chairman)</i>	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Sim Tian Liang <i>(Chief Executive Officer and Executive Director)</i>	F-08, Straitsview Residences No.2, Jalan Permas 13 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim	Malaysian	Company Director
Chin Lian Hing <i>(Executive Director)</i>	1, Jalan Lawa 19 Taman Pelangi Indah 81800 Ulu Tiram Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Yam Tai Fong <i>(Executive Director)</i>	104, Jalan Athinahapan Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Pang Khang Hau <i>(Executive Director)</i>	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Phang Piow @ Pang Choo Ing <i>(Non-Independent Non- Executive Director)</i>	17, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Malaysian	Company Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah <i>(Independent Non-Executive Director)</i>	12A, Jalan Kenyalang 11/7 Bayu Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Kek Chin Wu <i>(Independent Non-Executive Director)</i>	704, Block D Kelana D'Putera Condo 19, Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Chua Kee Yat @ Koo Kee Yat <i>(Independent Non-Executive Director)</i>	37, Crane Road Singapore 429380	Singaporean	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Kek Chin Wu	Chairman	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Ng Yen Hoong (LS 008016)
Wong Peir Chyun (MAICSA 7018710)
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 8888
Fax: 03-2282 2733
- Tay Lee Shya (MIA 16982)
Suite 19.06, Level 19
Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Tel: 07-222 8080
Fax: 07-223 8282
- REGISTERED OFFICE** : Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 8888
Fax: 03-2282 2733
- PRINCIPAL OFFICE** : Suite 19.06, Level 19
Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Tel: 07-222 8080
Fax: 07-223 8282
Website: www.kimlun.com
E-mail: kimlun@streamyx.com
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883
Fax: 03-2282 1886
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF0039)
Suite 11.2, Level 11
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru
Johor Darul Takzim
Tel: 07-334 1740
Fax: 07-334 1749

CORPORATE DIRECTORY (CONTD)

PRINCIPAL BANKERS	:	<p>AmBank (M) Berhad (8515-D) Level 31, Metropolis Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel: 07-333 2309 Fax: 07-334 3899</p> <p>AmIslamic Bank Berhad (295576-U) Level 45, Menara Ambank No.8, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: 03-2178 8888 Fax: 03-2166 5664</p> <p>Malayan Banking Berhad (3813-K) Level 13, Office Tower Johor Bahru City Square No. 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel: 07-224 1282 Fax: 07-223 9282</p> <p>Hong Leong Bank Berhad (97141-X) Level 5, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel: 03-2164 2828 Fax: 03-2715 8697</p>
DUE DILIGENCE SOLICITOR	:	<p>Messrs Teh & Lee Unit A-3-3 & A-3-4 Northpoint Offices Mid Valley City No. 1, Medan Syed Putra 59200 Kuala Lumpur Tel: 03-2283 2800 Fax: 03-2283 2500</p>
PRINCIPAL ADVISER	:	<p>RHB Investment Bank Berhad (19663-P) Level 12, Tower Three RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-9287 3888 Fax: 03-9287 4770</p>
UNDERWRITER	:	<p>RHB Investment Bank Berhad (19663-P) Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-9287 3888 Fax: 03-9287 4770</p>
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	<p>Main Market of Bursa Securities</p>


KIMLUN CORPORATION BERHAD
(Company No.: 867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

18 February 2014

Board of Directors

Pang Tin @ Pang Yon Tin (*Executive Chairman*)
Sim Tian Liang (*Chief Executive Officer and Executive Director*)
Chin Lian Hing (*Executive Director*)
Yam Tai Fong (*Executive Director*)
Pang Khang Hau (*Executive Director*)
Phang Piow @ Pang Choo Ing (*Non-Independent Non-Executive Director*)
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah (*Independent Non-Executive Director*)
Kek Chin Wu (*Independent Non-Executive Director*)
Chua Kee Yat @ Koo Kee Yat (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF 60,112,500 NEW KIMLUN SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING KIMLUN SHARES HELD TOGETHER WITH 60,112,500 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AT 5.00 P.M. ON 18 FEBRUARY 2014 AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE

1. INTRODUCTION

On 31 October 2013, RHBIB had, on behalf of our Board, announced that we propose to undertake the Rights Issue with Warrants.

On 27 November 2013, RHBIB had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 26 November 2013, resolved to approve the following:-

- i. Admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Rights Issue with Warrants;
- ii. Listing of the Rights Shares to be issued pursuant to the Rights Issue with Warrants; and

- iii. Listing of the new Kimlun Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

The aforementioned approval is subject to the following conditions:-

Conditions	Status of compliance
(a) Kimlun and RHBIB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue with Warrants;	Noted
(b) Kimlun and RHBIB to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(c) Kimlun to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(d) Kimlun to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable pursuant to the Rights Issue with Warrants.	To be complied

On 2 January 2014, our shareholders approved the Rights Issue with Warrants at our EGM. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants passed at the aforementioned EGM, is set out in Appendix I of this Abridged Prospectus.

On 28 January 2014, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM1.10 per Rights Share and RM1.68 per Warrant, respectively.

On 4 February 2014, RHBIB had, on behalf of our Board, announced that the Entitlement Date has been fixed on 18 February 2014 at 5.00 p.m. along with other relevant dates pertaining to the Rights Issue with Warrants.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of 60,112,500 Rights Shares on a renounceable basis of one (1) Rights Share for every four (4) Kimlun Shares held together with 60,112,500 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for by the Entitled Shareholders and/ or their renounee(s) (if applicable) on the Entitlement Date at an issue price of RM1.10 per Rights Share.

The actual number of the Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants will depend on the acceptance by the Entitled Shareholders and/ or their renounee(s) (if applicable).

As at the LPD, based on the issued and paid-up share capital of Kimlun of RM120,225,000 comprising 240,450,000 Kimlun Shares, a total of 60,112,500 Rights Shares together with 60,112,500 Warrants will be issued in the event all the Entitled Shareholders and/ or their renounee(s) (if applicable) fully subscribe for their entitlements under the Rights Issue with Warrants. In addition, assuming all the 60,112,500 Warrants are exercised, a total of 60,112,500 new Kimlun Shares will be issued.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

The Rights Issue with Warrants is renouneable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renouneable.

Any unsubscribed Rights Shares together with the Warrants, will be made available to other Entitled Shareholders and/ or their renounee(s) (if applicable) under the excess Rights Shares application. Fractional entitlements of the Rights Shares and the Warrants arising from the Rights Issue with Warrants, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company. It is the intention of our Board to allocate the Excess Rights Shares with Warrants, if any, on a fair and equitable manner, and on the basis as set out in Section 10.8 of this Abridged Prospectus.

As the Rights Shares and the Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, the Warrants and the new Kimlun Shares to be allotted and issued arising from the exercise of the Warrants will be credited directly into the respective CDS Accounts of the successful applicants and the shareholders who exercise the Warrants (as the case may be). No physical share or warrant certificates will be issued.

We will allot and issue the Rights Shares with Warrants, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis and justification of determining the issue price of the Rights Shares

On 28 January 2014, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed by our Board at RM1.10 each. This represents a discount of approximately 34.52% to the theoretical ex-rights price of Kimlun Shares of RM1.68, calculated based on the five (5)-day WAMP of Kimlun Shares up to and including 27 January 2014 of RM1.82, being the last trading day of Kimlun Shares immediately preceding the price-fixing date for the Rights Shares. The issue price was determined by our Board after taking into consideration the aforementioned theoretical ex-rights price of Kimlun Shares and it shall in no event be lower than the par value of Kimlun Shares of RM0.50 each after the discount to the theoretical ex-rights price.

2.3 Basis and justification of determining the exercise price of the Warrants

On 28 January 2014, RHBIB had, on behalf of our Board, announced that the exercise price of the Warrants has been fixed by our Board at RM1.68 each. This represents the theoretical ex-rights price of Kimlun Shares, calculated based on the five (5)-day WAMP of Kimlun Shares up to and including 27 January 2014 of RM1.82, being the last trading day of Kimlun Shares immediately preceding the date of fixing the said exercise price. The exercise price of the Warrants was determined by our Board after taking into consideration the aforementioned theoretical ex-rights price of Kimlun Shares and it shall in no event be lower than the par value of Kimlun Shares of RM0.50 each.

For avoidance of doubt, the Warrants which are attached to the Rights Shares will be issued at no cost to our Entitled Shareholders who subscribe for the Rights Shares.

2.4 Ranking of the Rights Shares and new Kimlun Shares to be issued arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Kimlun Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares.

The new Kimlun Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Kimlun Shares, save and except that the new Kimlun Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of these new Kimlun Shares.

2.5 Principal terms of the Warrants

The principal terms of the Warrants are set out below:-

Issue size	:	60,112,500 Warrants to be issued in conjunction with the Rights Issue with Warrants to the Entitled Shareholders on the basis of one (1) Warrant for every one (1) Rights Share subscribed for.
Form	:	The Warrants which are issued with the Rights Shares are immediately detachable upon allotment and issuance of the Rights Shares and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise rights	:	Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new Kimlun Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.

- Exercise period : The Warrants may be exercised at any time during the period of ten (10) years commencing on and including the date of issuance of the Warrants. Warrants which have not been exercised during the exercise period will thereafter lapse and cease to be valid.
- Mode of exercise : The registered holder of the Warrant is required to lodge a subscription form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia.
- Board lot : For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Kimlun Shares at any time during the exercise period, or such denomination as determined by Bursa Securities.
- Participating rights of the holders of Warrants in any distribution and/ or offer of further securities : The holders of the Warrants are not entitled to vote in any general meeting or to participate in any dividends, rights, allotments and/ or any other forms of distribution other than on winding-up, compromise or arrangement of Kimlun and/ or offer of further securities in the Company unless and until the holder of the Warrants becomes a shareholder of Kimlun by exercising his Warrants into new Kimlun Shares or unless otherwise resolved by Kimlun in a general meeting.
- Rights in the event of winding-up, liquidation, compromise and/ or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every holder of the Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his Warrants to the Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Kimlun Shares to which he would have been entitled to pursuant to such exercise.
- Adjustments in the exercise price and/ or number of Warrants : The exercise price and/ or number of unexercised Warrants may be adjusted by the Board, in consultation with its professional advisers, in the event of any alteration to the share capital of the Company, including but not limited to the consolidation or subdivision or conversion, issuance of shares by way of capitalisation of profits or reserves, capital distribution or rights issue of shares or convertible securities or any other events, in accordance with the provisions of the Deed Poll.

Modifications	: Unless expressly provided in the Deed Poll, no modification, amendment, deletion or addition may be made to the provisions of the Deed Poll (including the warrant certificate) without the sanction of a special resolution. Any modification, amendment, deletion or addition to this deed may be effected only by a deed executed by the Company and expressed to be supplemented (including to submit the modification(s), amendment(s), deletion(s), addition(s) to the Deed Poll no later than five (5) Market Days to Bursa Securities from the modification(s), amendment(s), deletion(s), addition(s) and subject to the approvals of the relevant authority, if necessary. Additionally, any modification(s) which, in the opinion of the Company is not materially prejudicial to the interests of the Warrant holders (except to provisions for convening meetings of the Warrant holders) may also be amended by the Company after consultation with its approved advisors.
Constitution	: The Warrants will be constituted by the Deed Poll.
Governing law	: Laws and regulations of Malaysia.

2.6 Details of other corporate exercises

Save for the Rights Issue with Warrants, we are not aware of any other corporate exercises announced but pending completion which is subject to the approval of our shareholders.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration of the various funding options available to us, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue of fund raising after taking into consideration the following factors as the Rights Issue with Warrants will:-

- i. Enable our Company to raise funds without incurring interest as compared to bank borrowings;
- ii. Improve liquidity and financial flexibility - the Rights Issue with Warrants will generate additional cash inflow to our Group to finance its general working capital requirements as well as to provide funding for its on-going and future projects without incurring interest-bearing debts.

Optimise capital structure by strengthening our Group's financial position - the Rights Issue with Warrants will enhance our Company's capital base, namely its shareholders' funds, thus place our Company on a better financial footing and enhance shareholders' value.

Notwithstanding that the proceeds raised will not be utilised to reduce bank borrowings, our Group's gearing level will improve resulting from the enhancement of its shareholders' funds. Further details of the improvement of our Group's gearing level upon completion of the Rights Issue with Warrants are set out in Section 8.2 of this Abridged Prospectus.

- iii. Provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new Kimlun Shares without diluting the existing shareholders' equity interest, assuming that all Entitled Shareholders fully subscribe for their respective entitlements.

The Warrants will provide an incentive to the Entitled Shareholders to subscribe for the Rights Shares. The Warrants will allow the Entitled Shareholders to benefit from the upward potential capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, our Company would also be able to raise further proceeds as and when the Warrants are exercised.

The gross proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants as well as the final exercise price of the Warrants. The gross proceeds to be raised from the exercise of the Warrants will be utilised as additional working capital to finance our Group's day to day operations. The proceeds may be utilised to finance, amongst others, employee remuneration, bank interest, payment to creditors as well as general expenses such as utilities.

4. IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on the Maximum Subscription Level basis after taking into consideration the level of funds that we wish to raise from the Rights Issue with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in Section 5 of this Abridged Prospectus.

Certain shareholders of Kimlun, namely Phin Sdn Bhd, Pang Khang Hau, Pang Tin @ Pang Yon Tin, Wang Ah Yu, Pang Yili, Sunny Pang Yi Lin and Pang Yi Shia (collectively referred to as the "Undertaking Shareholders"), had vide their letters dated 30 October 2013, provided their respective undertakings to subscribe in full for their entitlement under the Rights Issue with Warrants based on their shareholdings ("Undertaking").

A summary of the Undertaking is set out below:-

Undertaking Shareholders	Shareholdings as at the LPD		Entitlements and Undertakings under the Rights Issue with Warrants		Funding required ² RM
	No. of Shares	%	No. of Shares	% ¹	
Phin Sdn Bhd	82,667,000	34.38	20,666,750	34.38	22,733,425
Pang Khang Hau	13,917,800	5.79	3,479,450	5.79	3,827,395
Pang Tin @ Pang Yon Tin	12,471,200	5.19	3,117,800	5.19	3,429,580
Wang Ah Yu	2,398,900	1.00	599,725	1.00	659,698
Pang Yili	1,350,000	0.56	337,500	0.56	371,250
Sunny Pang Yi Lin	1,508,000	0.63	377,000	0.63	414,700
Pang Yi Shia	350,000	0.15	87,500	0.15	96,250
Total	114,662,900	47.70	28,665,725	47.70	31,532,298

Notes:-

¹ Calculated based on the number of Rights Shares available for subscription totalling 60,112,500 Rights Shares

² Computed based on an issue price of RM1.10 per Rights Share

Based on the issue price of RM1.10 per Rights Share, the funding requirements for the Undertaking Shareholders pursuant to their Undertakings are approximately RM31.53 million. The above-mentioned Undertaking Shareholders had also, on 30 October 2013, provided confirmations that they have sufficient financial resources to subscribe for their respective entitlements as set out above. The said confirmations have been verified by the Principal Adviser and the Underwriter for the Rights Issue with Warrants.

As the Rights Issue with Warrants will be undertaken on a Maximum Subscription Level basis, we had on 30 January 2014, entered into the Underwriting Agreement to underwrite the remaining 31,446,775 Rights Shares (or 52.30% of the total Rights Shares) ("Underwritten Shares"), for which no irrevocable undertaking to subscribe has been obtained from any other shareholders of our Company. The underwriting arrangement pursuant to the Underwriting Agreement is set out below:-

	No. of Rights Shares	%
Total number of Rights Shares to be issued	60,112,500	100.00
Less: Rights Shares pursuant to the Undertaking	28,665,725	47.70
Balance Rights Shares underwritten by Underwriter	31,446,775	52.30

The underwriting commission payable to the Underwriter is 1.5% of the value of the Underwritten Shares. The underwriting commission and all other costs in relation to the Underwriting Agreement will be fully borne by us.

As the Rights Issue with Warrants will be undertaken on a Maximum Subscription Level basis and the underwriting arrangement will be procured by us, the Undertaking will not trigger any mandatory general offer obligation pursuant to the Malaysian Code on Take-Overs and Mergers 2010.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM1.10 per Rights Share, the total gross proceeds that are expected to be raised from the Rights Issue with Warrants and the intended utilisation are set out below:-

	Timeframe for utilisation	Total RM'000
Working Capital ¹	Within 18 months	64,924
Estimated expenses in relation to the Rights Issue with Warrants	Upon completion	1,200
Total		66,124

Note:-

¹ The proceeds for working capital will be utilised to finance the day-to-day operations of our Group and is estimated to be utilised in the following manner:-

	RM'000
Future payment to suppliers, contractors, transporters and other professionals including but not limited to architects, mechanical and electrical consultants, as well as concrete and structural consultants for our on-going contract works and projects, details of which are set out in Section 7.5 of this Abridged Prospectus	55,924
General expenses including employee remuneration, bank interest [^] and bank charges	9,000
Total	64,924

[^] As at the LPD, the total bank borrowings of our Group is approximately RM252.69 million and the bank interest is approximately RM11.56 million per annum. The effective interest rate of the bank borrowings of our Group ranges from 1.00% to 8.10% per annum

Any variation to the estimated expenses in relation to the Rights Issue with Warrants will be adjusted against the amount allocated for the working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The gross proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants as well as the final exercise price of the Warrants. The gross proceeds to be raised from the exercise of the Warrants will be utilised as additional working capital to finance our Group's day to day operations. The proceeds may be utilised to finance, amongst others, employee remuneration, bank interest, payment to creditors as well as general expenses such as utilities.

6. RISK FACTORS

You and/ or your renounee(s) (if applicable) should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares and the Warrants.

6.1 Risks relating to our operations and the industries we operate in

6.1.1 Business and operational risks

Our Group is subject to the business and operational risks inherent to construction and property development sectors in Malaysia and Singapore. This may include, amongst others, shortages in skilled workforce, entry of new competitors, changes in economic, business and credit conditions, changes in governmental and international policies and regulations, non-performance or unsatisfactory performance of sub-contractors, cancellation, deferral or rescheduling of projects and other business and operational risks common to going concerns.

Although our Group seek to limit these risks through, amongst others, a careful identification of the type of construction projects to be undertaken, prudent financial policy, maintenance of a large pool of sub-contractors and suppliers with whom we have long term relationships and close supervision on our projects, no assurance can be given that any change to these factors will not have a material adverse effect on our business and financial conditions.

6.1.2 Competition risks

Our Construction, Manufacturing and Trading as well as Property Development Divisions face competition from other listed and non-listed companies. Competitive pressures may result in highly competitive pricing in order to secure a contract, which may affect our financial performance.

Our Group seek to maintain competitive by actively participating in competitive bidding and negotiation to secure contracts and continuing our efforts in maintaining our competitive edge in terms of cost efficiency, service quality, reliability and innovation in the construction, concrete product and property development industries. However, no assurance can be given that competition within these industries will not have any material impact on our business and financial performance.

6.1.3 Delay in completion of construction and property development projects

Timely completion and hand-over of our construction and property development projects is critical in ensuring costs are contained and our Group's reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as natural disasters, acute shortage of construction materials and workers, adverse weather conditions, unsatisfactory performance of contractors appointed for development and construction projects, delays in obtaining the necessary approvals from government/ local authorities, major changes in government/ local authorities' approval policies and/ or other unforeseen circumstances.

If any of the above mentioned circumstances happen or occur for a prolonged period, our Group may incur substantial additional costs such as liquidated and ascertained damages payable to customers, rectification cost to repair defects or higher material/ labour costs and these may result in our financial performance being materially impacted.

To mitigate the risk of delays in completion of projects, we have in place, operational monitoring procedures to ensure that our projects are completed on time. In addition, our Group also seek to limit these risks through, inter alia, periodic assessment of our sub-contractors and suppliers as to their ability to deliver their services/ products timely and satisfactorily, assessment of their financial strength and sourcing for sub-contracting services/ raw materials from a large base of sub-contractors and suppliers, as the case may be to avoid over-dependence on any single sub-contractor or supplier.

As at the LPD, we have not encountered any material delay in the completion of our construction and property development projects that have a material impact on our business. Further, our Group's well qualified and experienced management team works closely with all suppliers and contractors, and follows up closely with the relevant authorities to ensure that delays in completion of projects are minimised or avoided.

6.1.4 Costs overrun

Our Group carry out internal costing and budgeting estimates of raw material, sub-contracting costs and overheads based on the indicative pricings given by our suppliers and sub-contractors, as well as our own estimate of costs for our development projects, tenders for construction projects and quotations for the supply of concrete products.

However, in the event of incorrect estimations of costs during the budgeting or costing stage, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite and/or fluctuations in prices of raw materials and sub-contractors services, additional costs which are not previously factored into the costing may arise.

Our Group seek to mitigate the risk of cost overruns by setting contingency provisions in our costing and adopt the less labour intensive IBS construction method, whenever feasible and permissible by our customers (where applicable). IBS generally involves offsite, mass production of building components in an automated or controlled industrial manufacturing environment. Accordingly, our reliance on subcontracted labours will be reduced while consistency in quality of output is achieved. The risk of raw material price fluctuation in relation to our concrete products business is mitigated by the arrangement whereby some of our customers will supply steel, a raw material used in the production of the products ordered by them, at a price which is mutually agreed upon at the point of finalisation of the order.

While reasonable care is taken to address the possibility of costs overruns, there is no assurance that unforeseeable circumstances as mentioned above in our construction and property development projects will not have material impact on our financial performance.

6.1.5 Dependence on approvals and licenses from authorities

The Malaysian construction industry is highly regulated, with various government bodies governing the approval of licences and certification to contractors providing construction services in Malaysia. As such, our construction business is bound by the terms of the licences awarded by these authorities, which dictate the types and nature of construction projects which we can undertake. Whereas, our property development business is subject to various regulatory approvals in respect of the development plans, development orders, building plans, developer licences and advertising permits issued by the relevant local authorities. All of these licences and certification are subject to periodic renewals.

The revocation or non-renewal of these approvals, licenses and certification would adversely affect our ability to generate future profits which will in turn impact the financial position of our Group. However, as at LPD, we have not encountered nor do we anticipate any major disruptions in obtaining approvals and renewals for the necessary licences from the various government agencies. Our Group seek to mitigate any hindrances in renewing or applying for new licences or certification by strict compliance with the procedural and documentation requirements in relation to the applications for the aforementioned approvals.

6.1.6 Risk of unsold properties

Our Group has recently ventured into property development sector with the present development in Cyberjaya, Selangor Darul Ehsan. In the event our Group is unable to sell a significant portion of our properties offered in a particular development, our financial results will be affected. Furthermore, the unsold properties that we continue to hold for sale post-completion of the project may be relatively illiquid. Such concern may affect our ability to realise cash and also have an adverse effect on the prices of unsold units in the event that we are required to sell the unsold properties urgently. In such an event, our cash flow and financial performances may be affected.

Our Group seek to mitigate the risk by conducting market survey and feasibility studies prior to any new property development launches. Nevertheless no assurance can be given that the occurrence of unsold properties will not have a material impact on our Group's business and financial performance.

6.1.7 Political, economic, market and regulatory risks

Our financial and business prospects, and the industries in which we operate in, will depend to some degree on the developments in the political and regulatory front in both Malaysia and Singapore. Amongst the political, economic, market and regulatory risk factors are global economic slowdown, changes in interest rates, war, terrorism activities, expropriations, changes in political leadership and unfavourable changes in the governmental policies such as licensing regulations.

Our Group will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these risks. However, no assurance can be given that adverse development or change in the political, economic, market and regulatory in Malaysia and Singapore will not materially affect our Group's business and financial position.

6.1.8 Dependence on key personnel

Our continued success is dependent on the ability, expertise, experience, competency and continued efforts of our existing Board and key management personnel. The departure of any of these individuals without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel may have an unfavourable and material impact on the business and operating results of our Group.

To avoid over dependence on any key personnel, we strive to attract qualified and experienced personnel as well as to enhance our succession planning programme by grooming junior personnel to complement our management team. We believe that offering competitive salary packages, training and having a conducive working environment should mitigate this risk further, and in turn help to ensure continuity and competency of our management team.

6.1.9 Borrowings and fluctuations in interest rates

Our Group obtained bank borrowings and loan facilities to finance, inter alia, our day to day operations. As payment of interest on the bank borrowings is dependent on prevailing interest rates, future fluctuations of interest rates could materially affect our Group's profitability.

In addition, the agreements on bank credit facilities and securities in relation thereto, contain covenants which may limit our Group's future operating and financing flexibility. Any breach of such covenants may give rise to a right by the financiers to terminate the relevant credit facilities and/ or enforce any security granted in relation to the particular credit facility.

As at the LPD, we have not encountered any default in payment on the bank borrowings. Our Group will continue to take all necessary precautions to prevent any breach of the covenants, whilst adhering to strict financial management practices and prudent cash flow policies. Nevertheless, no assurance can be given that the performance of our Group would not be materially affected in the event of any adverse changes in interest rates.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of our Shares, the volatility of equity markets, the outlook of the industries which we operate in and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant derives its value from giving its holder the right to subscribe for new Kimlun Shares at a predetermined exercise price over the exercise period. The Warrants have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant. If the sum of the price of the Warrants as quoted on Bursa Securities and the exercise price of the Warrants is higher than the market price of Kimlun Shares, the Warrants are deemed to be 'out-of-the-money'. The value of the Warrants is directly related to the market price of Kimlun Shares. The higher the market price of Kimlun Shares exceeds the exercise price of the Warrants, the higher the value of the Warrants will be. Shareholders are reminded, however, that other factors may also affect the market price of our Warrants or the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants will also depend on various external factors as mentioned above.

As the Warrants are a new type of securities issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon their listing on Bursa Securities or if developed, that it will sustain.

Accordingly, there can be no assurance that the market price of our Rights Shares and Warrants will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares and the Warrants.

6.2.2 Delay in or abortion of the implementation of Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be delayed or aborted on the occurrence of any one (1) or more of the following events:-

- i. Material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the government's policies such as taxation and licensing regulations as well as other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Rights Issue with Warrants;
- ii. We are unable to meet the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital must be held by public shareholders holding not less than 100 Shares each.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. However, there can be no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue with Warrants.

Upon the occurrence of any of the above events, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants is aborted/ or terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

6.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy is expected to expand further by 5.0%-5.5% in 2014, supported by favorable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which are evident in the second half of 2013. The better outlook of Malaysia's external sector is premised upon China's real gross development product growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at a steady pace of 5.0% in 2014.

(Source: Chapter 3 – Economic Performances and Prospects, Economic Report 2013/ 2014, Ministry of Finance, Malaysia)

7.2 Overview and outlook of the Singaporean economy

The Singapore economy grew by 5.8% on a year-on-year basis in the third quarter of 2013, higher than the 4.4% growth in the preceding quarter. The pickup in year-on-year growth was mainly due to improvements in the manufacturing, wholesale and retail trade and transportation and storage sectors. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew at a slower pace of 1.3%, after expanding by 17.4% in the previous quarter of 2013.

The growth outlook for the Singapore economy remains modest. Externally oriented sectors such as manufacturing and transportation and storage are likely to continue to provide support to growth, in tandem with the recovery in global demand. However, some labour-intensive domestically-oriented sectors may see their growth weighed down by tightness in labour market conditions. Nonetheless, the Ministry of Trade and Industry, Singapore expects the Singapore economy to grow by 2.0% to 4.0% in 2014.

(Source: Economic Outlook, Economic Survey of Singapore Third Quarter 2013, Ministry of Trade and Industry, Singapore)

7.3 Overview and outlook of the construction industry

7.3.1 Construction industry in Malaysia

Growth in the construction sector will continue to expand, supported by higher activity in the residential segment and key public infrastructure projects during the second half of 2013. Value-added of the construction sector grew 12.0% for the first half of the year attributed to ongoing civil engineering and residential activities. The total value of construction work during the first half of 2013 rose 13.8% to RM43.3 billion with the highest share contributed by civil engineering at 36.1%, followed by the non-residential (31.9%) and residential (27.5%) subsectors.

Growth in the construction sector is projected to increase at a moderate pace of 9.6% in 2014 due to slower construction activity in the civil engineering subsector following the completion of several major infrastructure projects. However, the acceleration in implementation of transport and oil and gas related civil engineering projects will continue to support growth. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. The implementation of 1Malaysia Housing Programme ("PR1MA") housing project is expected to accelerate to meet the target of providing 80,000 units of houses for the middle-income group by 2015. Activity in the non-residential subsector is expected to remain stable, albeit at a moderate pace, supported by buoyant business and industrial activities as well as improved consumer sentiment.

(Source: Chapter 3 – Economic Performances and Prospects, Economic Report 2013/ 2014, Ministry of Finance, Malaysia)

7.3.2 Construction industry in Singapore

Contracts for the built environment industry could reach between SGD31 billion and SGD38 billion this year, driven by strong public housing demand and anticipated higher construction demand for institutional developments and major infrastructure projects. This comes on the heels of the sector's strong performance in 2013, where total construction demand reached a historical high of SGD35.8 billion, exceeding the upper-bound projection of SGD34 billion in 2013 by about 5%.

For 2015 and 2016, average construction demand is projected to be sustained at between SGD25-34 billion per annum. 60% of the total demand is forecasted to come from building projects while the remaining 40% is expected to come from civil engineering projects.

Total construction output, or payment for work done, was estimated to be about SGD33 billion for 2013, supported by stronger on-site activities from the construction of the Marina Coastal Expressway, Downtown MRT Line Stages 2 and 3, and both public and private residential developments. Outlook for on-site construction activities in the following years remains bright at between SGD34-36 billion for 2014, and SGD29-37 billion annually for 2015 and 2016, given the high level of contracts awarded since 2011.

(Source: Construction demand for 2014 to remain strong dated 9 January 2014, Building and Construction Authority, Singapore)

In respect of Singapore's MRT System, the Land Transport Authority will roll out one (1) new line or line extension almost every year over the next seven (7) years. By the end of 2013, Downtown Line 1 will be opened, connecting Chinatown to Bugis. In 2014, Marina South Pier station, an extension of the North-South Line that will bring people directly to the International Cruise Terminal and Gardens by the Bay will be opened. Thereafter, the Downtown Line will be extended further with Stage 2, connecting Bukit Panjang to Bugis. The East-West Line will be extended at Joo Koon with a new Tuas West Extension in 2016 and the year after that, the Downtown Line will be completed by connecting Chinatown to Expo station. In 2019, three (3) stations on the new Thomson Line will be opened. In 2020, six (6) more stations will be added in the second phase, and when the final stretch opens in 2021, another 13 new stations will be opened there. A new 50KM Cross Island Line, a new 20KM Jurong Region Line will be built, and the Circle Line, the North East Line and the Downtown Line will be extended by 2030.

When all the current plans are implemented, the number of interchanges will be doubled from 15 to 30, and the rail network will double in length to 360KM.

(Source: Land Transport Authority Annual Report 2012/ 2013, Singapore)

7.4 Overview and outlook of the property industry

The residential subsector expanded 15.7% supported by strong demand and reflected in higher construction activities with housing starts rising 20.3%, to 73,804 units for the first half of 2013. In the residential segment, two (2) and three (3)-storey terraced houses as well as condominiums/ apartments accounted for 24.9% and 22.3% of the commencement for all the residential development, respectively. During the first six (6) months of the year, the Klang Valley continued to dominate the supply, accounting for 31.0% of housing starts followed by Johor (23.1%), spurred by ongoing infrastructure development. To expand the supply of affordable houses, the Government has introduced the PR1MA, which is expected to provide 80,000 houses as announced in the 2013 Budget. As at the end of June 2013, a total of 20,000 houses under 15 affordable housing projects are being constructed in the Klang Valley, Johor, Pulau Pinang, Sabah and Sarawak.

In line with the Government's objective to provide affordable houses to low-income group, Syarikat Perumahan Negara Berhad ("SPNB") has constructed 5,063 units of Rumah Mesra Rakyat 1Malaysia as at the end of June 2013. In addition, SPNB has targeted to build 7,092 units of low and medium-cost apartments and terraced houses within the next three (3) years. Meanwhile, a total of 45 projects involving 20,454 units of houses under the Program Perumahan Rakyat will be implemented by Jabatan Perumahan Negara.

Sales of new launches remained favorable with a take-up rate of 21.8% for the first half of the year. In line with the increasing demand, the property overhang declined 9.5% to 14,576 units as at the end of June 2013 amid the better sales performance of the residential segment.

(Source: Chapter 3 – Economic Performances and Prospects, Economic Report 2013/ 2014, Ministry of Finance, Malaysia)

7.5 Future prospects of our Group

The principal activities of our Group have been disclosed in Sections 1 and 5 of Appendix II of this Abridged Prospectus. Based on the latest unaudited quarterly report of our Group for the nine (9)-month FPE 30 September 2013, our Group has a balance order book of approximately RM2.19 billion as at 30 September 2013 (RM1.85 billion is derived from the Construction Division and RM0.34 billion is derived from the Manufacturing and Trading Division), which provides earnings visibility to the Group over the next two (2) years.

The Construction Division is undertaking several projects for the construction of amongst others, houses, apartments, offices and factories, in Johor Darul Takzim and Selangor Darul Ehsan. The details of the on-going major projects with balance order book above RM120.00 million each are set out as follows:-

Type of projects and location	Original contract value RM'000	Balance order book as at 30 September 2013 RM'000	Expected completion Date	Estimated Stage of completion as at the LPD %
Construction of serviced apartments and ancillary buildings in Johor Bahru, Johor Darul Takzim	296,400	295,633	May 2016	3.13

Construction of apartments and recreation centre in Johor Bahru, Johor Darul Takzim	221,825	182,686	December 2015	23.70
Construction of service apartments and offices in Puteri Harbour, Nusajaya, Johor Bahru, Johor Darul Takzim	210,000	209,587	March 2016	5.21
Construction of SOHO and offices in Cyberjaya, Selangor Darul Ehsan	131,429	121,354	December 2015	13.70
Total		809,260		

Approximately 70-80% of the on-going construction contracts are in IM and were secured mainly from a diversified clientele which our Group has built long term relationship with. The vibrant developments in IM and Petroliaam Nasional Berhad's Refinery and Petrochemical Integrated Development project in Southern Johor are expected to create great demand for infrastructure and building construction services in Johor Bahru, the home base of the Group since 1977. The dynamism within IM and the expected growth in the construction sector in Malaysia is expected to present business opportunities for our Group to tap in the medium to long term.

Further, the construction of the high capacity MRT in Klang Valley and affordable houses and public amenities such as hospitals and clinics under the Tenth Malaysia Plan and the Economic Transformation Programme, are expected to benefit our Group in the medium to long term.

In relation to Singapore market, SPC Industries Sdn Bhd, a wholly-owned subsidiary of Kimlun is one of the few suppliers of tunnel lining segments ("TLS") to Singapore MRT projects since 2006. Our Group believes that SPC Industries Sdn Bhd will be in the position to bid for the supply of TSL to future MRT projects. Moving forward, our Group also intends to bid for more private and public infrastructure projects in Singapore.

Our Group has launched its first property development project, the Hyve on 31 January 2013. It comprises a combination of 804 units of SOHO and offices for sale on a piece of freehold land of approximately 4.95 acres within the central business district of Cyberjaya, Selangor Darul Ehsan ("The Hyve"). As at the LPD, it has achieved a take up rate of approximately 70%. Our Group funds The Hyve with a combination of internally generated funds and external bank borrowings. The planning approval and building plan approvals for the development of The Hyve from the local authorities have been obtained on 10 January 2012, 18 December 2012 and 17 June 2013 respectively. As at the LPD, our Group is in the process of fulfilling the conditions as mentioned in the planning approval.

Further details of The Hyve are set out as follows:-

Estimated GDV RM'000	Date of commencement	Expected date of completion	Estimated percentage of completion as at the LPD %
Approximately 234,991	December 2012	End of 2015	14.45%

Besides, our Group is expecting to launch its next development which comprises a combination of approximately 865 units of SOHO and retail properties for sale on two (2) contiguous parcels of freehold land of approximately 5.31 acres in total in Medini North of Medini Iskandar, Johor Darul Takzim ("Opus Medini"). The development will be carried out in two (2) phases namely Opus Medini Phase 1 and 2. Our Group intends to fund Opus Medini via internally generated funds and/ or external bank borrowings. Our Group has submitted its application to the local authority for planning approval on Opus Medini Phase 1 on 31 October 2013. As at the LPD, our Group has yet to obtain the approval from the local authority on Opus Medini Phase 1. Our Group has not submitted any application to the local authority for planning approval on Opus Medini Phase 2.

Further details of Opus Medini are set out as follows:-

Estimated GDV RM'000	Expected date of commencement	Expected date of completion	Estimated percentage of completion as at the LPD %
Approximately 446,868	End of 2014 ^{*1}	End of 2017 ^{*1}	-

Note:-

^{*1} This refers to Opus Medini Phase 1

Barring any unforeseen circumstances, our Board after having considered all the relevant aspects, including the abovementioned prospects as well as the industry overview and outlook, is of the opinion that the Rights Issue with Warrants are expected to contribute positively to the future earnings of our Group and enhance the shareholders' value of our Company in the medium to long term.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital as at the LPD are set out below:-

	No. of Shares	RM
Issued and paid-up share capital as at the LPD	240,450,000	120,225,000
Shares to be issued pursuant to the Rights Issue with Warrants	60,112,500	30,056,250
	<u>300,562,500</u>	<u>150,281,250</u>
Shares to be issued assuming full exercise of the Warrants	60,112,500	30,056,250
Enlarged issued and paid-up share capital	<u>360,675,000</u>	<u>180,337,500</u>

8.2 NA and gearing

Based on the audited consolidated financial statement of our Group as at 31 December 2012, the proforma effects of the payment of the final single tier dividend in respect of FYE 31 December 2012 and the Rights Issue with Warrants on the consolidated NA per Share and gearing of our Group are set out below:-

		I	II	III
	Audited as at 31 December 2012 RM'000	Adjustments for subsequent event RM'000	After I and the Rights Issue with Warrants RM'000	After II and assuming full exercise of the Warrants RM'000
Share capital	120,225	120,225	150,281	180,337
Share premium	37,798	37,798	37,801 ²	143,599 ⁴
Retained earnings	116,896	105,355 ¹	105,355	105,355
Warrants reserve	-	-	34,865 ³	-
Other reserves	4	4	4	4
Non-controlling interests	337	337	337	337
Shareholders' Equity/ NA	275,260	263,719	328,643	429,632
Number of Shares in issue ('000)	240,450	240,450	300,563	360,675
NA per Share (RM)	1.14	1.10	1.09	1.19
Total borrowings (RM'000)	169,833	169,833	169,833	169,833
Gearing ratio (times)	0.62	0.64	0.52	0.40
Profit attributable to owners of the parent (RM'000)	49,501	49,501	49,501	49,501
Basic EPS (sen)	20.59	20.59	16.47	13.72

Notes:-

¹ After adjusting for the payment of the final single tier dividends of approximately RM11.54 million in respect of the FYE 31 December 2012

² After accounting for the issuance of 60,112,500 Rights Shares at an issue price of RM1.10 per Rights Share, the recognition of 60,112,500 Warrants to be issued at the theoretical fair value of RM0.58 per Warrant and the estimated expenses of RM1.20 million in relation to the Rights Issue with Warrants

³ After the recognition of 60,112,500 Warrants to be issued at the theoretical fair value of RM0.58 per Warrant

⁴ After adjusting for the full exercise of the Warrants at an exercise price of RM1.68 per Warrant and the reversal of the warrants reserve upon the exercise of the Warrants

8.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2013 as it is expected to be completed in the first quarter of 2014.

However, the EPS of our Group may be diluted as a result of the increase in the number of Kimlun Shares in issue upon the completion of the Rights Issue with Warrants and as and when the Warrants are exercised into new Kimlun Shares.

Notwithstanding the above, the proceeds from the Rights Issue with Warrants are expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration the cash flow position of our Group, current cash in hand and banking facilities available and the proceeds to be received from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM252.69 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
Short term borrowings:-	
Bank overdrafts	51,190
Advance against invoices	35,163
Revolving credit	1,000
Bankers' acceptances	83,662
Hire purchase payables	4,692
Term loans	5,532
Long term borrowings:-	
Hire purchase payables	14,337
Term loans	57,114
Total	<u><u>252,690</u></u>

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings during the FYE 31 December 2012 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

After having made all reasonable enquiries, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.4 Material commitments

After having made all reasonable enquiries, as at the LPD, our Board is not aware of any material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/ TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/ or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants is **5.00 p.m on 5 March 2014**, or such later date and time as may be determined and announced by our Board at their absolute discretion, subject to the consent of our Underwriter. In the event the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the stipulated date and time.

10.4 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you or your renounee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares with Warrants of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the envelope provided (at your own risk) by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the following address:-

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883
Fax: 03-2282 1886

so as to arrive **not later than 5.00 p.m. on 5 March 2014**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board at their absolute discretion, subject to the consent of our Underwriter, not less than two (2) Market Days before the stipulated date and time.

If you or your renounee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you or your renounee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

One (1) RSF can only be used for acceptance of Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied by one (1) Warrant. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. However, you and/ or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants comprises of 100 Rights Shares and 100 Warrants, respectively. Fractions of Rights Shares with Warrants will be disregarded and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you and/ or your renounee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on 5 March 2014**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board at their absolute discretion, subject to the consent of our Underwriter, not less than two (2) Market Days before the stipulated date and time, you and/ or your renounee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in Section 10.8 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "KIMLUN RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

10.5 Procedures for part acceptance by Entitled Shareholders

You are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants provided always that the minimum of Rights Shares that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants.

10.6 Procedures for sale/ transfer of Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale/ transfer of such Provisional Rights Shares with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(a) and II of the RSF. Please refer to Section 10.4 of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from his/ her/ their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

10.7 Procedures for acceptance by renounees

Renounees who wish to accept the Provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>), complete the RSF and submit the same together with the remittance to our Share Registrar at the above-stated address in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renounees who wish to accept the Provisional Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedures for application of Excess Rights Shares with Warrants

You and/ or your renounee(s) (if applicable) may apply for additional Rights Shares with Warrants in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar **not later than 5.00 p.m. on 5 March 2014**, being the last date and time for application of and payment for Excess Rights Shares with Warrants or such later date and time as may be determined and announced by our Board at their absolute discretion, subject to the consent of our Underwriter, not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "KIMLUN EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE WITH WARRANTS.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

- i. Firstly, to minimise the incidence of odd lots;
- ii. Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- iii. Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and
- iv. Finally, for allocation to renounee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i)-(iv) above are achieved.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

10.9 Form of issuance

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants are prescribed securities and as such, all dealings in the Rights Shares and the Warrants will be subject to the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. A notice of allotment will be despatched to you and/ or your renounee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants.

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Kimlun Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Provisional Rights Shares with Warrants as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Rights Shares with Warrants or to whom the Provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/ her CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants will be credited directly as prescribed or deposited securities into his/ her CDS Account upon allotment and issuance.

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign country or jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar for the Rights Issue With Warrants, in which event our Share Registrar for the Rights Issue With Warrants shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Warrants.

The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. RHBIB, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/ or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. RHBIB, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/ or their renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/ or their renounee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/ or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, our Company, our Directors and officers and other professional advisers that:-

- i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject to;

- ii. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants;
- iii. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- iv. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- v. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and the Warrants; and
- vi. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/ or their renounee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it is believed that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
KIMLUN CORPORATION BERHAD


YAM TAI FONG
Executive Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 2 JANUARY 2014

KIMLUN CORPORATION BERHAD (867077-X)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 2 JANUARY 2014

ORDINARY RESOLUTION – PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 60,112,500 NEW ORDINARY SHARES OF RM0.50 EACH IN KIMLUN (“KIMLUN SHARE(S)” OR “SHARE(S)” (“RIGHTS SHARE(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING KIMLUN SHARES HELD TOGETHER WITH 60,112,500 FREE DETACHABLE WARRANTS (“WARRANT(S)”) ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, BASED ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

RESOLVED:-

THAT subject to the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board of Directors of the Company (“Board”) for the following:-

- i. to provisionally allot and issue by way of a renounceable rights issue of 60,112,500 Rights Shares at an issue price to be determined and announced later by the Board, but in any case, not lower than the par value of Kimlun Shares on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held together with 60,112,500 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, by the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board (“Entitlement Date”);
- ii. wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with a deed poll (“Deed Poll”) to be executed, at any time during the exercise period, for one (1) new Kimlun Share at an exercise price to be determined later by the Board, but in any case the exercise price will not be lower than the par value of Kimlun Shares;

- iii. to allot and issue such number of new Kimlun Shares pursuant to the exercise of the Warrants, from time to time during the tenure of the Warrants in accordance with the provisions of the Deed Poll;
- iv. to allot and issue such further Warrants and new Kimlun Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/or as may be required by the relevant authorities; and
- v. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the new Kimlun Shares which may from time to time be allotted and issued upon exercise of the Warrants.

THAT fractional entitlement of the Rights Shares and the Warrants arising from the Proposed Rights Issue with Warrants shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 6 December 2013 ("Circular"), and the Directors be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject to the approvals of the relevant authorities, where required;

THAT the Rights Shares and the new Kimlun Shares arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Kimlun Shares, save and except that the new Kimlun Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the said new Kimlun Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents, including but not limited to the Deed Poll, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.

Dated: 2 January 2014

CERTIFIED TRUE AND CORRECT



DIRECTOR
YAM TAI FONG



DIRECTOR/ SECRETARY
WONG PEIR CHYUN
(MAICSA 7018710)

INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia on 4 August 2009 under the Act, as a private limited company under the name of Kimlun Corporation Sdn Bhd. On 21 August 2009, we were converted to a public limited company and assumed our present name. We were listed on the Main Market of Bursa Securities on 29 June 2010.

We are an investment holding company and our subsidiary companies are principally involved in the following businesses:-

- i. Building and infrastructure construction (Construction Division);
- ii. Manufacturing and supply of pre-cast concrete products, provision of IBS and the supply of construction as well as building material (Manufacturing and Trading Division); and
- iii. Property development and property investment (Property Development Division).

Further details on our subsidiary companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.50	500,000,000
Issued and paid-up	240,450,000	0.50	120,225,000

The changes in our issued and paid-up share capital for the past three (3) years preceding the LPD are set out below:-

Date of allotment	No. of Shares allotted	Par value RM	Consideration/ of issue	Type	Cumulative issued and paid-up share capital RM
09.03.2012	11,450,000	0.50	Issuance of	Kimlun Shares pursuant to a private placement	120,225,000

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Rights Issue with Warrants are set out below:-

Substantial shareholders	Shareholdings as at the LPD			I After the Rights Issue with Warrants			II After I and assuming the full exercise of the Warrants		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Phin Sdn Bhd	82,667,000	-	34.38	103,333,750	-	34.38	124,000,500	-	34.38
Pang Khang Hau	13,917,800	-	5.79	17,397,250	-	5.79	20,876,700	-	5.79
Pang Tin @ Pang Yon Tin	12,471,200	88,273,900 ^{*1}	5.19	15,589,000	110,342,375 ^{*1}	5.19	18,706,800	132,410,850 ^{*1}	36.71

Note:-

^{*1} Deemed interest through his shareholdings in Phin Sdn Bhd and shares held by his spouse and his children save for Pang Khang Hau

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Pang Tin @ Pang Yon Tin	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	67	Malaysian	Company Director	Executive Chairman
Sim Tian Liang	F-08, Straitsview Residences No. 2, Jalan Permas 13 Bandar Baru Permas Jaya 81750 Masai Johor Darul Takzim	60	Malaysian	Company Director	Chief Executive Officer, Executive Director
Chin Lian Hing	1, Jalan Lawa 19 Taman Pelangi Indah 81800 Ulu Tiram Johor Bahru Johor Darul Takzim	50	Malaysian	Company Director	Executive Director
Yam Tai Fong	104, Jalan Athinahapan Taman Tun Dr Ismail 60000 Kuala Lumpur	47	Malaysian	Company Director	Executive Director
Pang Khang Hau	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	33	Malaysian	Company Director	Executive Director
Phang Piow @ Pang Choo Ing	17, Jalan Wisata, 80200 Johor Bahru Johor Darul Takzim	72	Malaysian	Company Director	Non- Independent Non- Executive Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	12A, Jalan Kenyalang 11/7 Bayu Damansara 47810 Petaling Jaya Selangor Darul Ehsan	63	Malaysian	Company Director	Independent Non- Executive Director
Kek Chin Wu	704, Block D Kelana D'Putera Condo 19, Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	43	Malaysian	Company Director	Independent Non- Executive Director
Chua Kee Yat @ Koo Kee Yat	37, Crane Road Singapore 429380	59	Singaporean	Company Director	Independent Non- Executive Director

The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants are set out below:-

Directors	I				II							
	Shareholdings as at the LPD		After the Rights Issue with Warrants		After I and assuming the full exercise of the Warrants		After I and assuming the full exercise of the Warrants					
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			
Pang Tin @ Pang Yon Tin	12,471,200	5.19	88,273,900 ¹	36.71	15,589,000	5.19	110,342,375 ¹	36.71	18,706,800	5.19	132,410,850 ¹	36.71
Sim Tian Liang	6,490,000	2.70	-	-	8,112,500	2.70	-	-	9,735,000	2.70	-	-
Chin Lian Hing	6,158,900	2.56	-	-	7,698,625	2.56	-	-	9,238,350	2.56	-	-
Yam Tai Fong	6,439,400	2.68	-	-	8,049,250	2.68	-	-	9,659,100	2.68	-	-
Pang Khang Hau	13,917,800	5.79	-	-	17,397,250	5.79	-	-	20,876,700	5.79	-	-
Phang Piow @ Pang Choo Ing	11,712,800	4.87	-	-	14,641,000	4.87	-	-	17,569,200	4.87	-	-
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	50,000	0.02	-	-	62,500	0.02	-	-	75,000	0.02	-	-
Kek Chin Wu	300,000	0.12	-	-	375,000	0.12	-	-	450,000	0.12	-	-
Chua Kee Yat @ Koo Kee Yat	30,000	0.01	-	-	37,500	0.01	-	-	45,000	0.01	-	-

Note:-

¹ Deemed interest through his shareholdings in Phin Sdn Bhd and shares held by his spouse and his children save for Pang Khang Hau

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
I-Buildtech Solutions Pte Ltd	12.05.2008 Singapore	SGD80	100	Provision of industrial building systems and the supply of construction and building materials
Kimlun Land Sdn Bhd	22.12.2010 Malaysia	RM5,000,000	100	Investment holding and property investment
Kimlun Sdn Bhd	21.10.1977 Malaysia	RM8,000,000	100	Building and infrastructure contractors
SPC Industries Sdn Bhd	09.04.1993 Malaysia	RM20,000,000	100	Ready mix concrete production and manufacturing of pre-cast concrete products
Subsidiaries of Kimlun Land Sdn Bhd				
Kimlun Medini Sdn Bhd	06.12.2012 Malaysia	RM1,450,000	100	Property development and property investment
Posh Atlantic Sdn Bhd	09.12.2010 Malaysia	RM1,000,000	51	Property development and property investment

As at the LPD, we do not have any associate company.

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2012 and the latest unaudited quarterly report of our Group for the nine (9)-month FPE 30 September 2013:-

	<-----Audited-----> <-----FYE 31 December----->			Unaudited Nine (9)-month FPE 30 September 2013
	2010 RM'000	2011 RM'000	2012 RM'000	RM'000
Revenue	527,593	652,134	896,557	676,095
Cost of sales	(463,463)	(572,876)	(805,731)	(612,346)
Gross profit	64,130	79,258	90,826	63,749
Other operating income	3,907	4,672	5,232	4,151
Administrative expenses	(17,176)	(22,509)	(28,526)	(30,929)
Profit from operations	50,861	61,421	67,532	36,971
Finance costs	(2,927)	(3,130)	(6,798)	(8,284)
PBT	47,934	58,291	60,734	28,687
Income tax expense	(11,375)	(15,617)	(11,350)	(5,917)
PAT	36,559	42,674	49,384	22,770
Other comprehensive income				
Foreign currency translation	(6)	7	2	-
Total comprehensive income for the year/ period	36,553	42,681	49,386	22,770
Profit attributable to:				
Owners of the parent	36,559	42,711	49,501	22,900
Non-controlling interest	-	(37)	(116)	(130)
	36,559	42,674	49,385	22,770
Earnings before interests, taxes, depreciation and amortisation	55,943	68,017	76,129	50,960
Weighted average number of shares in issue ('000)	197,789	229,000	238,322	240,450
Gross profit margin (%)	12.16	12.15	10.13	9.43
PAT margin (%)	6.93	6.54	5.51	3.37
EPS (sen)				
- Basic	18.48	18.65	20.77	9.52
- Diluted	-	-	-	-
Dividend paid (RM'000)	14,080*	10,992	7,454	11,542

Note:-

* RM9.50 million out of this amount was paid by certain of our subsidiary companies prior to their respective acquisition by us.

Commentary on past performance:-

FYE 31 December 2010

For the FYE 31 December 2010, our Group recorded revenue of RM527.59 million, representing an increase of RM92.18 million or 21.17% as compared to the previous financial year. The increase in revenue was due to higher revenue generated by the Construction Division, attributable mainly to the progression of construction work of several larger sized projects including the construction of the Iskandar Housing Project during the financial year.

The gross profit margin for the financial year was 12.16%, representing a decrease of 1.87% as compared to the gross profit margin of the previous financial year of 14.03%. The decrease in gross profit margin was attributable to lower gross profit derived from the Manufacturing and Trading Division.

In line with the increase in revenue, our Group recorded PAT attributable to equity holders of RM36.56 million, representing an increase of RM5.03 million or 15.95% as compared to RM31.53 million of the previous financial year.

FYE 31 December 2011

For the FYE 31 December 2011, our Group recorded revenue of RM652.13 million representing an increase of RM124.54 million or 23.61% as compared to the revenue of the previous financial year. The increase in revenue was due to higher revenue generated by the Construction Division, attributable mainly to the progression of construction work for the projects in hand that were secured in previous years and larger quantum of contracts secured and commenced work during the period. These major projects include the construction of the Marlborough College East in IM and the construction of Taman Sri Stulang low cost flats in Johor Bahru, Johor Darul Takzim.

Gross profit margin for the financial year approximates that of the previous financial year at 12.15%. This represents that our Group managed to consistently maintain larger scale of operation capability in the Construction as well as Manufacturing and Trading Divisions.

Administrative expenses increased by RM5.33 million as compared to the previous financial year. The increase in the administrative expenses was mainly due to the recruitment of additional manpower for construction sites and manufacturing plants, as well as the increase in hiring of transportation services to meet the requirements of increasing business activities during the financial year.

In line with the increase in revenue, our Group recorded PAT attributable to equity holders of RM42.71 million, representing an increase of RM6.15 million or 16.82% as compared to RM36.56 million of the previous financial year.

FYE 31 December 2012

For the FYE 31 December 2012, our Group recorded revenue of RM896.56 million representing an increase of RM244.43 million or 37.48% as compared to the previous financial year. The increase in revenue was mainly contributed by the growth in revenue of the Construction Division. The increase in revenue of the Construction Division was due to a greater amount of construction work carried forward from the previous year and contribution from new projects secured and commenced work during the financial year. These new projects include the construction of service apartments in Bukit Indah, Johor Bahru, Johor Darul Takzim and alteration and extension of a shopping mall located in Johor Bahru, Johor Darul Takzim.

Gross profit margin for the financial year was 10.13%, representing a decrease of 2.02% as compared to the gross profit margin of the previous financial year. The decrease in gross profit margin was attributable to lower gross profit margin derived from the Construction Division as a result of a larger proportion of lower gross profit projects being carried out and the recognition of cost overrun in relation to few projects which were completed during the financial year.

Administrative expenses increased by RM6.02 million as compared to the previous financial year. The increase in the administrative expenses was mainly due to additional manpower and transportation services required to meet the requirements of increasing business activities during the financial year. Finance costs increased by RM3.67 million as compared to the previous financial year. The increase in finance costs was attributable to additional borrowings utilised to finance the increasing business activities as well as the Group's investment in setting up of a new manufacturing plant in Negeri Sembilan ("NS Plant") for the manufacturing of pre-cast concrete products during the financial year.

In line with the increase in revenue, coupled with the recognition of tax incentives arose from the NS Plant, our Group recorded PAT attributable to equity holders of RM49.50 million, representing an increase of RM6.79 million or 15.90% as compared to RM42.71 million of the previous financial year.

Unaudited nine (9)-month FPE 30 September 2013

For the nine (9)-month FPE 30 September 2013, our Group recorded revenue of RM676.09 million representing an increase of RM14.94 million or 2.26% as compared to the corresponding period in the previous financial year. The increase in revenue was due to the recognition of revenue from the supply of segmental box girders and TLS to the Klang Valley MRT system by the Manufacturing and Trading Division.

Gross profit margin for the nine (9)-month period was 9.43%, representing a decrease of 1.29% as compared to the corresponding period in the previous financial year of 10.72%. The decrease in gross profit margin was mainly attributable to larger proportion of lower gross profit construction projects being carried out and lower gross profit pre-cast concrete products being sold during the period.

Administrative expenses increased by RM10.21 million as compared to the corresponding period in the previous financial year. The increase in administrative expenses was mainly due to additional manpower and transportation services required to meet the requirements of increasing business activities during the financial period, and the incurrence of sales commission, documentation fees and promotion expenses subsequent to the launch of the Hyve during the financial period. Finance costs increased by RM3.68 million as compared to the corresponding period in the previous financial year. The increase in finance costs was attributable to additional borrowings utilised to finance the huge capital expenditures in relation to the setting up of the NS Plant, acquisition of plant and equipment for Construction Division, and the increasing business activities during the financial period.

Despite the higher revenue for the nine (9)-month period, our Group recorded a lower PAT attributable to equity holders of RM22.90 million, representing a decrease of RM14.25 million or 38.36% as compared to RM37.15 million of the corresponding period in the previous financial year. The decrease in PAT was attributable to lower gross profit margin earned, higher administrative expenses and finance costs as mentioned above.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past 12 months from February 2013 to January 2014 are set out below:-

	High RM	Low RM
2013		
February	1.38	1.29
March	1.47	1.35
April	1.60	1.45
May	2.35	1.48
June	2.49	1.90
July	2.28	1.97
August	2.10	1.68
September	2.06	1.79
October	2.03	1.84
November	2.00	1.83
December	1.89	1.82
2014		
January	1.95	1.76
Last transacted market price on 30 October 2013 (being the date prior to the announcement on the Rights Issue with Warrants)		1.99
Last transacted market price on the LPD		1.84
Last transacted price of Kimlun Shares on 13 February 2014 (being the date prior to the ex-date for the Rights Issue with Warrants and the latest practicable date prior to the issuance of this Abridged Prospectus)		1.90

(Source: Bloomberg)

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN THE ABRIDGED PROSPECTUS

(Prepared for inclusion in the Abridged Prospectus to be dated 18 February 2014 ("Abridged Prospectus"))

7 February 2014

The Board of Directors
KIMLUN CORPORATION BERHAD
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Dear Sirs

KIMLUN CORPORATION BERHAD ("KIMLUN" OR "THE COMPANY")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 IN CONNECTION WITH THE PAYMENT OF FINAL SINGLE TIER DIVIDEND OF 4.8 SEN PER ORDINARY SHARE IN RESPECT OF FINANCIAL YEAR ENDED 31 DECEMBER 2012 ("PAYMENT OF DIVIDEND") AND RENOUNCEABLE RIGHTS ISSUE OF 60,112,500 NEW ORDINARY SHARES OF RM0.50 EACH IN KIMLUN ("KIMLUN SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING KIMLUN SHARES HELD TOGETHER WITH 60,112,500 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AT 5.00 P.M. ON 18 FEBRUARY 2014, AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")

We have completed our assurance engagement to report on the compilation of proforma consolidated statements of financial position of Kimlun and its subsidiaries ("the Group") as at 31 December 2012. The proforma consolidated statements of financial position which is set out in the Appendix (which we have stamped for the purpose of identification) have been compiled by the Directors of the Company ("the Directors") for inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants.

The applicable criteria on the basis of which the Directors have compiled the proforma consolidated statements of financial position are specified in the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission Malaysia and described in Note 1 of the Appendix.

The proforma consolidated statements of financial position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Payment of Dividend and Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 31 December 2012 had the Payment of Dividend and Rights Issue with Warrants been effected on that date.



As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the year ended 31 December 2012, on which audit report has been published.

The Directors' Responsibility for the Proforma Consolidated Statements of Financial Position

The Directors are responsible for compiling the proforma consolidated statements of financial position on the basis of the applicable criteria as stated in Note 1 of the Appendix.

Our responsibilities

Our responsibility is to express an opinion, as required by the Securities Commission Malaysia, about whether the proforma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the proforma consolidated statements of financial position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated statements of financial position.

The purpose of proforma consolidated statements of financial position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of proforma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.



The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the proforma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the proforma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria.

Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission Malaysia in connection with the Rights Issue with Warrants. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than as described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than as described above.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written over the printed name.

Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Lee Ming Li', is written over the printed name.

Lee Ming Li
2983/03/14(J)
Chartered Accountant

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Proforma consolidated statements of financial position as at 31 December 2012

Statement of financial position	Audited As at 31.12.2012 RM'000	Proforma I		Proforma II		Proforma III	
		Adjustments I RM'000	After adjusting for Payment of Dividend RM'000	Adjustments II RM'000	After I and after the Rights Issue with Warrants RM'000	Adjustments III RM'000	After II and assuming full exercise of the Warrants RM'000
Non-current assets							
Property, plant and equipment	128,275		128,275	128,275	128,275	128,275	128,275
Investment properties	327		327	327	327	327	327
Other investments	90		90	90	90	90	90
	<u>128,692</u>		<u>128,692</u>	<u>128,692</u>	<u>128,692</u>	<u>128,692</u>	<u>128,692</u>
Current assets							
Properties held for sale	850		850	850	850	850	850
Property development costs	50,399		50,399	50,399	50,399	50,399	50,399
Inventories	22,153		22,153	22,153	22,153	22,153	22,153
Trade and other receivables	307,380		307,380	307,380	307,380	307,380	307,380
Other current assets	178,930		178,930	178,930	178,930	178,930	178,930
Cash and bank balances	44,727	(11,541)	33,186	66,124	98,110	100,989	199,099
				(1,200)			
	<u>604,439</u>		<u>592,898</u>	<u>657,822</u>	<u>758,811</u>	<u>887,503</u>	<u>887,503</u>
Total assets	<u>733,131</u>		<u>721,590</u>	<u>786,514</u>	<u>887,503</u>	<u>887,503</u>	<u>887,503</u>

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Appendix

Kimlun Corporation Berhad
(Incorporated in Malaysia)

Proforma consolidated statements of financial position as at 31 December 2012 (cont'd)

	Audited Statement of financial position As at 31.12.2012 RM'000	Proforma I		Proforma II		Proforma III	
		Adjustments I RM'000	After adjusting for Payment of Dividend RM'000	Adjustments II RM'000	After I and after the Rights Issue with Warrants RM'000	Adjustments III RM'000	After II and assuming full exercise of the Warrants RM'000
Equity and liabilities							
Current liabilities							
Income tax payable	2,368		2,368		2,368		2,368
Loans and borrowings	103,781		103,781		103,781		103,781
Trade and other payables	269,144		269,144		269,144		269,144
Other current liability	15,327		15,327		15,327		15,327
	<u>390,620</u>		<u>390,620</u>		<u>390,620</u>		<u>390,620</u>
Net current assets	<u>213,819</u>		<u>202,278</u>		<u>267,202</u>		<u>368,191</u>
Non-current liabilities							
Loans and borrowings	66,052		66,052		66,052		66,052
Deferred tax liabilities	1,199		1,199		1,199		1,199
	<u>67,251</u>		<u>67,251</u>		<u>67,251</u>		<u>67,251</u>
Total liabilities	<u>457,871</u>		<u>457,871</u>		<u>457,871</u>		<u>457,871</u>
Net assets	<u>275,260</u>		<u>263,719</u>		<u>328,643</u>		<u>429,632</u>

Kimlun Corporation Berhad
(Incorporated in Malaysia)

Proforma consolidated statements of financial position as at 31 December 2012 (cont'd)

	Audited Statement of financial position As at 31.12.2012 RM'000	Proforma I After adjusting for Payment of Dividend RM'000	Proforma II After I and after the Rights Issue with Warrants RM'000	Adjustments II RM'000	Proforma II After I and after the Rights Issue with Warrants RM'000	Adjustments III RM'000	Proforma III After II and assuming full exercise of the Warrants RM'000
Equity attributable to owners of the parent							
Share capital	120,225	120,225	150,281	30,056	150,281	30,056	180,337
Share premium	37,798	37,798	37,801	1,203 (1,200)	37,801	70,933	143,599
Retained earnings	116,896	105,355	105,355		105,355		105,355
Warrants reserve	-	-	34,865	34,865	34,865	(34,865)	-
Other reserves	4	4	4		4		4
	<u>274,923</u>	<u>263,382</u>	<u>328,306</u>		<u>328,306</u>		<u>429,295</u>
Non-controlling interests	337	337	337		337		337
Total equity	<u>275,260</u>	<u>263,719</u>	<u>328,643</u>		<u>328,643</u>		<u>429,632</u>
Total equity and liabilities	<u>733,131</u>	<u>721,590</u>	<u>786,514</u>		<u>786,514</u>		<u>887,503</u>

Kimlun Corporation Berhad
(Incorporated in Malaysia)

Proforma consolidated statements of financial position as at 31 December 2012 (cont'd)

	Audited Statement of financial position As at 31.12.2012	Proforma I After adjusting for Payment of Dividend	Proforma II After Adjustments II	Proforma II After I and after the Rights Issue with Warrants	Proforma III After II and assuming full exercise of the Warrants
Net assets ("NA") (RM'000)	275,260	263,719	328,643	429,632	
Number of Kimlun Shares ('000)	240,450	240,450	300,563	360,675	
NA per Share (RM)	1.14	1.10	1.09	1.19	
Total borrowings (RM'000)	169,833	169,833	169,833	169,833	
Gearing (times)	0.62	0.64	0.52	0.40	

**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

**Notes to the proforma consolidated statements of financial position
As at 31 December 2012**

1. Basis of Preparation

1.1 The proforma consolidated statements of financial position of Kimlun Corporation Berhad ("Kimlun" or "the Company") and its subsidiaries ("Kimlun Group" or "the Group"), for which the Directors of Kimlun are solely responsible, have been prepared for illustrative purposes only to show the effect on the audited consolidated statements of financial position of the Group as at 31 December 2012 on (1) the payment of final single tier dividend of 4.8 sen per ordinary share in respect of financial year ended 31 December 2012 ("Payment of Dividend") and (2) the renounceable rights issue of 60,112,500 new ordinary shares of RM0.50 each in Kimlun ("Kimlun Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held together with 60,112,500 free detachable warrants ("Warrant(s)") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, at 5.00 p.m. on 18 February 2014 at an issue price of RM1.10 per Rights Share to raise gross proceeds of approximately RM66.12 million ("Rights Issue with Warrants"), had the Payment of Dividend and Rights Issue with Warrants been implemented and completed as at 31 December 2012 and by application of the accounting policies as disclosed in the audited financial statements of the Group as at 31 December 2012.

The proforma consolidated statements of financial position of the Group have been properly compiled using the audited consolidated financial statements of the Group as at 31 December 2012, which are prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group.

1.2 Accounting Policy for Warrants Reserve

The allocated fair value of Warrants will be credited to a warrants reserve account which is non-distributable. The warrants reserve will be transferred to the share premium account upon the exercise of the Warrants and the warrants reserve in relation to the unexercised Warrants upon expiry of the exercise period will be transferred to retained earnings.

1.3 Transaction Costs for Equity Instruments

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

1. Basis of Preparation (cont'd)

1.4 For illustrative purposes, the proforma consolidated statements of financial position of the Group have been prepared assuming the completion of the Payment of Dividend and the Rights Issue with Warrants based on the following:

- (i) full subscription and issuance of 60,112,500 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held together with 60,112,500 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, at 5 p.m. on 18 January 2014 at an issue price of RM1.10 per Rights Share, representing a discount of approximately 34.52% to the theoretical ex-rights price of Kimlun Shares of RM1.68, calculated based on the five (5)-day weighted average market price ("WAMP") of Kimlun Shares, up to and including 27 January 2014 of RM1.82, being the last trading day of Kimlun Shares immediately preceding the price fixing date for the Rights Shares. The Warrants are recorded at a fair value of RM0.58 per Warrant; and
- (ii) full exercise of 60,112,500 Warrants at the exercise price of RM1.68 per Warrant, which represents the theoretical ex-rights price of Kimlun Shares, calculated based on the five (5)-day WAMP of Kimlun Shares up to and including 27 January 2014 of RM1.82, being the last trading day of Kimlun Shares immediately preceding the date of fixing the said exercise price.

2. Proposed Utilisation of Proceeds

The proceeds from the Rights Issue with Warrants on a maximum subscription basis are expected to be utilised in the following manner :

Utilisation

	RM'000
To be utilised as follows :	
• Payment to suppliers, contractors, transporters and other professionals including but not limited to architects, mechanical and electrical consultants, as well as concrete and structural consultants	55,924
• General expenses including employee remuneration, bank interest and bank charges	9,000
• Estimated expenses in relation to the Rights Issue with Warrants	1,200
Total estimated proceeds	<u>66,124</u>

**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

3. The Proforma Consolidated Statement of Financial Position

**3.1 Proforma I
Payment of Dividend**

Proforma I incorporates the payment of final single tier dividend of 4.8 sen per ordinary share in respect of the financial year ended 31 December 2012 which was approved on 19 June 2013 and paid on 28 August 2013. The dividend paid is credited from the cash and bank balances and reduces the retained earnings of the Group by RM11.54 million.

**3.2 Proforma II
Rights Issue with Warrants**

Proforma II incorporates the effects of the full subscription and issuance of 60,112,500 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held together with 60,112,500 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for.

The full subscription and issuance of 60,112,500 Rights Shares held together with 60,112,500 Warrants would give rise to an increase in the issued and paid-up share capital, share premium and warrants reserve of Kimlun Group by RM30.06 million, RM0.003 million (net of estimated defray expenses) and RM34.87 million respectively. The full subscription of 60,112,500 Rights Shares will generate total gross cash proceeds of RM66.12 million.

The proceeds arising from the Rights Issue with Warrants earmarked for working capital, after deducting the rights issue expense of RM1.20 million, will be included in the cash and bank balances account.

Fair Value of Warrants

Warrants reserve are measured based on the fair value of the Warrants of RM0.58 each which is estimated using the Black-Scholes Model, details of which are as follows:

	Number of Warrants ('000)	Fair value of Warrants RM'000
Fair value of the Warrants at RM0.58 each	60,112	34,865

**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

3. The Proforma Consolidated Statement of Financial Position (cont'd)

**3.3 Proforma III
Full Exercise of the Warrants**

Proforma III incorporates the effect of the full exercise of 60,112,500 Warrants at the exercise price of RM1.68.

The full exercise of 60,112,500 Warrants will generate total gross cash proceeds of RM100.99 million. Pursuant to the full exercise of the 60,112,500 Warrants, 60,112,500 new Kimlun Shares will be issued and this will increase the issued and paid-up share capital and share premium of Kimlun Group by RM30.06 million and RM70.93 million respectively. The RM34.87 million of the warrants reserve will be included in the share premium arising from the exercise of the Warrants.

4. Movements in the Cash and Bank Balances, Share Capital, Share Premium, Retained Earnings and Warrants Reserve

4.1 Cash and Bank Balances

The movement in the cash and bank balances of Kimlun Group are as follows :

	RM'000
As at 31 December 2012	44,727
Arising from Payment of Dividend	(11,541)
As per Proforma I	<u>33,186</u>
Arising from the Rights Issue with Warrants	66,124
Less: Estimated defray expenses	<u>(1,200)</u>
As per Proforma II	98,110
Arising from the Full Exercise of Warrants	<u>100,989</u>
As per Proforma III	<u><u>199,099</u></u>

4.2 Share Capital

The movement in the issued and fully paid-up share capital of Kimlun Group are summarised as follows :

	No. of ordinary shares ('000)	Amount RM'000
Maximum Subscription Level		
As at 31 December 2012	240,450	120,225
Arising from the Rights Issue with Warrants	60,113	30,056
As per Proforma II	<u>300,563</u>	<u>150,281</u>
Arising from the Full Exercise of Warrants	60,112	30,056
As per Proforma III	<u><u>360,675</u></u>	<u><u>180,337</u></u>

Kimlun Corporation Berhad
(Incorporated in Malaysia)

4. Movements in the Cash and Bank Balances, Share Capital, Share Premium, Retained Earnings and Warrants Reserve (cont'd)

4.3 Share Premium

The movement in the share premium of Kimlun Group are as follows :

	RM'000
As at 31 December 2012	37,798
Arising from the Rights Issue with Warrants	1,203
Less: Estimated defray expenses	<u>(1,200)</u>
As per Proforma II	37,801
Arising from the Full Exercise of Warrants	70,933
Add: Transfer of warrants reserve to share premium	<u>34,865</u>
As per Proforma III	<u><u>143,599</u></u>

4.4 Retained Earnings

The movement in the retained earnings of Kimlun Group are as follows :

	RM'000
As at 31 December 2012	116,896
Arising from Payment of Dividend	<u>(11,541)</u>
As per Proforma I	<u><u>105,355</u></u>

4.5 Warrants Reserve

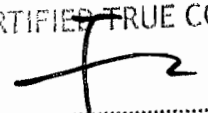
The movement in the warrants reserve of Kimlun Group are as follows :

	RM'000
As at 31 December 2012	-
Fair value of Warrants	<u>34,865</u>
As per Proforma II	34,865
Full Exercise of Warrants-Transfer of warrants reserve to share premium	<u>(34,865)</u>
As per Proforma III	<u><u>-</u></u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON**



CERTIFIED TRUE COPY


Ernst & Young (AF: 0039)
Chartered Accountants

KIMLUN CORPORATION BERHAD
(867077-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2012

867077 X

**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

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867077 X**Kimlun Corporation Berhad
(Incorporated in Malaysia)****Directors' report**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the Group's activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	<u>49,384,865</u>	<u>7,808,139</u>
Profit attributable to:		
Owners of the parent	49,500,603	7,808,139
Non-controlling interests	(115,738)	-
	<u>49,384,865</u>	<u>7,808,139</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

867077 X**Kimlun Corporation Berhad
(Incorporated in Malaysia)****Dividend**

The amount of dividend paid by the Company since 31 December 2011 was as follows:

	RM
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final tax exempt (single-tier) dividend of 3.10 sen, on 240,450,000 ordinary shares, declared on 18 June 2012 and paid on 3 August 2012	<u>7,453,950</u>

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 4.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Pang Tin @ Pang Yon Tin
 Sim Tian Liang
 Chin Lian Hing
 Yam Tai Fong (f)
 Pang Khang Hau
 Phang Piow @ Pang Choo Ing
 Kek Chin Wu
 Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat
 Chua Kee Yat @ Koo Kee Yat

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

867077 X**Kimlun Corporation Berhad
(Incorporated in Malaysia)****Directors' interests**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

The Company	Number of ordinary shares of RM0.50 each			
	1 January 2012	Bought	Sold	31 December 2012
Direct interest :				
Pang Tin @ Pang Yon Tin	92,421,200	-	80,300,000	12,121,200
Sim Tian Liang	6,658,900	-	-	6,658,900
Chin Lian Hing	6,658,900	-	-	6,658,900
Yam Tai Fong (f)	6,658,900	-	-	6,658,900
Pang Khang Hau	13,717,800	200,000	-	13,917,800
Phang Piow @ Pang Choo Ing	10,712,800	-	-	10,712,800
Kek Chin Wu	300,000	-	-	300,000
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat				
	50,000	-	-	50,000
Chua Kee Yat @ Koo Kee Yat				
	30,000	-	-	30,000
Indirect interest :				
Pang Tin @ Pang Yon Tin	1,950,000	82,147,900	-	84,097,900

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM114,500,000 to RM120,225,000 by way of the issuance of 11,450,000 ordinary shares of RM0.50 each at a placement price of RM1.50 per ordinary share to fund the Group's venture into property development and the acquisition of a parcel of industrial land.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company. Further details are disclosed in Note 27.

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision has been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

Other statutory information (cont'd)

(f) In the opinion of the directors :

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Details of subsequent events are disclosed in Note 37 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 APR 2013



Pang Tin @ Pang Yon Tin



Sim Tian Liang

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

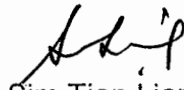
We, Pang Tin @ Pang Yon Tin and Sim Tian Liang, being two of the directors of Kimlun Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 70 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 APR 2013



Pang Tin @ Pang Yon Tin



Sim Tian Liang

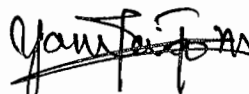
Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

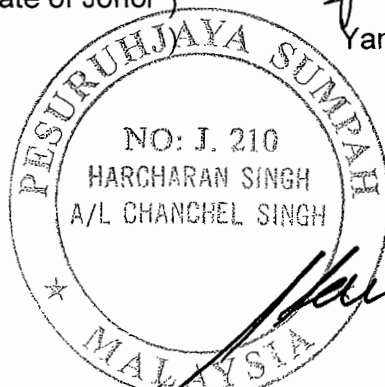
I, Yam Tai Fong, being the Director primarily responsible for the financial management of Kimlun Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed Yam Tai Fong)
at Johor Bahru in the State of Johor)
Darul Ta'zim on

29 APR 2013


Yam Tai Fong

Before me,



No. 67, Jalan Medan,
80000 Johor Bahru, Johor.



Ernst & Young
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Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim, Malaysia
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Independent auditors' report to the members of
Kimlun Corporation Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Kimlun Corporation Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 70.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**Independent auditors' report to the members of
Kimlun Corporation Berhad
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report of other legal and regulatory requirement

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



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Independent auditors' report to the members of
Kimlun Corporation Berhad
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 39 to the financial statements on page 71 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young
AF 0039
Chartered Accountants

A handwritten signature of Lee Ming Li.

Lee Ming Li
2983/03/14(J)
Chartered Accountant

Johor Bahru, Malaysia

Date:

29 APR. 2013

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	4	896,557,096	652,133,569	8,913,267	12,392,376
Cost of sales		(805,730,948)	(572,876,168)	-	-
Gross profit		90,826,148	79,257,401	8,913,267	12,392,376
Other item of income					
Other operating income	5	5,232,494	4,671,865	-	-
Other items of expenses					
Administration expenses		(28,525,749)	(22,508,744)	(725,374)	(863,968)
Finance costs	6	(6,798,180)	(3,129,692)	-	-
Profit before tax	7	60,734,713	58,290,830	8,187,893	11,528,408
Income tax expense	10	(11,349,848)	(15,616,549)	(379,754)	(621,157)
Profit net of tax		49,384,865	42,674,281	7,808,139	10,907,251
Other comprehensive income:					
Foreign currency translation		1,583	7,252	-	-
Other comprehensive income for the year, net of tax		1,583	7,252	-	-
Total comprehensive income for the year		49,386,448	42,681,533	7,808,139	10,907,251
Profit attributable to:					
Owners of the parent		49,500,603	42,711,760	7,808,139	10,907,251
Non-controlling interests		(115,738)	(37,479)	-	-
		49,384,865	42,674,281	7,808,139	10,907,251
Total comprehensive income attributable to:					
Owners of the parent		49,502,186	42,719,012	7,808,139	10,907,251
Non-controlling interests		(115,738)	(37,479)	-	-
		49,386,448	42,681,533	7,808,139	10,907,251
Earnings per share attributable to owners of the parent (sen per share)					
Basic	11	20.77	18.65		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2012

		Group	
	Note	2012 RM	2011 RM
Non-current assets			
Property, plant and equipment	12	128,274,889	45,885,057
Investment properties	13	327,445	327,445
Other investments	14	90,000	90,000
		<u>128,692,334</u>	<u>46,302,502</u>
Current assets			
Properties held for sale	16	850,060	863,446
Property development costs	17	50,398,997	20,048,699
Inventories	18	22,153,252	12,486,445
Trade and other receivables	19	307,380,087	224,261,712
Other current assets	20	178,929,549	128,293,412
Cash and bank balances	22	44,726,672	81,652,900
		<u>604,438,617</u>	<u>467,606,614</u>
Total assets		<u>733,130,951</u>	<u>513,909,116</u>
Equity and liabilities			
Current liabilities			
Income tax payable		2,367,827	5,935,334
Loans and borrowings	23	103,780,784	51,003,769
Trade and other payables	24	269,144,785	212,496,374
Other current liability	25	15,327,025	10,796,047
		<u>390,620,421</u>	<u>280,231,524</u>
Net current assets		<u>213,818,196</u>	<u>187,375,090</u>
Non-current liabilities			
Loans and borrowings	23	66,051,612	14,022,187
Deferred tax liabilities	26	1,199,000	3,514,000
		<u>67,250,612</u>	<u>17,536,187</u>
Total liabilities		<u>457,871,033</u>	<u>297,767,711</u>
Net assets		<u>275,259,918</u>	<u>216,141,405</u>

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2012 (cont'd)

	Note	2012 RM	Group 2011 RM
Equity attributable to owners of the parent			
Share capital	27	120,225,000	114,500,000
Share premium	27	37,797,764	26,777,749
Retained earnings		116,895,660	74,849,007
Other reserves	29	4,711	3,128
		<u>274,923,135</u>	<u>216,129,884</u>
Non-controlling interests		336,783	11,521
Total equity		<u>275,259,918</u>	<u>216,141,405</u>
Total equity and liabilities		<u>733,130,951</u>	<u>513,909,116</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2012 (cont'd)

		Company	
	Note	2012 RM	2011 RM
Non-current asset			
Investments in subsidiaries	15	<u>108,499,999</u>	<u>108,499,999</u>
Current assets			
Trade and other receivables	19	36,529,641	10,731,160
Other current assets	20	6,825	13,700
Cash and bank balances	22	<u>13,626,840</u>	<u>22,401,314</u>
		<u>50,163,306</u>	<u>33,146,174</u>
Total assets		<u><u>158,663,305</u></u>	<u><u>141,646,173</u></u>
Equity and liabilities			
Current liabilities			
Income tax payable		70,708	173,348
Trade and other payables	24	<u>60,957</u>	<u>40,389</u>
		<u>131,665</u>	<u>213,737</u>
Net current assets		<u>50,031,641</u>	<u>32,932,437</u>
Total liabilities		<u>131,665</u>	<u>213,737</u>
Net assets		<u>158,531,640</u>	<u>141,432,436</u>
Equity attributable to owners of the parent			
Share capital	27	120,225,000	114,500,000
Share premium	27	37,797,764	26,777,749
Retained earnings	28	<u>508,876</u>	<u>154,687</u>
Total equity		<u>158,531,640</u>	<u>141,432,436</u>
Total equity and liabilities		<u><u>158,663,305</u></u>	<u><u>141,646,173</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the financial year ended 31 December 2012**

Group	Note	Equity, total RM	Equity attributable to owners of the parent, total RM				Attributable to owners of the parent		Foreign currency translation reserve (Note 29) RM	Non- controlling interest RM
			Share capital (Note 27) RM	Share premium (Note 27) RM	Retained earnings RM	Other reserves, total RM	Non-Distributable	Distributable		
Opening balance at 1 January 2012		216,141,405	216,129,884	114,500,000	26,777,749	74,849,007	3,128	3,128	11,521	
Total comprehensive income		49,386,448	49,502,186	-	-	49,500,603	1,583	1,583	(115,738)	
Transactions with owners										
Share issuance by a subsidiary to non-controlling interest		441,000	-	-	-	-	-	-	441,000	
Issue of shares pursuant to private placement		17,175,000	17,175,000	5,725,000	11,450,000	-	-	-	-	
Share issuance expense		(429,985)	(429,985)	-	(429,985)	-	-	-	-	
Dividends on ordinary shares	36	(7,453,950)	(7,453,950)	-	-	(7,453,950)	-	-	-	
Total transactions with owners		9,732,065	9,291,065	5,725,000	11,020,015	(7,453,950)	-	-	441,000	
Closing balance at 31 December 2012		275,259,918	274,923,135	120,225,000	37,797,764	116,895,660	4,711	4,711	336,783	

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2012

Group	Note	Equity, total RM	← Attributable to owners of the parent →				Other reserves, total RM	Foreign currency translation reserve (Note 29) RM	Non- controlling interest RM
			Equity attributable to owners of the parent, total RM	Share capital (Note 27) RM	Share premium (Note 27) RM	Retained earnings RM			
Opening balance at 1 January 2011		184,402,872	184,402,872	114,500,000	26,777,749	43,129,247	(4,124)	-	
Total comprehensive income		42,681,533	42,719,012	-	-	42,711,760	7,252	(37,479)	
Transactions with owners									
Share issuance by a subsidiary to non-controlling interest		49,000	-	-	-	-	-	49,000	
Dividend on ordinary shares	36	(10,992,000)	(10,992,000)	-	-	(10,992,000)	-	-	
Total transactions with owners		(10,943,000)	(10,992,000)	-	-	(10,992,000)	-	49,000	
Closing balance at 31 December 2011		216,141,405	216,129,884	114,500,000	26,777,749	74,849,007	3,128	11,521	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2012

Company	Note	Equity, total RM	<- Attributable to owners of the parent ->		Retained earnings (Note 28) RM
			Non-Distributable Share capital (Note 27) RM	Distributable Share premium (Note 27) RM	
Opening balance at 1 January 2012		141,432,436	114,500,000	26,777,749	154,687
Total comprehensive income		7,808,139	-	-	7,808,139
Transaction with owners					
Issue of shares pursuant to private placement		17,175,000	5,725,000	11,450,000	-
Share issuance expense		(429,985)		(429,985)	-
Dividends on ordinary shares	36	(7,453,950)	-	-	(7,453,950)
Total transaction with owners		9,291,065	5,725,000	11,020,015	(7,453,950)
Closing balance at 31 December 2012		158,531,640	120,225,000	37,797,764	508,876
Opening balance at 1 January 2011		141,517,185	114,500,000	26,777,749	239,436
Total comprehensive income		10,907,251	-	-	10,907,251
Transaction with owners					
Dividends on ordinary shares	36	(10,992,000)	-	-	(10,992,000)
Total transaction with owners		(10,992,000)	-	-	(10,992,000)
Closing balance at 31 December 2011		141,432,436	114,500,000	26,777,749	154,687

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2012

	Group	
	2012	2011
	RM	RM
Operating activities		
Profit before tax	60,734,713	58,290,830
Adjustments for :		
Interest income	(862,629)	(1,175,490)
Finance costs	5,069,190	1,924,017
Depreciation of property, plant and equipment	8,596,561	6,596,134
Gain on disposal of plant and equipment	(65,875)	(308,056)
Transfer of plant and equipment at loss	56,174	522
Reversal of impairment loss on trade receivables	-	(186,139)
Gain on disposal of investment property	-	(60,000)
Loss on disposal of properties held for sale	995	160
Unrealised foreign exchange gain	(1,284,218)	(162,774)
Operating cash flows before changes in working capital	72,244,911	64,919,204
Property development costs	(30,350,297)	(20,048,699)
Inventories	(9,666,807)	(6,632,540)
Receivables	(82,397,417)	(77,113,183)
Other current assets	(50,051,375)	(39,191,694)
Other current liability	4,530,978	2,594,089
Payables	56,900,805	48,109,062
Cash flows used in operations	(38,789,202)	(27,363,761)
Interest received	862,629	1,175,490
Income taxes paid	(17,232,509)	(10,423,454)
Interest paid	(5,069,190)	(1,924,017)
Net cash flows used in operating activities	(60,228,272)	(38,535,742)
Investing activities		
Purchase of property, plant and equipment	(75,655,371)	(12,389,933)
Proceeds from disposal of plant and equipment	65,875	310,400
Proceeds from disposal of properties held for resale	414,900	-
Purchase of property held for resale	(380,000)	-
Net cash flows used in investing activities	(75,554,596)	(12,079,533)

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flow (cont'd)
For the financial year ended 31 December 2012

	Group	
	2012	2011
	RM	RM
Financing activities		
Dividend paid on ordinary shares	(7,453,950)	(10,992,000)
Repayment of obligation under finance leases	(4,389,581)	(3,475,954)
Proceeds from issuance of shares	17,175,000	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests	441,000	49,000
Share issuance expense	(429,985)	-
Proceeds from loans and borrowings	70,885,735	32,107,723
Drawdown of advance against progressive claims	15,278,125	-
Net cash flows generated from financing activities	<u>91,506,344</u>	<u>17,688,769</u>
Net decrease in cash and cash equivalents	(44,276,524)	(32,926,506)
Effect of exchange rate changes on cash and cash equivalents	69,395	(49,473)
Cash and cash equivalents at beginning of the year	<u>78,240,639</u>	<u>111,216,618</u>
Cash and cash equivalents at end of the year (Note 22)	<u><u>34,033,510</u></u>	<u><u>78,240,639</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Statements of cash flow (cont'd)
For the financial year ended 31 December 2012

	Company	
	2012	2011
	RM	RM
Operating activities		
Profit before tax	8,187,893	11,528,408
Changes in working capital		
Receivables	(25,798,481)	11,975,215
Payables	20,568	1,263
Other current assets	6,875	1,423
Cash flows (used in)/generated from operating activities	(17,583,145)	23,506,309
Income taxes paid	(482,394)	(525,059)
Net cash flows (used in)/generated from operations	<u>(18,065,539)</u>	<u>22,981,250</u>
Investing activity		
Subscription of shares in subsidiaries	-	(25,999,998)
Net cash flows used in investing activity	<u>-</u>	<u>(25,999,998)</u>
Financing activities		
Dividend paid on ordinary shares	(7,453,950)	(10,992,000)
Proceeds from issuance of shares	17,175,000	-
Share issuance expense	(429,985)	-
Net cash flows generated from/(used in) financing activities	<u>9,291,065</u>	<u>(10,992,000)</u>
Net decrease in cash and cash equivalents	(8,774,474)	(14,010,748)
Cash and cash equivalents at beginning of the year	22,401,314	36,412,062
Cash and cash equivalents at end of the year (Note 22)	<u>13,626,840</u>	<u>22,401,314</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2012

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 19.06, Level 19, Johor Bahru City Square, 106 - 108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 15. There have been no significant changes in nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial year beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis and presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

Description	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012

The adoption of the above new and amended standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

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2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 101 Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The directors are in the midst of assessing the impact on the financial statements arising from the adoption of the above standards and interpretations. Based on the directors' preliminary assessment, the financial statements may potentially be affected by the adoption of the following standards:

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 12 Disclosures of interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

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2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 might have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd)****2.3 Standards issued but not yet effective (cont'd)**

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is in the process of assessing the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Acquisition of subsidiary is accounted for by applying the purchase method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

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2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the later amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiary not held by the Group, and is presented separately in the profit or loss of the Group and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

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2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency (cont'd)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operation

The assets and liabilities of foreign operation are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

The principal exchange rate used for every unit of foreign currency ruling at the reporting date is as follows:

	2012	2011
	RM	RM
Singapore Dollar	2.5031	2.4426

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2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1.25%
Buildings	3% - 10%
Plant, machinery and motor vehicles	10% - 33.33%
Furniture and equipment	10% - 12.5%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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**Kimlun Corporation Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd)****2.10 Properties held for sale**

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary.

Immediately before classification as properties held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current asset is measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

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2. Summary of significant accounting policies (cont'd)

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition and categories its financial assets as loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd)****2.13 Impairment of financial assets (cont'd)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted and other investments carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits, and short term deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

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2. Summary of significant accounting policies (cont'd)

2.15 Construction contracts (cont'd)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.16 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

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2. Summary of significant accounting policies (cont'd)

2.16 Land held for property development and property development costs (cont'd)

(b) Property development costs (cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. Summary of significant accounting policies (cont'd)

2.19 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd)****2.20 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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2. Summary of significant accounting policies (cont'd)

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

(b) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Sales of properties

Revenue from sales of development properties is accounted for by the stage of completion method as described in Note 2.16(b).

(d) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(e) Rental income

Rental income is recognised on accrual basis.

(f) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgements and estimates

The preparation of the Group's and of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

The cost of plant and equipment of the Group is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be between 3 to 33 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

(b) Revenue recognition

The Group and the Company recognise construction and property development revenues and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction and property development cost incurred for work performed to date bear to the estimated total construction and property development costs.

Significant judgement is required in determining the stage of completion, the extent of the construction and property development cost incurred, the estimated total construction and property development revenue and costs, as well as the recoverability of the construction and property development projects. In making the judgement, the Group and the Company evaluate based on past experience and internal budgeting.

(c) Income taxes

Judgement is involved in determining the Group's and the Company's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matter is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factor such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and the timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivable at the reporting date is disclosed in Note 19.

(e) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the investment allowances and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of the unused tax losses and unabsorbed capital allowances of the Group was RM780,000 (2011 : RM222,000).

4. Revenue

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of goods	87,657,982	49,239,078	-	-
Sales of properties	4,754	-	-	-
Construction revenue	808,187,180	601,954,649	-	-
Dividend income from subsidiaries	-	-	7,353,075	10,766,667
Interest income from subsidiaries	-	-	853,012	685,867
Interest income from fixed deposits	707,180	939,842	707,180	939,842
	<u>896,557,096</u>	<u>652,133,569</u>	<u>8,913,267</u>	<u>12,392,376</u>

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5. Other operating income

	Group	
	2012	2011
	RM	RM
Interest income from loans and receivables	862,629	1,175,490
Amortisation of retention sum due from construction contract works	3,641,982	2,579,063
Rental income from machineries	396,095	440,040
Rental income from subletting of office	57,600	57,600
Insurance claim	147,678	51,614
Gain on disposal of plant and equipment	65,875	308,056
Gain on disposal of investment property	-	60,000
Miscellaneous income	60,635	2
	<u>5,232,494</u>	<u>4,671,865</u>

6. Finance costs

	Group	
	2012	2011
	RM	RM
Interest expense on:		
- bank loan, bank overdrafts and bankers' acceptance	6,246,991	1,628,569
- obligation under finance leases	437,784	261,322
- amount due to non-controlling interest	60,636	34,127
Amortisation of retention sum due to construction contract works	1,728,990	1,205,674
	<u>8,474,401</u>	<u>3,129,692</u>
Less : Interest expenses capitalised in		
- property development costs (Note 17)	(1,676,221)	-
	<u>6,798,180</u>	<u>3,129,692</u>

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The following items have been included in arriving at profit before tax:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	91,858	74,662	24,000	21,000
- other services	5,000	5,000	5,000	5,000
Employee benefits expense (Note 8)	35,630,289	25,803,263	-	-
Non-executive director's remuneration (Note 9)	288,540	284,700	234,300	234,300
Hire of plant and machinery	31,971,799	21,130,604	-	-
Obsolete inventories written off	185,515	-	-	-
Transfer of plant and equipment at loss	56,174	522	-	-
Depreciation of property, plant and equipment (Note 12)	8,596,561	6,596,134	-	-
Loss on disposal of properties held for sale	995	160	-	-
Reversal of impairment loss on trade receivables (Note 19)	-	(186,139)	-	-
Operating leases:				
- minimum lease payments on land and building	1,757,967	1,128,530	-	-
- minimum lease payments on machineries	3,267	70,300	-	-
Foreign exchange (gain)/loss				
- realised	978,500	496,304	-	-
- unrealised	(1,284,218)	(162,774)	-	-

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8. Employee benefits expenses

	Group	
	2012 RM	2011 RM
Wages, salaries and bonus	32,128,170	23,222,655
Contributions to defined contribution plan	234,308	2,389,989
Social security contributions	3,267,811	190,619
	<u>35,630,289</u>	<u>25,803,263</u>

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM2,927,040 (2011 : RM2,746,800).

9. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,100,000	1,974,000	-	-
Bonus	513,000	478,500	-	-
Defined contribution plan	314,040	294,300	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	<u>2,927,040</u>	<u>2,746,800</u>	-	-
Estimated money value of benefits-in-kind	80,828	76,599	-	-
Total executive directors' remuneration (including benefits-in-kind)	<u>3,007,868</u>	<u>2,823,399</u>	-	-
Non-Executive:				
Fees	220,800	220,800	220,800	220,800
Other emoluments	67,740	63,900	13,500	13,500
Total non-executive directors' remuneration (Note 7)	<u>288,540</u>	<u>284,700</u>	<u>234,300</u>	<u>234,300</u>
Total directors' remuneration	<u>3,296,408</u>	<u>3,108,099</u>	<u>234,300</u>	<u>234,300</u>

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9. Directors' remuneration (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive directors:		
RM450,001 - RM500,000	1	2
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	1	1
RM650,001 - RM700,000	1	1
RM700,001 - RM750,000	1	-
Non-Executive directors:		
RM50,000 - RM100,000	3	3
RM100,001 - RM150,000	1	1

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	14,103,059	14,374,247	379,000	559,667
- Foreign tax	9,380	-	-	-
- (Over)/Underprovision in respect of previous year	(447,591)	(461,697)	754	61,490
	<u>13,664,848</u>	<u>13,912,550</u>	<u>379,754</u>	<u>621,157</u>
Deferred income tax (Note 26):				
- Origination and reversal of temporary differences	(2,433,985)	1,061,269	-	-
- Underprovision in respect of previous year	118,985	642,730	-	-
	<u>(2,315,000)</u>	<u>1,703,999</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>11,349,848</u>	<u>15,616,549</u>	<u>379,754</u>	<u>621,157</u>

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The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows :

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	60,734,713	58,290,830	8,187,893	11,528,408
Taxation at Malaysian statutory tax rate of 25% (2011 : 25%)	15,183,678	14,572,708	2,046,973	2,882,102
Different tax rates in other country	(9,710)	(3,325)	-	-
Expenses not deductible for tax purposes	1,252,984	981,220	170,027	202,565
Income not subject to tax	(11,557)	(22,350)	(1,838,000)	(2,525,000)
Controlled transfer assets	(56,537)	-	-	-
Utilisation of current year's reinvestment allowances	-	(145,336)	-	-
Deferred tax assets not recognised for unabsorbed capital allowance and unutilised tax losses	163,780	52,599	-	-
Deferred tax assets recognised on unutilised reinvestment allowances	(4,844,184)	-	-	-
(Over)/Underprovision of income tax in respect of previous year	(447,591)	(461,697)	754	61,490
Underprovision of deferred tax in respect of previous year	118,985	642,730	-	-
Income tax expense recognised in profit or loss	11,349,848	15,616,549	379,754	621,157

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2012 and 2011.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2012	2011
Profit net of tax attributable to owners of the parent (RM)	49,500,603	42,711,760
Weighted average number of ordinary shares in issue	238,322,678	229,000,000
Basic earnings per share (sen)	<u>20.77</u>	<u>18.65</u>

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at reporting date.

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12. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and motor vehicles RM	Furniture and equipment RM	Construction in progress RM	Total RM
Cost :							
At 1 January 2011	5,186,536	-	11,204,030	39,534,008	2,746,942	-	58,671,516
Additions	-	-	1,200,641	9,557,965	794,955	4,656,192	16,209,753
Disposals	-	-	-	(668,174)	-	-	(668,174)
Transfer to profit or loss	-	-	-	(3,913)	-	-	(3,913)
At 31 December 2011 and 1 January 2012	5,186,536	-	12,404,671	48,419,886	3,541,897	4,656,192	74,209,182
Additions	-	15,500,000	4,750,692	21,393,916	804,445	48,593,514	91,042,567
Disposals	-	-	-	(102,107)	-	-	(102,107)
Transfer to profit or loss	-	-	-	(140,436)	-	-	(140,436)
Reclassification	-	-	3,361,216	23,878,039	2,084,155	(29,323,410)	-
At 31 December 2012	5,186,536	15,500,000	20,516,579	93,449,298	6,430,497	23,926,296	165,009,206
Accumulated depreciation :							
At 1 January 2011	-	-	1,098,664	20,533,178	765,370	-	22,397,212
Charge for the year (Note 7)	-	-	415,581	5,873,668	306,885	-	6,596,134
Disposals	-	-	-	(665,830)	-	-	(665,830)
Transfer to profit or loss	-	-	-	(3,391)	-	-	(3,391)
At 31 December 2011 and 1 January 2012	-	-	1,514,245	25,737,625	1,072,255	-	28,324,125
Charge for the year (Note 7)	-	129,167	525,462	7,521,856	420,076	-	8,596,561
Disposals	-	-	-	(102,107)	-	-	(102,107)
Transfer to profit or loss	-	-	-	(84,262)	-	-	(84,262)
At 31 December 2012	-	129,167	2,039,707	33,073,112	1,492,331	-	36,734,317
Net carrying amount :							
At 31 December 2011	5,186,536	-	10,890,426	22,682,261	2,469,642	4,656,192	45,885,057
At 31 December 2012	5,186,536	15,370,833	18,476,872	60,376,186	4,938,166	23,926,296	128,274,889

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During the financial year, the Group acquired property plant and equipment with an aggregate cost of RM15,387,196 (2011 : RM3,819,820) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM75,655,371 (2011 : RM12,389,933).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2012	2011
	RM	RM
Plant, machinery and motor vehicles	18,309,660	7,096,064

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

Leasehold land is pledged as security for the bank loans and borrowing (Note 23).

Assets held in trust

The carrying amount of motor vehicles registered in the name of a third party holding in trust on behalf of the Group and still in use by the Group at the reporting date was RM72,127 (2011 : RM111,469).

13. Investment properties

	Group	
	2012	2011
	RM	RM
Freehold land and building, at cost		
At 1 January	327,445	567,445
Disposal	-	(240,000)
At 31 December	327,445	327,445

14. Other investments

	Group	
	2012	2011
	RM	RM
Club memberships, at cost		
At 1 January and 31 December	90,000	90,000

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	Company	
	2012	2011
	RM	RM
Unquoted shares, at cost	108,499,999	108,499,999

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Held by the Company:				
Kimlun Sdn Bhd ⁱ	Malaysia	Building and infrastructure contractors	100	100
SPC Industries Sdn Bhd ⁱ	Malaysia	Ready mix concrete production and manufacturing of pre-cast concrete products	100	100
Kimlun Land Sdn Bhd ⁱ	Malaysia	Investment holding and property investment	100	100
I-Buildtech Solutions Pte Ltd ⁱⁱ	Singapore	Provision of industrial building systems and the supply of construction and building materials	100	100
Held through Kimlun Land Sdn Bhd:				
Posh Atlantic Sdn Bhd ⁱ	Malaysia	Property development and property investment	51	51
Kimlun Medini Sdn Bhd ⁱ	Malaysia	Property development and property investment	100	-

i Audited by Ernst & Young, Malaysia

ii Audited by a firm other than Ernst & Young

Acquisition of subsidiaries

- (a) On 1 August 2012, a wholly owned subsidiary of the Company, Kimlun Land Sdn. Bhd. ("KLLSB") acquired additional shares in Posh Atlantic Sdn. Bhd. ("PASB") for a cash consideration of RM459,000. The acquisition does not change the effective percentage of shareholdings held by KLLSB. The acquisition has no impact on the Group's revenue and profit for the year ended 31 December 2012.
- (b) On 6 December 2012, KLLSB incorporated a company known as Kimlun Medini Sdn. Bhd. ("KMSB") in Malaysia. The issued and paid up capital of KMSB was RM2 comprising of 2 ordinary shares on date of incorporation.

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	Group	
	2012 RM	2011 RM
Cost:		
At 1 January	863,446	1,305,706
Addition	402,509	226,900
Disposal	(415,895)	(669,160)
At 31 December	850,060	863,446

17. Property development costs

	Freehold land RM	Group Development costs RM	Total RM
Property development costs			
Cumulative property development costs:			
At 1 January 2011	-	-	-
Costs incurred during the year	19,381,103	667,596	20,048,699
At 31 December 2011 and 1 January 2012	19,381,103	667,596	20,048,699
Costs incurred during the year	27,496,979	2,856,944	30,353,923
At 31 December 2012	46,878,082	3,524,540	50,402,622

Cumulative cost recognised in profit and loss:

At 1 January 2011	-	-	-
Costs incurred during the year	-	-	-
At 31 December 2011 and 1 January 2012	-	-	-
Costs incurred during the year	(305)	(3,320)	(3,625)
At 31 December 2012	(305)	(3,320)	(3,625)

Property development costs :

At 31 December 2011	19,381,103	667,596	20,048,699
At 31 December 2012	46,877,777	3,521,220	50,398,997

Included in property development costs incurred during the financial year are:

	2012 RM	2011 RM
Interest expenses (Note 6)	1,676,221	-

10 pieces (2011 : 1 piece) of the freehold land with carrying amount of RM42,791,496 (2011: RM14,536,919) have been pledged as security for a term loan (Note 23).

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18. Inventories

	Group	
	2012 RM	2011 RM
Cost		
Raw materials	9,364,365	3,711,415
Finished goods	12,716,205	8,247,944
	22,080,570	11,959,359
Net realisable value		
Finished goods	72,682	527,086
	22,153,252	12,486,445

19. Trade and other receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables				
Third parties	292,487,176	213,104,925	-	-
Amounts due from company related to certain directors	8,633,397	3,379,752	-	-
	301,120,573	216,484,677	-	-
Less: Allowance for impairment				
Third parties	(254,503)	(254,503)	-	-
Trade receivables, net	300,866,070	216,230,174	-	-
Other receivables				
Refundable deposit	5,401,820	7,294,918	4,500	4,500
Amount due from subsidiaries	-	-	36,525,141	10,726,660
Sundry receivables	1,112,197	736,620	-	-
	6,514,017	8,031,538	36,529,641	10,731,160
Total trade and other receivables (current)	307,380,087	224,261,712	36,529,641	10,731,160
Add: Cash and bank balances (Note 22)	44,726,672	81,652,900	13,626,840	22,401,314
Total loans and receivables	352,106,759	305,914,612	50,156,481	33,132,474

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Trade receivables are non-interest bearing and are generally on 30 to 90 day (2011: 30 to 90 day) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certificated or invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2012	2011
	RM	RM
Neither past due nor impaired	220,788,303	197,050,235
1 to 30 days past due not impaired	22,561,968	2,628,140
31 to 60 days past due not impaired	7,246,119	1,667,867
61 to 90 days past due not impaired	5,488,051	8,615,775
91 to 120 days past due not impaired	9,402,728	2,692,849
More than 120 days past due not impaired	35,378,901	3,163,814
	80,077,767	18,768,445
Impaired	254,503	665,997
	<u>301,120,573</u>	<u>216,484,677</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM80,077,767 (2011 : RM18,768,445) that are past due at the reporting date but not impaired and are not secured by any collateral or credit enhancements.

The management is confident that the balance of receivables that are past due but not impaired are recoverable as these accounts are still active.

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19. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2012	2011
	RM	RM
Trade receivables - nominal amounts	254,503	665,997
Less: Allowance for impairment	(254,503)	(254,503)
	-	411,494
<u>Movement in allowance accounts :</u>		
At 1 January	254,503	440,642
Reversal of impairment losses (Note 7)	-	(186,139)
At 31 December	254,503	254,503

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Related party balances

Amount due from subsidiaries are unsecured, interest bearing at 3.50% (2011 : 3.20% to 3.50%) per annum and is repayable on demand.

20. Other current assets

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Prepayments	1,206,921	523,654	6,825	13,700
Accrued billing from customers	20,036,329	14,003,664	-	-
Gross amount due from customers for contract work (Note 21)	157,686,299	113,766,094	-	-
	178,929,549	128,293,412	6,825	13,700

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21. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2012	2011
	RM	RM
Construction contract costs incurred to date	2,363,757,606	1,923,709,228
Attributable profits	398,293,044	330,466,436
	<u>2,762,050,650</u>	<u>2,254,175,664</u>
Less: Progress billings	<u>(2,619,691,376)</u>	<u>(2,151,205,617)</u>
	<u>142,359,274</u>	<u>102,970,047</u>
Presented as:		
Gross amount due from customers for contract work (Note 20)	157,686,299	113,766,094
Gross amount due to customers for contract work (Note 25)	<u>(15,327,025)</u>	<u>(10,796,047)</u>
	<u>142,359,274</u>	<u>102,970,047</u>
Retention sums on construction contract, included in trade receivables	<u>101,536,981</u>	<u>75,567,908</u>

The cost incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2012	2011
	RM	RM
Hire of plant and machinery	31,971,799	20,540,948
Depreciation of plant and equipment	5,118,716	4,218,810
Rental expense for land and building	278,480	181,900
Rental expense for plant and equipment	<u>3,267</u>	<u>70,300</u>

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22. Cash and bank balances

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash on hand and at banks	14,665,216	35,993,782	5,971,535	2,162,444
Short term deposits with:				
licensed banks	30,061,456	45,659,118	7,655,305	20,238,870
Cash and bank balances	<u>44,726,672</u>	<u>81,652,900</u>	<u>13,626,840</u>	<u>22,401,314</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2012 for the Group and the Company were 3.18% (2011 : 3.04%) and 3.44% (2011 : 3.15%) respectively.

Short-term deposits with licensed banks of the Group amounting to RM22,400,353 (2011 : RM25,420,248) are pledged as securities for borrowings (Note 23).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and short term deposits	44,726,672	81,652,900	13,626,840	22,401,314
Less: Bank overdrafts (Note 23)	(10,693,162)	(3,412,261)	-	-
Cash and cash equivalents	<u>34,033,510</u>	<u>78,240,639</u>	<u>13,626,840</u>	<u>22,401,314</u>

867077 X**Kimlun Corporation Berhad
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	Maturity	Group	
		2012 RM	2011 RM
Current			
Secured:			
Bank overdrafts (Note 22)	on demand	10,693,162	3,412,261
Advance against progressive claims	2013	15,278,125	-
Bankers' acceptances	2013	72,885,672	43,623,000
Term loans	2013	1,219,638	1,141,660
Obligations under finance leases (Note 31 (c))	2013	3,704,187	2,826,848
		<u>103,780,784</u>	<u>51,003,769</u>
Non-current			
Secured:			
Term loans	2014 - 2019	55,190,916	13,281,497
Obligations under finance leases (Note 31 (c))	2014 - 2017	10,860,696	740,690
		<u>66,051,612</u>	<u>14,022,187</u>
Total loans and borrowings		<u><u>169,832,396</u></u>	<u><u>65,025,956</u></u>

The remaining maturities of the loan and borrowings as at 31 December 2012 are as follows:

	Group	
	2012 RM	2011 RM
On demand or within one year	103,780,784	51,003,769
More than 1 year and less than 2 years	5,589,434	1,919,701
More than 2 years and less than 5 years	52,421,534	9,355,486
5 years and more	8,040,644	2,747,000
	<u><u>169,832,396</u></u>	<u><u>65,025,956</u></u>

Obligations under finance leases

These obligations are secured by a pledge over the leased assets (Note 12). The discount rate implicit in the leases is between 2.32% to 4.50% (2011 : 2.32% to 4.94%) per annum.

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23. Loans and borrowings (cont'd)

Bank overdrafts, advance against progressive claims and bankers' acceptance

The interest rate at the reporting date were as follows:

	Group	
	2012	2011
	%	%
Bank overdrafts	5.55 to 8.10	7.60 to 8.10
Advance against progressive claims	7.60 to 8.10	7.60 to 8.10
Bankers' acceptances	1.00 to 1.50	1.00 to 1.50
Term loans	4.85 to 7.60	5.85 to 7.6

The bank overdrafts, advance against progressive claims, bankers' acceptance and term loans together with bank guarantee facility are secured by :

- (a) Legal charge over 7 pieces of land belonging to related parties and joint and several guarantee by certain directors of the Company;
- (b) Legal charge over ten pieces of freehold land as disclosed in Note 17;
- (c) 1st party legal charge over a parcel of leasehold land as disclosed in Note 12;
- (d) Fixed deposits pledged as disclosed in Note 22;
- (e) Limited debentures by way of fixed and floating charges over a project;
- (f) Corporate guarantee by the Company.

24. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade payables				
Third parties	212,084,729	183,371,218	-	-
Amount due to company related to certain directors	10,237,304	7,881,379	-	-
	222,322,033	191,252,597	-	-

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24. Trade and other payables (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables				
Accrued operating expenses	13,693,039	9,700,574	55,784	36,965
Other payables	23,516,076	5,333,670	1,749	-
Deposits payable	8,046,500	4,262,033	-	-
Amount due to a subsidiary company	-	-	3,424	3,424
Amount due to non-controlling interest	1,567,137	1,947,500	-	-
	<u>46,822,752</u>	<u>21,243,777</u>	<u>60,957</u>	<u>40,389</u>
Total trade and other payables	269,144,785	212,496,374	60,957	40,389
Add: Loans and borrowings (Note 23)	169,832,396	65,025,956	-	-
Total financial liabilities carried at amortised cost	<u>438,977,181</u>	<u>277,522,330</u>	<u>60,957</u>	<u>40,389</u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2011: 30 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing.

(c) Amount due to subsidiary company

This amount is unsecured, non-interest bearing and is repayable on demand.

(d) Amount due to non-controlling interest

This amount is unsecured, interest bearing at 3.50% (2011 : 3.50%) per annum and is repayable on demand.

25. Other current liability

	Group	
	2012 RM	2011 RM
Gross amount due to customers for contract work (Note 21)	<u>15,327,025</u>	<u>10,796,047</u>

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26. Deferred taxation

Deferred income tax as at 31 December relates to the following:

Group	As at		As at		As at	
	1 January 2011 RM	Recognised in profit or loss RM	31 December 2011 RM	Recognised in profit or loss RM	31 December 2012 RM	
Deferred tax liabilities of the Group:						
Property, plant and equipment	2,019,414	1,439,728	3,459,142	2,561,858	6,021,000	
Unrealised foreign exchange	-	54,858	54,858	325,142	380,000	
	<u>2,019,414</u>	<u>1,494,586</u>	<u>3,514,000</u>	<u>2,887,000</u>	<u>6,401,000</u>	
Deferred tax assets of the Group:						
Unrealised foreign exchange	20,930	(20,930)	-	-	-	
Unutilised tax credits	(230,343)	230,343	-	(5,202,000)	(5,202,000)	
	<u>(209,413)</u>	<u>209,413</u>	<u>-</u>	<u>(5,202,000)</u>	<u>(5,202,000)</u>	
	<u>1,810,001</u>	<u>1,703,999</u>	<u>3,514,000</u>	<u>(2,315,000)</u>	<u>1,199,000</u>	

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26. Deferred taxation (cont'd)

Presented after appropriate offsetting as follows:

	Group	
	2012 RM	2011 RM
Deferred tax assets	(5,202,000)	-
Deferred tax liabilities	6,401,000	3,514,000
	<u>1,199,000</u>	<u>3,514,000</u>

27. Share capital and share premium

Company	Number of ordinary shares of RM0.50 each	----- Amount -----		
	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total RM
At 1 January 2011 and 31 December 2011	<u>229,000,000</u>	<u>114,500,000</u>	<u>26,777,749</u>	<u>141,277,749</u>
Private placement share issue	11,450,000	5,725,000	11,450,000	17,175,000
Share issued expense	-	-	(429,985)	(429,985)
At 31 December 2012	<u>240,450,000</u>	<u>120,225,000</u>	<u>37,797,764</u>	<u>158,022,764</u>

Company	Number of ordinary share of RM0.50 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised share capital				
At 1 January and 31 December	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM114,500,000 to RM120,225,000 by way of the issuance of 11,450,000 ordinary shares of RM0.50 each at a placement price of RM1.50 per ordinary share to fund the Group's venture into property development and the acquisition of a parcel of industrial land.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. Retained earnings

In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). As the Company was only incorporated on 4 August 2009 and did not have any 108 balance prior to 31 December 2007, distributions out of the Company's retained earnings to shareholders of the Company shall be made under the single tier system.

29. Other reserves**Foreign currency translation reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

30. Related party disclosures**Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Purchase of raw materials from company related to certain directors	25,220,269	20,852,506	-	-
Contract fee receivable from company related to certain directors	27,074,265	9,528,685	-	-
Rental of land and building paid to companies related to certain directors	667,688	467,760	-	-
Interest income received from subsidiaries	-	-	853,012	685,867
Dividend income received from subsidiaries	-	-	7,353,075	10,766,667

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30. Related party disclosures (cont'd)

Company/Companies related to certain directors

These entities are subject to the same source of influence as the Company through common directors.

Compensation of key management personnel

The remuneration of key management personnels during the year are as follow:

	2012	2011
	RM	RM
Salaries, bonus and other emoluments	3,647,500	3,412,800
Defined contribution plan	438,660	397,440
Other short term benefits	105,303	100,099
	<u>4,191,463</u>	<u>3,910,339</u>

31. Commitments

(a) Capital commitments

	Group	
	2012	2011
	RM	RM
Capital commitments as at the reporting date is as follows:		
Approved and contracted for :		
Property, plant and equipment	<u>9,769,049</u>	<u>4,750,170</u>

(b) Operating lease commitment - as lessee

Minimum lease payments recognised in profit or loss for the financial year ended 31 December 2012 amounted to RM1,761,234 (2011 : RM1,198,830).

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012	2011
	RM	RM
Not later than 1 year	-	315,422
Later than 1 year but not later than 5 years	-	8,150
	<u>-</u>	<u>323,572</u>

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31. Commitments (cont'd)

(c) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 12).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2012	2011
	RM	RM
Minimum lease payments:		
Not later than 1 year	4,501,187	2,958,844
Later than 1 year but not later than 2 years	3,578,661	714,301
Later than 2 years but not later than 5 years	8,464,766	45,216
Total minimum lease payments	<u>16,544,614</u>	<u>3,718,361</u>
Less: Amounts representing finance charges	(1,979,731)	(150,823)
Present value of minimum lease payments	<u>14,564,883</u>	<u>3,567,538</u>
Present value of payments:		
Not later than 1 year	3,704,187	2,826,848
Later than 1 year but not later than 2 years	3,000,886	697,723
Later than 2 years but not later than 5 years	7,859,810	42,967
Present value of minimum lease payments	<u>14,564,883</u>	<u>3,567,538</u>
Less: Amount due within 12 months (Note 23)	(3,704,187)	(2,826,848)
Amount due after 12 months (Note 23)	<u>10,860,696</u>	<u>740,690</u>

32. Fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	19
Cash and bank balances (current)	22
Loans and borrowings (current)	23
Loans and borrowings (non-current)	23
Trade and other payables (current)	24

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32. Fair value of financial instruments (cont'd)

The carrying amounts of these financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short term maturity of these financial instruments.

Fair value of retention sums on construction contract are estimated by discounting expected future cash flows at market incremental lending rate at the reporting date.

Guarantees

The fair value of the guarantees provided by the Company in connection with credit facilities, construction contracts and development agreement granted to its subsidiaries is estimated to be minimal as the chances of the financial institutions and third parties to call upon the guarantees are not probable.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not undertake any trading of derivative financial instruments.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high credit worthiness. Receivable balances are monitored on an ongoing basis.

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33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position.
- an amount of RM694,291,005 (2011 : RM280,673,044) relating to corporate guarantees provided by the Company to several financial institutions for its subsidiaries' credit facilities and third parties for the credit facilities granted by suppliers, the subsidiaries' performance in construction contracts and development agreement.

Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customers or counterparties nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

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33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To ensure continuity of funding, the Group's and the Company's policy is to manage the debt maturity profile, operating cash flows and the availability of funding to support the operating cycle of the business.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012 Group	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Financial liabilities:				
Trade and other payables	269,144,785	-	-	269,144,785
Loans and borrowings	104,577,784	59,193,699	8,040,644	171,812,127
Total undiscounted financial liabilities	<u>373,722,569</u>	<u>59,193,699</u>	<u>8,040,644</u>	<u>440,956,912</u>
Company				
Financial liabilities:				
Trade and other payables	60,957	-	-	60,957
Total undiscounted financial liabilities	<u>60,957</u>	<u>-</u>	<u>-</u>	<u>60,957</u>

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33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

2011 Group	On demand or within one year RM	One to five years RM	Total RM
Financial liabilities:			
Trade and other payables	212,496,374	-	212,496,374
Loans and borrowings	51,334,049	14,196,118	65,530,167
Total undiscounted financial liabilities	<u>263,830,423</u>	<u>14,196,118</u>	<u>278,026,541</u>

Company

Financial liabilities:

Trade and other payables	40,389	-	40,389
Total undiscounted financial liabilities	<u>40,389</u>	<u>-</u>	<u>40,389</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing borrowings. The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not expect any material effect on the Group's profit net of tax, asset and equity arising from the effect of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and Euro ("EUR"). The Group did not enter into any forward currency contracts during the financial years ended 31 December 2012 and 2011 respectively.

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33. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group is also exposed to currency translation risk arising from its investments in foreign operation in Singapore. The Group's net investments in Singapore is not hedged as currency positions in SGD is considered to be long-term in nature.

The Group does not expect any material effect on the Group's profit net of tax and equity arising from the effect of reasonably possible changes to foreign currency exchange rates at the end of the reporting period.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2011.

The Group is not subject to any externally imposed capital requirements.

35. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Construction
- (ii) Manufacturing of concrete products and trading of building materials
- (iii) Investment
- (iv) Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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35. Segment Information (cont'd)

At 31 December 2012	Construction RM	Manufacturing RM	Investment RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	808,187,180	87,657,982	707,180	4,754	-	896,557,096
Inter-segment	52,854	6,529,442	8,206,087	-	(14,788,383)	-
Total revenue	808,240,034	94,187,424	8,913,267	4,754	(14,788,383)	896,557,096
Results:						
Segment results	67,871,069	22,179,394	8,913,267	1,129	(8,138,711)	90,826,148
Other operating income						5,232,494
Administration expenses						(28,525,749)
Finance costs						(6,798,180)
Income tax expense						60,734,713
Net profit for the year						(11,349,848)
Assets:						
Segment assets	490,140,855	181,264,052	158,663,305	51,431,626	(148,368,887)	733,130,951
Liabilities:						
Segment liabilities	315,735,577	130,109,242	131,665	51,107,424	(39,212,875)	457,871,033

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35. Segment Information (cont'd)

At 31 December 2011	Construction RM	Manufacturing RM	Investment RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	601,954,649	49,239,078	939,842	-	-	652,133,569
Inter-segment	296,621	2,429,832	11,452,534	-	(14,178,987)	-
Total revenue	<u>602,251,270</u>	<u>51,668,910</u>	<u>12,392,376</u>	<u>-</u>	<u>(14,178,987)</u>	<u>652,133,569</u>
Results:						
Segment results	67,074,247	11,245,305	12,392,376	-	(11,454,527)	79,257,401
Other operating income						4,671,865
Administration expenses						(22,508,744)
Finance costs						<u>(3,129,692)</u>
Income tax expense						58,290,830
Net profit for the year						<u>(15,616,549)</u>
						<u>42,674,281</u>
Assets:						
Segment assets	390,685,572	78,865,591	141,646,173	23,059,815	(120,348,035)	<u>513,909,116</u>
Liabilities:						
Segment liabilities	247,130,132	39,355,472	213,737	22,483,167	(11,414,797)	<u>297,767,711</u>

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Kimlun Corporation Berhad
(Incorporated in Malaysia)

36. Dividends

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the financial year:				
Dividends on ordinary shares:				
- Final tax exempt (single tier) dividend for 2011: 3.10 sen (2010: 2.80 sen) per share	7,453,950	6,412,000	7,453,950	6,412,000
- Interim tax exempt (single tier) dividend for 2012: nil (2011: 2.00 sen) per share	-	4,580,000	-	4,580,000
	<u>7,453,950</u>	<u>10,992,000</u>	<u>7,453,950</u>	<u>10,992,000</u>

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012, of 4.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

37. Events occurring after the reporting date

On 28 March 2013, Kimlun Medini Sdn. Bhd., a wholly owned subsidiary of Kimlun Land Sdn. Bhd., has entered into a conditional Lease Purchase Agreement ("LPA") with a third party to acquire a 99-year lease over 2 contiguous parcels of freehold land for a cash consideration of RM31,056,771. A written notification received from solicitors on 11 April 2013 confirming that the Condition Precedent of the LPA has been fulfilled. The proposed development still at the preliminary stage and has yet to be detailed or finalised.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 29 April 2013.

867077 X**Kimlun Corporation Berhad
(Incorporated in Malaysia)****39. Supplementary Information - Breakdown of Retained profits into Realised and Unrealised**

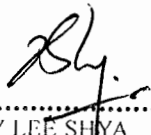
The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 and 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012 RM	2011 RM
Total retained profits				
- Realised	117,221,348	78,561,099	508,876	154,687
- Unrealised	320,339	(3,278,879)	-	-
	<u>117,541,687</u>	<u>75,282,220</u>	<u>508,876</u>	<u>154,687</u>
Less: Consolidation adjustments	(646,027)	(433,213)	-	-
Retained earnings as per financial statements	<u>116,895,660</u>	<u>74,849,007</u>	<u>508,876</u>	<u>154,687</u>

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE NINE (9)-MONTH FPE 30 SEPTEMBER 2013

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Third Quarter Ended 30 September 2013

CERTIFIED TRUE COPY


TAY LEE SHYA
Company Secretary

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/09/2013 RM'000	Preceding Year Quarter (2) 30/09/2012 RM'000	Current Year To Date 30/09/2013 RM'000	Preceding Year To Date (2) 30/09/2012 RM'000
Revenue	227,420	215,001	676,095	661,145
Cost of sales	(207,448)	(191,762)	(612,346)	(590,244)
Gross profit	19,972	23,239	63,749	70,901
Other income	1,394	1,329	4,151	3,918
Selling and administrative expenses	(10,702)	(6,983)	(30,929)	(20,717)
Finance costs	(2,937)	(1,826)	(8,284)	(4,607)
Profit before tax	7,727	15,759	28,687	49,495
Income tax expense	(831)	(4,044)	(5,917)	(12,462)
Profit net of tax	6,896	11,715	22,770	37,033
Other comprehensive income	-	9	-	11
Total comprehensive income for the period	<u>6,896</u>	<u>11,724</u>	<u>22,770</u>	<u>37,044</u>
Profit attributable to :				
Owners of the Company	6,913	11,793	22,900	37,151
Non-controlling interests	(17)	(78)	(130)	(118)
	<u>6,896</u>	<u>11,715</u>	<u>22,770</u>	<u>37,033</u>
Earnings Per Share (RM)				
- Basic (3)	0.03	0.05	0.10	0.16
- Diluted (3)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Owners of the Company	6,913	11,802	22,900	37,162
Non-controlling interests	(17)	(78)	(130)	(118)
	<u>6,896</u>	<u>11,724</u>	<u>22,770</u>	<u>37,044</u>

Notes:

- (1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.
- (2) These comparative figures have been extracted consistently from the interim financial report for the quarter ended 30 September 2012 announced to Bursa Malaysia Securities Berhad in prior year.
- (3) Please refer to Note B12 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 30 September 2013

	Unaudited As at 30/09/2013 RM'000	Audited As at 31/12/2012 RM'000
Assets		
Non- current assets		
Property, plant and equipment	153,742	128,275
Investment properties	327	327
Other investments	90	90
	<u>154,159</u>	<u>128,692</u>
Current assets		
Properties held for sale	389	850
Property Development costs	89,273	50,399
Inventories	23,312	22,153
Trade and other receivables	314,102	307,380
Other current assets	214,852	178,930
Cash and bank balances	31,343	44,727
	<u>673,271</u>	<u>604,439</u>
TOTAL ASSETS	<u>827,430</u>	<u>733,131</u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	761	2,368
Loans and borrowings	128,067	103,780
Trade and other payables	320,234	269,145
Other current liability	4,372	15,327
	<u>453,434</u>	<u>390,620</u>
Net current assets	<u>219,837</u>	<u>213,819</u>
Non-current liabilities		
Loans and borrowings	87,028	66,052
Deferred tax liabilities	475	1,199
	<u>87,503</u>	<u>67,251</u>
TOTAL LIABILITIES	<u>540,937</u>	<u>457,871</u>
Net assets	<u>286,493</u>	<u>275,260</u>
Equity		
Share capital	120,225	120,225
Share premium	37,798	37,798
Translation reserve	9	4
Retained earnings	128,254	116,896
Equity attributable to owners of the Company	<u>286,286</u>	<u>274,923</u>
Non-controlling interests	207	337
Total equity	<u>286,493</u>	<u>275,260</u>
TOTAL EQUITY AND LIABILITIES	<u>827,430</u>	<u>733,131</u>
Net Assets Per Share Attributable to owners of the Company (RM)	1.19	1.14

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 30 September 2013

	Current Year To Date 30/09/2013 RM'000	Preceding Year To Date 30/09/2012 RM'000
Operating activities		
Profit before tax	28,687	49,495
Adjustment for :		
Unrealised foreign exchange loss/(gain)	(1,487)	(981)
Depreciation	13,989	5,792
Provision for doubtful debts	450	-
Bad debts	55	-
Gain on disposal of property, plant and equipment	(156)	(66)
Loss on disposal of properties held for resale	-	1
Transfer of fixed asset to Profit and Loss	-	56
Reversal of fixed asset from Profit and Loss	(20)	-
Interest expenses	6,635	3,368
Interest income	(463)	(680)
Operating cash flows before changes in working capital	47,690	56,985
Changes in working capital		
Development property	(38,875)	(29,162)
Inventories	(1,159)	175
Receivables	(9,812)	(79,973)
Other current assets	(28,040)	(30,273)
Payables	47,702	26,916
Other current liabilities	(10,955)	6,484
Cash flows used in operations	6,551	(48,848)
Interest paid	(6,635)	(3,368)
Tax paid	(8,248)	(10,033)
Interest received	463	680
Net cash flows used in operating activities	(7,869)	(61,569)
Investing activities		
Purchase of property, plant and equipment	(30,945)	(46,948)
Proceeds from disposal of property, plant & equipment	234	66
Proceeds from disposal of property held for resale	-	415
Purchase of property held for resale	(9)	(380)
Other deposits not for short-term funding requirements	(13)	-
Net cash flows used in investing activities	(30,733)	(46,847)
Financing activities		
Proceeds from issuance of shares	-	17,616
Share issuance expenses	-	(430)
Dividend paid	(11,542)	(7,454)
Proceeds from loans and borrowings	28,627	71,680
Proceeds from/(Repayment of) advance against progressive claims	(855)	-
Repayment to hire purchase creditors	(3,857)	(3,002)
Net cash flows from financing activities	12,373	78,410
Net decrease in cash and cash equivalents	(26,229)	(30,006)
Effects of exchange rate changes on cash and cash equivalents	53	73
Cash and cash equivalents at beginning of financial period	34,034	78,241
Cash and cash equivalents at end of financial period	7,858	48,308
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	31,343	60,387
Bank overdrafts (included within short term borrowings)	(23,472)	(12,079)
Other deposits not for short-term funding requirements	(13)	-
	7,858	48,308

Notes:

(1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Changes In Equity
As at 30 September 2013

	Attributable to owners of the parent				Sub-Total	Non-controlling interest	Total Equity
	Non-distributable	Foreign currency translation reserve	Distributable				
	Share capital	Share premium	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YTD ended 30 September 2013							
Balance At 1/1/2013	120,225	37,798	4	116,896	274,923	337	275,260
Total comprehensive income for the period	-	-	5	22,900	22,905	(130)	22,775
Transactions with owner							
Dividend payment (as detailed in Note B11)	-	-	-	(11,542)	(11,542)	-	(11,542)
At 30/9/2013	120,225	37,798	9	128,254	286,286	207	286,493
YTD ended 30 September 2012 (2)							
Balance At 1/1/2012	114,500	26,778	3	74,849	216,130	12	216,142
Total comprehensive income for the period	-	-	2	37,151	37,153	(118)	37,035
Transactions with owner							
Dividend payment (as detailed in Note B11)	-	-	-	(7,454)	(7,454)	-	(7,454)
Issuance of ordinary shares pursuant to private placement	5,725	11,450	-	-	17,175	-	17,175
Share issue expenses	-	(430)	-	-	(430)	-	(430)
Share issuance by a subsidiary	-	-	-	-	-	441	441
At 30/9/2012	120,225	37,798	5	104,546	262,574	335	262,909

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying notes attached to the interim financial statements

(2) These comparative figures have been extracted consistently from the interim financial report for the quarter ended 30 September 2012 announced to Bursa Malaysia Securities Berhad in prior year.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS (“FRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2012.

The interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs (“Amendments”) and Issues Committee (“IC”) Interpretations with effect from 1 January 2013:

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
Amendments to FRS 101: Presentation of Financial Statements
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associate and Joint Ventures
Amendment to IC Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards
Amendments to FRS 116: Property, Plant and Equipment
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS134: Interim Financial Reporting
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11: Joint Arrangements: Transition Guidance
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

The adoption of the above FRSs, IC interpretations and Amendments do not have material impact on the financial statements of the Group.

The Group has not adopted the Malaysian Financial Reporting Standards (MFRS) in this interim financial report as the Group falls within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, thereby the adoption of the MFRS will be deferred to annual periods beginning 1 January 2014.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2012.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of Unusual Nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year-to-date.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

A8. Dividend Paid

The final single-tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2012 was paid on 28 August 2013.

KIMLJIN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

A9. Segmental Information

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing of concrete products and trading of building materials;
- c) Property development; and
- c) investment

The segment revenue and results for the financial period ended 30 September 2013:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	526,829	136,837	12,296	133	0	676,095
Inter-segment sales	15,294	6,907	0	12,014	(34,215)	0
Total revenue	542,123	143,744	12,296	12,147	(34,215)	676,095
RESULTS						
Profit from operations	36,464	24,959	3,185	12,147	(13,006)	63,749
Other operating income						4,151
Selling and administrative expenses						(30,929)
Finance costs						(8,284)
Profit before tax						28,687
Income tax expense						(5,917)
Profit net of tax						22,770
Segment Assets	477,412	252,889	106,085	158,495	(167,451)	827,430
Segment Liabilities	297,723	193,310	102,656	234	(52,986)	540,937

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 September 2013 are as follows:-

	RM'000
Approved and contracted for	<u>4,042</u>

The capital commitment is mainly for the construction of the New Factories as defined in Note A12, the acquisition of plant and equipments for the New Factories, and moulds and passengers hoists required for our construction business.

A12. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM39.39 million, mainly incurred for the construction of 2 pre-cast components factories ("New Factories") in Negeri Sembilan, the purchase of plant & machinery for the New Factories, and moulds and concrete pump required for our construction business during the financial period-to-date.

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the current financial quarter up to 22 November 2013, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A14. Changes in composition of the group

There were no changes in the composition of the Group during the financial year-to-date.

A15. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A16. Significant Related Party Transactions

The Group had the following transactions during the financial year-to-date with related parties in which certain directors of the Company have substantial financial interest:-

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 30 September 2013 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	48,928	17,841
Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing have substantial financial interest	11,255	10,436

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

NOTES TO REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. Operating Segments Review

(a) Quarter 3 Financial Year Ending 31 December ("FY") 2013 vs Quarter 3 FY2012

The Group achieved revenues of RM227.42 million during the current quarter, which is 5.8% higher as compared to RM215.00 million registered in the previous year's corresponding quarter.

Profit after tax of the Group of RM6.90 million for the current quarter is RM4.82 million or 41.1% lower than the RM11.72 million achieved in the previous year's corresponding quarter.

(b) 9 Months Ended 30 September 2013 ("Current Period") vs 9 Months Ended 30 September 2012 ("LY Corresponding Period")

The Group achieved revenues of RM676.09 million during the Current Period, which is 2.3% higher as compared to RM661.15 million registered in LY Corresponding Period.

Profit after tax of the Group of RM22.77 million for the Current Period is RM14.27 million or 38.5% lower than the RM37.04 million achieved in LY Corresponding Period.

(c) Performance review

The construction division continued to be the main revenue contributor to the Group, attributing approximately 75% of the current quarter's and Current Period's. For the current quarter, construction revenue declined by RM15.27 million, or 7.9%, compared to last year's corresponding quarter, whereas for the Current Period, construction revenue declined by RM54.71 million, or 9.2% as compared to LY Corresponding Period. The decline in construction revenue in the current quarter and Current Period despite of large balance order book in hand was mainly due to:

- (i) the revenue contribution from two large size projects during last year's corresponding quarter and LY Corresponding Period. The two projects contributed approximately RM86 million to the revenue of LY Corresponding Period and were substantially completed as at end of LY Corresponding Period; and
- (ii) the construction activities of some new larger size projects secured during later part of 2012 and during the Current Period has yet to reach the stage of material revenue contribution.

For the current quarter, manufacturing and trading revenue improved by RM24.32 million, or 97.1% from last year's corresponding quarter, whereas for the Current Period, manufacturing and trading revenue improved by RM74.93 million, or 108.9% as compared to LY Corresponding Period. The improvement in manufacturing and trading revenue in the current quarter and Current Period was mainly due to the recognition of revenue from the supply of segmental box girders ("SBG") and tunnel lining segments ("TLS") to the Klang Valley Mass Rapid Transit system ("KVMRT").

Following the soft launch of the Group's maiden SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor(the "Hyve") at end of year 2012, which is

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

currently at early stage of construction, a small revenue was generated by the property development division in the current quarter and Current Period.

For the Current Period, revenue of the investment division was derived from interest income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group's gross profit margin declined from 10.8% in last year's corresponding quarter to 8.8% in the current quarter, and from 10.7% in LY Corresponding Period to 9.4% in Current Period, due to lower gross profit margin derived by the construction and manufacturing and trading divisions.

The construction division derived lower gross profit margin in the current quarter and Current Period mainly due to the following;

- (i) lower revenue generated during the current quarter and Current Period which resulted in less efficient absorption of fixed overheads. In addition, depreciation and payroll costs increased by RM1.8 mil and RM5.4 million as compared to last year's corresponding quarter and LY Corresponding Period respectively. Additional recruitment and substantially capital expenditures on acquisition of machineries and equipment, setting up of casting yard during the second half of year 2012 and the Current Period to meet the anticipated larger volume of construction work ahead, in particular for the construction of high rise buildings resulted in higher payroll costs and depreciation; and
- (ii) larger proportion of lower gross profit projects being carried out and the recognition of cost overrun in relation to few projects during the period.

Manufacturing and trading division derived lower gross profit in the current quarter and Current Period mainly due to significant revenue contribution from the lower profitability KVMRT SBG and TLS supply contracts during the current quarter and Current Period. The KVMRT SBG and TLS supply contracts began to contribute revenue to this division this year and had contributed approximately 50% of the Current Period's revenue of this division.

In line with lower revenue and gross profit margin, gross profit of the Group declined by RM3.27 million and RM7.15 million for the current quarter and Current Period respectively.

The increase in Selling and administrative expenses were mainly due to the increase in carriage onward expenses in line with the increase in business activities of manufacturing and trading segment, and the incurrence of sales commission, documentation fees and promotion expenses in relation to the Hyve.

Higher financing costs were incurred during the current quarter and Current Period in tandem with the increased borrowings to finance the huge capital expenditures in relation to the construction and set up of the New Factories, acquisition of plant and equipment for our construction business, and to meet the working capital requirements of higher level of operation.

Consequential upon lower gross profit earned, higher selling and administrative expenses, as well as finance costs, the profit after taxation of the Group for the current quarter and Current Period declined by RM4.82 million and RM14.26 million respectively.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

(c) Group Cash Flow Review

The Group experienced net operating cash outflow of RM7.87 million for the Current Period mainly due to:

- (i) working capital commitment for the operation of the New Factories; and
- (ii) working capital commitment for the development of the Cyber Bistari (Hyve)

Despite of the negative operating cash flow during the period, cash and cash equivalents of the Group stood at RM7.86 million as at 30 September 2013.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

The Group recorded a 2.9% or RM6.85 million decline in revenue in the current quarter as compared to the preceding quarter, mainly attributable to lower revenue achieved by the construction division. The decline in construction revenue was mainly attributable to lower construction activities during festive season.

The Group's gross profit margin declined from 9.3% in the preceding quarter to 8.8% in the current quarter mainly due to lower gross profit margin derived by the construction division in the current quarter. Construction division derived lower gross profit in the current quarter mainly due to the recognition of cost overrun in relation to few projects.

The Group's profit before taxation for the current quarter declined by RM1.42 million as compared to the preceding quarter in line with lower gross profit generated. Income tax expense for the current quarter was lower by RM1.33 mil attributable to lower profit before taxation generated and the reversal of preceding quarters' tax provision on recognition of tax incentives arouse from the Group's investment in expanding its production capacity. The Group's profit net of taxation for the current quarter approximate that of the preceding quarter

B3. Prospects For 2013

Despite of the high balance order book in hand of RM2.19 billion as at 30 September 2013, the Board does not foresee a significant growth in revenue for 2013 as the larger size construction projects secured during the Current Period are not expected to reach the level of construction activities for a material revenue contribution in FY2013 in view of the timing of these projects being secured. The Group has secured approximately RM1.18 billion of new construction and manufacturing contracts in the Current Period. The revenue contribution from most of these new contracts is expected to be mainly in FY2014 onward. After taking into consideration of the Group's performance during the Current Period, the Board expects the financial results for FY2013 to be lower than that of preceding financial year.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

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B5. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Current Quarter 3 months ended 30.9.2013 RM'000	Cumulative Quarter 9 months ended 30.9.2013 RM'000
(a) interest income	1,240	3,575
(b) other income including investment Income	113	420
(c) interest expense	2,937	8,284
(d) depreciation and amortization	4,696	13,989
(e) provision for and write off of receivables	(50)	505
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	41	156
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(1,448)	856
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 30.9.2013 RM'000	Cumulative Quarter 9 months ended 30.9.2013 RM'000
In respect of the current period		
- Income tax	1,094	6,902
- Deferred tax	(263)	(828)
	831	6,074
In respect of prior year		
- Income tax	0	(261)
- Deferred tax	0	104
	831	5,917

The effective tax rate was lower than the statutory rate applicable to the Group for the current quarter due to the reversal of tax provision made in the preceding quarters, on recognition of tax

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incentives arise from the Group's investment in expanding its production capacity, in particular the New Factory.

B7. Status of Corporate Proposals and Utilisation of Gross Proceeds

- (a) Save for the proposed renounceable rights issue of 60,112,500 new ordinary shares of RM0.50 each in the Company ("Kimlun Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) existing Kimlun Shares held Together With 60,112,500 free detachable warrants ("Warrant") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for, based on an entitlement date to be determined later, as announced on 31 October 2013, there is no corporate proposal that has been announced by the Company but not completed as at the LPD.
- (b) The status of utilization of the gross proceeds from the Private Placement as at LPD is as follows:

Description	Estimated timeframe for utilisation from the receipt of the proceeds	Proposed Utilisation	Actual Utilisation	Deviation		Explanation
		RM'000	RM'000	RM'000	%	
Development and incidental expenditure of the Group's existing land bank, and purchase consideration, development and incidental expenditure of new land to be acquired by the Group	Within 18 months	13,000	10,830	2,170	16.7%	(1)
Purchase of a parcel of industrial land	Within 12 months	2,800	2,800	0	0%	
Working capital	Within 18 Months	935	935	0	0%	
Expenses incidental to the Private Placement	Within 1 month	440	440	0	0%	
Total Proceeds		17,175	15,005	2,170		

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Note:-

(1) Private Placement proceeds will be utilized within the estimated timeframe. The Group does not expect any material deviation as at the date of this report.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 30 September 2013 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	14,510
Term loans	72,518
	<u>87,028</u>
Short term borrowings	
<u>Secured:</u>	
Bank overdraft	23,471
Hire purchase creditors	4,767
Bankers' acceptance	81,051
Advance against progressive claim	14,424
Term loans and revolving credit	4,354
	<u>128,067</u>

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Realised and Unrealised Profits

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	Group 30.9.2013 RM'000	Group 31.12.2012 RM'000
Total retained earnings		
- Realised	127,678	117,222
- Unrealised	2,532	320
	<u>130,210</u>	<u>117,542</u>
Less : Consolidation adjustments	<u>(1,955)</u>	<u>(646)</u>
Total Group retained earnings as per consolidated accounts	<u>128,255</u>	<u>116,896</u>

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B11. Dividends

- (a) A final single-tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2012 was approved by the shareholders at the Annual General Meeting held on 19 June 2013. The dividend was paid on 28 August 2013.
- (b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 September 2013.
- (c) Dividend declared during the previous year's corresponding period:
 A final single-tier dividend of 3.1 sen per share in respect of the financial year ended 31 December 2011.

B12. Earnings Per Share ("EPS")

Basic EPS are calculated by dividing the profit attributable to equity holder of the Group by the number of ordinary shares in issue during the financial period as follow:

	Current Quarter Ended		Year to-Date Ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Profit attributable to equity holder of the Group (RM'000)	6,913	11,793	22,900	37,151
Number of ordinary shares in issue ('000)	240,450	237,608 [^]	240,450	237,608 [^]
Basic earnings per share (RM)	0.03	0.05 [#]	0.095	0.156 [#]

The diluted earnings per share are not shown as there were no dilutive instruments as at balance sheet date.

[^]: Weighted average ordinary shares in issue

[#]: Had the EPS been computed based on the number of ordinary shares in issue of 240.45 million shares, the EPS for preceding year quarter 30 September 2012 and preceding year to-date ended 30 September 2012 would be RM0.049 and RM0.155 respectively.

DIRECTORS' REPORT



Registered Office:-

Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Date: **07 FEB 2014**

To: The Shareholders of Kimlun Corporation Berhad ("Kimlun" or the "Company")

On behalf of the Board of Directors of Kimlun ("Board"), I wish to report that after making due enquiries in relation to Kimlun and its subsidiaries ("Group") during the period between 31 December 2012, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

- i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;
- ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- iii. The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- iv. There are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- v. There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and
- vi. Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board of
KIMLUN CORPORATION BERHAD

A handwritten signature in black ink, appearing to read "Yam Tai Fong".

YAM TAI FONG
Executive Director

KIMLUN CORPORATION BERHAD 867077-X

Suite 19.06, Level 19, Johor Bahru City Square, 106-108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, Malaysia.

Tel: +607-222 8080 (Hunting Line) Fax: +607-223 8282 Email: kimlun@streamyx.com

Website: www.kimlun.com

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- i. Save for the Rights Shares, the Warrants and the new Kimlun Shares to be issued arising from the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.
- ii. As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- iii. All the Rights Shares and the new Kimlun Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Kimlun Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of such Shares.
- iv. Save for the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.
- v. Save as disclosed below, as at the LPD, none of the securities of our Group have been issued or agreed to be issued either as fully or partly paid-up in cash or otherwise within the two (2) years immediately preceding the date of this Abridged Prospectus:-
 - (a) 11,450,000 new Kimlun Shares issued pursuant to the private placement, which was completed on 14 March 2012; and
 - (b) The Rights Shares, the Warrants and the new Kimlun Shares to be issued arising from the exercise of the Warrants.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 96

The Directors shall be paid by way of remuneration for their services. The remuneration payable to non-executive Directors shall be such fixed sum (if any) as shall from time to time determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover; and

- (c) fees payable to the Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening of the meeting;
- (d) save as provided in Article 96(c) hereof, an Executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration as the Directors may determine and need not be determined by the Company in general meeting.
- (e) any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

- i. On 29 October 2013, Kimlun Land Sdn Bhd, a wholly-owned subsidiary company of our Company, entered into a sale and purchase agreement with Bina Plastic Industries Sdn Bhd to dispose of nine (9) parcels of freehold agriculture land on an en bloc basis for a total cash consideration of RM46,462,347.57 ("Disposal"). The nine (9) parcels of land are held under Geran 161811-161816, Lots 9671-9676 of Mukim Setul, Daerah Seremban, Negeri Sembilan, Geran 190183-190184, Lot 9677-9678 of Mukim Setul, Daerah Seremban, Negeri Sembilan, Geran 161819, Lot 9679 of Mukim Setul, Daerah Seremban, Negeri Sembilan ("Disposal Agreement"). The said Disposal has been completed on 28 January 2014;
- ii. On 28 March 2013, Kimlun Medini Sdn Bhd, a wholly-owned subsidiary company of our Company, entered into a conditional lease purchase agreement with Medini Land Sdn Bhd to purchase the lease of two (2) parcels of land for a cash consideration of RM31,056,771 ("Acquisition"). The two (2) parcels of land are held under HS(D) 478917, PTD 170709, of Mukim Pulau, Daerah Johor Bahru, Negeri Johor and HS(D) 478918, PTD 170710, of Mukim Pulau, Daerah Johor Bahru, Negeri Johor. On 11 April 2013, Kimlun Medini Sdn Bhd obtained confirmation that the conditions precedent of this agreement has been satisfied and that the lease purchase agreement is now unconditional. As at the LPD, the Acquisition is pending completion;
- iii. The Underwriting Agreement; and
- iv. The Deed Poll.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after having made all reasonable enquiries, our Board is not aware and does not have any knowledge of any such proceedings pending or threatened against our Group or of any facts which is likely to give rise to any proceedings which may materially or adversely affect the financial position or business of our Group.

5. GENERAL

- i. There is no existing or proposed service contract entered or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- ii. Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-
 - a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - b) material commitments for capital expenditure of our Group;
 - c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from the operations of our Group;
 - d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on the revenue or operating income of our Group;
 - e) substantial increase in revenues; and
 - f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

6. CONSENTS

Our Principal Adviser and Underwriter, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitor and Bloomberg LP for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent for the inclusion in this Abridged Prospectus of their names, the letter on the proforma consolidated statements of financial position of our Group as at 31 December 2012, the audited consolidated financial statements of our Group for the FYE 31 December 2012, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DECLARATIONS OF CONFLICT OF INTEREST

RHBIB confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser and Underwriter to our Company for the Rights Issue with Warrants.

Messrs Teh & Lee confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Due Diligence Solicitor to our Company for the Rights Issue with Warrants.

Messrs Ernst & Young confirms that as at the date of this Abridged Prospectus, there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Reporting Accountants to our Company for the Rights Issue with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- i. Our Memorandum and Articles of Association;
- ii. The proforma consolidated statements of financial position of our Group as at 31 December 2012 together with the reporting accountants' letter thereon, as set out in Appendix III of this Abridged Prospectus;
- iii. Our audited consolidated financial statements for the past two (2) financial years up to the FYE 31 December 2012;
- iv. Our latest unaudited quarterly report for the nine (9)-month FPE 30 September 2013, as set out in Appendix V of this Abridged Prospectus;
- v. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;
- vi. The letters of consent referred to in Section 6 of this Appendix VII;
- vii. The Undertaking letter from the Undertaking Shareholders referred to in Section 4 of this Abridged Prospectus; and
- viii. The material contracts referred to in Section 3 of this Appendix VII.

9. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being our Principal Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.