

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Combined Statement of Comprehensive Income
For the Fourth Quarter Ended 31 December 2010

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2010 RM'000	Preceding Year Quarter (2) 31/12/2010 RM'000	Current Year To Date 31/12/2010 RM'000	Preceding Year To Date (2) 31/12/2010 RM'000
Revenue	152,975	N/A	527,593	N/A
Cost of sales	(135,783)	N/A	(463,463)	N/A
Gross profit	17,192	N/A	64,130	N/A
Other income	1,020	N/A	3,907	N/A
Selling and administrative expenses	(5,309)	N/A	(17,176)	N/A
Finance costs	(796)	N/A	(2,927)	N/A
Profit before tax	12,107	N/A	47,934	N/A
Income tax expense	(2,123)	N/A	(11,375)	N/A
Profit after tax	9,984	N/A	36,559	N/A
Other comprehensive income	11	N/A	(6)	N/A
Total comprehensive income for the period	9,995	N/A	36,553	N/A
Profit after tax attributable to :				
Equity holders of the Company	9,984	N/A	36,559	N/A
Minority interest	-	N/A	-	N/A
	9,984	N/A	36,559	N/A
Earnings Per Share (RM)				
- Basic (3)	0.05	N/A	0.18	N/A
- Diluted (3)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Equity holders of the Company	9,995	N/A	36,553	N/A
Minority interest	-	N/A	-	N/A
	9,995	N/A	36,553	N/A

Notes:

- (1) The Condensed Combined Statement of Comprehensive Income are prepared based on the combined results of Kimlun Corporation Berhad ("KIMLUN") and its subsidiaries ("KIMLUN Group") assuming the KIMLUN Group has existed on or before 1 January 2010. KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.
- (2) No comparable figures are available for the preceding period / year as this is the fourth quarterly report to Bursa Malaysia Securities Berhad as KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.
- (3) Based on the weighted average issued share capital of 197,789,041 shares as detailed in Note B13.

The Condensed Combined Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 14 June 2010 and the accompanying notes attached to this interim financial report.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Combined Statements of Financial Position
As at 31 December 2010

	Unaudited As at 31/12/2010 RM'000	Unaudited As at (1) 31/12/2009 RM'000
Assets		
Non- current assets		
Property, plant and equipment	36,274	N/A
Investments properties	567	N/A
Other investments	90	N/A
	<u>36,931</u>	<u>N/A</u>
Current assets		
Properties held for sale	1,306	N/A
Inventories	5,854	N/A
Trade and other receivables	235,903	N/A
Cash and bank balances (2)	111,217	N/A
	<u>354,280</u>	<u>N/A</u>
TOTAL ASSETS	<u><u>391,211</u></u>	<u><u>N/A</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	114,500	N/A
Share premium	26,778	N/A
Translation reserve	(4)	N/A
Merger deficit	(79,500)	N/A
Retained profits	122,629	N/A
Total equity	<u>184,403</u>	<u>N/A</u>
Non-current liabilities		
Deferred tax liabilities	1,810	N/A
Loans and borrowings	4,399	N/A
	<u>6,209</u>	<u>N/A</u>
Current liabilities		
Income tax payable	2,446	N/A
Loans and borrowings	26,710	N/A
Trade and other payables	171,443	N/A
	<u>200,599</u>	<u>N/A</u>
Total liabilities	<u>206,808</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u><u>391,211</u></u>	<u><u>N/A</u></u>
Net Assets Per Share Attributable to ordinary equity holders of the Company (RM) (3)	0.81	N/A

Notes:

(1) No comparable figures are available for the preceding period / year as this is the fourth quarterly report to Bursa Malaysia Securities Berhad as KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.

(2) Based on the issued share capital of 229,000,000 shares after completion of the Initial Public Offering (as detailed in note B8).

The Condensed Combined Statements of Financial Position should be read in conjunction with the Proforma Consolidated Financial information and the Accountants' Report for the financial period/year ended 31 December 2009 as disclosed in the prospectus of the Company dated 14 June 2010 and the accompanying notes attached to this interim financial report.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Combined Statement of Cash Flow
For The Year Ended 31 December 2010

	Current Year To Date 31/12/2010 RM'000	Preceding Year To Date (2) 3/12/2009 RM'000
Cash flows from operating activities		
Profit before taxation	47,934	N/A
Adjustment for :		
Unrealised foreign exchange gain	(371)	N/A
Depreciation	5,082	N/A
Loss on disposal of investment properties held for sale	25	N/A
Gain on disposal of property, plant and equipment	(44)	N/A
Interest expenses	1,887	N/A
Interest income	(978)	N/A
Operating profit before working capital changes	<u>53,535</u>	<u>N/A</u>
Inventories	7,105	N/A
Receivables	(42,089)	N/A
Payables	32,966	N/A
Cash generated from operating activities	<u>51,517</u>	<u>N/A</u>
Interest paid	(1,887)	N/A
Tax paid	(13,598)	N/A
Interest received	867	N/A
Net cash generated from operating activities	<u>36,899</u>	<u>N/A</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,732)	N/A
Proceeds from disposal of property, plant & equipment	90	N/A
Purchase of club membership	(50)	N/A
Interest received	111	N/A
Net cash used in investing activities	<u>(20,581)</u>	<u>N/A</u>
Cash flows from financing activities		
Proceeds from issuance of shares	62,080	N/A
Share issuance expense	(3,302)	N/A
Dividend paid	(14,080)	N/A
Proceeds from bankers's acceptance	(3,700)	N/A
Repayment of term loan	(1,017)	N/A
Repayment of advance against progressive claim	(3,283)	N/A
Repayment to hire purchase creditors	(2,355)	N/A
Net cash used in financing activities	<u>34,343</u>	<u>N/A</u>
Net increase in cash and cash equivalents	50,661	N/A
Effects of exchange rate changes on cash and cash equivalents	(22)	N/A
Cash and cash equivalents at beginning of financial period	<u>60,578</u>	<u>N/A</u>
Cash and cash equivalents at end of financial period	<u>111,217</u>	<u>N/A</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	111,217	N/A
Bank overdrafts (included within short term borrowings)	-	N/A
	<u>111,217</u>	<u>N/A</u>

Notes:
(1) The Condensed Combined Statement of Cash Flow are prepared based on the combined results of Kimlun Corporation Berhad ("KIMLUN") and its subsidiaries ("KIMLUN Group") assuming the KIMLUN Group has existed on or before 1 January 2010. KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.

(2) No comparable figures are available for the preceding period / year as this is the fourth quarterly report to Bursa Malaysia Securities Berhad as KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.

The Condensed Combined Statement of Cash Flow should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 14 June 2010 and the accompanying notes attached to this interim financial report.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Combined Statement of Changes in Equity
As at 31 December 2010

	Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Merger Deficit RM'000	Retained earnings RM'000	Total RM'000
Balance At 1/1/2010	82,500	-	2	(79,500)	101,952	104,954
- Effect of adopting FRS 139					(1,802)	(1,802)
- As restated	82,500	-	2	(79,500)	100,150	103,152
Total comprehensive income for the period	-	-	(6)	-	36,559	36,553
Dividend payment (as detailed in Note A8)	-	-	-	-	(14,080)	(14,080)
Issue of shares (as detailed in Note B8)	32,000	30,080	-	-	-	62,080
Share issue expenses	-	(3,302)	-	-	-	(3,302)
At 31/12/2010	114,500	26,778	(4)	(79,500)	122,629	184,403

(1) The Condensed Combined Statements of Changes in Equity are prepared based on the combined results of Kimlun Corporation Berhad ("KIMLUN) and its subsidiaries ("KIMLUN Group") assuming the KIMLUN Group has existed on or before 1 January 2010. KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.

(2) No comparable figures are available for the preceding period / year as this is the fourth quarterly report to Bursa Malaysia Securities Berhad as KIMLUN completed its restructuring only on 10 May 2010 on which the Group has only existed.

(3) Based on the issued share capital of 165,000,000 shares after completion of the Acquisition (as detailed in note B8).

The Condensed Combined Statements of Financial Position should be read in conjunction with the Proforma Consolidated Financial information and the Accountants' Report for the financial period/year ended 31 December 2009 as disclosed in the prospectus of the Company dated 14 June 2010 and the accompanying notes attached to this interim financial report.

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010**

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"). This is the fourth interim financial report on the combined results for the fourth quarter ended 31 December 2010 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial report should be read in conjunction with the proforma combined financial statements for the financial year ended 31 December 2009 as disclosed in the Prospectus of the Company dated 14 June 2010 and the accompanying explanatory notes attached to this interim financial report.

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 are consistent with those of the audited financial statements for the financial period/year ended 31 December 2009 of the Group, 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 2010:

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 8: Operating Segments
FRS 101: Presentation of Financial Statements
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Financial Instruments: Disclosures
Amendments to FRS 8: Operating Segments
Amendments to FRS 107: Statement of Cash Flows
Amendments to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110: Events After the Balance Sheet Date
Amendments to FRS 116: Property, Plant and Equipment
Amendments to FRS 117: Leases
Amendments to FRS 118: Revenue
Amendments to FRS 119: Employee Benefits
Amendments to FRS 123: Borrowing Costs
Amendments to FRS 127: Consolidated and Separate Financial Statements

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

Amendments to FRS 128: Investments in Associates
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 134: Interim Financial Reporting
Amendments to FRS 136: Impairment of Assets
Amendments to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 140: Investment Property
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Other than the implications as disclosed below, the adoption of the above FRSs, IC interpretations and Amendments do not have material impact on the financial statements of the Group:

(i) FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports.

(ii) FRS 139: Financial instruments: Recognition and measurement

FRS 139 establishes principles for recognition and measurement of financial instruments. The Group has adopted FRS139 prospectively on 1 January 2010 in accordance with the transitional provisions of FRS139.

Financial Assets and Liabilities

(a) Receivables

Prior to 1 January 2010, receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, receivables are initially measured at fair value and subsequently at amortized cost using effective interest rate method. Gains and losses are recognized in the consolidated income statement when the related accretion cost are derecognized or further impaired.

(b) Payables

Prior to 1 January 2010, payables were stated at gross amount payable. Under FRS 139, payables are initially measured at fair value and subsequently at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statements.

(c) Derivative Financial Instruments

The Group does not have any off balance sheet financial instruments in the previous financial year or the financial year-to-date.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

Disclosure of Gains or Losses arising from Fair Value Changes of Financial Assets and Liabilities

In accordance with the transitional provisions of FRS 139, the applicable changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	As at 1 January 2010
	RM'000
Decrease in trade receivables	(3,106)
Decrease in trade payables	(1,305)
Decrease in retained earnings	(1,801)

In addition, the changes in accounting policies have the effect of decreasing the current quarter net profit by RM0.07 million only as stated below;.

	Current quarter ended 31.12.2010
	RM'000
Loss arising from trade receivables	(86)
Gains arising from trade payables	16
Net loss to Profit and Loss	(70)

The above gains/losses arose from the re-measurement of fair value of retention sum due from customers and retention sums due to contractors.

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 period/year ended 31 December 2009.

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.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

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

Save as disclosed under Note B8 below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

A8. Dividend Paid

Prior to the Acquisitions (as detailed in note B8), Kimlun Sdn Bhd ("KLSB") and SPC Industries Sdn Bhd ("SPC") had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million respectively as part of the listing scheme, which were paid on 8 May 2010.

A first interim single-tier dividend of 2 sen per share amounting to RM4.58 million was paid on 18 October 2010 in respect of the financial year ended 31 December 2010.

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) Investment

The segment revenue and results for the financial period ended 31 December 2010:

	Construction RM'000	Manufacturing & Trading RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	487,834	39,066	693	0	527,593
Inter-segment sales	6,086	10,267	5,555	(21,908)	0
Total revenue	<u>493,920</u>	<u>49,333</u>	<u>6,248</u>	<u>(21,908)</u>	<u>527,593</u>
RESULTS					
Profit from operations	53,955	9,899	6,248	(5,972)	64,130
Other operating income					3,907
Selling and administrative expenses^					(17,176)
Finance costs					<u>(2,927)</u>
Profit before tax					47,934
Income tax expense					<u>(11,375)</u>
Total Comprehensive Income					<u>36,559</u>

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

^: Included herein were listing related expenses of RM0.79 million

A10. Valuation of property, plant and equipment

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

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 December 2010 are as follows:-

	RM'000
Approved and contracted for	<u>1,569</u>

A12. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM23.61 million during the financial year-to-date as follows:-

	Group
	31.12.2010
	RM'000
Concrete product factory	5,955
Plant & machinery	9,669
A parcel of industrial land	5,187
Other assets	<u>2,794</u>
	<u>23,605</u>

A13. Material events subsequent to the end of period reported

Kimlun Land Sdn Bhd ("KLLSB"), a wholly owned subsidiary of the Company, had on 28 January 2010 subscribed for fifty one thousand (51,000) ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up share capital of Posh Atlantic Sdn Bhd ("PASB") at par and for cash, and entered into Shareholder's Agreement with Lee Yoke Ming, another shareholder of PASB.

Save as disclosed above, there were no material events subsequent to the end of the current financial quarter up to 18 February 2011, 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

On 22 December 2010, the Company incorporated a wholly-owned subsidiary in Malaysia under the name of Kimlun Land Sdn Bhd ("KLLSB"). The initial authorised capital of KLLSB is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and paid up capital is RM2.00 divided into 2 ordinary shares of RM1.00 each.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

On 25 January 2011, KLLSB increased its authorised share capital from RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each to RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each by the creation of an additional 4,900,000 ordinary shares.

On 25 January 2011, KLLSB allotted 999,998 ordinary shares of RM1.00 each at par and for cash consideration to the Company.

Save as disclosed above and under Note B8, 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:-

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 31 December 2010 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	17,319	2,026
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	19,572	7,999

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010**

NOTES TO REPORT

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA
MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

B1. Review Of Performance Of The Group

The Group achieved revenue of RM152.97 million during the current quarter, which is 40.53% higher than the pro-rated pro-forma consolidated revenue of RM108.85 million for the previous year's corresponding quarter.

The profit after taxation of the Group of RM9.98 million for the current quarter is 26.6% higher than the pro-rated pro-forma consolidated profit after tax of RM7.88 million for the previous year's corresponding quarter.

For the current year to date, the Group achieved revenue of RM527.59 million, which is 21.2% higher than the pro-rated pro-forma consolidated revenue of RM435.41 million for the previous year's corresponding period. The profit after taxation of the Group of RM36.56 million for the current year to date is 16.0% higher than the pro-rated pro-forma consolidated profit after tax of RM31.53 million for the previous year's corresponding period.

The increase in revenue and profit after tax during the current quarter and period was mainly due to a higher contribution from the construction segment. The construction segment continued to be the main revenue contributor to the Group, attributing 89.7% and 92.5% of the current quarter's and period's revenue.

During the second quarter, RM0.79 million of our Listing expenses were expensed off on completion of our Listing in accordance with the provisions of FRSIC Consensus 13 (as detailed in note B8(v)). Should the Group adjust back these listing expenses, the adjusted profit after tax and adjusted growth in profit after tax of the Group are set out as follows:

	Period To-date RM'mil
Profit after tax as reported	36.56
Add back: listing expenses	0.79
Adjusted profit after tax	<u>37.35</u>
Revised growth rate as compared to pro-rated pro-forma consolidated profit after tax for the previous year's corresponding period	18.5%

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010**

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

The Group recorded a 28.1% or RM33.57 million growth in revenue for the fourth quarter of 2010 as compared to the preceding quarter as both construction and manufacturing divisions reported higher revenue.

Profit after tax of the Group for the fourth quarter rose by 18.9% as compared to the preceding quarter.

The increase in revenue and profit after tax was mainly attributable to the progression of construction work of several larger sized projects and the commencement of supply of tunnel lining segments towards certain sales orders which were secured during the year.

B3. Prospects For 2011

The Board of Directors expects FY2011 to be an exciting and busy period for the Group and the Group's business is expected to remain strong in 2011, based on the favourable economic outlook, in particular in relation to the construction sector for Malaysia and Singapore, the countries in which our Group has presence. Malaysian economy is projected to grow by 6% in 2011, while The Ministry of Trade and Industry, Singapore, expects the Singapore economy to grow by 4.0 to 6.0% in 2011.

Malaysian Construction Sector

The sector is expected to benefit from the economic recovery, ongoing construction activities under the second stimulus package and construction projects to be rolled out under the Tenth Malaysia Plan.

The Government has allocated RM230bil for development expenditure under the 10th Malaysia Plan ("10MP"). 60% or RM138 billion will be expended in the physical development to be undertaken by the construction sector. Among the projects which will be rolled out under the 10MP are:

- The implementation of the high-capacity Mass Rapid Transit system. When completed, the system is expected to cover a total length of about 150km.
- The development of the Malaysian Rubber Board's land in Sungai Buloh, Selangor, covering an area of 3,300 acres at an estimated cost of RM10bil.
- The construction of eight hospitals, 197 clinics and 50 additional 1Malaysia clinics
- The construction of seventy-eight thousand affordable houses

Singapore Construction Sector

Singapore's construction demand for 2011 is projected to reach between SGD22 billion and SGD28 billion. This is a continuation of a sustained workload from last year's SGD25.7 billion worth of contracts awarded.

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010**

For 2011, public sector demand for construction is likely to contribute about 55% to the overall construction demand. The rebound is anticipated to mainly come from growth in public sector institutional construction demand as well as stronger public sector civil engineering construction demand led by Land Transport Authority (LTA)'s Downtown MRT Line Stage 3 contracts.

Tentatively, 5 rail and related works construction tenders are expected to be called by the relevant public sector agencies in 2011.

The increase in construction activities will have spill-over effects on complementary industries such as building and construction materials. The Group continues to bid actively for construction projects and orders for pre-cast concrete products particularly for the supply of tunnel lining segments to Singapore MRT projects.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Taxation

	Current Quarter 3 months ended 31.12.2010 RM'000	Cumulative Quarter 12 months ended 31.12. 2010 RM'000
In respect of the current period		
- Income tax	1,929	10,904
- Deferred tax	194	855
	2,123	11,759
In respect of prior year		
- Income tax	-	(384)
	2,123	11,375

The effective tax rate was lower than the statutory rate applicable to the Group for the current quarter mainly due to the utilisation of certain tax incentives available to SPC.

B6. Profit on Sale of Unquoted Investments and/or Properties

There were no material sales of unquoted investments and/or properties during the current financial quarter and financial period.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

B7. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current financial quarter and financial period.

B8. Status of Corporate Proposals

In conjunction with, and as an integral part of our Listing, we undertook the following Listing Scheme, which involves the following:-

(i) Dividend Payment

Prior to the Acquisitions (details as below), KLSB and SPC had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million, respectively.

The dividends were paid on 8 May 2010.

(ii) Acquisitions

(a) Acquisition of KLSB

Pursuant to the Share Sale Agreement dated 6 November 2009 entered into by the Company and the vendors of KLSB, the Company acquired the entire issued and paid-up share capital of KLSB, comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM66,164,000, which was wholly satisfied by the issuance of 132,328,000 new ordinary of RM0.50 each in the Company (ordinary share of RM0.50 each in the Company is hereinafter referred to as "Share") credited as fully paid-up. The vendors and their respective equity interests acquired by the Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in KLSB		No. of new Shares issued as consideration
	No. of shares of RM1.00 held	% held	
Pang Tin @ Pang Yon Tin	600,000	60.00	79,396,800
Phang Piow @ Pang Choo Ing	100,000	10.00	13,232,800
Pang Khang Hau	100,000	10.00	13,232,800
Chin Lian Hing	50,000	5.00	6,616,400
Sim Tian Liang	50,000	5.00	6,616,400
Yam Tai Fong	50,000	5.00	6,616,400
Leong Choon Thye	25,000	2.50	3,308,200
Lew Kim Bock	25,000	2.50	3,308,200
Total	1,000,000	100.00	132,328,000

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

The purchase consideration of RM66,164,000 for the Acquisition of KLSB was arrived at on a willing buyer-willing seller basis after taking into consideration the audited Net Tangible Assets (“NTA”) of KLSB as at 31 May 2009 of RM66,083,298.

The 132,328,000 new Shares issued pursuant to the Acquisition of KLSB rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The Acquisition of KLSB was completed on 10 May 2010.

(b) Acquisition of SPC

Pursuant to the Share Sale Agreement dated 6 November 2009 and the Supplemental Agreement dated 10 May 2010 entered into by the Company and the vendors of SPC, the Company acquired the entire issued and paid-up share capital of SPC, comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM15,995,999, which was wholly satisfied by the issuance of 31,991,998 new Shares each credited as fully paid-up. The vendors and their respective equity interests acquired by the Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in SPC		No. of new Shares issued as consideration
	No. of shares of RM1.00 held	% held	
Pang Tin @ Pang Yon Tin	600,000	30.00	9,597,599*
Phang Piow @ Pang Choo Ing	600,000	30.00	9,597,599
Loh Chew Lon	600,000	30.00	9,597,600*
Pang Chew Ngo	100,000	5.00	1,599,600
Pang Koi Moy	100,000	5.00	1,599,600
Total	2,000,000	100.00	31,991,998

Note:-

* Upon completion of the Acquisition of SPC, Loh Chew Lon sold and transferred in total 2,959,300 new Shares issued to him as consideration pursuant to the Acquisition of SPC to Pang Tin @ Pang Yon Tin for a purchase consideration of RM2,870,521 (“**LCL-PT Sale**”). The sale and transfer of Shares by Loh Chew Lon to Pang Tin @ Pang Yon Tin under the LCL-PT Sale was completed on 10 May 2010.

The purchase consideration of RM15,995,999 for the Acquisition of SPC was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of SPC as at 31 May 2009 of RM15,995,797.

The 31,991,998 new Shares issued pursuant to the Acquisition of SPC rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

The Acquisition of SPC was completed on 10 May 2010.

(c) Acquisition of IBT

Pursuant to the Share Sale Agreement dated 6 November 2009 entered into by the Company and the vendors of IBT, the Company acquired the entire issued and paid-up share capital of IBT, comprising 80 ordinary shares for a total purchase consideration of RM340,000, which was wholly satisfied by the issuance of 680,000 new Shares each credited as fully paid-up. The vendors and their respective equity interests acquired by the Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in IBT		No. of new Shares issued as consideration
	No. of shares held	% held	
Pang Tin @ Pang Yon Tin	55	68.75	467,500
Pang Khang Hau	10	12.50	85,000
Sim Tian Liang	5	6.25	42,500
Yam Tai Fong	5	6.25	42,500
Chin Lian Hing	5	6.25	42,500
Total	80	100.00	680,000

The purchase consideration of RM340,000 for the Acquisition of IBT was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of IBT as at 31 May 2009 of SGD140,180 (equivalent to RM339,011 based on the exchange rate of SGD1.00:RM2.4184 as at 31 May 2009).

The 680,000 new Shares issued pursuant to the Acquisition of IBT rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The Acquisition of IBT was completed on 10 May 2010.

(iii) IPO

(a) Public Issue

The Company undertook the Public Issue of 64 million Shares at an issue price of RM0.97 per Share.

(b) Offer for Sale

Phang Piow @ Pang Choo Ing ("Offeror") undertook the Offer for Sale of 11.3 million Shares at an offer price of RM0.97 per Share.

(iv) Listing

Subsequent to the Public Issue and Offer for Sale, the Company sought the listing of and quotation for its entire enlarged issued and paid-up share capital comprising of 229 million Shares on the Main Market of Bursa Securities.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

(v) Utilisation of Proceeds

The Public Issue raised gross proceeds of RM62.08 million. The status of utilization of the proceeds as at LPD is as follows:

Description	Estimated timeframe for utilisation upon Listing	Proposed Utilisation	Actual Utilisation	Deviation		Explanation
		RM'000	RM'000	RM'000	%	
Construction of factories and purchase of plant and machinery	Within 24 months	35,900	6,788	29,112	81.1%	(2)
Purchase of a parcel of industrial land	Within 12 months	5,200*	5,187	13	0.3%	
Working capital	Within 24 months	16,980	16,460	520	3.1	(2)
Estimated listing expenses	Immediate	4,000	4,086	(86)	(2.2%)	(3)
Total Proceeds		62,080	32,521	29,559		

Note:-

* Inclusive of estimated incidental cost of RM200,000.

- (1) The gross proceeds arising from the Offer for Sale, net of the relevant fee, shall accrue entirely to the Offeror and no part of the proceeds will be received by the Company.
- (2) IPO proceeds will be utilized within the estimated timeframe. The Group does not expect any material deviation as at the date of this report.
- (3) The total listing expenses was RM4.09 million. In accordance with the provisions of FRSIC Consensus 13, RM3.30 million and RM0.79 million was written off against share premium account and expensed off respectively in current period. The deviation of RM0.09 million was financed via the funds generated internally by the Group.

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010**

B9. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 31 December 2010 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	980
	<u>980</u>
<u>Unsecured:</u>	
Term loans	3,419
	<u>3,419</u>
	<u>4,399</u>
Short term borrowings	
<u>Secured:</u>	
Bank overdrafts	-
Hire purchase creditors	2,243
Bankers' acceptance	23,395
Advance against progressive claim	-
Packing credit advances	-
Term loan	-
	<u>25,638</u>
<u>Unsecured:</u>	
Term loans	1,072
	<u>1,072</u>
	<u>26,710</u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

B11. Material Litigation

There were no material litigation as at the date of issuance of this quarterly report.

B12. 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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31
DECEMBER 2010

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 31.12.2010 RM'000	Group 30.09.2010 RM'000
Total retained earnings		
- Realised	124,786	114,274
- Unrealised	<u>(1,726)</u>	<u>(1,614)</u>
	123,060	112,660
Less : Consolidation adjustments	<u>(431)</u>	<u>(15)</u>
Total Group retained earnings as per consolidated accounts	<u>122,629</u>	<u>112,645</u>

B13. Dividends

An interim single-tier dividend of 2.0 sen per share amounting to RM4.58 million in respect of the financial year ended 31 December 2010 was approved in the second quarter and paid on 18 October 2010.

The Board of Directors recommend the payment of a final single-tier dividend of 2.8 sen per share amounting to RM6.412 million in respect of the financial year ended 31 December 2010 which is subject to the approval of the members at the forthcoming Annual General Meeting.

B14. Earnings Per Share

Basic earnings per share are calculated based on weighted average number of 197,789,041 ordinary shares in issue and profit attributable to equity holder of the Group. There is no dilutive effect.