

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Fourth Quarter Ended 31 December 2014

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2014 RM'000	Preceding Year Quarter 31/12/2013 RM'000	Current Year To Date 31/12/2014 RM'000	Preceding Year To Date 31/12/2013 RM'000
Revenue	280,428	270,901	1,219,714	946,996
Cost of sales	(253,679)	(251,519)	(1,104,269)	(863,865)
Gross profit	26,749	19,382	115,445	83,131
Other income	1,924	1,826	7,884	5,978
Selling and administrative expenses	(11,691)	(8,528)	(45,521)	(39,459)
Finance costs	(3,400)	(3,192)	(12,567)	(11,475)
Profit before tax	13,582	9,488	65,241	38,175
Income tax expense	(2,767)	3,218	(16,059)	(2,699)
Profit net of tax	10,815	12,706	49,182	35,476
Other comprehensive income	(10)	5	(9)	5
Total comprehensive income for the period	<u>10,805</u>	<u>12,711</u>	<u>49,173</u>	<u>35,481</u>
Profit attributable to :				
Owners of the Company	9,151	12,814	45,094	35,715
Non-controlling interests	1,664	(108)	4,088	(239)
	<u>10,815</u>	<u>12,706</u>	<u>49,182</u>	<u>35,476</u>
Earnings Per Share (RM)				
- Basic (2)	0.03	0.05	0.15	0.15
- Diluted (2)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Owners of the Company	9,141	12,819	45,085	35,720
Non-controlling interests	1,664	(108)	4,088	(239)
	<u>10,805</u>	<u>12,711</u>	<u>49,173</u>	<u>35,481</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 2013 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B12 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 December 2014

	Unaudited As at 31/12/2014 RM'000	Audited As at 31/12/2013 RM'000
Assets		
Non- current assets		
Property, plant and equipment	160,903	156,699
Investment properties	327	327
Other investments	90	90
Deferred tax assets	6,269	4,797
	<u>167,589</u>	<u>161,913</u>
Current assets		
Properties held for sale	1,829	389
Property Development costs	42,353	60,001
Inventories	21,119	16,977
Trade and other receivables	318,043	353,981
Other current assets	278,213	224,568
Cash and bank balances	86,103	32,128
	<u>747,660</u>	<u>688,044</u>
TOTAL ASSETS	<u><u>915,249</u></u>	<u><u>849,957</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	6,750	88
Loans and borrowings	111,249	144,707
Trade and other payables	317,592	308,165
Other current liability	7,565	7,378
	<u>443,156</u>	<u>460,338</u>
Net current assets	<u>304,504</u>	<u>227,706</u>
Non-current liabilities		
Loans and borrowings	67,831	90,419
TOTAL LIABILITIES	<u>510,987</u>	<u>550,757</u>
Net assets	<u>404,262</u>	<u>299,200</u>
Equity		
Share capital	150,281	120,225
Share premium	37,795	37,798
Treasury shares	(12)	-
Other reserves	34,866	10
Retained earnings	177,146	141,069
Equity attributable to owners of the Company	<u>400,076</u>	<u>299,102</u>
Non-controlling interests	4,186	98
Total equity	<u>404,262</u>	<u>299,200</u>
TOTAL EQUITY AND LIABILITIES	<u><u>915,249</u></u>	<u><u>849,957</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	1.33	1.24

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 2013 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 31 December 2014

	Current Year To Date 31/12/2014 RM'000	Preceding Year To Date 31/12/2013 RM'000
Operating activities		
Profit before tax	65,241	38,175
Adjustment for :		
Unrealised foreign exchange loss/(gain)	207	(1,094)
Depreciation	24,665	18,980
Bad debts written off	1,868	54
Gain on disposal of property, plant and equipment	(71)	(194)
Transfer of plant and equipment at (gain)/loss	-	(20)
Fixed assets written off	25	-
Interest expenses	9,615	9,215
Interest income	(1,049)	(638)
Operating cash flows before changes in working capital	100,501	64,478
<u>Changes in working capital</u>		
Development property	17,648	(9,602)
Inventories	(4,142)	5,176
Receivables	11,200	(40,327)
Other current assets	(34,713)	(45,234)
Payables	11,470	35,337
Other current liabilities	187	(7,949)
Cash flows generated from operations	102,151	1,879
Interest paid	(9,615)	(9,215)
Tax paid	(10,871)	(10,974)
Interest received	1,049	638
Net cash flows from/(used) in operating activities	82,714	(17,672)
Investing activities		
Purchase of property, plant and equipment	(18,263)	(37,444)
Proceeds from disposal of property, plant & equipment	175	273
Purchase of property held for sales	(40)	(9)
Other deposits not for short-term funding requirements	-	-
Net cash flows used in investing activities	(18,128)	(37,180)
Financing activities		
Proceeds from issuance of shares	66,124	-
Purchase of treasury shares	(12)	-
Share issuance expenses	(1,205)	-
Dividend paid	(9,017)	(11,542)
(Repayment of)/Proceeds from loans and borrowings	(23,217)	41,124
(Repayment of)/Proceeds from advance against progressive claims	(17,002)	1,724
Repayment to hire purchase creditors	(6,290)	(5,235)
Net cash flows from financing activities	9,381	26,071
Net increase/(decrease) in cash and cash equivalents	73,967	(28,781)
Effects of exchange rate changes on cash and cash equivalents	193	93
Cash and cash equivalents at beginning of financial period	5,346	34,034
Cash and cash equivalents at end of financial period	79,506	5,346
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	86,103	32,128
Bank overdrafts (included within short term borrowings)	(6,597)	(26,782)
	79,506	5,346

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 2013 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 31 December 2014

	Attributable to owners of the parent						Sub-Total	Non-controlling interest	Total Equity
	<----- Non-distributable ----->					Distributable			
	Share capital	Share premium	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
YTD ended 31 December 2014									
Balance At 1/1/2014	120,225	37,798	-	-	10	141,069	299,102	98	299,200
Total comprehensive income for the period	-	-	-	-	(9)	45,094	45,085	4,088	49,173
Transactions with owner									
Issuance of ordinary shares pursuant to rights issue with warrants (as detailed in Note A7)	30,056	1,202	-	34,865	-	-	66,123	-	66,123
Share issue expenses	-	(1,205)	-	-	-	-	(1,205)	-	(1,205)
Purchase of treasury shares	-	-	(12)	-	-	-	(12)	-	(12)
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(9,017)	(9,017)	-	(9,017)
At 31/12/2014	150,281	37,795	(12)	34,865	1	177,146	400,076	4,186	404,262
YTD ended 31 December 2013									
Balance At 1/1/2013	120,225	37,798	-	-	4	116,896	274,923	337	275,260
Total comprehensive income for the period	-	-	-	-	6	35,715	35,721	(239)	35,482
Transactions with owner									
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(11,542)	(11,542)	-	(11,542)
At 31/12/2013	120,225	37,798	-	-	10	141,069	299,102	98	299,200

(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 2013 and the accompanying notes attached to the interim financial statements

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 2013.

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 2013, 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 2014:

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136: Recoverable Amount Disclosure for Non-Financial Assets
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies

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.

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 2013.

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

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

- (i) issuance of 60,112,500 new ordinary shares of RM0.50 each and 60,112,500 warrants pursuant to the Rights Issue of 60,112,500 New Ordinary Shares of RM0.50 Each at an Issue Price of RM1.10 per Rights Share together with 60,112,500 free Warrants (“Warrants”) which was approved by the shareholders on 2 January 2014 (“Rights Issue with Warrants”), there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date; and
- (ii) Repurchase of 10,000 of the Company’s issued ordinary shares from the open market at an average price of RM1.21 per share during the current financial quarter. The total consideration paid for the repurchase including transaction costs amounting to RM12,189 was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A8. Dividend Paid

The final single-tier dividend of 3.0 sen per share in respect of the financial year ended 31 December 2013 was paid on 22 August 2014.

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 December 2014 are as follows:-

	RM'000
Approved and contracted for	<u>292</u>

The capital commitment is mainly for the purchase of mould for our manufacturing business.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM29.00 million, mainly incurred for the purchase of moulds, tower cranes, passenger hoist and other machinery during the financial period-to-date.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

A12. 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 31 December 2014:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	925,346	192,868	101,227	273	0	1,219,714
Inter-segment sales	48,648	9,834	(2,674)	10,911	(66,719)	0
Total revenue	973,994	202,702	98,553	11,184	(66,719)	1,219,714
RESULTS						
Profit from operations	55,198	32,714	28,699	11,184	(12,350)	115,445
Other operating income						7,884
Selling and administrative expenses						(45,521)
Finance costs						(12,567)
Profit before tax						65,241
Income tax expense						(16,059)
Profit net of tax						49,182
Segment Assets	570,862	254,341	92,979	223,870	(226,803)	915,249
Segment Liabilities	337,853	183,166	71,559	322	(81,913)	510,987

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 19 February 2015, 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:-

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 31 December 2014 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	76,154	15,345
Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin has substantial financial interest	9,681	4,662

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 4 Financial Year Ended 31 December (“FY”) 2014 vs Quarter 4 FY2013

The Group achieved revenues of RM280.43 million during the current quarter, which is 3.5% higher as compared to RM270.91 million registered in the previous year’s corresponding quarter.

Profit after tax of the Group of RM10.81 million for the current quarter is RM1.90 million or 14.9% lower than the RM12.71 million achieved in the previous year’s corresponding quarter.

(b) 12 Months Ended 31 December 2014 (“Current Period”) vs 12 Months Ended 31 December 2013 (“LY Corresponding Period”)

The Group achieved revenues of RM1,219.71 million during the Current Period, which is 28.8% higher as compared to RM947.00 million registered in LY Corresponding Period.

Profit after tax of the Group of RM49.18 million for the Current Period is RM13.70 million or 38.6% higher than the RM35.48 million achieved in LY Corresponding Period.

(c) Performance review

The construction division continued to be the main revenue contributor to the Group, attributing about 76% of the current quarter’s and Current Period’s revenue. For the current quarter, construction revenue improved by RM14.60 million, or 6.7%, compared to last year’s corresponding quarter, whereas for the Current Period, construction revenue improved by RM213.89 million, or 28.1% as compared to LY Corresponding Period. The improvement in construction revenue in the current quarter and Current Period was mainly due to greater amount of balance orders in hand carried forward from FY2013 for execution in FY2014 vis-à-vis the amount of balance order in hand carried forward from FY2012 for execution mainly in FY2013.

For the current quarter, manufacturing and trading revenue declined slightly from last year’s corresponding quarter, whereas for the Current Period, manufacturing and trading revenue improved by RM6.84 million, or 3.5% as compared to LY Corresponding Period. The improvement in manufacturing and trading revenue in the Current Period was mainly due to the increase in revenue from the sales of segmental box girdles (“SBG”) to the Klang Valley Mass Rapid Transit system (“KVMRT”).

For the current quarter, property development revenue improved by RM12.91 million, or 179.1% compared to last year’s corresponding quarter, whereas for the Current Period, property development revenue improved by RM79.05 million from RM19.50 million of LY Corresponding Period. The improvement in property development revenue was contributed by the revenue from the disposal of few parcels of land (“the Land Disposal”) for the consideration of RM46.46 million in the first quarter of FY2014, and the development progress of the Group’s maiden SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor during the period under review.

For the Current Period, revenue of the investment division was derived from interest and dividend income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group's gross profit margin of 9.5% in the current quarter and Current Period was higher than 7.2% and 8.8% of last year's corresponding quarter and LY Corresponding Period respectively. The construction and manufacturing and trading divisions achieved better gross profit margin during the current quarter mainly due to the execution of better margin projects and sales orders. During the Current Period, the two divisions derived slightly lower gross profit margin offset by the higher gross profit from the more profitable property development division.

Lower gross profit margin was derived by the construction division during the Current Period due to the execution of more projects involving the construction of high-rise buildings which generally entail more specialist contractors and clients' nominated sub-contractors services ("SCNSC"). The Group earns a lower margin on works under the scope of SCNSC. The manufacturing and trading division registered a lower gross profit margin during the Current Period mainly due to higher depreciation in relation to capital expenditures incurred on production plants, and larger proportion of the revenue being contributed by the lower margins KVMRT SBG and tunnel lining segment ("TLS") supply contracts.

On the back of higher revenue earned and better gross profit margin, gross profit of the Group increased by 38.0% and 38.9% for the current quarter and Current Period respectively as compared to the corresponding quarter and period of FY2013.

Higher other income was generated during the Current Period mainly attributable to higher amortization of retention sum due from construction contract works, and higher rental income.

For the current quarter, selling and administrative expenses were higher compared to last year's corresponding quarter mainly due to the reversal of overprovision of carriage outward in the previous year's corresponding quarter, and the provision of doubtful debt of RM1.39 million during the current quarter. For the Current Period, selling and administrative expenses were higher mainly due to higher carriage outward in line with the active delivery of finished goods to the Group's customers, and the provision of doubtful debt of RM1.87 million.

Higher financing costs were incurred during the current quarter and Current Period, in line with the increase in business activities of the Group.

For the Current Period, profit before and after tax of the Group improved on the back of higher revenue and gross profit earned. For the current quarter, profit after tax declined by RM1.90 million as compared to previous year's corresponding quarter despite of a stronger profit before tax achieved. This was due a lower provision for taxation arising from the recognition of a larger amount of tax incentives arising from capital expenditures incurred in expanding production capacity, in previous year's corresponding quarter.

(b) Group Cash Flow Review

The Group registered net cash inflow from operating activities and financing activities of RM82.71 million and RM9.38 million respectively for the Current Period, mainly due to the proceeds from the Land Disposal and the proceeds from Rights Issue with Warrants, respectively.

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

The Group recorded a 4.9% decline in revenue in the current quarter as compared to the preceding quarter mainly due to slightly lower revenue achieved by the construction division. Finance costs, selling and administrative expenses were lower, in line with the lower business activities of the Group. Profit after tax of the current quarter improved by RM0.72 million as compared to the preceding quarter mainly attributable to the recognition of tax incentives arise from capital expenditures incurred in expanding production capacity, in the current quarter.

B3. Prospects For 2015

The Group's has an estimated construction and manufacturing balance order book of approximately RM1.19 billion and RM0.23 billion respectively as at 31 December 2014. The balance order book together with the estimated unbilled property sales value of RM100 million from the Hyve on a 75% take-up rate provides a good earnings visibility to the Group. The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2015, thus order book replenishment prospects remain encouraging.

Malaysian Construction Sector

The Malaysian construction sector is projected to increase 10.7% in 2015 (2014: 12.7%) supported by the commencement of some oil & gas related projects such as the Refinery and Petrochemical Integrated Development ("RAPID") as well as ongoing transportation related infrastructure projects. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. Demand for affordable housing will remain favourable amid several Government initiatives such as 1Malaysia Housing Programme ("PR1MA"), Rumah Idaman Rakyat and Rumah Mesra Rakyat. The non-residential subsector is expected to remain stable supported by encouraging demand for industrial and commercial buildings.

Singapore Construction Sector

Construction contracts for the built environment sector is expected to reach between \$29 billion to \$36 billion in 2015, given a sustained pipeline of public sector projects. This follows an exceptionally strong performance in 2014 where the total construction demand set a new record of \$37.7 billion, fuelled by a higher volume of institutional and civil engineering construction contracts. Such projects include Tampines Town Hub project and the award of various major contracts for the construction of Thomson-East Coast MRT Line as well as land preparation works for the upcoming Changi Airport development.

This year, public sector projects are expected to account for an estimated 60% of the total construction demand in 2015.

The average construction demand is expected to be sustained between \$27 billion to \$36 billion in 2016 and 2017 per annum, in view of mega public sector infrastructure projects required to meet the long-term needs of Singapore.

Approximately 70-80% of the Group's on-going construction contracts are in Iskandar Malaysia ("IM") and were secured mainly from a diversified clientele which our Group has built long term

relationships with. Despite of the oversupply of properties in IM in the mixed-use and high-rise residential properties which have resulted in some developers scaling back and slowing down on their launches of such properties in IM hotspot areas, the Board remains positive of order book replenishment prospects as some of these developers started to shift their focus to landed properties, industrial parks or affordable homes developments, or moving out to suburbs such as Kulai and Senai, which continue to see healthy demand. In addition, the RAPID project in South Eastern Johor is expected to create great demand for infrastructure and building construction services.

Further, the government's target to construct one million units of affordable houses, including 500,000 units by PR1MA, 100,493 units by Syarikat Perumahan Negara Berhad (SPNB), and 100,000 units by 1Malaysia Civil Servant Housing (PPA1M) in the next five years, the construction of the KVMRT system with a total length of about 150 km in Klang Valley, the light rail transit line three from Bandar Utama to Shah Alam and Klang are expected to benefit our Group in the medium to long term. Our subsidiary, SPC Industries Sdn Bhd ("SPC") was appointed as the designated supplier for the supply of SBG to certain packages for RM223 million, and won the sales orders for the supply of precast concrete TLS for RM48.48 million in relation to the ongoing first line under the KVMRT (SBK Line). The second line has been approved by the federal government, and Mass Rapid Transit Corporation Sdn Bhd, has appointed MMC Gamuda KVMRT (PDP SSP) Sdn Bhd as the project delivery partner for the implementation of the second line.

In relation to Singapore market, SPC secured three sales contracts with an aggregate value of SGD43.45 million for the supply of precast concrete TLS to the upcoming 30 km MRT Thomson Line. It is currently bidding for further TLS sales orders from the Thomson Line.

SPC supplied TLS to Singapore MRT projects since 2006 and it secured approximately 50% of the total TLS orders of the on-going 42 km MRT Downtown Line.

With the track record gained in the SBK Line and Singapore MRT projects, SPC is well positioned to compete for further potential SBG and TLS sales orders from future MRT projects.

The Hyve which comprises a combination of 804 units of SOHO and offices for sale within the central business district of Cyberjaya, Selangor will continue to contribute to the Group's revenue in 2015 with further sales and progress in its development.

B4. Profit Forecast And Profit Estimate

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

B5. Profit Before Tax

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

	Current Quarter 3 months ended 31.12.2014 RM'000	Cumulative Quarter 12 months ended 31.12.2014 RM'000
(a) interest income	378	1,049
(b) other income including investment Income	1,509	6,765
(c) interest expense	2,499	9,615
(d) depreciation and amortization	5,933	24,665
(e) provision for and write off of receivables	1,390	1,868
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(38)	(71)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(267)	1,102
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.12.2014 RM'000	Cumulative Quarter 12 months ended 31.12.2014 RM'000
In respect of the current period		
- Income tax	3,980	17,573
- Deferred tax	(1,211)	(1,514)
	2,769	16,059
In respect of prior year		
- Income tax	(2)	(41)
- Deferred tax	0	41
	2,767	16,059

The effective tax rate of the Group for the current quarter was lower than the statutory rate applicable to the Group mainly due to the recognition of tax incentives arose from capital expenditures on expanding the Group's production capacity.

B7. Status of Corporate Proposals and Utilisation of Gross Proceeds

- (a) The following corporate proposals as announced by the Company have not been completed as at the LPD:
- (i) On 28 March 2013, the Company's wholly-owned subsidiary, Kimlun Medini Sdn Bhd entered into a conditional lease purchase agreement ("LPA") with Medini Land Sdn Bhd for the acquisition of 99-year lease over two parcels of contiguous freehold land with a total land area measuring 5.31 acres in Mukim of Pulai, District of Johor Bahru, Johor for a total cash consideration of RM31.06 million.
- The LPA was declared unconditional on 11 April 2013.
- (ii) On 5 March 2014, the Company's wholly-owned subsidiary, Kimlun Land Sdn Bhd entered into a conditional agreement of sale ("SPA") with Bayu Melati Sdn Bhd for the acquisition of forty one 99-year leasehold vacant detached lots with a total land area measuring 8.87 acres in Shah Alam, Mukim of Bukit Raja, District of Petaling Jaya, Selangor for a total cash consideration of RM28.99 million ("Acquisition").
- The Acquisition is pending fulfillment of the conditional precedents of the SPA.
- (b) The gross proceeds of RM66.12 million from the Rights Issue with Warrants have been fully utilized as proposed.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 31 December 2014 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	16,577
Term loans	51,254
	<u>67,831</u>
Short term borrowings	
<u>Secured:</u>	
Bank overdraft	6,597
Hire purchase creditors	7,222
Bankers' acceptance	77,045
Term loans	20,385
	<u>111,249</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 31.12.2014 RM'000	Group 31.12.2013 RM'000
Total retained earnings		
- Realised	171,531	136,461
- Unrealised	7,996	6,495
	<u>179,527</u>	<u>142,956</u>
Less : Consolidation adjustments	<u>(2,381)</u>	<u>(1,887)</u>
Total Group retained earnings as per consolidated accounts	<u>177,146</u>	<u>141,069</u>

B11. Dividends

- (a) The Board of Directors recommend the payment of a final single-tier dividend of 3.8 sen per share in respect of the financial year ended 31 December 2014 which is subject to the approval of the members at the forthcoming Annual General Meeting.
- (b) Total dividend declared during the financial year-to-date was 3.0 sen per share in respect of the financial year ended 31 December 2013 which was approved by the shareholders at the Annual General Meeting held on 19 June 2014. The dividend was paid on 22 August 2014
- (c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2012.

B12. Earnings Per Share (“EPS”)

Basic EPS are calculated by dividing the profit attributable to equity holder of the Group by the weighted average number of ordinary shares in issue during the financial period as follow:

	Current Quarter Ended		Year to-Date Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Profit attributable to equity holder of the Group (RM'000)	9,151	12,814	45,094	35,715
Number of ordinary shares in issue ('000)	300,562 [^]	240,450	293,092 [^]	240,450
Basic earnings per share (RM)	0.03	0.05 [#]	0.15	0.149 [#]

Diluted EPS is not applicable as the exercise price of the Warrants is higher than the average market price of the Company's ordinary shares.

[^]: Weighted average ordinary shares in issue after taking into consideration the effect of Rights Issue with Warrants

[#]: Had the EPS been computed based on the weighted average number of ordinary shares in issue of current quarter and year-to-date ended 31 December 2014, the EPS for preceding year quarter and year to-date ended 31 December 2013 would be RM0.04 and RM0.12 respectively.