Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Fourth Quarter Ended 31 December 2015

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2015 RM'000	**Preceding Year Quarter^ 31/12/2014 RM'000**	**Current Year To Date 31/12/2015 RM'000**	**Preceding Year To Date^ 31/12/2014 RM'000**
Revenue	231,950	276,438	1,053,640	1,206,399
Cost of sales	(197,468)	(254,335)	(930,695)	(1,103,782)
Gross profit	34,482	22,103	122,945	102,617
Other income	3,094	1,984	10,003	8,069
Selling and administrative expenses	(11,923)	(11,037)	(39,307)	(43,565)
Finance costs	(2,265)	(3,108)	(9,455)	(11,968)
Share of profit of a joint venture	3,332	2,039	9,176	4,686
Profit before tax	26,720	11,981	93,362	59,839
Income tax expense	(5,317)	(2,764)	(22,660)	(15,241)
Profit net of tax	21,403	9,217	70,702	44,598
Other comprehensive income	13	(10)	(45)	(9)
Total comprehensive income for the period	21,416	9,207	70,657	44,589
Profit attributable to :				
Owners of the Company	21,403	9,217	70,702	44,598
Earnings Per Share (RM)				
- Basic (2)	0.07	0.03	0.24	0.15
- Diluted (2)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Owners of the Company	21,416	9,207	70,657	44,589

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 2014 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B12 for details.

^:The Comparative figures have been restated to reflect the change in accounting for investment in Posh Atlantic Sdn Bhd from consolidation to equity accounting consequential upon the adoption of the new Financial Reporting Standard 11 on Joint Arrangement.

Kimlun Corporation Berhad
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 December 2015

	Unaudited As at 31/12/2015 RM'000	Audited As at 31/12/2014 RM'000
Assets		
Non- current assets		
Property, plant and equipment	151,767	160,853
Investment properties	327	327
Other investments	75	90
Investment in a joint venture	10,092	3,425
Deferred tax assets	2,874	5,794
	165,135	170,489
Current assets		
Properties held for sale	1,829	1,829
Property Development costs	103,104	14,268
Inventories	21,456	21,119
Trade and other receivables	444,917	349,391
Other current assets	139,959	249,117
Cash and bank balances	96,832	84,671
	808,097	720,395
TOTAL ASSETS	973,232	890,884
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	7,049	5,558
Loans and borrowings	101,797	111,237
Trade and other payables	301,306	314,985
Other current liability	40,641	8,805
	450,793	440,585
Net current assets	357,304	279,810
Non-current liabilities		
Loans and borrowings	62,698	49,782
TOTAL LIABILITIES	513,491	490,367
Net assets	459,741	400,517
Equity		
Share capital	150,281	150,281
Share premium	37,795	37,795
Treasury shares	(24)	(12)
Other reserves	34,821	34,866
Retained earnings	236,868	177,587
Total equity	459,741	400,517
TOTAL EQUITY AND LIABILITIES	973,232	890,884
Net Assets Per Share Attributable to owners of the Company (RM)	1.53	1.33

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 2014 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 December 2015

	Current Year To Date 31/12/2015 RM'000	Preceding Year To Date^ 31/12/2014 RM'000
Operating activities		
Profit before tax	93,362	59,839
Adjustment for :		
Unrealised foreign exchange (gain)/loss	(6,932)	207
Depreciation	20,859	24,647
Allowance for impairment on trade receivables	366	1,879
Impairment of intangible assets	3	-
Gain on disposal of property, plant and equipment	(120)	(71)
Transfer of plant and equipment at loss	-	1
Fixed assets written off	44	25
Interest expenses	6,369	9,117
Interest income	(1,757)	(1,258)
Share of profit of a joint venture	(9,176)	(4,686)
Operating cash flows before changes in working capital	103,018	89,700
Changes in working capital		
Development property	(88,836)	21,126
Inventories	(337)	(4,141)
Receivables	(102,596)	14,846
Other current assets	121,594	(40,511)
Payables	(12,968)	11,078
Other current liabilities	31,837	187
Cash flows generated from operations	51,712	92,285
Interest paid	(6,369)	(9,656)
Tax paid	(15,739)	(9,117)
Interest received	1,757	1,258
Net cash flows generated from operating activities	31,361	74,770
Investing activities		
Purchase of property, plant and equipment	(11,856)	(18,283)
Proceeds from disposal of property, plant & equipment	159	182
Subsequent expenditure of property held for resale	-	(41)
Proceeds from disposal of intangible asset	15	-
Net cash outflow on investment in subsidiary	(3)	-
Purchase of treasury shares	(12)	-
Net cash flows used in investing activities	(11,697)	(18,142)
Financing activities		
Proceeds from issuance of shares	-	66,124
Share issuance expenses	-	(1,206)
Purchase of treasury shares	-	(12)
Dividend paid	(11,421)	(9,017)
Repayment of loans and borrowings	(20,688)	(19,425)
Repayment of advance against progressive claims	-	(17,002)
Repayment to hire purchase creditors	(4,422)	(6,264)
Net cash flows (used in)/from financing activities	(36,531)	13,198
Net (decrease)/increase in cash and cash equivalents	(16,867)	69,826
Effects of exchange rate changes on cash and cash equivalents	441	193
Cash and cash equivalents at beginning of financial period	78,074	8,055
Cash and cash equivalents at end of financial period	61,648	78,074
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	96,832	84,671
Bank overdrafts (included within short term borrowings)	(35,184)	(6,597)
	61,648	78,074

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 2014 and the accompanying notes attached to the interim financial statements

^:The Comparative figures have been restated to reflect the change in accounting for investment in Posh Atlantic Sdn Bhd from consolidation to equity accounting consequential upon the adoption of the new Financial Reporting Standard 11 on Joint Arrangement.

Kimlun Corporation Berhad
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 31 December 2015

	Attributable to owners of the parent						
	<----------------- Non-distributable				----------------->	Distributable	
	Share capital	Share premium	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 31 December 2015</u>							
Balance At 1/1/2015	150,281	37,795	(12)	34,865	1	177,587	400,517
Total comprehensive income for the period	-	-	-	-	(45)	70,702	70,657
<u>Transactions with owner</u>							
Purchase of treasury shares	-	-	(12)	-	-	-	(12)
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(11,421)	(11,421)
At 31/12/2015	**150,281**	**37,795**	**(24)**	**34,865**	**(44)**	**236,868**	**459,741**
<u>YTD ended 31 December 2014</u>							
Balance At 1/1/2014	120,225	37,798	-	-	10	141,069	299,102
Effect of adopting FRS 11	-	-	-	-	-	937	937
At 1 January 2014, restated	120,225	37,798	-	-	10	142,006	300,039
Total comprehensive income for the period	-	-	-	-	(9)	44,598	44,589
<u>Transactions with owner</u>							
Issuance of ordinary shares pursuant to rights issue with warrants (as detailed in Note A7)	30,056	1,202	-	34,865	-	-	66,123
Share issue expenses	-	(1,205)	-	-	-	-	(1,205)
Purchase of treasury shares	-	-	(12)	-	-	-	(12)
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(9,017)	(9,017)
At 31/12/2014	**150,281**	**37,795**	**(12)**	**34,865**	**1**	**177,587**	**400,517**

(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 2014 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 2014.

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 2014, except for the adoption of the following new Financial Reporting Standards ("FRSs") and Amendments to FRSs ("Amendments") with effect from 1 January 2015:

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010–2012 Cycle
Annual Improvements to FRSs 2011–2013 Cycle

The adoption of the above FRSs 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 2014.

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:

- Repurchase of 10,000 of the Company's issued ordinary shares from the open market at an average price of RM1.15 per share. The total consideration paid for the repurchase including transaction costs amounting to RM11,584 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.

As at 31 December 2015, the number of treasury shares held were 20,000 shares.

A8. Dividend Paid

The final single-tier dividend of 3.8 sen per share in respect of the financial year ended 31 December 2014 was paid on 19 August 2015.

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 2015 are as follows:-

	RM'000
Approved and contracted for	802

The capital commitment is for the purchase of motor vehicles.

A11. Property, Plant and Equipment ("PPE")

The Group acquired property, plant and equipment amounting to RM11.86 million, mainly incurred for the purchase of moulds, formworks and other machinery during the financial period-to-date.

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 2015:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	856,856	191,866	4,666	252	0	1,053,640
Inter-segment sales	17,051	5,568	375	16,300	(39,294)	0
Total revenue	873,907	197,434	5,041	16,552	(39,294)	1,053,640
RESULTS						
Profit from operations	72,191	53,815	652	16,552	(20,265)	122,945
Other operating income						10,003
Selling and administrative expenses						(39,307)
Finance costs						(9,455)
Share of profit of a joint venture						9,176
Profit before tax						93,362
Income tax expense						(22,660)
Profit net of tax						70,702
Segment Assets	589,174	263,197	137,833	229,107	(246,079)	973,232
Segment Liabilities	328,670	165,729	94,347	800	(76,055)	513,491

The segment revenue and results for the financial period ended 31 December 2014 restated for the adoption of Financial Reporting Standard 11 Joint Arrangement (“FRS 11”):

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	967,196	192,468	46,462	273	0	1,206,399
Inter-segment sales	6,799	9,834	-	10,911	(27,544)	0
Total revenue	973,995	202,302	46,462	11,184	(27,544)	1,206,399
RESULTS						
Profit from operations	55,197	32,315	15,445	11,184	(11,524)	102,617
Other operating income						8,069
Selling and administrative expenses						(43,564)
Finance costs						(11,968)
Share of profit of a joint venture						4,686
Profit before tax						59,840
Income tax expense						(15,242)
Profit net of tax						44,598
Segment Assets	570,862	255,538	42,551	223,870	(201,937)	890,884
Segment Liabilities	337,853	184,390	25,004	322	(57,202)	490,367

A13. Material events subsequent to the end of period reported

Save as disclosed in note A14, there were no material events subsequent to the end of the current financial quarter up to 18 February 2016, 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

Save as disclosed below, there were no changes in the composition of the Group during the financial year-to-date:

(i) Kimlun Land Sdn Bhd ("KLLSB"), a wholly owned subsidiary of the Company, had on 8 May 2015, acquired the entire issued and paid-up capital of Kitaran Lintas Sdn Bhd ("KLS") comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM3,500, thereby making KLS an indirect wholly-owned subsidiary of the Company.

(ii) On 18 November 2015, the Company incorporated a wholly-owned subsidiary in Malaysia under the name of KL Building Materials Sdn Bhd ("KLBM"). The initial authorised capital of KLBM is RM400,000 divided into 400,000 ordinary shares of RM1.00 each and paid up capital is RM2.00 divided into 2 ordinary shares of RM1.00 each.

Subsequent to the end of the current financial quarter, KLBM had on 15 January 2016, acquired one ordinary share of RM1-00 each in Rock Projects Sdn Bhd ("RPSB") ("RPSB Share(s)")("Acquisition") for a total cash consideration of RM1-00, and subscribed for additional 1,019,999 new RPSB Shares at par for cash ("the Subscription"). Upon the completion of the Acquisition and Subscription, RPSB becomes 51% owned by KLBM.

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 2015 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	48,980	2,232
Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin, and a director of a subsidiary company have substantial financial interest	12,736	4,632

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”) 2015 vs Quarter 4 FY2014

The Group achieved revenues of RM231.95 million during the current quarter, which is 16.1% lower as compared to RM276.44 million registered in last year’s corresponding quarter.

Gross profit of the Group of RM34.48 million for the current quarter is RM12.38 million or 56.0% higher than the RM22.10 million achieved in last’s corresponding quarter.

Profit after tax of the Group of RM21.40 million for the current quarter is 132.1% higher than the profit after tax of RM9.22 million registered in the previous year’s corresponding quarter.

(b) 12 Months Ended 30 December 2015 (“Current Period”) vs 12 Months Ended 30 December 2014 (“LY Corresponding Period”)

The Group achieved revenues of RM1.05 billion during the Current Period, which is RM0.16 billion lower as compared to RM1.21 billion registered in LY Corresponding Period.

Gross profit of the Group of RM122.95 million for the Current Period is 19.8% higher than the RM102.62 million achieved in LY Corresponding Period.

Profit after tax of the Group of RM70.70 million for the Current Period is RM26.10 million or 58.5% higher than the RM44.60 million achieved in LY Corresponding Period.

(c) Performance review

A lower revenue was recorded in the current quarter due to lower revenue achieved by the construction division, partly offset by the slight increase in revenue of other divisions. For the Current Period, a lower revenue recorded was due to the lower revenue generated by all the active business divisions.

For the current quarter and Current Period, construction revenue declined by RM52.56 million, or 22.6%, and RM100.09 million or 10.28% respectively compared to last year’s corresponding period. The decline in construction revenue was mainly due to lower amount of balance orders in hand carried forward from FY2014 for execution in FY2015 vis-à-vis the amount of balance order in hand carried forward from FY2013 for execution mainly in FY2014.

For the Current Period, manufacturing and trading revenue declined by RM4.86 million or 2.4% compared to LY Corresponding Period. The decline in manufacturing and trading revenue was mainly due to lower revenue from the sale of segmental box girders (“SBG”) to the Klang Valley Mass Rapid Transit system (“KVMRT”). The SBG sales orders were completed during the early part of the Current Period. The decline in SBG sales revenue by approximately RM74 million during the period was partly offset by a higher revenue generated from the sales of tunnel lining segments (“TLS”) and jacking pipes to Singapore and Malaysia markets.

For the Current Period, the property development division recorded a revenue of RM5.04 million, attributable to a new residential development in Johor. For the Current Period, property development revenue was lower by RM41.42 million. Higher revenue was generated in LY Corresponding Period due to the revenue from the disposal of few parcels of land ("Land Disposal") which generated a lumpy revenue of RM46.46 million.

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

Had the contribution of the Land Disposal been removed from LY Corresponding Period's results, the decline in the Group's revenue in the Current Period was revised to 9.1%.

The Group's gross profit margin improved from 8.0% in last year's corresponding quarter to 14.9% in the current quarter, and from 8.5% in LY Corresponding Period to 11.7% in Current Period, due to better gross profit margin derived by the construction and manufacturing and trading divisions.

The improvement in gross profit margin of the construction division in the current quarter and Current Period was mainly due to the execution of better margin projects, lower raw material price and fuel price.

The gross profit margin of the manufacturing and trading division in the current quarter and Current Period was better than last year's corresponding period mainly due to approximately 45% of the revenue of last year's corresponding period was contributed by the lower margin KVMRT SBG sales orders. In addition, the depreciation of Ringgit Malaysia against the Singapore Dollar, and a higher proportion of revenue was contributed by the better margin TLS and jacking pipes sales orders, during the current quarter and Current Period also contributed to the improvement of gross profit margin during the period.

Gross profit of property development division was higher in LY Corresponding Period attributable to the gross profit from the Land Disposal of RM15.40 million.

On the back of improved gross profit margin, the Group's gross profit increased by RM12.38 million and RM20.33 million in the current quarter and Current Period respectively, compared to last year's corresponding period.

Had the gross profit contribution of the Land Disposal been removed from LY Corresponding Period's results, the Group had achieved a growth in gross profit of 41.0% compared to LY Corresponding Period.

For the current quarter and Current Period, other income increased by RM1.11 million and RM1.93 million respectively compared to last year's corresponding period. The increase in other income was mainly due to higher amortisation of retention sum due from construction contract, and income from the provision of products shop drawing and lab test services to our customers.

For the current quarter, selling and administrative expenses increased by RM0.89 million compared to last year corresponding quarter due to higher employee benefits expenses.

For the Current Period, selling and administrative expenses declined by RM4.26 million compared to LY Corresponding Period due to foreign exchange gains of RM6.26 million, as opposed to foreign exchange loss of RM1.10 million in LY Corresponding Period. The gains from foreign exchange difference was partly offset by higher employee benefits expenses and carriage outward incurred in the Current Period in line with higher delivery of finished goods to customers in the Current Period.

Financing costs was lower in the current quarter and Current Period due to lower utilisation of banking facilities after the proceeds from the Rights Issue was used as working capital.

For the Current Period, the Group's share of profit of a joint venture increased by RM4.49 million compared to LY Corresponding Period on the back of higher cumulative units sold, and advancement in construction progress of the SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor carried out by the joint venture company.

Profit after tax of the Group improved for the current quarter and Current Period by 132.2% and 58.5% respectively. Had the profit after tax contribution of the Land Disposal of RM10.77 million been removed from LY Corresponding Period's results, the Group had achieved a growth in profit after tax of 109.0% in the Current Period.

(b) Group Cash Flow Review

For the Current Period, the Group registered net cash:

(i) inflow from operating activities of RM31.36 million, mainly due to improved profitability and timely certification of work done by consultants;
(ii) used in investing activities of RM11.70 million mainly for the purchase of PPE;
(iii) used in financing activities of RM36.53 million mainly for repayment of loans and borrowings of RM20.69 million and payment of dividend of RM11.42 million;

*: *The Group adopted the new FRS11 in FY2014, resulting in the Group's investment in Posh Atlantic Sdn. Bhd. being classified as a joint venture. The FY2014 quarterly results were restated accordingly for comparison purpose. All commentary is based on the relevant restated financial figures.*

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

The Group recorded a lower revenue in the current quarter compared to the preceding quarter, due to lower revenue being achieved by the construction division, partly offset by the increase in revenue achieved by the manufacturing and trading divisions. The decline in construction revenue was mainly due to some of the older projects were completed in the preceding quarter, while new projects secured had yet to reach the stage of active execution during the current quarter. The improvement in manufacturing revenue was mainly due to active production of TLS for Singapore Thomson MRT line.

Despite of lower revenue achieved, the Group recorded a higher gross profit in the current quarter, on the back of improved gross profit margin of the construction and manufacturing divisions.

Higher other income was achieved in the current quarter mainly due to higher interest income earned, and income from the provision of products shop drawing and lab test services to our customers. Selling and administrative expenses were higher in the current quarter as compared to the preceding quarter mainly due to higher human resource costs and lower foreign exchange gains in the current quarter. Share of profit of a joint venture was higher in the current quarter as compared to the preceding quarter due to relatively higher construction progress during the current quarter.

As a result of the above, current quarter profit before and after tax approximate the level achieved in the preceding quarter.

B3. Prospects For 2016

The Group's has an estimated construction and manufacturing balance order book of approximately RM0.94 billion and RM0.17 billion respectively as at 31 December 2015. The balance order book together with the estimated unbilled property sales value of RM11 million from the Hyve on approximately 80% 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 2016, thus offer order book replenishment prospects.

Malaysian Construction Sector

The sector is expected to benefit from the construction projects to be rolled out under the 11th Malaysia Plan ("11MP") 2016-2020 ("Plan Period"). The construction sector is estimated to expand by 10.3% per annum during the Plan period, attributable to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group.

The Malaysian Government has allocated RM260 billion for development expenditure under the 11MP, up 13% as compared to 10th Malaysia Plan. Amongst the major projects going to roll out under the 11MP, which could benefit the Group in the medium to long term include:

(a) the KVMRT Line 2 (KVMRT2) with a total length of about 52.2 km, the Light Rail Transit Line 3 ("LRT3") and the Malaysia-Singapore High Speed Rail - 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 KVMRT Line 1 ("KVMRT1). With the strong track record in supplying SBG and TLS to KVMRT1, as well as to Singapore MRT projects, SPC is well positioned to compete for further potential SBG and TLS sales orders from these rail projects;

(b) Pan Borneo Expressway ("PBE");

(c) Central Spine Road; and

(d) the construction of affordable houses and public amenities such as hospitals and clinics. The Board believes that most, if not all of these projects will be constructed using IBS construction method having regards to the Malaysian Government's policy that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions. Being one of the very few contractors with IBS design capabilities backed by pre-cast concrete manufacturing plant, the Group is in the position to take advantage on the roll out of these projects.

As to the outlook in Johor, the home base of the Group, the Board remains positive of order book replenishment prospects despite of the oversupply of mixed-use and high-rise residential properties in Iskandar Malaysia ("IM") which have resulted in some developers scaling back and slowing down on their launches of such properties in IM hotspot areas. This is in view of the followings:

(i) 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;

(ii) Potential growth arose from the implementation of 11MP which:

(a) has identified strategies to accelerate investment and provide infrastructure for regional economic corridors including IM;

(b) has identified Johor Bahru as one of the four competitive cities for which city competitiveness master plans will be developed under the 11MP, based on the key principles that increase liveability and stimulate economic growth; and

(c) reaffirms that the Government will provide support to construct essential infrastructure such as roads, drainage, and utilities for RAPID development.

Singapore Construction Sector

The total construction demand is projected to be between $27 billion to $34 billion in 2016, with about 65 per cent driven by public sector demand. The total construction demand in 2015 was approximately $27.2 billion, with public sector projects accounted for slightly more than half of the demand. The higher construction demand from the public sector in 2016 is largely due to an increase in civil engineering demand. Key projects in 2016 include PUB's water reclamation and sewerage projects, the remaining contracts for the Thomson-East Coast MRT line and JTC's Integrated Logistics Hub.

The average construction demand is expected to be sustained between $26 billion to $35 billion in 2017 and 2018 per annum. Civil engineering construction demand is expected to remain strong beyond 2016 due to major infrastructure works including the construction of new MRT lines, the North-South Expressway, associated infrastructure works for Changi Airport Terminal 5 and phase 2 of the Deep Tunnel Sewerage System.

SPC supplied TLS to Singapore MRT projects since 2006. It secured approximately 40% of the total TLS orders of the recently opened Downtown Line 2, the on-going Downtown Line 3 and Thomson Line.

Further, SPC has been a frequent supplier of jacking pipes to various sewerage projects in Singapore.

With its strong track record gained in Singapore, SPC is well positioned to compete for further potential sales orders from future MRT and sewerage projects.

The Hyve which comprises a combination of 804 units of SOHO and offices within the central business district of Cyberjaya, Selangor, together with the boutique mixed residential development named Taman Puteri in Pekan Nenas, Johor will continue to contribute to the Group's revenue in 2016 with further sales and development progress.

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 31.12.2015 RM'000	Cumulative Quarter 12 months ended 31.12.2015 RM'000
(a)	interest income	567	1,757
(b)	other income including investment Income	2,481	8,126
(c)	interest expense	1,438	6,369
(d)	depreciation and amortization	4,900	20,859
(e)	provision for and write off of receivables	0	366
(f)	provision for and write off of inventories	263	2,263
(g)	(gain) or loss on disposal of quoted or unquoted investments or properties	(46)	(120)
(h)	impairment of assets	35	38
(i)	foreign exchange (gain) or loss	(1,483)	(6,258)
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.12.2015 RM'000	Cumulative Quarter 12 months ended 31.12.2015 RM'000
In respect of the current period		
- Income tax	956	17,149
- Deferred tax	4,363	5,464
	5,319	22,163
In respect of prior year		
- Income tax	(2)	65
- Deferred tax	0	(18)
	5,317	22,660

The effective tax rate was lower than the statutory rate applicable to the Group for the current quarter mainly due to the recognition of tax incentives arouse from its production related capital expenditures.

B7. Status of Corporate Proposals and Utilisation of Gross Proceeds

(a) The status of corporate proposals as announced by the Company, 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. The acquisition of the lease over one of the parcels of land was completed, while the acquisition of the lease over the remaining parcel of land has yet to be completed.

(ii) On 5 March 2014, the Company's wholly-owned subsidiary, KLLSB 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 SPA was declared unconditional on 26 October 2015, and the Acquisition was completed on 3 November 2015.

(iii) On 13 May 2015, the Company's wholly-owned subsidiary, KLS entered into a conditional sale and purchase agreement ("KT SPA") with Choo Chek Juan @ Choo Ou Kiak to purchase twenty nine parcels of freehold agriculture land in Mukim of Kota Tinggi, District of Kota Tinggi, Johor, on en bloc basis for a total cash consideration of RM28.3 million ("KT Acquisition"). The KT SPA was declared unconditional on 14 July 2015, and the KT Acquisition was completed on 12 October 2015.

(b) 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 Warrants ("Rights Issue")

The gross proceeds of RM66.12 million received from the Rights Issue which was completed on 19 March 2014 had been fully utilised as planned.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 31 December 2015 are as follows:

	RM'000
Long term borrowings	
Secured:	
Hire purchase creditors	11,317
Term loans	51,381
	62,698
Short term borrowings	
Secured:	
Bank overdraft	35,183
Hire purchase creditors	8,031
Bankers' acceptance & invoice financing	39,676
Term loans	18,907
	101,797

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 31.12.2015 RM'000	**Group 31.12.2014 RM'000**
Total retained earnings		
- Realised	229,341	172,336
- Unrealised	14,042	7,476
	243,383	179,812
Less : Consolidation adjustments	(6,515)	(2,225)
Total Group retained earnings as per consolidated accounts	236,868	177,587

B11. Dividends

(a) The Board of Directors recommend the payment of a final single-tier dividend of 5.8 sen per share in respect of the financial year ended 31 December 2015 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

(b) Total dividend declared during the financial year-to-date was 3.8 sen per share in respect of the financial year ended 31 December 2014 which was approved by the shareholders at the Annual General Meeting held on 22 June 2015. The dividend was paid on 19 August 2015.

(c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of 3.0 sen per share in respect of the financial year ended 31 December 2013.

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	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
Profit attributable to owners of the Company (RM'000)	21,403	9,217	70,702	44,598
Number of ordinary shares in issue ('000)	300,543	300,562	300,543	293,092^
Basic earnings per share (RM)	0.07	0.03	0.24	0.15

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