

**Kimlun Corporation Berhad**  
**(Company No: 867077-X)**  
**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the Second Quarter Ended 30 June 2016**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/6/2016 RM'000	Preceding Year Quarter 30/6/2015 RM'000	Current Year To Date 30/6/2016 RM'000	Preceding Year To Date 30/6/2015 RM'000
<b>Revenue</b>	246,355	258,464	481,150	580,629
Cost of sales	(206,033)	(231,008)	(404,957)	(522,964)
<b>Gross profit</b>	40,322	27,456	76,193	57,665
Other income	2,273	2,317	4,720	4,433
Selling and administrative expenses	(9,176)	(7,673)	(23,276)	(20,410)
Finance costs	(2,110)	(2,259)	(4,299)	(4,722)
Share of profit of a joint venture	(264)	945	422	3,078
<b>Profit before tax</b>	31,045	20,786	53,760	40,044
Income tax expense	(6,924)	(5,202)	(12,536)	(10,344)
<b>Profit net of tax</b>	24,121	15,584	41,224	29,700
<b>Other comprehensive income</b>	(8)	(15)	5	(22)
<b>Total comprehensive income for the period</b>	<u>24,113</u>	<u>15,569</u>	<u>41,229</u>	<u>29,678</u>
<b>Profit attributable to :</b>				
Owners of the Company	24,121	15,584	41,224	29,700
Earnings Per Share (RM)				
- Basic (2)	0.08	0.05	0.14	0.10
- Diluted (2)	0.08	0.05	0.14	0.10
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	24,113	15,569	41,229	29,678

**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 2015 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 30 June 2016**

	<b>Unaudited</b> <b>As at</b> <b>30/6/2016</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31/12/2015</b> <b>RM'000</b>
<b>Assets</b>		
<b>Non- current assets</b>		
Property, plant and equipment	146,308	151,767
Land held for property development	30,450	29,695
Investment properties	1,768	327
Other investments	75	75
Investment in a joint venture	11,520	10,092
Deferred tax assets	-	2,874
	<u>190,121</u>	<u>194,830</u>
<b>Current assets</b>		
Properties held for sale	2,800	1,829
Property Development costs	75,595	73,409
Inventories	19,924	21,456
Trade and other receivables	438,331	444,648
Other current assets	165,654	140,358
Cash and bank balances	71,752	97,154
	<u>774,056</u>	<u>778,854</u>
<b>TOTAL ASSETS</b>	<u><u>964,177</u></u>	<u><u>973,684</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Income tax payable	10,781	7,049
Loans and borrowings	64,828	82,379
Trade and other payables	295,253	303,282
Other current liability	37,834	40,642
	<u>408,696</u>	<u>433,352</u>
<b>Net current assets</b>	<u>365,360</u>	<u>345,502</u>
<b>Non-current liabilities</b>		
Loans and borrowings	71,902	80,592
Deferred tax liabilities	41	-
	<u>71,943</u>	<u>80,592</u>
<b>TOTAL LIABILITIES</b>	<u>480,639</u>	<u>513,944</u>
<b>Net assets</b>	<u>483,538</u>	<u>459,740</u>
<b>Equity</b>		
Share capital	150,281	150,281
Share premium	37,795	37,795
Treasury shares	(24)	(24)
Other reserves	34,825	34,820
Retained earnings	260,661	236,868
<b>Total equity</b>	<u>483,538</u>	<u>459,740</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>964,177</u></u>	<u><u>973,684</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	1.61	1.53

**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 2015 and the accompanying notes attached to the interim financial statements.

**Kimlun Corporation Berhad**  
**(Company No: 867077-X)**  
**Unaudited Condensed Consolidated Statement of Cash Flow**  
**For The Period Ended 30 June 2016**

	<b>Current Year To Date 30/6/2016 RM'000</b>	<b>Preceding Year To Date 30/6/2015 RM'000</b>
<b>Operating activities</b>		
Profit before tax	53,760	40,044
Adjustment for :		
Unrealised foreign exchange loss/(gain)	312	(2,520)
Depreciation	9,680	11,094
Bad debts recovered	(211)	-
Allowance for impairment on trade receivables	-	285
Impairment of goodwill	3	3
Gain on disposal of property, plant and equipment	(26)	(74)
Fixed asset written off	10	5
Interest expenses	2,650	3,390
Interest income	(709)	(736)
Share of profit of a joint venture	(422)	(3,078)
Operating cash flows before changes in working capital	65,047	48,413
<u>Changes in working capital</u>		
Development property	(2,185)	(24,593)
Inventories	1,532	3,012
Receivables	(2,583)	(124,395)
Other current assets	(30,437)	102,747
Payables	(13,742)	(8,428)
Other current liabilities	(2,808)	41,770
Cash flows generated from operations	14,824	38,526
Interest paid	(2,650)	(3,390)
Tax paid	(5,877)	(4,866)
Interest received	709	736
Net cash flows generated from operating activities	7,006	31,006
<b>Investing activities</b>		
Purchase of land held for property development and expenditure on land held for property development	(755)	-
Purchase of property, plant and equipment	(3,448)	(4,737)
Proceeds from disposal of property, plant & equipment	55	112
Proceeds from disposal of intangible assets	-	15
Purchase of property held for sales	(10)	-
Investment in joint venture company	(1,020)	-
Net cash outflow on investment in subsidiary	-	(3)
Net cash flows used in investing activities	(5,178)	(4,613)
<b>Financing activities</b>		
Repayment of loans and borrowings	(14,847)	(37,871)
Repayment to hire purchase creditors	(4,064)	(657)
Net cash flows used in financing activities	(18,911)	(38,528)
<b>Net decrease in cash and cash equivalents</b>	(17,083)	(12,135)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(176)	193
<b>Cash and cash equivalents at beginning of financial period</b>	83,311	78,074
<b>Cash and cash equivalents at end of financial period</b>	66,052	66,132
<b>Cash and cash equivalents at end of the financial period comprise the following:</b>		
Cash and bank balances	71,752	75,540
Bank overdrafts (included within short term borrowings)	(5,700)	(9,408)
	66,052	66,132

**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 2015 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad  
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Unaudited Condensed Consolidated Statement of Changes in Equity  
As at 30 June 2016

	Attributable to owners of the parent					Distributable	Total Equity
	<----- Non-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
<b><u>YTD ended 30 June 2016</u></b>							
Balance At 1/1/2016	150,281	37,795	(24)	34,865	(44)	236,868	459,741
Total comprehensive income for the period	-	-	-	-	4	41,224	41,228
<b><u>Transactions with owner</u></b>							
Dividend payment (as detailed in Note B11)						(17,431)	(17,431)
<b>At 30/6/2016</b>	<b>150,281</b>	<b>37,795</b>	<b>(24)</b>	<b>34,865</b>	<b>(40)</b>	<b>260,661</b>	<b>483,538</b>
<b><u>YTD ended 30 June 2015</u></b>							
Balance At 1/1/2015	150,281	37,795	(12)	34,865	1	177,587	400,517
Total comprehensive income for the period	-	-	-	-	(22)	29,700	29,678
<b><u>Transactions with owner</u></b>							
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(11,421)	(11,421)
<b>At 30/6/2015</b>	<b>150,281</b>	<b>37,795</b>	<b>(12)</b>	<b>34,865</b>	<b>(21)</b>	<b>195,866</b>	<b>418,774</b>

(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 2015 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 2015.

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 2015, except for the adoption of the following new Financial Reporting Standards (“FRSs”) and Amendments to FRSs (“Amendments”) with effect from 1 January 2016:

Annual Improvements to FRSs 2012 - 2014 Cycle  
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations  
Amendments to FRS 127: Equity Method in Separate Financial Statements  
Amendments to FRS 101: Disclosure Initiatives  
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception  
FRS 14 Regulatory Deferral Accounts

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 2015.

**A4. Seasonal or Cyclical Factors**

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

**A5. Items of Unusual Nature**

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

**A6. Material Changes in Estimates**

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

**A7. Changes in Debt and Equity Securities**

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

**A8. Dividend Paid**

There was no payment of dividend during the financial year-to-date.

**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 30 June 2016 are as follows:

	RM'000
Approved and contracted for	<u>7,989</u>

The capital commitment is mainly for the purchase of moulds, site vehicles, forklifts and the extension of factory building to meet the requirements of new projects and sales orders secured.

**A11. Property, Plant and Equipment**

The Group acquired property, plant and equipment amounting to RM4.26 million during the financial period-to-date, mainly incurred for the purchase of moulds, site vehicles and machinery.

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**A12. Segmental Information**

The Group is organized into the following operating segments:-

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

The segment revenue and results for the financial period ended 30 June 2016:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>						
External sales	369,923	107,126	4,087	14	0	481,150
Inter-segment sales	3,828	610	378	13,954	(18,770)	0
Total revenue	<u>373,751</u>	<u>107,736</u>	<u>4,465</u>	<u>13,968</u>	<u>(18,770)</u>	<u>481,150</u>
<b>RESULTS</b>						
Profit from operations	39,318	36,071	237	13,968	(13,401)	76,193
Other operating income						4,720
Selling and administrative expenses						(23,276)
Finance costs						(4,299)
Share of profit of a joint venture						422
Profit before tax						<u>53,760</u>
Income tax expense						<u>(12,536)</u>
<b>Profit net of tax</b>						<u>41,224</u>
<b>Segment Assets</b>	566,120	273,160	142,594	243,466	(261,163)	964,177
<b>Segment Liabilities</b>	294,094	158,796	99,936	19,178	(91,365)	480,639

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The segment revenue and results for the financial period ended 30 June 2015:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>						
External sales	481,976	97,714	819	120	0	580,629
Inter-segment sales	8,652	3,025	102	11,538	(23,317)	0
Total revenue	490,628	100,739	921	11,658	(23,317)	580,629
<b>RESULTS</b>						
Profit from operations	36,855	22,450	190	11,657	(13,487)	57,665
Other operating income						4,433
Selling and administrative expenses						(20,410)
Finance costs						(4,722)
Share of profit of a joint venture						3,078
Profit before tax						40,044
Income tax expense						(10,344)
<b>Profit net of tax</b>						29,700
<b>Segment Assets</b>	593,834	252,296	68,362	234,751	(226,149)	923,094
<b>Segment Liabilities</b>	349,106	173,765	49,110	11,748	(79,409)	504,320



**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 23 August 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 current financial year up to the LPD:

- On 15 January 2016, KL Building Materials Sdn. Bhd. (“KLBMSB”), a subsidiary of the Company:
  - (i) acquired one ordinary share of RM1-00 each in Rock Projects Sdn. Bhd. (“RPSB Share(s)”) from a third party for a total cash consideration of RM1-00 (“RPS Acquisition”); and
  - (ii) subscribed for additional 1,019,999 new RPSB Shares at par for cash (“the Subscription”)

Upon the completion of the RPS Acquisition and the Subscription, Rock Projects Sdn. Bhd. becomes 51% owned by KLBMSB.
- On 8 April 2016, Kimlun Sdn. Bhd. (“KLSB”), a subsidiary of the Company acquired three ordinary shares of RM1.00 in Zecon Kimlun Consortium Sdn. Bhd. (“ZKCSB”) from a Director of the Company, for a total cash consideration of RM3-00 (“Acquisition”). Upon the completion of the Acquisition, ZKCSB becomes 30% owned by KLSB.

**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 significant 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 March 2016 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	890	-
Purchase of quarry products from a company in which the Company's director, Pang Tin @ Pang Yon Tin, and a director of a subsidiary company have substantial financial interest	6,065	3,639

## 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 2 Financial Year Ending 31 December (“FY”) 2016 vs Quarter 2 FY2015

The Group achieved revenue of RM246.35 million during the current quarter, which is 4.7% lower as compared to RM258.46 million registered in last year’s corresponding period.

Gross profit of the Group of RM40.32 million for the current quarter is RM12.86 million or 46.8% higher than the RM27.46 million achieved in last year’s corresponding period.

Profit after tax of the Group of RM24.12 million for the current quarter is RM8.54 million or 54.8% higher than the RM15.58 million achieved in last year’s corresponding period.

##### (b) 6 Months Ended 30 June 2016 (“Current Period”) vs 6 Months Ended 30 June 2015 (“LY Corresponding Period”)

The Group achieved revenues of RM481.15 million during the Current Period, which is 17.1% lower as compared to RM580.63 million registered in LY Corresponding Period.

Gross profit of the Group of RM76.19 million for the Current Period is 32.1% higher than the RM57.67 million achieved in LY Corresponding Period.

Profit after tax of the Group of RM41.22 million for the Current Period is RM11.52 million or 38.8% higher than the RM29.70 million achieved in LY Corresponding Period.

##### (c) Performance review

Lower revenue was recorded in the current quarter and the Current Period mainly due to lower revenue achieved by the construction division, partly offset by the increase in the revenue from the manufacturing and trading division and the revenue generated by the property development division.

For the current quarter and Current Period, construction revenue declined by RM29.60 million, or 13.7%, and RM116.88 million or 23.8% 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 FY2015 for execution in FY2016 vis-à-vis the amount of balance order in hand carried forward from FY2014 for execution mainly in FY2015, while new projects secured in the Current Period were mainly at site preparation stage.

For the current quarter and Current Period, manufacturing and trading revenue increased by RM12.47 million or 26.3%, and RM7.00 million or 6.9% respectively compared to last year’s corresponding period due to revenue generated from higher volume of sales of industrial building components to RAPID related projects.

For the current quarter and Current Period, the property development division recorded a revenue of RM1.92 million and RM4.47 million respectively, attributable to a boutique residential development in Johor.

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For the 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.

The Group's gross profit margin improved from 10.6% in last year's corresponding quarter to 16.4% in the current quarter, and from 9.9% in LY Corresponding Period to 13.1% 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 during the period.

The improvement in gross profit margin of the manufacturing and trading division in the Current Period was mainly due to approximately 16% of the revenue of last year's corresponding period was contributed by the lower margin KVMRT1 SBG sales orders. The improvement in gross profit margin of this division in the current quarter was mainly due to economics of scale from higher volume of operation. In addition, an overall weaker Ringgit Malaysia against the Singapore Dollar in the current quarter and Current Period also contributed to the improvement of gross profit margin during the period.

On the back of improved gross profit margin, the Group's gross profit for the current quarter and Current Period increased by RM12.87 million or 46.9%, and RM18.53 million or 32.1% respectively compared to last year's corresponding period.

For the current quarter, selling and administrative expenses increased by RM1.50 million compared to last year corresponding quarter, mainly due to higher carriage outward incurred in line with higher volume of business activities, partly offset by a higher foreign exchange gains.

For the Current Period, selling and administrative expenses increased by RM2.86 million compared to LY Corresponding Period mainly due to foreign exchange loss of RM1.09 million, as opposed to foreign exchange gain of RM1.56 million in LY Corresponding Period. The foreign exchange loss in the Current Period was attributable to an overall stronger Ringgit Malaysia against the Singapore Dollar during the preceding quarter resulted in unrealized foreign exchange loss which was not fully offset by the foreign exchange gains in the current quarter.

Financing costs was lower in the current quarter and Current Period due to lower utilisation of banking facilities.

The Group's share of profit of joint venture for the current quarter and Current Period declined by RM1.21 million and RM2.66 million compared to last year's corresponding period mainly due to the SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor carried out by a joint venture company was physically completed during the Current quarter, coupled with the provision of liquidated damages of approximately RM1.6 million on late delivery of the properties to the purchasers.

On the back of a higher gross profit which was partially set off by the increase in selling and administrative expenses and the lower share of profit of a joint venture during the current quarter and Current Period, profit before and after tax of the Group improved compared to last year's corresponding period.

(b) Group Cash Flow Review

For the Current Period, the Group registered net cash inflow from operating activities of RM7.01 million. Net cash used in financing activities of RM18.91 million was mainly for the repayment of loans and borrowings.

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

The Group recorded higher revenue in the current quarter as compared to the preceding quarter, mainly attributable to higher revenue achieved by the manufacturing and trading division, which was in turn due to higher volume of sales of industrial building components to RAPID related projects.

The Group's gross profit margin improved from 15.3% in preceding quarter to 16.4% in the current quarter benefited from the economics of scale from higher volume of manufacturing and trading operation. In line with the higher revenue and better gross profit margin achieved in the current quarter, gross profit increased by RM4.45 million, or 12.4%. Profit before tax of the Group was higher in the current quarter by RM8.33 million mainly due to the combined effects of the following:

- (i) foreign exchange gains of RM2.12 million in the current quarter, as opposed to foreign exchange loss of RM3.21 million in preceding quarter; and
- (ii) the increase in carriage outward by RM0.84 million, in line with higher volume of business activities.

**B3. Prospects For 2016**

The Group's has an estimated construction and manufacturing balance order book of approximately RM1.93 billion and RM0.30 billion respectively as at 30 June 2016. The balance order book together with the estimated unbilled property sales value of RM6.7 million from the Hyve on approximately 83% 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"), has completed the sales orders for the supply of SBG and tunnel lining segments ("TLS") to the on-going KVMRT1 in 2015. In March

2016, SPC was appointed as the designated supplier for the supply of SBG to certain packages of KVMRT2 for RM199 million. 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 Highway ("PBH") - ZKCSB was awarded with a work package under the PBH for a contract sum of RM1.46 billion ("Project"). The estimated completion period of the Project is end March 2020.
- (c) Central Spine Road; and
- (d) the construction of affordable houses and public amenities such as hospitals and clinics. The Board believes that most 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 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 higher end 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 Public Utilities Board'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 supplies 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 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 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:

	<b>Current Quarter 3 months ended 30.6.2016 RM'000</b>	<b>Cumulative Quarter 6 months ended 30.6.2016 RM'000</b>
(a) interest income	319	709
(b) other income including investment Income	1,955	3,986
(c) interest expense	1,311	2,650
(d) depreciation and amortization	4,787	9,680
(e) provision for and write off of receivables	0	0
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	0	(26)
(h) impairment of assets	2	12
(i) foreign exchange (gain) or loss	(2,118)	1,088
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

**B6. Taxation**

	<b>Current Quarter 3 months ended 30.6.2016 RM'000</b>	<b>Cumulative Quarter 6 months ended 30.6.2016 RM'000</b>
In respect of the current period		
- Income tax	4,492	9,609
- Deferred tax	<u>2,432</u>	<u>2,927</u>
	6,924	12,536
In respect of prior year		
- Income tax	0	0
- Deferred tax	<u>0</u>	<u>0</u>
	<u>6,924</u>	<u>12,536</u>

The effective tax rate was lower than the statutory rate applicable to the Group mainly due to the recognition of tax incentives arose from capital expenditures incurred by the manufacturing division.

**B7. Status of Corporate Proposals**

- (a) 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.

- (b) Proposed establishment of a dividend reinvestment plan that provides the shareholders of the Company with an option to elect to reinvest their cash dividend in new ordinary shares of RM0.50 each in Kimlun ("Proposed DRP")

The Proposed DRP was approved by the shareholders of the Company in the Extraordinary General Meeting held on 24 June 2016.

**B8. Group Borrowing and Debts Securities**

The Group's borrowing and debts securities as at 30 June 2016 are as follows:

	RM'000
<b>Long term borrowings</b>	
<u>Secured:</u>	
Hire purchase creditors	8,466
Term loans	63,436
	<u>71,902</u>
<b>Short term borrowings</b>	
<u>Secured:</u>	
Bank overdraft	5,700
Hire purchase creditors	7,448
Bankers' acceptance	28,907
Term loans	22,773
	<u>64,828</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.

	<b>Group 30.6.2016 RM'000</b>	<b>Group 31.12.2015 RM'000</b>
Total retained earnings		
- Realised	265,562	232,130
- Unrealised	1,387	11,253
	<u>266,949</u>	<u>243,383</u>
Less : Consolidation adjustments	<u>(6,288)</u>	<u>(6,515)</u>
Total Group retained earnings as per consolidated accounts	<u>260,661</u>	<u>236,868</u>



**B11. Dividends**

- (a) A final single-tier dividend of 5.8 sen per share in respect of the financial year ended 31 December 2015 ("FYE 2015 Final Dividend") was approved by the shareholders at the Annual General Meeting held on 24 June 2016.

The Company applied the Proposed DRP approved by the shareholders of the Company to the entire FYE 2015 Final Dividend ("First DRP"). Pursuant to the First DRP, a total of 9,727,437 new ordinary shares of RM0.50 each in the Company ("New Shares") were issued and allotted at RM1.57 per New Share on 18 August 2016. The electable portion of the FYE 2015 Final Dividend which was not reinvested in New Shares was paid on 19 August 2016.

- (b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 June 2016.

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

A final single-tier dividend of 3.8 sen per share in respect of the financial year ended 31 December 2014.

**B12. Earnings Per Share ("EPS")**

	Current Quarter Ended		Year to-Date Ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Profit attributable to owners of the Company (RM'000)	24,121	15,584	41,224	29,700
Weighted average number of ordinary shares in issue ('000)	300,543	300,553	300,543	300,553
Assumed shares issued from the exercise of warrants ('000)	4,317	0	707	0
Adjusted weighted average number of ordinary shares in issue ('000)	304,860	300,553	301,250	300,553
Basic earnings per share (RM)	0.08	0.05	0.14	0.10
Diluted earnings per share (RM)	0.08	0.05	0.14	0.10

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated by dividing the profit attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue.