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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/9/2016 RM'000	**Preceding Year Quarter 30/9/2015 RM'000**	**Current Year To Date 30/9/2016 RM'000**	**Preceding Year To Date 30/9/2015 RM'000**
Revenue	224,175	241,061	705,325	821,690
Cost of sales	(193,435)	(210,263)	(598,392)	(733,227)
Gross profit	30,740	30,798	106,933	88,463
Other income	2,268	2,476	6,988	6,909
Selling and administrative expenses	(10,363)	(6,974)	(33,639)	(27,384)
Finance costs	(1,851)	(2,468)	(6,150)	(7,190)
Share of profit of joint ventures	1,164	2,766	1,586	5,844
Profit before tax	21,958	26,598	75,718	66,642
Income tax expense	(5,448)	(6,999)	(17,984)	(17,343)
Profit net of tax	16,510	19,599	57,734	49,299
Other comprehensive income	(5)	(36)	-	(58)
Total comprehensive income for the period	16,505	19,563	57,734	49,241
Profit attributable to :				
Owners of the Company	16,510	19,599	57,734	49,299
Earnings Per Share (RM)				
- Basic (2)	0.05	0.07	0.19	0.16
- Diluted (2)	0.05	0.07	0.19	0.16
Total comprehensive income attributable to :				
Owners of the Company	16,505	19,563	57,734	49,241

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 September 2016

	Unaudited As at 30/9/2016 RM'000	Audited As at 31/12/2015 RM'000
Assets		
Non- current assets		
Property, plant and equipment	148,420	151,767
Land held for property development	30,855	29,695
Investment properties	1,768	327
Investment Securities	78	-
Other investments	75	75
Investment in joint ventures	15,457	10,092
Deferred tax assets	-	2,874
	196,653	194,830
Current assets		
Properties held for sale	5,699	1,829
Property Development costs	74,928	73,409
Inventories	16,353	21,456
Trade and other receivables	469,461	444,648
Other current assets	167,605	140,358
Cash and bank balances	46,720	97,154
	780,766	778,854
TOTAL ASSETS	977,419	973,684
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	10,314	7,049
Loans and borrowings	49,800	82,379
Trade and other payables	296,382	303,282
Other current liability	37,007	40,642
	393,503	433,352
Net current assets	387,263	345,502
Non-current liabilities		
Loans and borrowings	68,162	80,592
Deferred tax liabilities	671	-
	68,833	80,592
TOTAL LIABILITIES	462,336	513,944
Net assets	515,083	459,740
Equity		
Share capital	155,145	150,281
Share premium	47,971	37,795
Treasury shares	(24)	(24)
Other reserves	34,820	34,820
Retained earnings	277,171	236,868
Total equity	515,083	459,740
TOTAL EQUITY AND LIABILITIES	977,419	973,684
Net Assets Per Share Attributable to owners of the Company (RM)	1.66	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 September 2016

	Current Year To Date 30/9/2016 RM'000	Preceding Year To Date 30/9/2015 RM'000
Operating activities		
Profit before tax	75,718	66,642
Adjustment for :		
Unrealised foreign exchange gain	(95)	(6,472)
Depreciation	14,479	15,959
Bad debts recovered	(553)	-
Allowance for impairment on trade receivables	-	366
Impairment of goodwill	3	3
Net fair value loss on investment securities	307	-
Gain on disposal of property, plant and equipment	(37)	(74)
Fixed asset written off	13	9
Interest expenses	3,741	4,931
Interest income	(1,059)	(1,190)
Share of profit of joint ventures	(1,586)	(5,844)
Operating cash flows before changes in working capital	90,931	74,330
Changes in working capital		
Development property	(1,519)	(27,702)
Inventories	5,103	4,444
Receivables	(23,664)	(142,403)
Other current assets	(33,849)	127,221
Payables	(6,293)	(3,414)
Other current liabilities	(3,635)	47,918
Cash flows generatef from operations	27,074	80,394
Interest paid	(3,741)	(4,931)
Tax paid	(10,935)	(8,863)
Interest received	1,059	1,190
Net cash flows generated from operating activities	13,457	67,790
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(1,160)	-
Purchase of property, plant and equipment	(8,757)	(10,022)
Proceeds from disposal of property, plant & equipment	66	114
Proceeds from disposal of intangible assets	-	15
Purchase of property held for sales	(10)	-
Investment in joint venture company	(4,020)	-
Purchase of Investment Securities	(385)	-
Net cash outflow on investment in subsidiary	-	(3)
Purchase of treasury shares	-	(12)
Net cash flows used in investing activities	(14,266)	(9,908)
Financing activities		
Proceeds from issuance of shares	15,272	-
Share issuance expense	(232)	-
Dividend paid	(17,431)	(11,421)
Repayment of loans and borrowings	(33,462)	(39,010)
Repayment to hire purchase creditors	(5,432)	(2,605)
Net cash flows used in financing activities	(41,285)	(53,036)
Net decrease in cash and cash equivalents	(42,094)	4,846
Effects of exchange rate changes on cash and cash equivalents	193	616
Cash and cash equivalents at beginning of financial period	83,311	78,074
Cash and cash equivalents at end of financial period	41,410	83,536
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	46,720	98,340
Bank overdrafts (included within short term borrowings)	(5,310)	(14,804)
	41,410	83,536

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
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 30 September 2016

	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
YTD ended 30 Sep 2016							
Balance At 1/1/2016	150,281	37,795	(24)	34,865	(44)	236,868	459,741
Total comprehensive income for the period	-	-	-	-	-	57,734	57,734
Transactions with owner							
Issuance of ordinary shares pursuant to dividend reinvestment plan (as detailed in Note A7)	4,864	10,408	-	-	(1)	-	15,271
Share issue expenses	-	(232)	-	-	-	-	(232)
Dividend payment (as detailed in Note B11)						(17,431)	(17,431)
At 30/9/2016	**155,145**	**47,971**	**(24)**	**34,865**	**(45)**	**277,171**	**515,083**
YTD ended 30 September 2015							
Balance At 1/1/2015	150,281	37,795	(12)	34,865	1	177,587	400,517
Total comprehensive income for the period	-	-	-	-	(58)	49,299	49,241
Transactions with owner							
Purchase of treasury shares	-	-	(12)	-	-	-	(12)
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(11,421)	(11,421)
At 30/9/2015	**150,281**	**37,795**	**(24)**	**34,865**	**(57)**	**215,465**	**438,325**

(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 save for the issuance of 9,727,437 new ordinary shares of RM0.50 each in the Company on 18 August 2016 pursuant to the first dividend reinvestment plan implemented by the Company.

A8. Dividend Paid

The final single-tier dividend of 5.8 sen per share in respect of the financial year ended 31 December 2015 was paid on 19 August 2016.

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 September 2016 are as follows:

	RM'000
Approved and contracted for	9,260

The capital commitment is mainly for the purchase of moulds, site vehicles, heavy machineries including road rollers, motor grader and excavator to meet the requirements of new projects, in particular for usage in the Pan Borneo Highway project in Sarawak, and sales orders secured.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM11.17 million during the financial period-to-date, mainly incurred for the purchase of site vehicles for usage in the Pan Borneo Highway project, and the expansion of production facilities.

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 September 2016:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	553,290	146,150	5,831	54	0	705,325
Inter-segment sales	5,153	1,757	147	14,484	(21,541)	0
Total revenue	558,443	147,907	5,978	14,538	(21,541)	705,325
RESULTS						
Profit from operations	58,599	47,260	420	14,537	(13,883)	106,933
Other operating income						6,988
Selling and administrative expenses						(33,639)
Finance costs						(6,150)
Share of profit of a joint venture						1,586
Profit before tax						75,718
Income tax expense						(17,984)
Profit net of tax						57,734
Segment Assets	579,333	267,271	148,039	239,781	(257,005)	977,419
Segment Liabilities	296,659	146,579	105,048	1,314	(87,264)	462,336

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

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	681,185	138,410	1,874	221	0	821,690
Inter-segment sales	12,694	4,721	8	12,014	(29,437)	0
Total revenue	693,879	143,131	1,882	12,235	(29,437)	821,690
RESULTS						
Profit from operations	55,455	35,460	328	12,235	(15,015)	88,463
Other operating income						6,909
Selling and administrative expenses						(27,384)
Finance costs						(7,190)
Share of profit of a joint venture						5,844
Profit before tax						66,642
Income tax expense						(17,343)
Profit net of tax						49,299
Segment Assets	623,586	243,919	76,020	223,720	(222,091)	945,154
Segment Liabilities	367,710	158,003	34,808	440	(54,132)	506,829

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the current financial quarter up to 22 November 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.

- On 7 October 2016, KLSB incorporated a 60%-owned subsidiary namely, Kimlun Superior Crest Sdn Bhd.

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 30 Sep 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	1,069	175
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	8,190	2,827

NOTES TO REPORT

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

B1. Operating Segments Review

(a) Quarter 3 Financial Year Ending 31 December ("FY") 2016 vs Quarter 3 FY2015

The Group achieved revenue of RM224.17 million during the current quarter, which is 7.0% lower as compared to RM241.06 million registered in Quarter 3 FY2015.

Gross profit of the Group of RM30.74 million for the current quarter approximates the level achieved in Quarter 3 FY2015.

Profit after tax of the Group of RM16.51 million for the current quarter is RM3.09 million or 15.8% lower than the RM19.60 million achieved in Quarter 3 FY2015.

(b) 9 Months Ended 30 September 2016 ("Current Period") vs 9 Months Ended 30 September 2015 ("LY Corresponding Period")

The Group achieved revenues of RM705.32 million during the Current Period, which is 14.2% lower as compared to RM821.69 million registered in LY Corresponding Period.

Gross profit of the Group of RM106.93 million for the Current Period is 20.9% higher than RM88.46 million achieved in LY Corresponding Period.

Profit after tax of the Group of RM57.73 million for the Current Period is RM8.43 million or 17.1% higher than the RM49.30 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 other business divisions.

For the current quarter and Current Period, construction revenue declined by RM18.56 million, or 9.1%, and RM135.44 million or 19.5% 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 initial construction stage.

For the current quarter manufacturing and trading revenue was lower compared to Quarter 3 FY2015 due to lower revenue contribution from the few sales orders in relation to the supply of tunnel lining segments ("TLS") to Singapore's underground power transmission network ("UPTN"), as the sales orders were substantially completed in the preceding quarter. For the Current Period, manufacturing and trading revenue increased by RM4.78 million or 3.3% compared to last year's corresponding period due to the increase in revenue from the sales of industrial building components ("IBS"), mainly to fast track projects in the refinery and petrochemical integrated development in Pengerang, Johor ("RAPID"). The increase in IBS revenue was partly offset by the decrease in revenue from the sales of TLS following the completion of the UPTN orders and the absence of revenue from the Klang Valley Mass Rapid Transit system ("KVMRT") Line 1 ("KVMRT1) segmental box girders ("SBG") sales orders which were completed in LY Corresponding Period.

For the current quarter and Current Period, the property development division recorded a revenue of RM1.51 million and RM5.98 million respectively, attributable to a boutique residential development in Johor.

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 12.8% in Quarter 3 FY2015 to 13.7% in the current quarter, and from 10.8% in LY Corresponding Period to 15.2% in Current Period, due to better gross profit margin derived by the construction division in the current quarter and Current Period, and the manufacturing and trading division in the Current Period.

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 decline in gross profit margin of the manufacturing and trading division in the current quarter was mainly due to lower revenue achieved while fixed overhead increased slightly compared to Q3 FY2015. The improvement in gross profit margin of the manufacturing and trading division in the Current Period was mainly due to the execution of the lower margin KVMRT1 SBG sales orders in LY Corresponding Period. In addition, an overall weaker Ringgit Malaysia against the Singapore Dollar in the Current Period also contributed to the improvement of gross profit margin during the period.

The Group's gross profit for the current quarter of RM30.74 million approximates the level achieved in Quarter 3 FY2015, with the impact of the lower revenue offset by the improvement in gross profit margin. The Group's gross profit for Current Period increased by RM18.47 million or 20.9% compared to LY Corresponding Period on the back of the strong gross profit margin achieved.

For the current quarter and Current Period, selling and administrative expenses increased by RM3.39 million and RM6.26 million respectively compared to last year corresponding period mainly due to stamp duty of RM0.98 million incurred for additional banking facilities and foreign exchange difference.

For the current quarter, foreign exchange gains was RM0.78 million compared to RM3.21 million recorded in last year. For the Current Period, foreign exchange loss was RM0.31 million, as opposed to foreign exchange gain of RM4.77 million recorded in LY Corresponding Period. The variance in the foreign exchange gains or loss was attributable to Ringgit Malaysia weakened against the Singapore Dollar in a greater quantum during LY Corresponding Period compared to the Current Period.

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

The Group's share of profit of joint ventures for the current quarter and Current Period declined by RM1.60 million and RM4.26 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 preceding quarter, coupled with the provision of liquidated damages of approximately RM1.6 million made in the preceding quarter on late delivery of the properties to the purchasers.

For the current quarter, profit after tax of the Group declined by 15.8% compared to Quarter 3 FY2015, mainly due to higher selling and administrative expenses and lower share of profit of joint ventures. Whereas, profit after tax of the Group for the Current Period improved by 17.1% compared to LY Corresponding Period on the back of higher gross profit and lower finance costs, which were partially set off by the increase in selling and administrative expenses and the decline in share of profit of joint ventures.

(b) Group Cash Flow Review

For the Current Period, the Group registered net cash inflow from operating activities of RM13.46 million. Net cash used in financing activities of RM41.29 million was mainly for the payment of dividend and repayment of loans and borrowings.

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

The Group recorded lower revenue in the current quarter compared to the preceding quarter, mainly attributable to lower revenue achieved by the manufacturing and trading division, which was in turn due to lower sales of:

(i) TLS following the completion of the UPTN TLS sales orders in the preceding quarter; and

(ii) IBS on completion of RAPID related projects IBS sales orders during the current quarter.

The Group’s gross profit margin declined from 16.4% in the preceding quarter to 13.7% in the current quarter due to the decline in manufacturing and trading gross profit margin from 34.6% to 27.9%. The decline in manufacturing and trading gross profit margin was mainly due to lower revenue achieved while fixed overhead increased slightly compared to the preceding quarter. Profit before tax of the Group was lower in the current quarter by RM7.61 million mainly due to the combined effects of the following:

(i) lower revenue and gross profit margin;

(ii) decline in foreign exchange gains by RM1.34 million ;

(iii) decline in carriage outward by RM1.79 million, in line with lower volume of business activities; and

(iv) provision of liquidated damages in the preceding quarter

B3. Prospects For 2016

The Group’s has an estimated construction and manufacturing balance order book of approximately RM1.78 billion and RM0.28 billion respectively as at 30 September 2016. The balance order book 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 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; and

(c) 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:

		Current Quarter 3 months ended 30.9.2016 RM'000	Cumulative Quarter 9 months ended 30.9.2016 RM'000
(a)	interest income	350	1,059
(b)	other income including investment Income	1,906	5,892
(c)	interest expense	1,091	3,741
(d)	depreciation and amortization	4,799	14,479
(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	(11)	(37)
(h)	impairment of assets	310	323
(i)	foreign exchange (gain) or loss	(781)	307
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 30.9.2016 RM'000	Cumulative Quarter 9 months ended 30.9.2016 RM'000
In respect of the current period		
- Income tax	4,663	14,272
- Deferred tax	832	3,759
	5,495	18,031
In respect of prior year		
- Income tax	(71)	(71)
- Deferred tax	24	24
	5,448	17,984

The effective tax rate for the financial year to date 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 September 2016 are as follows:

	RM'000
Long term borrowings	
Secured:	
Hire purchase creditors	9,131
Term loans	59,031
	68,162
Short term borrowings	
Secured:	
Bank overdraft	5,310
Hire purchase creditors	7,019
Bankers' acceptance	15,409
Term loans	22,062
	49,800

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Realised and Unrealised Profits

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	Group 30.9.2016 RM'000	Group 31.12.2015 RM'000
Total retained earnings		
- Realised	280,184	232,130
- Unrealised	3,216	11,253
	283,400	243,383
Less : Consolidation adjustments	(6,229)	(6,515)
Total Group retained earnings as per consolidated accounts	277,171	236,868

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 in cash.

(b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 September 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	
	30.9.2016	**30.9.2015**	**30.9.2016**	**30.9.2015**
Profit attributable to owners of the Company (RM'000)	16,510	19,599	57,734	49,299
Weighted average number of ordinary shares in issue ('000)	314,001	300,543	307,684	300,543
Assumed shares issued from the exercise of warrants ('000)	7,238	0	3,056	0
Adjusted weighted average number of ordinary shares in issue ('000)	321,239	300,543	310,740	300,543
Basic earnings per share (RM)	0.05	0.07	0.19	0.16
Diluted earnings per share (RM)	0.05	0.07	0.19	0.16

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.