

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the First Quarter Ended 31 March 2017

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2017 RM'000	Preceding Year Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2017 RM'000	Preceding Year To Date 31/03/2016 RM'000
Revenue	170,179	234,795	170,179	234,795
Cost of sales	(144,097)	(198,924)	(144,097)	(198,924)
Gross profit	26,082	35,871	26,082	35,871
Other income	3,283	2,447	3,283	2,447
Selling and administrative expenses	(8,111)	(14,100)	(8,111)	(14,100)
Finance costs	(1,543)	(2,189)	(1,543)	(2,189)
Share of profit of joint ventures	136	686	136	686
Profit before tax	19,847	22,715	19,847	22,715
Income tax expense	(4,465)	(5,612)	(4,465)	(5,612)
Profit net of tax	15,382	17,103	15,382	17,103
Other comprehensive income	(6)	13	(6)	13
Total comprehensive income for the period	<u>15,376</u>	<u>17,116</u>	<u>15,376</u>	<u>17,116</u>
Profit attributable to :				
Owners of the Company	15,381	17,103	15,381	17,103
Non-controlling interests	1	-	1	-
	<u>15,382</u>	<u>17,103</u>	<u>15,382</u>	<u>17,103</u>
Earnings Per Share (Sen)				
- Basic (2)	4.96	5.69	4.96	5.69
- Diluted (2)	4.75	5.69	4.75	5.69
Total comprehensive income attributable to :				
Owners of the Company	15,375	17,116	15,375	17,116
Non-controlling interests	1	-	1	-
	<u>15,376</u>	<u>17,116</u>	<u>15,376</u>	<u>17,116</u>

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B12 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2017

	Unaudited As at 31/03/2017 RM'000	Audited As at 31/12/2016 RM'000
Assets		
Non- current assets		
Property, plant and equipment	153,779	155,787
Land held for property development	68,440	51,766
Investment properties	5,656	5,637
Other investments	401	256
Investment in joint ventures	17,419	17,291
	<u>245,695</u>	<u>230,737</u>
Current assets		
Properties held for sale	1,829	1,829
Property Development costs	31,172	54,157
Inventories	48,638	18,445
Trade and other receivables	423,265	466,754
Other current assets	123,678	134,251
Cash and bank balances	79,563	79,025
	<u>708,145</u>	<u>754,461</u>
TOTAL ASSETS	<u><u>953,840</u></u>	<u><u>985,198</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	10,962	10,676
Loans and borrowings	36,502	47,373
Trade and other payables	245,615	284,582
Other current liability	38,547	33,076
	<u>331,626</u>	<u>375,707</u>
Net current assets	<u>376,519</u>	<u>378,754</u>
Non-current liabilities		
Loans and borrowings	64,666	67,662
Deferred tax liabilities	2,909	2,566
	<u>67,575</u>	<u>70,228</u>
TOTAL LIABILITIES	<u>399,201</u>	<u>445,935</u>
Net assets	<u>554,639</u>	<u>539,263</u>
Equity		
Share capital	155,145	155,145
Share premium	47,971	47,971
Treasury shares	(24)	(24)
Other reserves	34,816	34,816
Retained earnings	316,738	301,357
Equity attributable to owners of the Company	<u>554,640</u>	<u>539,265</u>
Non-controlling interests	(1)	(2)
Total equity	<u>554,639</u>	<u>539,263</u>
TOTAL EQUITY AND LIABILITIES	<u><u>953,840</u></u>	<u><u>985,198</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	1.79	1.74

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 2016 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 March 2017

	Current Year To Date 31/03/2017 RM'000	Preceding Year To Date 31/03/2016 RM'000
Operating activities		
Profit before tax	19,847	22,715
Adjustment for :		
Unrealised foreign exchange loss	1,369	2,154
Depreciation	5,140	4,893
Bad debts recovered	(9)	-
Impairment of goodwill	-	3
Net fair value profit on investment securities	(135)	-
Gain on disposal of property, plant and equipment	(1,324)	(26)
Fixed asset written off	42	7
Interest expenses	847	1,339
Interest income	(455)	(390)
Share of profit of joint ventures	(136)	(686)
Operating cash flows before changes in working capital	<u>25,186</u>	<u>30,009</u>
<u>Changes in working capital</u>		
Development property	28,281	(2,034)
Inventories	(35,489)	(2,359)
Receivables	45,295	(10,150)
Other current assets	7,689	3,303
Payables	(39,269)	(17,226)
Other current liabilities	5,471	(4,281)
Cash flows generated from/(used in) operations	<u>37,164</u>	<u>(2,738)</u>
Interest paid	(847)	(1,339)
Tax paid	(3,826)	(4,018)
Interest received	455	390
Net cash flows generated from/(used in) operating activities	<u>32,946</u>	<u>(7,705)</u>
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(16,675)	-
Purchase of property, plant and equipment	(3,234)	(1,635)
Proceeds from disposal of property, plant & equipment	1,385	55
Additional expenditure incurred on investment property	(19)	(10)
Investment in joint venture company	-	(1,020)
Net cash flows used in investing activities	<u>(18,543)</u>	<u>(2,610)</u>
Financing activities		
Repayment of loans and borrowings	(4,975)	(21,839)
Repayment to hire purchase creditors	(235)	(1,927)
Net cash flows used in financing activities	<u>(5,210)</u>	<u>(23,766)</u>
Net increase/(decrease) in cash and cash equivalents	9,193	(34,081)
Effects of exchange rate changes on cash and cash equivalents	1	(90)
Cash and cash equivalents at beginning of financial period	<u>68,960</u>	<u>83,311</u>
Cash and cash equivalents at end of financial period	<u>78,154</u>	<u>49,140</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	79,563	58,211
Bank overdrafts (included within short term borrowings)	(1,409)	(9,071)
	<u>78,154</u>	<u>49,140</u>

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 2016 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 31 March 2017

	Attributable to owners of the Company					Distributable	Sub-Total
	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
<u>YTD ended 31 March 2017</u>							
Balance At 1/1/2017	155,145	47,971	(24)	34,866	(50)	301,357	539,265
Total comprehensive income for the period	-	-	-	-	(6)	15,381	15,375
At 31/03/2017	155,145	47,971	(24)	34,866	(56)	316,738	554,640
<u>YTD ended 31 March 2016</u>							
Balance At 1/1/2016	150,281	37,795	(24)	34,865	(44)	236,868	459,741
Total comprehensive income for the period	-	-	-	-	13	17,103	17,116
At 31/03/2016	150,281	37,795	(24)	34,865	(31)	253,971	476,857

(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 2016 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 2016.

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 2016, except for the adoption of the following new Financial Reporting Standards (“FRSs”) and Amendments to FRSs (“Amendments”) with effect from 1 January 2017:

FRS 107 Disclosures Initiatives (Amendments to FRS 107)
FRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)
Amendments to FRS 12: Disclosure of Interests in Other Entities

The adoption of the above FRSs and Amendments will not have material impact on the financial statements of the Group other than as discussed below:

FRS 107 Disclosures Initiatives (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Application of these amendments will result in additional disclosures to be provided by the Group and the Company.

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 2016.

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 31 March 2017 are as follows:

	RM'000
Approved and contracted for	<u>23,997</u>

The capital commitment is mainly for the purchase of site vehicles, heavy machineries including road rollers, motor grader, excavator and premix plant to meet the requirements of new projects, in particular the Pan Borneo Highway project in Sarawak, and the quarry business.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM3.23 million during the financial period-to-date, mainly incurred for the purchase road rollers, formworks, moulds and crusher plant.

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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 31 Mar 2017:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	146,056	22,381	1,721	21	0	170,179
Inter-segment sales	271	2,578	181	463	(3,493)	0
Total revenue	146,327	24,959	1,902	484	(3,493)	170,179
RESULTS						
Profit from operations	17,111	8,086	478	484	(77)	26,082
Other operating income						3,283
Selling and administrative expenses						(8,111)
Finance costs						(1,543)
Share of profit of a joint venture						136
Profit before tax						19,847
Income tax expense						(4,465)
Profit net of tax						15,382
Segment Assets	572,900	255,456	146,433	240,719	(261,668)	953,840
Segment Liabilities	259,656	125,952	89,171	1,741	(77,319)	399,201

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The segment revenue and results for the financial period ended 31 March 2016:

REVENUE	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
External sales	184,790	47,796	2,203	6	0	234,795
Inter-segment sales	2,643	30	347	2,994	(6,014)	0
Total revenue	<u>187,433</u>	<u>47,826</u>	<u>2,550</u>	<u>3,000</u>	<u>(6,014)</u>	<u>234,795</u>
RESULTS						
Profit from operations	20,031	15,346	129	3,000	(2,635)	35,871
Other operating income						2,447
Selling and administrative expenses						(14,100)
Finance costs						(2,189)
Share of profit of a joint venture						686
Profit before tax						<u>22,715</u>
Income tax expense						<u>(5,612)</u>
Profit net of tax						<u>17,103</u>
Segment Assets	552,951	264,287	141,879	230,901	(248,811)	941,207
Segment Liabilities	282,689	161,258	98,429	865	(78,891)	464,350

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 May 2017, 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 2 May 2017, KLSB incorporated a 40%-owned joint venture company namely, JBB Kimlun 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 31 Mar 2017 (RM'000)
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	378	959

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 1 Financial Year Ending 31 December (“FY”) 2017 vs Quarter 1 FY2016

The Group achieved revenue of RM170.18 million during the current quarter, which is 27.5% lower as compared to RM234.79 million registered in Quarter 1 FY2016.

Gross profit of the Group of RM26.08 million for the current quarter is lower than the RM35.87 million achieved in Quarter 1 FY2016.

Profit after tax of the Group of RM15.38 million for the current quarter is RM1.72 million or 10.1% lower than the RM17.10 million achieved in Quarter 1 FY2016.

(b) Performance review

A lower revenue was recorded in the current quarter mainly due to lower revenue achieved by the construction and manufacturing divisions despite of the amount of balance orders in hand carried forward from FY2016 was higher vis-à-vis the amount of balance order in hand carried forward from FY2015, as follows:

	Decline in revenue compared to Q1 FY2016		Balance orders in hand carried forward from	
	RM	%	FY2016	FY2015
Construction	41.11 mil	21.9%	RM1.67 billion	RM0.94 billion
Manufacturing	22.87 mil	47.8%	RM0.26 billion	RM0.17 billion

This is mainly due to:

- (i) the substantial completion of some larger size construction projects in FY2016 while the construction activities of most of the new larger size projects secured during FY2016 are either yet to reach their peak level or at early stage; and
- (ii) the completion of the tunnel lining segments (“TLS”) supply orders for Singapore’s underground power transmission network in FY2016 and Singapore MRT Thomson Line during the current quarter, while the supply of TLS and segmental box girders (“SBG”) for Klang Valley Mass Rapid Transit system (“KVMRT”) line 2 project (“KVMRT2”) will only pick up in the later part of FY2017.

The property development division recorded a revenue of RM1.90 million, attributable to a boutique residential development in Johor.

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

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The Group's gross profit margin of 15.3% approximates the level achieved in last year's corresponding quarter. Better gross profit margin was derived by the construction division while manufacturing and trading division's gross profit margin approximates the level achieved in last year's corresponding quarter.

The improvement in gross profit margin of the construction division was mainly due to projects mix with higher composition of better margin projects.

On the back of lower revenue, the Group's gross profit decreased by RM9.79 million, or 27.3% in the current quarter compared to last year's corresponding quarter.

Other income increased by RM0.84 million compared to last year corresponding quarter mainly due to gains on disposal of property, plant and equipment of RM1.32 million.

Selling and administrative expenses declined by RM5.99 million compared to last year corresponding quarter, mainly due to the followings:

- (i) foreign exchange gains of RM1.22 million, compared to foreign exchange loss of RM3.21 million recorded in last year corresponding quarter. The foreign exchange gains was attributable to Ringgit Malaysia weakened against the Singapore Dollar; and
- (ii) lower carriage outward incurred in the current quarter in line with lower delivery of finished goods to customers.

Finance costs were lower due to lower utilization of banking facilities while stronger cash inflow was generated from operating activities.

The Group's share of profit of joint ventures declined by RM0.55 million compared to last year's corresponding quarter 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 completed in FY2016.

The variances in gross profit, share of profit of joint ventures, other income and expenses have resulted in the decline of profit before and after tax of the Group by 12.6% and 10.1% respectively.

(c) Group Cash Flow Review

For the current period, the Group registered net cash inflow from operating activities of RM32.95 million. Net cash used in investing activities of RM18.54 million was mainly due to the completion of the acquisition of the lease over the last of the two parcels of freehold land as detailed in Section B7. Net cash used in financing activities of RM5.21 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 lower revenue, gross profit and profit net of taxation in the current quarter compared to the preceding quarter, mainly attributable to the following:

- (i) lower revenue achieved by the construction and manufacturing divisions due to the reasons explained in Section B1; and

- (ii) the recognition of some larger variation orders during the preceding quarter which enhanced the revenue and gross profit of the said quarter.

B3. Prospects For 2017

The Group's has an estimated construction and manufacturing balance order book of approximately RM1.59 billion and RM0.33 billion respectively as at 31 March 2017. 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 2017, 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. The Group has secured the following contracts under the 11MP, which will keep the Group busy for the next few years:

- (a) The supply contracts in relation to the supply of SBG and TLS to KVMRT Line 2, with aggregate contract value of approximately RM252 million. The supplies of products under these contracts are expected to be completed in 2019; and
- (b) Pan Borneo Highway ("PBH") - Zecon Kimlun Consortium Sdn Bhd, the Company's 30% owned joint venture company 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.

With the strong track record in various types of construction works, and the supply of pre-cast concrete components to KVMRT Line 1 and Singapore MRT projects, the Group will compete for potential contracts from civil engineering projects such as the Light Rail Transit Line 3 ("LRT3"), the Malaysia-Singapore High Speed Rail and Pan Borneo Highway Sabah, when opportunities arise. In addition, the Group will continue to seek for business opportunities from private sector's projects.

Singapore Construction Sector

The total construction demand is projected to be between \$28 billion to \$35 billion in 2017. The public sector is expected to contribute about 70% of the total construction demand, boosted by an increase in demand for most building types and civil engineering works. This year's projects include new public housing projects, JTC's Logistics Hub @ Gul, and mega public sector infrastructure projects which include the second phase of the Deep Tunnel Sewerage System, North-South Corridor Expressway and MRT Circle Line 6.

The average construction demand is projected to be between \$26 billion and \$35 billion per annum in 2018 and 2019. Public sector construction demand is projected to be between \$18 billion and \$23 billion per annum, with similar proportions of demand coming from building projects and civil engineering works. Upcoming mega infrastructure projects include the

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construction of new MRT lines and various infrastructure developments for Changi Airport Terminal 5.

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 2017 with further sales.

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 31.3.2017 RM'000	Cumulative Quarter 3 months ended 31.3.2017 RM'000
(a) interest income	474	474
(b) other income including investment Income	2,829	2,829
(c) interest expense	847	847
(d) depreciation and amortization	5,140	5,140
(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	(1,324)	(1,324)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(1,222)	(1,222)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2017 RM'000	Cumulative Quarter 3 months ended 31.3.2017 RM'000
In respect of the current period		
- Income tax	4,113	4,113
- Deferred tax	834	834
	<u>4,947</u>	<u>4,947</u>
In respect of prior year		
- Income tax	-	-
- Deferred tax	(482)	(482)
	<u>4,465</u>	<u>4,465</u>

The effective tax rate for the financial year to date was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations.

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 has been completed in Mar 2017.

- (b) Application of dividend reinvestment plan that provides the shareholders of the Company ("Shareholders") with an option to elect to reinvest their cash dividend in new ordinary shares in Kimlun ("DRP")

The Board had proposed a final single tier dividend of RM0.065 per ordinary share in Kimlun ("Kimlun Share(s)") in respect of the financial year ended 31 December 2016 ("FYE 2016 Final Dividend"). The Board has also determined that the DRP will be applicable to the entire FYE 2016 Final Dividend, subject to approvals being obtained from Bursa Securities for the Company's listing application pursuant to the DRP and Shareholders for the declaration of the FYE 2016 Final Dividend and the issuance of new Kimlun Shares in relation thereto in the forthcoming annual general meeting ("8th AGM").

Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 16 May 2017, approved the listing and quotation of up to 12,500,000 new Kimlun Shares to be issued pursuant to the DRP, subject to the following conditions:-

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- Kimlun and its adviser to the DRP, RHB Investment Bank Bhd (“RHBIB”) must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the DRP;
- Kimlun and RHBIB to inform Bursa Securities upon the completion of the DRP; and
- Kimlun to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 31 March 2017 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	10,268
Term loans	54,398
	<hr/>
	64,666
	<hr/>
Short term borrowings	
<u>Secured:</u>	
Bank overdraft	1,409
Hire purchase creditors	7,304
Bankers' acceptance	10,517
Term loans	17,272
	<hr/>
	36,502
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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.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017

	Group 31.3.2017 RM'000	Group 31.12.2016 RM'000
Total retained earnings		
- Realised	326,358	305,230
- Unrealised	<u>(3,282)</u>	<u>3,057</u>
	323,076	308,287
Less : Consolidation adjustments	<u>(6,338)</u>	<u>(6,929)</u>
Total Group retained earnings as per consolidated accounts	<u>316,738</u>	<u>301,358</u>

B11. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2017. However, the Board of Directors recommended the payment of FYE 2016 Final Dividend which is subject to the approval of the shareholders at the 8th AGM. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2017.

No dividend was declared in the previous year's corresponding quarter.

B12. Earnings Per Share ("EPS")

	Current Quarter Ended		Year to-Date Ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Profit attributable to owners of the Company (RM'000)	15,381	17,103	15,381	17,103
Weighted average number of ordinary shares in issue ('000)	310,270	300,543	310,270	300,543
Assumed shares issued from the exercise of warrants ('000)	13,141	0	13,141	0
Adjusted weighted average number of ordinary shares in issue ('000)	323,844	300,543	323,844	300,543
Basic earnings per share (Sen)	4.96	5.69	4.96	5.69
Diluted earnings per share (Sen)	4.75	5.69	4.75	5.69

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.