Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the First Quarter Ended 31 March 2018

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2018 RM'000	**Preceding Year Quarter 31/03/2017 RM'000**	**Current Year To Date 31/03/2018 RM'000**	**Preceding Year To Date 31/03/2017 RM'000**
Revenue	220,925	170,179	220,925	170,179
Cost of sales	(193,618)	(145,009)	(193,618)	(145,009)
Gross profit	27,307	25,170	27,307	25,170
Other income	2,572	3,283	2,572	3,283
Selling and administrative expenses	(10,538)	(7,199)	(10,538)	(7,199)
Finance costs	(2,380)	(1,543)	(2,380)	(1,543)
Share of profit of joint ventures	168	136	168	136
Profit before tax	17,129	19,847	17,129	19,847
Income tax expense	(4,539)	(4,465)	(4,539)	(4,465)
Profit net of tax	12,590	15,382	12,590	15,382
Other comprehensive income	(5)	(6)	(5)	(6)
Total comprehensive income for the period	12,585	15,376	12,585	15,376
Profit attributable to :				
Owners of the Company	12,647	15,381	12,647	15,381
Non-controlling interests	(57)	1	(57)	1
	12,590	15,382	12,590	15,382
Earnings Per Share (Sen)				
- Basic (2)	3.91	4.96	3.91	4.96
- Diluted (2)	3.76	4.75	3.76	4.75
Total comprehensive income attributable to :				
Owners of the Company	12,642	15,375	12,642	15,375
Non-controlling interests	(57)	1	(57)	1
	12,585	15,376	12,585	15,376

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 2017 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B11 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2018

	Unaudited As at 31/03/2018 RM'000	Audited As at 31/12/2017 RM'000
Assets		
Non- current assets		
Property, plant and equipment	212,421	206,149
Land held for property development	69,594	69,563
Investment properties	8,002	8,002
Other investments	304	370
Investment in joint ventures	18,122	17,985
Deferred tax assets	814	-
	309,257	302,069
Current assets		
Properties held for sale	1,829	1,829
Property Development costs	32,257	32,040
Inventories	92,383	73,886
Trade and other receivables	414,146	412,258
Other current assets	245,602	239,563
Cash and bank balances	78,872	86,572
	865,089	846,148
TOTAL ASSETS	1,174,346	1,148,217
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	13,943	12,355
Loans and borrowings	53,905	46,032
Trade and other payables	392,153	367,015
Other current liability	8,665	31,020
	468,666	456,422
Net current assets	396,423	389,726
Non-current liabilities		
Loans and borrowings	85,132	83,570
Deferred tax liabilities	-	433
	85,132	84,003
TOTAL LIABILITIES	553,798	540,425
Net assets	620,548	607,792
Equity		
Share capital	224,049	223,818
Treasury shares	(24)	(24)
Other reserves	34,118	34,183
Retained earnings	362,310	349,663
Equity attributable to owners of the Company	620,453	607,640
Non-controlling interests	95	152
Total equity	620,548	607,792
TOTAL EQUITY AND LIABILITIES	1,174,346	1,148,217
Net Assets Per Share Attributable to owners of the Company (RM)	1.93	1.90

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 2017 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 March 2018

	Current Year To Date 31/03/2018 RM'000	Preceding Year To Date 31/03/2017 RM'000
Operating activities		
Profit before tax	17,129	19,847
Adjustment for :		
Unrealised foreign exchange loss	1,255	1,369
Depreciation	8,670	5,140
Reversal of allowance for impairment on trade receivables	-	(9)
Impairment of goodwill	-	-
Net fair value loss/(profit) on investment securities	58	(135)
Gain on disposal of property, plant and equipment	(12)	(1,324)
Fixed asset written off	38	42
Interest expenses	1,728	847
Interest income	(518)	(455)
Share of profit of joint ventures	(168)	(136)
Operating cash flows before changes in working capital	28,180	25,186
Changes in working capital		
Development property	(217)	28,281
Inventories	(18,498)	(35,489)
Receivables	(4,461)	45,295
Other current assets	(6,396)	7,689
Payables	26,812	(39,269)
Other current liabilities	(22,355)	5,471
Cash flows generatef from operations	3,065	37,164
Interest paid	(1,728)	(847)
Tax paid	(4,170)	(3,826)
Interest received	518	455
Net cash flows (used in)/ generated from operating activities	(2,315)	32,946
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(30)	(16,675)
Purchase of property, plant and equipment	(3,330)	(3,234)
Proceeds from disposal of property, plant & equipment	13	1,385
Additional expenditure incurred on investment property	-	(19)
Net cash flows used in investing activities	(3,347)	(18,543)
Financing activities		
Proceeds from issuance of shares	173	-
Share issuance expense	(1)	-
Proceed from/(Repayment of) loans and borrowings	1,312	(4,975)
Repayment to hire purchase creditors	(4,347)	(235)
Pledge of fixed deposit with licensed banks	(212)	(15,358)
Net cash flows used in financing activities	(3,075)	(20,568)
Net (decrease)/increase in cash and cash equivalents	(8,737)	(6,165)
Effects of exchange rate changes on cash and cash equivalents	6	1
Cash and cash equivalents at beginning of financial period	61,501	68,960
Cash and cash equivalents at end of financial period	52,770	62,796
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	78,872	79,563
Less: Fixed deposits with licensed banks	(25,283)	(15,358)
Bank overdrafts (included within short term borrowings)	(819)	(1,409)
	52,770	62,796

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 2017 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 31 March 2018

	Attributable to owners of the Company								
	<---------------- Non-distributable ---------------->					Distributable			
	Share capital	Share premium	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings	Sub-Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 31 March 2018</u>									
Balance At 1/1/2018	223,818	-	(24)	34,253	(70)	349,663	607,640	152	607,792
Total comprehensive income for the period	-		-	-	(5)	12,647	12,642	(57)	12,585
<u>Transactions with owner</u>									
Issuance of ordinary shares pursuant to conversion of warrants	232		-	(60)	-	-	172	-	172
Share issue expenses	(1)		-	-	-	-	(1)	-	(1)
At 31/03/2018	**224,049**	**-**	**(24)**	**34,193**	**(75)**	**362,310**	**620,453**	**95**	**620,548**
<u>YTD ended 31 March 2017</u>									
Balance At 1/1/2017	155,145	47,971	(24)	34,866	(50)	301,357	539,265	(2)	539,263
Total comprehensive income for the period	-		-	-	(6)	15,381	15,375	1	15,376
Transition to no-par value regime	47,971	(47,971)							
At 31/03/2017	**203,116**	**-**	**(24)**	**34,866**	**(56)**	**316,738**	**554,640**	**(1)**	**554,639**

(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 2017 and the accompanying notes attached to the interim financial statements

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). It 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 MFRSs.

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017 ("FY2017 AFS"). The FY2017 AFS were prepared under Financial Reporting Standards ("FRSs").

With effect from 1 January 2018, the Group prepares financial statements using MFRSs. The transition from FRS to MFRS does not have a material impact on the financial position and financial performance of the Group.

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 2017 except for the adoption of the following new MFRs, amendments to MFRSs and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2018:

MFRS 9 Financial instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from contracts with customers
Amendments to MFRS 1: Annual improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 2: Classification and measurement of share-based payment transactions
Amendments to MFRS 4: Applying MFRS 9 with MFRS 4 insurance contracts
Amendments to MFRS 15: Clarifications to MFRS 15
Amendments to MFRS 128: Annual improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 140: Transfers of investment property
IC Interpretation 22: Foreign currency transactions and advance consideration

The adoption of the above MFRSs and Amendments will not have material impact on the financial statements of the Group.

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 2017.

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 the following new ordinary shares in the Company (“New Shares”):

102,700 New Shares for cash arose from the exercise of 102,700 units of the 2014/2024 warrants issued by the Company, at the exercise price of RM1.68 per warrant. Balance of 2014/2024 warrants which have yet to be exercised at the end of the financial period were 58,954,600 units.

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 2018 are as follows:

	RM’000
Approved and contracted for	10,093

The capital commitment is mainly for the purchase of tunnel forms and mould.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM14.98 million during the financial period-to-date, mainly incurred for the purchase of motor graders, excavators, formworks and cranes.

A12. 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 2018, 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.

A13. Changes in composition of the group

There were no changes in the composition of the Group during the current financial year up to the LPD.

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. 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 2018 (RM'000)
Provision of construction services to a company in which the Company's directors, Pang Tin @ Pang Yon Tin and Pang Khang Hau have substantial financial interest	8,179	8,115

A16. 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 2018:

REVENUE	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
External sales	194,052	25,144	1,701	28	0	220,925
Inter-segment sales	-	6,806	0	399	(7,205)	0
Total revenue	194,052	31,950	1,701	427	(7,205)	220,925
RESULTS						
Profit from operations	24,430	2,224	339	427	(113)	27,307
Other operating income						2,572
Selling and administrative expenses						(10,538)
Finance costs						(2,380)
Share of profit of a joint venture						168
Profit before tax						17,129
Income tax expense						(4,539)
Profit net of tax						12,590
Segment Assets	733,772	309,107	145,679	259,221	(273,433)	1,174,346
Segment Liabilities	372,603	182,430	63,930	395	(65,560)	553,798

The segment revenue and results for the financial period ended 31 March 2017:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	7,174	478	484	(77)	25,170
Other operating income						3,283
Selling and administrative expenses						(7,199)
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

The preceding year's comparative figures original reported in the interim financial reports of the respective preceding period have been restated in this interim report to be consistent with current period's presentation.

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

	Individual Quarter (1st Quarter)		Changes		Cumulative Period		Changes			current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2018 RM'000	Preceding Year Quarter 31/3/2017 RM'000	Amount RM'000	%	Current Year To Date 31/3/2018 RM'000	Preceding Year To Date 31/3/2017 RM'000	Amount RM'000	%	Preceding Quarter 31/12/2017 RM'000	Amount RM'000	%
Revenue											
Construction	194,052	146,327	47,725	32.6%	194,052	146,327	47,725	32.6%	341,793	(147,741)	-43.2%
Manufacturing & Trading	31,950	24,959	6,991	28.0%	31,950	24,959	6,991	28.0%	37,188	(5,238)	-14.1%
Property Development	1,701	1,902	(201)	-10.6%	1,701	1,902	(201)	-10.6%	668	1,033	154.6%
Investment	427	484	(57)	-11.8%	427	484	(57)	-11.8%	615	(188)	-30.6%
Elimination	(7,205)	(3,493)	(3,712)	106.3%	(7,205)	(3,493)	(3,712)	106.3%	(8,130)	925	-11.4%
Consolidated revenue	220,925	170,179	50,746	29.8%	220,925	170,179	50,746	29.8%	372,134	(151,209)	-40.6%
Gross profit ("GP")											
Construction	24,430	17,111	7,319	42.8%	24,430	17,111	7,319	42.8%	40,353	(15,923)	-39.5%
Manufacturing & Trading	2,224	7,174	(4,950)	-69.0%	2,224	7,174	(4,950)	-69.0%	6,812	(4,588)	-67.4%
Property Development	339	478	(139)	-29.1%	339	478	(139)	-29.1%	295	44	14.9%
Investment	427	484	(57)	-11.8%	427	484	(57)	-11.8%	615	(188)	-30.6%
Elimination	(113)	(77)	(36)	46.8%	(113)	(77)	(36)	46.8%	(626)	513	-81.9%

	Individual Quarter (1st Quarter)		Changes		Cumulative Period		Changes			Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2018 RM'000	Preceding Year Quarter 31/3/2017 RM'000	Amount RM'000	%	Current Year To Date 31/3/2018 RM'000	Preceding Year To Date 31/3/2017 RM'000	Amount RM'000	%	Preceding Quarter 31/12/2017 RM'000	Amount RM'000	%
Consolidated GP	27,307	25,170	2,137	8.5%	27,307	25,170	2,137	8.5%	47,449	(20,142)	(42.4%)
GP margin											
Construction	12.6%	11.7%			12.6%	11.7%			11.8%		
Manufacturing & Trading	7.0%	28.7%			7.0%	28.7%			18.3%		
Property Development	19.9%	25.1%			19.9%	25.1%			44.2%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	12.4%	14.8%			12.4%	14.8%			12.8%		
Other income	2,572	3,283	(711)	-21.7%	2,572	3,283	(711)	-21.7%	2,077	495	23.8%
Selling & administrative expenses	(10,538)	(7,199)	(3,339)	46.4%	(10,538)	(7,199)	(3,339)	46.4%	(17,603)	7,065	-40.1%
Finance costs	(2,380)	(1,543)	(837)	54.2%	(2,380)	(1,543)	(837)	54.2%	(2,243)	(137)	6.1%
Share of profit of joint ventures	168	136	32	23.5%	168	136	32	23.5%	210	(42)	-20.0%
Profit before tax	17,129	19,847	(2,718)	-13.7%	17,129	19,847	(2,718)	-13.7%	29,890	(12,761)	(42.7%)
Profit net of tax	12,590	15,382	(2,792)	-18.2%	12,590	15,382	(2,792)	-18.2%	23,929	(11,339)	(47.4%)

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") 2018 vs Quarter 1 FY2017

The Group achieved revenue of RM220.92 million during the current quarter, which is 29.8% higher as compared to RM170.18 million registered in Quarter 1 FY2017.

Gross profit of the Group of RM27.31 million for the current quarter is higher than the RM25.17 million achieved in Quarter 1 FY2017.

Profit after tax of the Group of RM12.59 million for the current quarter is RM2.79 million or 18.2% lower than the RM15.38 million achieved in Quarter 1 FY2017.

(b) Performance review

A higher revenue was recorded in the current quarter due to higher revenue achieved by the construction and manufacturing and trading ("M&T") divisions.

The improvement in construction revenue was mainly due to the construction activities of several large projects began to pick up momentum since the second half of FY2017. The improvement in M&T revenue was mainly due to the increase in revenue contribution from the quarry operation.

The property development division recorded a revenue of RM1.70 million, attributable to a boutique residential development in Johor.

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

The Group's gross profit ("GP") margin of 12.4% achieved in the current quarter was lower compared to Quarter 1 FY2017. This was mainly due to lower GP margin achieved by the M&T division, the impact of which was partly offset by the improvement in GP margin of the construction division.

The decline in GP margin of the M&T division during the period was mainly due to:

(i) revenue recorded by the pre-cast concrete products sub-division in the current quarter was flat, while fixed overhead such as depreciation and human resources costs have increased. There was minimum delivery of pre-cast concrete products to customers in relation to the Klang Valley MRT ("KVMRT") project in March 2018 consequential upon the stoppage of all construction activities involving launching gantry after an accident occurred at one of the KVMRT construction sites ("KVMRT Work Stoppage").

(ii) approximately 29% of the M&T revenue was contributed by the quarry division which earned low GP margin compared to the pre-cast concrete products sub-division;

(iii) product mix with higher composition of lower margin products sold; and

(iv) Ringgit Malaysia strengthened against the Singapore Dollar during the current 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 higher revenue, the Group's GP increased by RM2.14 million, or 8.5% in the current quarter.

Other income declined by RM0.71 million due to gains on disposal of property, plant and equipment of RM1.32 million recorded in Quarter 1 FY2017.

Selling and administrative expenses increased by RM3.34 million mainly due to the following:

(i) foreign exchange loss of RM1.32 million, compared to foreign exchange gains of RM1.22 million recorded in Quarter 1 FY2017. The foreign exchange loss was attributable to Ringgit Malaysia strengthened against the Singapore Dollar; and

(ii) higher payroll expenses incurred in the current quarter in line with higher scale of operation.

Finance costs were higher in current quarter mainly due to the drawdown of hire purchase facilities during Quarter 4 FY 2017 to finance capital expenditures.

Share of profit of joint ventures decreased slightly by RM0.04 million.

The variances in gross profit, share of profit of joint ventures, other income and expenses have resulted in the decline of profit before tax by RM2.7 million or 13.7%.

Despite of lower profit before tax recorded in the current quarter, tax expense was higher in the current quarter due to higher effective tax rate during the period. Please refer to Section B6 for further details.

Profit after tax recorded in the current quarter thus declined by RM2.79 million or 18.2%.

(c) Group Cash Flow Review

For the current period, the Group registered net cash used in operating activities of RM2.32 million. Net cash used in investing activities of RM3.35 million was mainly due to the purchase of property, plant and equipment. Net cash used in financing activities of RM3.08 million was mainly for the repayment to hire purchase creditors.

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 lower revenue achieved by the construction and M&T divisions.

Higher revenue was recorded by the construction division in the preceding quarter as several projects that were carried forward were completed during the preceding quarter and revenue recognised accordingly.

Lower revenue was achieved by the M&T division in the current quarter due to lower delivery of pre-cast concrete products to the KVMRT project in Mar 2018 consequential upon KVMRT Work Stoppage.

B3. Prospects For 2018

The Group has an estimated construction and manufacturing balance order book of approximately RM1.58 billion and RM0.36 billion respectively as at 31 March 2018, contributed by numerous construction contracts and supply contracts. The balance order book provides a good earnings visibility to the Group and is expected to keep the Group busy for the next 2 years.

Our on-going projects and sales orders comprises of contracts secured from, amongst other, Lebuhraya Borneo Utara Sdn Bhd, MMC Gamuda KVMRT (UGW) Joint Venture, UEM Sunrise Bhd Group, IGB Corporation Bhd Group, Hillcrest Gardens Sdn Bhd and China Railway First Group Co.Ltd. Our on-going projects and sales orders include the following:

(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 (collectively "KVMRT2 Supply Contracts"). The supplies of products under these contracts are expected to be completed in 2019;

(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; and

(c) The construction of 5 blocks of Selangorku affordable apartments in Mukim Petaling, Selangor at contract sum of RM165.82 million. The project is expected to be completed in April 2019.

The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2018, 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 KVMRT 2 Supply Contracts; and

(b) The PBH

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 KVMRT Line 3, Malaysia-Singapore High Speed Rail and Rapid Transit System, 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 $26 billion to $31 billion in 2018, up from the $24.5 billion (preliminary estimate) awarded in 2017.

The projected higher construction demand is due to an anticipated increase in public sector construction demand, which is expected to grow from the $15.5 billion in 2017 to between $16 billion and $19 billion in 2018, contributing to about 60% of 2018's total projected demand. Public construction demand is expected to be boosted by an anticipated increase in demand for institutional and other buildings such as healthcare facilities, and civil engineering works as well as a slate of smaller government projects that have been brought forward in response to the slowdown in the previous years. Projects slated to be awarded this year include new public housing projects, redevelopment of National Skin Centre and Woodlands Integrated Health Campus, and mega infrastructure projects which include the second phase of the Deep Tunnel Sewerage System, North-South Corridor Expressway and new MRT works.

The private sector's construction demand is similarly expected to improve from $9 billion in 2017 to between $10 billion and $12 billion in 2018, on the back of a strengthened overall economic outlook and the upturn in property market sentiment.

The average construction demand is projected to be between $26 billion and $33 billion per annum in 2019 and 2020. The public sector will continue to lead demand and is expected to contribute $16 billion to $20 billion per annum in 2019 to 2022 with similar proportions of demand coming from building projects and civil engineering works. Besides public housing developments and healthcare and educational facilities, public sector construction demand over the medium-term will continue to be supported by major infrastructure projects which include various developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line, Rapid Transit System and High Speed Rail.

In addition, private sector construction demand is expected to increase gradually in the medium term, boosted by the redevelopment of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook in other economic sectors.

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 completed Hyve and Taman Puteri residential development in Pekan Nenas, Johor, with total unsold stocks worth RM38 million will continue to contribute to the Group's revenue in 2018 with further sales. There is no other on-going development carried out by the Group on its existing land bank totalling 155 acres and the Group does not expect any new launching until later part of 2018, subject to the sentiment of the property market.

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 31.3.2018 RM'000	Cumulative Quarter 3 months ended 31.3.2018 RM'000
(a)	interest income	518	518
(b)	other income including investment Income	2,042	2,042
(c)	interest expense	1,728	1,728
(d)	depreciation and amortization	8,670	8,670
(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	(12)	(12)
(h)	impairment of assets	96	96
(i)	foreign exchange (gain) or loss	1,320	1,320
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2018 RM'000	Cumulative Quarter 3 months ended 31.3.2018 RM'000
In respect of the current period		
- Income tax	5,786	5,786
- Deferred tax	(1,247)	(1,247)
	4,539	4,539
In respect of prior year		
- Income tax	-	-
- Deferred tax	-	-
	4,539	4,539

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 20 December 2017, the Company's wholly-owned subsidiary, Kii Morris Sdn Bhd ("KMRSB") entered into a conditional sale and purchase agreement ("KMRSB SPA") with Nusajaya Greens Sdn Bhd ("NGSB") to purchase all that freehold agriculture land held under HS (D) 458296 PTD 166915, in the Mukim of Pulai, District of Johor Bahru, Johor with land area of approximately 11.734 hectares from NGSB for a total cash purchase consideration of RM82,097,421.

The acquisition is pending fulfillment of the conditional precedent of the KMRSB SPA.

(b) On 28 December 2017, the Company's wholly-owned subsidiary, Kii Ashbury Sdn Bhd ("KASB") entered into a sale and purchase agreement ("KASB SPA") with Meridin East Sdn Bhd ("MESB") to purchase 17.90 acres of land forming part of the freehold agriculture land held under HSD 566044 PTD 224535, in the Mukim of Plentong, Daerah Johor Bahru, Johor for a total cash consideration of RM21,829,301.

The acquisition has yet to be completed.

(c) On 28 December 2017, the Company's wholly-owned subsidiary, Kiiville Sdn Bhd ("KVSB") entered into a sale and purchase agreement ("KT SPA") with Mah Sing Properties Sdn Bhd to purchase all that piece of freehold commercial land held under HS(D) 508921 PTD 185266, Mukim Pulai, Daerah Johor Bahru, Negeri Johor with land area of approximately 20,836.30 square meters from MSPSB for a total cash consideration of RM14,245,867.

The acquisition has yet to be completed.

(d) On 26 December 2017, the Company's wholly-owned subsidiary, Kimlun Land Sdn Bhd ("KLLSB") entered into a conditional agreement of sale ("MBSB SPA") with Bayu Melati Sdn Bhd on the purchase of the following leasehold properties:

(i) forty seven vacant detached lots; and

(ii) thirty units of building lots (each with a double storey detached houses erected thereon),

all in the Mukim Bukit Raja, District of Petaling, Shah Alam, Selangor

The acquisition was completed on 20 April 2018.

(e) The Board had proposed a final single tier dividend of RM0.055 per ordinary share in Kimlun ("Kimlun Share(s)") in respect of the financial year ended 31 December 2017 ("FYE 2017 Final Dividend"). The Board has also determined that the DRP will be applicable to the entire FYE 2017 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 2017 Final Dividend and the issuance of new Kimlun Shares in relation thereto in the forthcoming annual general meeting ("9th AGM").

Bursa Securities had, vide its letter dated 18 May 2018, approved the listing and quotation of up to 11,100,000 new Kimlun Shares to be issued pursuant to the DRP, subject to the following conditions:-

- 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 2018 are as follows:

	Interest rate per annum YTD 2018	As at 31.3.2018 RM'000	As at 31.3.2017 RM'000
Long term borrowings			
Secured:			
Hire purchase creditors	2.37% to 3.56%	46,389	10,268
Term loans	4.90% to 6.70%	38,743	54,398
		85,132	64,666
Short term borrowings			
Secured:			
Bank overdraft	5.35% to 8.29%	819	1,409
Hire purchase creditors	2.37% to 3.56%	21,676	7,304
Bankers' acceptance	4.15% to 5.00%	9,519	10,517
Invoice financing	5.15% to 6.67%	10,990	-
Term loans	4.90% to 6.70%	10,901	17,272
		53,905	36,502

All the borrowings are denominated in RM. All borrowings, other than hire purchase financing which is based on fixed interest rate, are based on floating interest rate.

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2018. However, the Board of Directors recommended the payment of FYE 2017 Final Dividend which is subject to the approval of the shareholders at the 9th 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 2018.

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

B11. Earnings Per Share (“EPS”)

	Current Quarter Ended		Year to-Date Ended	
	31.3.2018	**31.3.2017**	**31.3.2018**	**31.3.2017**
Profit attributable to owners of the Company (RM'000)	12,647	15,381	12,647	15,381
Weighted average number of ordinary shares in issue ('000)	320,622	310,270	320,622	310,270
Assumed shares issued from the exercise of warrants (‘000)	13,482	13,141	13,482	13,141
Adjusted weighted average number of ordinary shares in issue ('000)	334,104	323,844	334,104	323,844
Basic earnings per share (Sen)	3.94	4.96	3.94	4.96
Diluted earnings per share (Sen)	3.79	4.75	3.79	4.75

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.