Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the First Quarter Ended 31 March 2016

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/3/2016 RM'000	**Preceding Year Quarter 31/3/2015 RM'000**	**Current Year To Date 31/3/2016 RM'000**	**Preceding Year To Date 31/3/2015 RM'000**
Revenue	234,795	322,165	234,795	322,165
Cost of sales	(198,924)	(291,956)	(198,924)	(291,956)
Gross profit	35,871	30,209	35,871	30,209
Other income	2,447	2,116	2,447	2,116
Selling and administrative expenses	(14,100)	(12,737)	(14,100)	(12,737)
Finance costs	(2,189)	(2,463)	(2,189)	(2,463)
Share of profit of a joint venture	686	2,133	686	2,133
Profit before tax	22,715	19,258	22,715	19,258
Income tax expense	(5,612)	(5,142)	(5,612)	(5,142)
Profit net of tax	17,103	14,116	17,103	14,116
Other comprehensive income	13	(7)	13	(7)
Total comprehensive income for the period	17,116	14,109	17,116	14,109
Profit attributable to :				
Owners of the Company	17,103	14,116	17,103	14,116
Earnings Per Share (RM)				
- Basic (2)	0.06	0.05	0.06	0.05
- Diluted (2)	N/A	N/A	N/A	N/A
Total comprehensive income attributable to :				
Owners of the Company	17,116	14,109	17,116	14,109

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 31 March 2016

	Unaudited As at 31/3/2016 RM'000	Audited As at 31/12/2015 RM'000
Assets		
Non- current assets		
Property, plant and equipment	148,473	151,767
Land held for property development	30,006	29,695
Investment properties	327	327
Other investments	75	75
Investment in a joint venture	11,673	10,092
Deferred tax assets	2,502	2,874
	193,056	194,830
Current assets		
Properties held for sale	4,241	1,829
Property Development costs	75,132	73,409
Inventories	23,815	21,456
Trade and other receivables	454,415	444,648
Other current assets	132,337	140,358
Cash and bank balances	58,211	97,154
	748,151	778,854
TOTAL ASSETS	941,207	973,684
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	8,148	7,049
Loans and borrowings	55,632	82,379
Trade and other payables	285,407	303,282
Other current liability	36,362	40,642
	385,549	433,352
Net current assets	362,602	345,502
Non-current liabilities		
Loans and borrowings	78,801	80,592
TOTAL LIABILITIES	464,350	513,944
Net assets	476,857	459,740
Equity		
Share capital	150,281	150,281
Share premium	37,795	37,795
Treasury shares	(24)	(24)
Other reserves	34,834	34,820
Retained earnings	253,971	236,868
Total equity	476,857	459,740
TOTAL EQUITY AND LIABILITIES	941,207	973,684
Net Assets Per Share Attributable to owners of the Company (RM)	1.59	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 31 March 2016

	Current Year To Date 31/3/2016 RM'000	Preceding Year To Date 31/3/2015 RM'000
Operating activities		
Profit before tax	22,715	19,258
Adjustment for :		
Unrealised foreign exchange loss/(gain)	2,154	(423)
Depreciation	4,893	5,950
Allowance for impairment on trade receivables	-	285
Impairment of goodwill	3	-
(Gain)/Loss on disposal of property, plant and equipment	(26)	3
Fixed asset written off	7	-
Interest expenses	1,339	1,763
Interest income	(390)	(343)
Share of profit of a joint venture	(686)	(2,133)
Operating cash flows before changes in working capital	30,009	24,360
Changes in working capital		
Development property	(2,034)	(21,405)
Inventories	(2,359)	(327)
Receivables	(10,150)	(127,830)
Other current assets	3,303	82,025
Payables	(17,226)	5,298
Other current liabilities	(4,281)	37,314
Cash flows used in operations	(2,738)	(565)
Interest paid	(1,339)	(1,763)
Tax paid	(4,018)	(2,948)
Interest received	390	343
Net cash flows used in operating activities	(7,705)	(4,933)
Investing activities		
Purchase of property, plant and equipment	(1,635)	(2,545)
Proceeds from disposal of property, plant & equipment	55	6
Proceeds from disposal of intangible assets	-	15
Purchase of property held for sales	(10)	-
Investment in joint venture company	(1,020)	-
Net cash flows used in investing activities	(2,610)	(2,524)
Financing activities		
Repayment of loans and borrowings	(21,839)	(4,372)
(Repayment to)/Proceeds from hire purchase creditors	(1,927)	1,264
Net cash flows used in financing activities	(23,766)	(3,108)
Net decrease in cash and cash equivalents	(34,081)	(10,565)
Effects of exchange rate changes on cash and cash equivalents	(90)	188
Cash and cash equivalents at beginning of financial period	83,311	78,074
Cash and cash equivalents at end of financial period	49,140	67,697
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	58,211	77,307
Bank overdrafts (included within short term borrowings)	(9,071)	(9,610)
	49,140	67,697

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 31 March 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
<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 31/3/2016	**150,281**	**37,795**	**(24)**	**34,865**	**(31)**	**253,971**	**476,857**
<u>YTD ended 31 March 2015</u>							
Balance At 1/1/2015	150,281	37,795	(12)	34,865	1	177,587	400,517
Total comprehensive income for the period	-	-	-	-	(7)	14,116	14,109
At 31/3/2015	**150,281**	**37,795**	**(12)**	**34,865**	**(6)**	**191,703**	**414,626**

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes attached to the interim financial statements

NOTES TO THE REPORT

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

A1. Basis of Preparation

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

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.

The interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following new Financial Reporting Standards ("FRSs") and Amendments to FRSs ("Amendments") with effect from 1 January 2016:

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

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

The Group has not adopted the Malaysian Financial Reporting Standards (MFRS) in this interim financial report as the Group falls within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, thereby the adoption of the MFRS will be deferred.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015.

A4. Seasonal or Cyclical Factors

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

A5. Items of Unusual Nature

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

A6. Material Changes in Estimates

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

A7. Changes in Debt and Equity Securities

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

A8. Dividend Paid

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

A9. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A10. Capital commitments

There was no material capital commitment for property, plant and equipment not provided for as at 31 March 2016.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM1.64 million during the financial period-to-date.

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 March 2016:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales						
Inter-segment sales	184,790	47,796	2,203	6	0	234,795
Total revenue	2,643	30	347	2,994	(6,014)	0
	187,433	47,826	2,550	3,000	(6,014)	234,795
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						22,715
Income tax expense						(5,612)
Profit net of tax						17,103
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

The segment revenue and results for the financial period ended 31 March 2015:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales						
Inter-segment sales	270,372	51,733	-	60	0	322,165
Total revenue	4,341	1,562	-	599	(6,502)	0
	274,713	53,295	-	659	(6,502)	322,165
RESULTS						
Profit from operations	18,237	12,815	-	659	(1,502)	30,209
Other operating income						2,116
Selling and administrative expenses						(12,737)
Finance costs						(2,463)
Share of profit of a joint venture						2,133
Profit before tax						19,258
Income tax expense						(5,142)
Profit net of tax						14,116
Segment Assets	624,076	252,636	64,267	224,159	(216,440)	948,698
Segment Liabilities	380,539	178,601	45,394	261	(70,723)	534,072

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 2016, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A14. Changes in composition of the group

Save as disclosed below, there were no changes in the composition of the Group during the current financial year up to the LPD:

- On 15 January 2016, KL Building Materials Sdn. Bhd. ("KLBMSB"), a subsidiary of the Company:

  (i) acquired one ordinary share of RM1-00 each in Rock Projects Sdn. Bhd. ("RPSB Share(s)") from a third party for a total cash consideration of RM1-00 (" RPS Acquisition"); and

  (ii) subscribed for additional 1,019,999 new RPSB Shares at par for cash ("the Subscription")

  Upon the completion of the RPS Acquisition and the Subscription, Rock Projects Sdn. Bhd. becomes 51% owned by KLBMSB.

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

A15. Contingent liabilities or contingent assets

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

A16. Significant Related Party Transactions

The Group had the following transactions during the financial year-to-date with related parties in which certain directors of the Company have substantial financial interest:-

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 31 March 2016 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	894	891
Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin, and a director of a subsidiary company have substantial financial interest	2,889	4,088

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") 2016 vs Quarter 1 FY2015

The Group achieved revenue of RM234.79 million during the current quarter, which is 27.1% lower as compared to RM322.16 million registered in last year's corresponding period.

Gross profit of the Group of RM35.87 million for the current quarter is RM5.66 million or 18.7% higher than the RM30.21 million achieved in last year's corresponding period.

Profit after tax of the Group of RM17.10 million for the current quarter is RM2.98 million or 21.1% higher than the RM14.12 million achieved in last year's corresponding period.

(b) Performance review

A lower revenue was recorded in the current quarter due to lower revenue achieved by the construction and manufacturing divisions.

Construction revenue declined by RM87.28 million or 31.8% 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.

Manufacturing and trading revenue declined by RM5.47 million or 10.3%, compared to last year's corresponding period. Higher revenue was achieved in last year's corresponding period attributable to the sale of segmental box girders ("SBG") to the Klang Valley Mass Rapid Transit system ("KVMRT") Line 1 ("KVMRT1") of approximately RM15 million. The SBG sales orders were completed during FY2015. The decline in SBG sales revenue during the period was partly offset by a higher revenue generated from the sales of concrete rail sleepers and industrial building components to Singapore and Malaysia markets respectively.

The property development division recorded a revenue of RM2.55 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.

The Group's gross profit margin improved from 9.4% in last year's corresponding quarter to 15.3% in the current quarter due to better gross profit margin derived by the construction and manufacturing and trading divisions.

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

The improvement in gross profit margin of the manufacturing and trading division was mainly due to approximately 29% of the revenue of last year's corresponding period was contributed by the lower margin KVMRT1 SBG sales orders. In addition, an overall weaker Ringgit Malaysia against the Singapore Dollar in the current quarter compared to last year corresponding period also contributed to the improvement of gross profit margin during the period.

On the back of improved gross profit margin, the Group's gross profit increased by RM5.66 million, or 18.7% in the current quarter compared to last year's corresponding period.

Selling and administrative expenses increased by RM1.36 million compared to last year corresponding quarter, mainly due to the combination effects of the followings:

(i) foreign exchange loss of RM3.21 million, attributable mainly to the strengthening of Ringgit Malaysia against the Singapore Dollar towards the end of the current quarter resulted in unrealized foreign exchange loss on receivables denominated in Singapore Dollar. A negligible foreign exchange gains were made in last year corresponding quarter; and

(ii) Lower carriage outward incurred in the current quarter in line with lower delivery of finished goods to customers.

The Group's share of profit of a joint venture declined by RM1.45 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 the joint venture company is nearing its tail end and reaching its completion stage.

On the back of a higher gross profit which was partially set off by the increase in selling and administrative expenses and the lower share of profit of a joint venture during the current quarter, profit before and after tax of the Group improved by 18.0% and 21.2% respectively.

(c) Group Cash Flow Review

The Group registered net cash outflow from operating activities of RM7.70 million for the current quarter. Net cash used in financing activities of RM23.77 million for the current quarter was mainly for the repayment of loans and borrowings. Despite of the negative operating cash flow and net cash used in financing activities during the period, cash and cash equivalents of the Group stood at RM49.14 million as at 31 March 2016.

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

The Group recorded slightly higher revenue in the current quarter as compared to the preceding quarter, attributable to the increase in sales achieved by the construction division, which was in turn due to greater amount of construction works being executed.

Gross profit margin achieved in the current quarter was slightly better the level achieved in the preceding quarter. In line with the higher revenue and better gross profit margin achieved in the current quarter, gross profit increased by RM1.39 million. However, profit before tax of the Group was lower in the current quarter by RM4.00 million due to the following:

(i) foreign exchange loss of RM3.21 million in the current quarter; and
(ii) decline in the Group's share of profit of a joint venture by RM2.65 million compared to preceding quarter, mainly due to the development project carried out by the joint venture company is nearing its tail end and reaching its completion stage.

B3. Prospects For 2016

The Group's has an estimated construction and manufacturing balance order book of approximately RM1.48 billion and RM0.34 billion respectively as at 31 March 2016. The balance order book together with the estimated unbilled property sales value of RM6.7 million from the Hyve on approximately 82% take-up rate provides a good earnings visibility to the Group. The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2016, thus offer order book replenishment prospects.

Malaysian Construction Sector

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

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

(a) the KVMRT Line 2 (KVMRT2) with a total length of about 52.2 km, the Light Rail Transit Line 3 ("LRT3") and the Malaysia-Singapore High Speed Rail - our subsidiary, SPC Industries Sdn Bhd ("SPC"), has completed the sales orders for the supply of SBG and tunnel lining segments ("TLS") to the on-going KVMRT1 in 2015. In March 2016, SPC was appointed as the designated supplier for the supply of SBG to certain packages of KVMRT2 for RM199 million. With the strong track record in supplying SBG and TLS to KVMRT1, as well as to Singapore MRT projects, SPC is well positioned to compete for further potential SBG and TLS sales orders from these rail projects;

(b) Pan Borneo HIghway ("PBH") - ZKCSB was awarded with a work package under the PBH for a contract sum of RM1.46 billion ("Project"). The estimated completion period of the Project is end March 2020.

(c) Central Spine Road; and

(d) the construction of affordable houses and public amenities such as hospitals and clinics. The Board believes that most of these projects will be constructed using IBS construction method having regards to the Malaysian Government's policy that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions. Being one of the few contractors with IBS design capabilities backed by pre-cast concrete manufacturing plant, the Group is in the position to take advantage on the roll out of these projects.

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

(i) some of these developers started to shift their focus to landed properties, industrial parks or affordable homes developments, or moving out to suburbs such as Kulai and Senai, which continue to see healthy demand;

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

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

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

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

Singapore Construction Sector

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

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

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

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

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

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

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit Before Tax

The following items have been included in arriving at profit before tax:

		Current Quarter 3 months ended 31.3.2016 RM'000	Cumulative Quarter 3 months ended 31.3.2016 RM'000
(a)	interest income	390	390
(b)	other income including investment Income	2,031	2,031
(c)	interest expense	1,339	1,339
(d)	depreciation and amortization	4,893	4,893
(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	(26)	(26)
(h)	impairment of assets	10	10
(i)	foreign exchange (gain) or loss	3,206	3,206
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2016 RM'000	Cumulative Quarter 3 months ended 31.3.2016 RM'000
In respect of the current period		
- Income tax	5,117	5,117
- Deferred tax	495	495
	5,612	5,612
In respect of prior year		
- Income tax	0	0
- Deferred tax	0	0
	5,612	5,612

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

B7. Status of Corporate Proposals

The following corporate proposals as announced by the Company have not been completed as at the LPD:

(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")

(i) the Company ("Kimlun") announced the Proposed DRP on 18 April 2016;

(ii) Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 9 May 2016, approved the listing and quotation of up to 14,000,000 new ordinary shares of RM0.50 each in Kimlun to be issued pursuant to the Proposed DRP, subject to the following conditions:-

- Kimlun and its adviser to the Proposed DRP, RHB Investment Bank Bhd ("RHBIB") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposed DRP;
- Kimlun and RHBIB to inform Bursa Securities upon the completion of the Proposed DRP;
- Kimlun to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed DRP is completed; and
- Kimlun to furnish to Bursa Securities a certified true copy of the resolution passed by its shareholders in general meeting approving the Proposed DRP.

(iii) The Company will seek for its shareholders' approval on the Proposed DRP and the proposed issuance of new shares in relation to the Proposed DRP in the Extraordinary General Meeting to be held on 24 June 2016.

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 31 March 2016 are as follows:

	RM'000
Long term borrowings	
Secured:	
Hire purchase creditors	9,719
Term loans	69,082
	78,801
Short term borrowings	
Secured:	
Bank overdraft	9,071
Hire purchase creditors	7,519
Bankers' acceptance	18,758
Term loans	20,284
	55,632

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Realised and Unrealised Profits

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

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

	Group 31.3.2016 RM'000	**Group 31.12.2015 RM'000**
Total retained earnings		
- Realised	260,982	232,130
- Unrealised	(600)	11,253
	260,382	243,383
Less : Consolidation adjustments	(6,411)	(6,515)
Total Group retained earnings as per consolidated accounts	253,971	236,868

B11. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2016. However, the Board of Directors recommended the payment of a final single-tier dividend of 5.8 sen per share in respect of the financial year ended 31 December 2015 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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 2016.

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

B12. Earnings Per Share ("EPS")

Basic EPS are 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 as follow:

	Current Quarter Ended		**Year to-Date Ended**	
	31.3.2016	**31.3.2015**	**31.3.2016**	**31.3.2015**
Profit attributable to owners of the Company (RM'000)	17,103	14,116	17,103	14,116
Number of ordinary shares in issue ('000)	300,543	300,553	300,543	300,553
Basic earnings per share (RM)	0.06	0.05	0.06	0.05

Diluted EPS is not applicable as the exercise price of the Warrants is higher than the average market price of the Company's ordinary shares.