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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2016 RM'000	**Preceding Year Quarter 31/12/2015 RM'000**	**Current Year To Date 31/12/2016 RM'000**	**Preceding Year To Date 31/12/2015 RM'000**
Revenue	235,352	231,950	940,677	1,053,640
Cost of sales	(191,648)	(197,468)	(790,040)	(930,695)
Gross profit	43,704	34,482	150,637	122,945
Other income	2,493	3,094	9,481	10,003
Selling and administrative expenses	(13,650)	(11,923)	(47,289)	(39,307)
Finance costs	(1,681)	(2,265)	(7,831)	(9,455)
Share of profit of joint ventures	2,387	3,332	3,973	9,176
Profit before tax	33,253	26,720	108,971	93,362
Income tax expense	(9,068)	(5,317)	(27,052)	(22,660)
Profit net of tax	24,185	21,403	81,919	70,702
Other comprehensive income	(5)	13	(5)	(46)
Total comprehensive income for the period	24,180	21,416	81,914	70,656
Profit attributable to :				
Owners of the Company	24,187	21,403	81,921	70,702
Non-controlling interests	(2)	-	(2)	-
	24,185	21,403	81,919	70,702
Earnings Per Share (RM)				
- Basic (2)	0.08	0.07	0.27	0.24
- Diluted (2)	0.07	0.07	0.26	0.24
Total comprehensive income attributable to :				
Owners of the Company	24,182	21,416	81,916	70,656
Non-controlling interests	(2)	-	(2)	-
	24,180	21,416	81,914	70,656

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 December 2016

	Unaudited As at 31/12/2016 RM'000	Audited As at 31/12/2015 RM'000
Assets		
Non- current assets		
Property, plant and equipment	155,787	151,767
Land held for property development	51,765	29,695
Investment properties	5,637	327
Investment Securities	181	-
Other investments	75	75
Investment in joint ventures	17,291	10,092
Deferred tax assets	-	2,874
	230,736	194,830
Current assets		
Properties held for sale	1,829	1,829
Property Development costs	54,157	73,409
Inventories	18,445	21,456
Trade and other receivables	480,054	444,648
Other current assets	134,251	140,358
Cash and bank balances	79,025	97,154
	767,761	778,854
TOTAL ASSETS	998,497	973,684
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	10,675	7,049
Loans and borrowings	47,373	82,379
Trade and other payables	297,882	303,282
Other current liability	33,076	40,642
	389,006	433,352
Net current assets	378,755	345,502
Non-current liabilities		
Loans and borrowings	67,662	80,592
Deferred tax liabilities	2,565	-
	70,227	80,592
TOTAL LIABILITIES	459,233	513,944
Net assets	539,264	459,740
Equity		
Share capital	155,145	150,281
Share premium	47,971	37,795
Treasury shares	(24)	(24)
Other reserves	34,816	34,820
Retained earnings	301,358	236,868
Equity attributable to owners of the Company	539,266	459,740
Non-controlling interests	(2)	-
Total equity	539,264	459,740
TOTAL EQUITY AND LIABILITIES	998,497	973,684
Net Assets Per Share Attributable to owners of the Company (RM)	1.74	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 December 2016

	Current Year To Date 31/12/2016 RM'000	Preceding Year To Date 31/12/2015 RM'000
Operating activities		
Profit before tax	108,971	93,362
Adjustment for :		
Unrealised foreign exchange gain	(1,172)	(10,054)
Depreciation	19,454	20,859
Bad debts recovered	(608)	-
Allowance for impairment on trade receivables	658	366
Impairment of goodwill	3	3
Net fair value loss on investment securities	212	-
Gain on disposal of property, plant and equipment	(92)	(120)
Fixed asset written off	31	43
Interest expenses	4,721	6,368
Interest income	(1,380)	(1,758)
Share of profit of joint ventures	(3,973)	(9,176)
Operating cash flows before changes in working capital	126,825	99,893
Changes in working capital		
Development property	(1,866)	(59,141)
Inventories	3,011	(337)
Receivables	(45,256)	(93,306)
Other current assets	14,905	116,534
Payables	(8,717)	(12,230)
Other current liabilities	(7,565)	31,836
Cash flows generatef from operations	81,337	83,249
Interest paid	(4,721)	(6,368)
Tax paid	(17,195)	(15,741)
Interest received	1,380	1,758
Net cash flows generated from operating activities	60,801	62,898
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(1,317)	(29,695)
Purchase of property, plant and equipment	(17,685)	(11,894)
Proceeds from disposal of property, plant & equipment	121	160
Proceeds from disposal of intangible assets	-	15
Purchase of investment properties	(10)	-
Investment in joint venture company	(4,020)	-
Purchase of Investment Securities	(385)	-
Net cash flows used in investing activities	(23,296)	(41,414)
Financing activities		
Proceeds from issuance of shares	15,272	-
Share issuance expense	(232)	-
Dividend paid	(17,431)	(11,421)
Purchase of treasury shares	-	(12)
Repayment of loans and borrowings	(42,801)	(688)
Repayment to hire purchase creditors	(7,207)	(4,785)
Net cash flows used in financing activities	(52,399)	(16,906)
Net decrease in cash and cash equivalents	(14,894)	4,578
Effects of exchange rate changes on cash and cash equivalents	543	659
Cash and cash equivalents at beginning of financial period	83,311	78,074
Cash and cash equivalents at end of financial period	68,960	83,311
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	79,025	97,154
Bank overdrafts (included within short term borrowings)	(10,065)	(13,843)
	68,960	83,311

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 December 2016

	Attributable to owners of the parent						
	<----------------- Non-distributable				----------------->	Distributable	
	Share capital	**Share premium**	**Treasury shares**	**Warrants reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Sub-Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
<u>YTD ended 31 December 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	-	-	-	-	(5)	81,921	81,916
<u>Transactions with owner</u>							
Issuance of ordinary shares pursuant to dividend reinvestment plan (as detailed in Note A7)	4,864	10,408	-	-	-	-	15,272
Share issue expenses	-	(232)	-	-	-	-	(232)
Dividend payment (as detailed in Note B11)						(17,431)	(17,431)
At 31/12/2016	**155,145**	**47,971**	**(24)**	**34,865**	**(49)**	**301,358**	**539,266**
<u>YTD ended 31 December 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	-	-	-	-	(46)	70,702	70,656
<u>Transactions with owner</u>							
Purchase of treasury shares	-	-	(12)	-	-	-	(12)
Dividend payment (as detailed in Note B11)	-	-	-	-	-	(11,421)	(11,421)
At 31/12/2015	**150,281**	**37,795**	**(24)**	**34,865**	**(45)**	**236,868**	**459,740**

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

NOTES TO THE REPORT

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

A1. Basis of Preparation

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

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

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

A2. Changes in accounting policies

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

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

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

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

A3. Auditor's report on preceding annual financial statements

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

A4. Seasonal or Cyclical Factors

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

A5. Items of Unusual Nature

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

A6. Material Changes in Estimates

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

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date save for the issuance of 9,727,437 new ordinary shares of RM0.50 each in the Company on 18 August 2016 pursuant to the first dividend reinvestment plan implemented by the Company.

A8. Dividend Paid

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

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 December 2016 are as follows:

	RM'000
Approved and contracted for	10,586

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, mainly for usage in the Pan Borneo Highway project in Sarawak.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM23.54 million during the financial period-to-date, mainly incurred for the purchase of heavy machineries including road rollers, motor grader and excavator, site vehicles and crusher plant for usage mainly in the Pan Borneo Highway project, and the expansion of production facilities.

A12. Segmental Information

The Group is organized into the following operating segments:-

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

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

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	753,089	180,947	6,567	74	0	940,677
Inter-segment sales	8,893	1,738	(257)	15,052	(25,426)	0
Total revenue	761,982	182,685	6,310	15,126	(25,426)	940,677
RESULTS						
Profit from operations	94,450	55,961	803	15,126	(15,703)	150,637
Other operating income						9,481
Selling and administrative expenses						(47,289)
Finance costs						(7,831)
Share of profit of a joint venture						3,973
Profit before tax						108,971
Income tax expense						(27,052)
Profit net of tax						81,919
Segment Assets	601,718	271,225	146,211	240,286	(260,943)	998,497
Segment Liabilities	299,187	145,742	88,775	1,533	(76,004)	459,233

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

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	856,481	191,866	5,041	252	0	1,053,640
Inter-segment sales	17,425	5,568	0	16,300	(39,293)	0
Total revenue	873,906	197,434	5,041	16,552	(39,293)	1,053,640
RESULTS						
Profit from operations	72,191	53,815	652	16,552	(20,265)	122,945
Other operating income						10,003
Selling and administrative expenses						(39,307)
Finance costs						(9,455)
Share of profit of a joint venture						9,176
Profit before tax						93,362
Income tax expense						(22,660)
Profit net of tax						70,702
Segment Assets	589,424	264,684	137,833	228,011	(246,268)	973,684
Segment Liabilities	328,920	166,225	94,346	696	(76,243)	513,944

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

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

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

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

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

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

A15. Contingent liabilities or contingent assets

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

A16. Significant Related Party Transactions

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

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 31 Dec 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	2,476	1,491
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	10,301	2,943

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 4 Financial Year Ending 31 December ("FY") 2016 vs Quarter 4 FY2015

The Group achieved revenue of RM235.35 million during the current quarter, which approximates the level achieved in Quarter 4 FY2015.

Gross profit of the Group of RM43.70 million for the current quarter is higher than the RM34.48 million achieved in Quarter 4 FY2015.

Profit after tax of the Group of RM24.18 million for the current quarter is RM2.78 million or 13.0% higher than the RM21.40 million achieved in Quarter 4 FY2015.

(b) 12 Months Ended 31 December 2016 ("Current Period") vs 12 Months Ended 31 December 2015 ("LY Corresponding Period")

The Group achieved revenues of RM940.68 million during the Current Period, which is 10.4% lower as compared to RM1.05 billion registered in LY Corresponding Period.

Gross profit of the Group of RM150.64 million for the Current Period is 22.5% higher than RM122.95 million achieved in LY Corresponding Period.

Profit after tax of the Group of RM81.92 million for the Current Period is RM11.22 million or 15.9% higher than the RM70.70 million achieved in LY Corresponding Period.

(c) Performance review

Revenue for the Group for the current quarter approximates the level achieved in Quarter 4 FY2015. Lower revenue was recorded in the Current Period mainly due to lower revenue achieved by the construction and manufacturing and trading divisions.

For the current quarter, construction revenue increased by RM23.51 million, or 13.1% compared to Quarter 4 FY2015. The increase in construction revenue was mainly due to the construction progress of some new projects and the recognition of some larger variation orders approved during the current quarter. For Current Period, construction revenue declined by RM111.92 million, or 12.8% compared to LY Corresponding Period, mainly due to lower amount of balance orders in hand carried forward from FY2015 for execution in FY2016 vis-à-vis the amount of balance order in hand carried forward from FY2014 for execution mainly in FY2015, while new projects secured in the Current Period were mainly at initial construction stage.

For the current quarter, manufacturing revenue declined by RM19.52 million, or 36.0% compared to Quarter 4 FY2015 due to lower revenue contribution from the few sales orders in relation to the supply of tunnel lining segments ("TLS") to Singapore's underground power transmission network ("UPTN"), as the sales orders were substantially completed during the early part of the Current Period, and lower revenue from other TLS orders which are nearing tail end. For the Current Period, manufacturing and trading revenue declined by RM14.75 million or 7.5% compared to LY Corresponding Period due to lower revenue from the UPTN sales orders. The decline in the TLS revenue was partly offset by the increase in revenue from the sales of industrial building components, mainly to fast track projects in the refinery and petrochemical integrated development in Pengerang, Johor.

For the current quarter and Current Period, the property development division recorded a revenue of RM0.33 million and RM6.31 million respectively, attributable to a boutique residential development in Johor.

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

The Group’s gross profit margin improved from 14.9% in Quarter 4 FY2015 to 18.6% in the current quarter, and from 11.7% in LY Corresponding Period to 16.0% in Current Period, due to better gross profit margin derived by the construction division in the current quarter and Current Period, and the manufacturing and trading division in the Current Period.

The improvement in gross profit margin of the construction division in the current quarter and Current Period was mainly due to the execution of better margin projects, lower raw material price and fuel price during the period. In addition, the recognition of some larger variation orders approved during the current quarter further enhanced the gross profit margin.

The decline in gross profit margin of the manufacturing and trading division in the current quarter was mainly due to products mix with lower composition of high margin products. The improvement in gross profit margin of the manufacturing and trading division in the Current Period was mainly due to the execution of the lower margin Klang Valley Mass Rapid Transit system (“KVMRT”) Line 1 Segmental Box Girders (“SBG”) sales orders in LY Corresponding Period. In addition, an overall weaker Ringgit Malaysia against the Singapore Dollar in the Current Period also contributed to the improvement of gross profit margin during the period.

The Group’s gross profit for the current quarter and Current Period increased by 26.7% and 22.5% respectively compared to last year’s corresponding period on the back of the strong gross profit margin achieved.

For the current quarter and Current Period, selling and administrative expenses increased by RM1.73 million and RM7.98 million respectively compared to last year corresponding period. The increase in the current quarter was mainly due to the increase in provision for doubtful debts by RM1.44 million. The increase in the Current Period was mainly attributable to variance in foreign exchange difference of RM5.02 million, increase in provision for doubtful debts by RM1.07 million, and stamp duty of RM0.98 million incurred for additional banking facilities.

For the Current Period, foreign exchange gains was RM1.18 million compared to RM6.26 million recorded in last year. The variance in the foreign exchange gains was attributable to Ringgit Malaysia weakened against the Singapore Dollar in a greater quantum during LY Corresponding Period compared to the Current Period.

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

The Group’s share of profit of joint ventures for the current quarter and Current Period declined by RM0.95 million and RM5.20 million compared to last year’s corresponding period mainly due to the

SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor carried out by a joint venture company was physically completed in the early part of the Current Period, and liquidated damages of approximately RM1.6 million paid to the purchasers on late delivery of the properties.

For the current quarter and Current Period, profit after tax of the Group improved by 13.0% and 15.9% respectively compared to last year's corresponding period on the back of higher gross profit and lower finance costs, which were partially set off by the increase in selling and administrative expenses, and the decline in share of profit of joint ventures and other income.

(b) Group Cash Flow Review

For the Current Period, the Group registered net cash inflow from operating activities of RM60.80 million. Net cash used in financing activities of RM23.30 million was mainly for purchase of property, plant and equipment. Net cash used in financing activities of RM52.40 million was mainly for the payment of dividend and repayment of loans and borrowings.

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

The Group recorded higher revenue, gross profit and profit net of taxation in the current quarter compared to the preceding quarter, mainly attributable to higher revenue and stronger gross profit margin achieved by the construction.

B3. Prospects For 2017

The Group's has an estimated construction and manufacturing balance order book of approximately RM1.67 billion and RM0.26 billion respectively as at 31 December 2016. The balance order book provides a good earnings visibility to the Group. The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 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") - 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.

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 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 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 31.12.2016 RM'000	Cumulative Quarter 12 months ended 31.12.2016 RM'000
(a)	interest income	321	1,380
(b)	other income including investment Income	2,114	8,006
(c)	interest expense	980	4,721
(d)	depreciation and amortization	4,975	19,454
(e)	provision for and write off of receivables	1,440	1,440
(f)	provision for and write off of inventories	0	0
(g)	(gain) or loss on disposal of quoted or unquoted investments or properties	(55)	(92)
(h)	impairment of assets	(77)	246
(i)	foreign exchange (gain) or loss	(1,487)	(1,180)
(j)	gain or loss on derivatives	0	0
(k)	exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.12.2016 RM'000	Cumulative Quarter 12 months ended 31.12.2016 RM'000
In respect of the current period		
- Income tax	6,622	20,894
- Deferred tax	1,617	5,376
	8,239	26,270
In respect of prior year		
- Income tax	(1)	(72)
- Deferred tax	830	854
	9,068	27,052

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 over one of the parcels of land was completed, while the acquisition of the lease over the remaining parcel of land has yet to be completed.

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

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

B8. Group Borrowing and Debts Securities

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

	RM'000
Long term borrowings	
Secured:	
Hire purchase creditors	10,177
Term loans	57,485
	67,662
Short term borrowings	
Secured:	
Bank overdraft	10,064
Hire purchase creditors	7,407
Bankers' acceptance	11,462
Term loans	18,440
	47,373

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 31.12.2016 RM'000	**Group 31.12.2015 RM'000**
Total retained earnings		
- Realised	305,230	232,130
- Unrealised	3,057	11,253
	308,287	243,383
Less : Consolidation adjustments	(6,929)	(6,515)
Total Group retained earnings as per consolidated accounts	301,358	236,868

B11. Dividends

(a) The Board of Directors recommend the payment of a final single-tier dividend of 6.5 sen per share in respect of the financial year ended 31 December 2016 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM").

The Board has determined that the DRP will apply to the final dividend and shareholders of the Company ("Shareholders") be given an option to reinvest the entire final dividend in new ordinary share(s) in the Company ("Reinvestment Option") ("New Shares"), subject to approvals being obtained from the following:

(i) Bursa Securities for the listing of and quotation for the New Shares to be issued pursuant to the implementation of the DRP for the final dividend on the Main Market of Bursa Securities;

(ii) Shareholders in the forthcoming AGM for the declaration of the final dividend and the issuance of such number of New Shares as may be required pursuant to the exercise of the Reinvestment Option by the Shareholders; and

(iii) Approval from other relevant authorities and/ or parties, if required.

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

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

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

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

B12. Earnings Per Share ("EPS")

	Current Quarter Ended		**Year to-Date Ended**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Profit attributable to owners of the Company (RM'000)	24,187	21,403	81,921	70,702
Weighted average number of ordinary shares in issue ('000)	310,270	300,543	306,046	300,543
Assumed shares issued from the exercise of warrants ('000)	13,141	0	5,817	0
Adjusted weighted average number of ordinary shares in issue ('000)	323,411	300,543	311,863	300,543
Basic earnings per share (RM)	0.08	0.07	0.27	0.24
Diluted earnings per share (RM)	0.07	0.07	0.26	0.24

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.