

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Second Quarter Ended 30 June 2014

| | Individual Quarter | | Cumulative Period | |
|---|---|--|---|--|
| | Current Year Quarter 30/06/2014 RM'000 | Preceeding Year Quarter 30/06/2013 RM'000 | Current Year To Date 30/06/2014 RM'000 | Preceeding Year To Date 30/06/2013 RM'000 |
| Revenue | 309,439 | 234,272 | 644,522 | 448,675 |
| Cost of sales | (285,956) | (212,589) | (581,040) | (404,898) |
| Gross profit | 23,483 | 21,683 | 63,482 | 43,777 |
| Other income | 2,060 | 1,474 | 3,931 | 2,757 |
| Selling and administrative expenses | (11,065) | (11,080) | (22,750) | (20,227) |
| Finance costs | (2,910) | (2,932) | (6,367) | (5,347) |
| Profit before tax | 11,568 | 9,145 | 38,296 | 20,960 |
| Income tax expense | (3,160) | (2,157) | (10,022) | (5,086) |
| Profit net of tax | 8,408 | 6,988 | 28,274 | 15,874 |
| Other comprehensive income | (2) | - | (1) | - |
| Total comprehensive income for the period | <u>8,406</u> | <u>6,988</u> | <u>28,273</u> | <u>15,874</u> |
| Profit attributable to : | | | | |
| Owners of the Company | 7,475 | 7,032 | 26,940 | 15,987 |
| Non-controlling interests | 933 | (44) | 1,334 | (113) |
| | <u>8,408</u> | <u>6,988</u> | <u>28,274</u> | <u>15,874</u> |
| Earnings Per Share (RM) | | | | |
| - Basic (2) | 0.02 | 0.03 | 0.09 | 0.07 |
| - Diluted (2) | N/A | N/A | N/A | N/A |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | 7,473 | 7,032 | 26,939 | 15,987 |
| Non-controlling interests | 933 | (44) | 1,334 | (113) |
| | <u>8,406</u> | <u>6,988</u> | <u>28,273</u> | <u>15,874</u> |

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B12 for details.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statements of Financial Position
As at 30 June 2014

| | Unaudited As at 30/06/2014 RM'000 | Audited As at 31/12/2013 RM'000 |
|---|--|--|
| Assets | | |
| Non- current assets | | |
| Property, plant and equipment | 156,730 | 156,699 |
| Investment properties | 327 | 327 |
| Other investments | 90 | 90 |
| Deferred tax assets | 4,887 | 4,797 |
| | <u>162,034</u> | <u>161,913</u> |
| Current assets | | |
| Properties held for sale | 1,510 | 389 |
| Property Development costs | 33,971 | 60,001 |
| Inventories | 19,731 | 16,977 |
| Trade and other receivables | 378,979 | 353,981 |
| Other current assets | 262,155 | 224,568 |
| Cash and bank balances | 61,973 | 32,128 |
| | <u>758,319</u> | <u>688,044</u> |
| TOTAL ASSETS | <u>920,353</u> | <u>849,957</u> |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Income tax payable | 5,978 | 88 |
| Loans and borrowings | 97,474 | 144,707 |
| Trade and other payables | 352,677 | 308,165 |
| Other current liability | 2,914 | 7,378 |
| | <u>459,043</u> | <u>460,338</u> |
| Net current assets | <u>299,276</u> | <u>227,706</u> |
| Non-current liabilities | | |
| Loans and borrowings | 77,996 | 90,419 |
| TOTAL LIABILITIES | <u>537,039</u> | <u>550,757</u> |
| Net assets | <u>383,314</u> | <u>299,200</u> |
| Equity | | |
| Share capital | 150,281 | 120,225 |
| Share premium | 37,735 | 37,798 |
| Other reserves | 34,874 | 10 |
| Retained earnings | 158,992 | 141,069 |
| Equity attributable to owners of the Company | <u>381,882</u> | <u>299,102</u> |
| ' | 1,432 | 98 |
| Total equity | <u>383,314</u> | <u>299,200</u> |
| TOTAL EQUITY AND LIABILITIES | <u>920,353</u> | <u>849,957</u> |
| Net Assets Per Share Attributable to owners of the Company (RM) | 1.27 | 1.24 |

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 2013 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 30 June 2014

| | Current Year To Date 30/06/2014 RM'000 | Preceeding Year To Date 30/06/2013 RM'000 |
|---|---|--|
| Operating activities | | |
| Profit before tax | 38,296 | 20,960 |
| Adjustment for : | | |
| Unrealised foreign exchange gain | 768 | 159 |
| Depreciation | 11,415 | 9,293 |
| Provision for doubtful debts | - | 500 |
| Bad debts | - | 55 |
| Gain on disposal of property, plant and equipment | (1) | (115) |
| Reversal of fixed assets from Profit and Loss | - | (20) |
| Fixed assets written off | 20 | - |
| Interest expenses | 5,024 | 4,290 |
| Interest income | (412) | (307) |
| Operating cash flows before changes in working capital | 55,110 | 34,815 |
| Changes in working capital | | |
| Development property | 26,029 | (38,224) |
| Inventories | (2,754) | (2,432) |
| Receivables | (35,117) | (37,108) |
| Other current assets | (30,418) | (5,705) |
| Payables | 36,509 | 50,224 |
| Other current liabilities | (4,465) | (8,649) |
| Cash flows from/(used in) operations | 44,894 | (7,079) |
| Interest paid | (5,024) | (4,290) |
| Tax paid | (4,223) | (6,831) |
| Interest received | 412 | 307 |
| Net cash flows from/(used) in operating activities | 36,059 | (17,893) |
| Investing activities | | |
| Purchase of property, plant and equipment | (6,455) | (19,208) |
| Proceeds from disposal of property, plant & equipment | 92 | 193 |
| Purchase of property held for sales | (1) | - |
| Other deposits not for short-term funding requirements | - | (6) |
| Net cash flows used in investing activities | (6,364) | (19,021) |
| Financing activities | | |
| Proceeds from issuance of shares | 66,124 | - |
| Share issuance expenses | (1,265) | - |
| (Repayment of)/Proceeds from loans and borrowings | (22,479) | 7,702 |
| (Repayment of)/Proceeds from advance against progressive claims | (17,002) | 5,931 |
| Repayment to hire purchase creditors | (2,811) | (2,646) |
| Net cash flows from financing activities | 22,567 | 10,987 |
| Net increase/(decrease) in cash and cash equivalents | 52,262 | (25,927) |
| Effects of exchange rate changes on cash and cash equivalents | 5 | 132 |
| Cash and cash equivalents at beginning of financial period | 5,346 | 34,034 |
| Cash and cash equivalents at end of financial period | 57,613 | 8,239 |
| Cash and cash equivalents at end of the financial period comprise the following: | | |
| Cash and bank balances | 61,973 | 40,537 |
| Bank overdrafts (included within short term borrowings) | (4,360) | (32,292) |
| Other deposits not for short-term funding requirements | | (6) |
| | 57,613 | 8,239 |

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 2013 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
(Company No: 867077-X)
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 30 June 2014

| | Attributable to owners of the parent | | | | | | | |
|---|--------------------------------------|---------------|------------------|--------------------------------------|-------------------|----------------|--------------------------|----------------|
| | <----- Non-distributable -----> | | | | Distributable | | | |
| | Share capital | Share premium | 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 |
| YTD ended 30 June 2014 | | | | | | | | |
| Balance At 1/1/2014 | 120,225 | 37,798 | - | 10 | 141,069 | 299,102 | 98 | 299,200 |
| Total comprehensive income for the period | - | - | - | (1) | 26,940 | 26,939 | 1,334 | 28,273 |
| Transactions with owner | | | | | | | | |
| Issuance of ordinary shares pursuant to rights issue with warrants (as detailed in Note A7) | 30,056 | 1,202 | 34,865 | - | - | 66,123 | - | 66,123 |
| Share issue expenses | - | (1,265) | - | - | - | (1,265) | - | (1,265) |
| Dividend payment (as detailed in Note B11) | | | | | (9,017) | (9,017) | | (9,017) |
| At 30/06/2014 | 150,281 | 37,735 | 34,865 | 9 | 158,992 | 381,882 | 1,432 | 383,314 |
| YTD ended 30 June 2013 | | | | | | | | |
| Balance At 1/1/2013 | 120,225 | 37,798 | - | 4 | 116,896 | 274,923 | 337 | 275,260 |
| Total comprehensive income for the period | - | - | - | 1 | 15,987 | 15,988 | (114) | 15,874 |
| Transactions with owner | | | | | | | | |
| Dividend payment (as detailed in Note B11) | - | - | - | - | (11,542) | (11,542) | - | (11,542) |
| At 30/06/2013 | 120,225 | 37,798 | - | 5 | 121,341 | 279,369 | 223 | 279,592 |

(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 2013 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 2013.

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 2013, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs (“Amendments”) and Issues Committee (“IC”) Interpretations with effect from 1 January 2014:

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136: Recoverable Amount Disclosure for Non-Financial Assets
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21: Levies

The adoption of the above FRSs, IC interpretations 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 2013.

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

Save for the issuance of 60,112,500 new ordinary shares of RM0.50 each and 60,112,500 warrants pursuant to the Rights Issue of 60,112,500 New Ordinary Shares of RM0.50 Each at an Issue Price of RM1.10 per Rights Share together with 60,112,500 free Warrants ("Warrants") which was approved by the shareholders on 2 January 2014 ("Rights Issue with Warrants"), there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

A8. Dividend Paid

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

A9. Valuation of property, plant and equipment

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

A10. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 June 2014 are as follows:-

| | |
|-----------------------------|--------------|
| | RM'000 |
| Approved and contracted for | <u>9,207</u> |

The capital commitment is mainly for the purchase of formworks and tower cranes for our construction business.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM12.63 million, mainly incurred for the purchase of moulds, tower cranes, passenger hoist and other machinery during the financial period-to-date.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2014

A12. Segmental Information

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing of concrete products and trading of building materials;
- c) Property development; and
- d) Investment

The segment revenue and results for the financial period ended 30 June 2014:

| | Construction | Manufacturing & Trading | Property Development | Investment | Elimination | Consolidated |
|-------------------------------------|--------------|----------------------------|-------------------------|------------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | | |
| External sales | 478,806 | 97,593 | 67,909 | 214 | 0 | 644,522 |
| Inter-segment sales | 17,918 | 5,197 | (1,733) | 9,358 | (30,740) | 0 |
| Total revenue | 496,724 | 102,790 | 66,176 | 9,572 | (30,740) | 644,522 |
| RESULTS | | | | | | |
| Profit from operations | 28,152 | 14,966 | 20,476 | 9,572 | (9,684) | 63,482 |
| Other operating income | | | | | | 3,931 |
| Selling and administrative expenses | | | | | | (22,750) |
| Finance costs | | | | | | (6,367) |
| Profit before tax | | | | | | 38,296 |
| Income tax expense | | | | | | (10,022) |
| Profit net of tax | | | | | | 28,274 |
| Segment Assets | 604,523 | 269,963 | 63,672 | 232,405 | (250,210) | 920,353 |
| Segment Liabilities | 414,561 | 201,240 | 47,286 | 9,429 | (135,477) | 537,039 |

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 21 August 2014, 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

There were no changes in the composition of the Group during the financial year-to-date.

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 30 June 2014 (RM'000) |
|---|--|---|
| Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest | 39,313 | 22,751 |
| Purchase of quarry products from a company in which the Company's directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing have substantial financial interest | 5,169 | 5,357 |

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 2 Financial Year Ending 31 December ("FY") 2014 vs Quarter 2 FY2013

The Group achieved revenues of RM309.44 million during the current quarter, which is 32.1% higher as compared to RM234.27 million registered in the previous year's corresponding quarter.

Profit after tax of the Group of RM8.41 million for the current quarter is RM1.42 million or 20.3% higher than the RM6.99 million achieved in the previous year's corresponding quarter.

(b) 6 Months Ended 30 June 2014 ("Current Period") vs 6 Months Ended 30 June 2013 ("LY Corresponding Period")

The Group achieved revenues of RM644.52 million during the Current Period, which is 43.6% higher as compared to RM448.68 million registered in LY Corresponding Period.

Profit after tax of the Group of RM28.27 million for the Current Period is RM12.4 million or 78.1% higher than the RM15.87 million achieved in LY Corresponding Period.

(c) Performance review

The construction division continued to be the main revenue contributor to the Group, attributing more than 70% of the current quarter's and Current Period's revenue. For the current quarter, construction revenue improved by RM67.31 million, or 35.7%, compared to last year's corresponding quarter, whereas for the Current Period, construction revenue improved by RM132.20 million, or 36.3% as compared to LY Corresponding Period. The improvement in construction revenue in the current quarter and Current Period was mainly due to greater amount of balance orders in hand carried forward from FY2013 for execution in FY2014 vis-à-vis the amount of balance order in hand carried forward from FY2012 for execution mainly in FY2013.

For the current quarter, manufacturing and trading revenue improved by RM2.16 million, or 4.0% from last year's corresponding quarter, whereas for the Current Period, manufacturing and trading revenue improved by RM8.42 million, or 8.9% as compared to LY Corresponding Period. The improvement in manufacturing and trading revenue in the current quarter and Current Period was mainly due to the increase in revenue from the sales of tunnel lining segments ("TLS") to the Klang Valley Mass Rapid Transit system ("KVMRT").

For the current quarter, property development revenue improved by RM9.91 million from RM1.73 million of last year's corresponding quarter, whereas for the Current Period, property development revenue improved by RM64.40 million from RM1.78 million of LY Corresponding Period. The improvement in development revenue was contributed by the revenue from the disposal of few parcels of land ("the Land Disposal") for the consideration of RM46.46 million in the first quarter of FY2014, and the development progress of the Group's maiden SOHO and offices property development project known as Cyber Bistari (Hyve) in Cyberjaya, Selangor.

For the current quarter and 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 declined from 9.3% in last year's corresponding quarter to 7.6% in the current quarter due to lower gross profit margin derived by the construction and manufacturing and trading divisions. The Group's gross profit margin for the Current Period approximates that of LY Corresponding Period at 9.8% as a result of lower gross profit margin derived by the construction and manufacturing and trading divisions, offset by the gross profit from the Land Disposal during the Current Period.

Lower gross profit margin was derived by the construction division due to the execution of more projects involving the construction of high-rise buildings which generally entail more specialist contractors and clients' nominated sub-contractors services ("SCNSC"). The Group earns a lower margin on works under the scope of SCNSC. The manufacturing and trading division registered a lower gross profit margin mainly due to depreciation in relation to capital expenditures incurred on production plants in the second half of FY2013 and during the Current Period, and larger proportion of the revenue being contributed by the lower margins KVMRT segmental box girders ("SBG") and TLS supply contracts.

On the back of higher revenue earned, gross profit of the Group increased by 8.3% and 45.0% for the current quarter and Current Period respectively as compared to the corresponding period of FY2013.

Selling and administrative expenses, and financing costs of the current quarter approximate that of last year's corresponding quarter. Lower sales commission and advertising expenditures incurred by the property development division in the current quarter offset the increase in other selling and administrative expenses. Selling and administrative expenses, and financing costs of the Current Period were higher as compared to LY Corresponding Period, in line with the increase in business activities of the Group.

On the back of higher gross profit earned, profit before and after tax of the Group improved for the current quarter and Current Period.

(b) Group Cash Flow Review

The Group registered net cash inflow from operating activities and financing activities of RM36.06 million and RM22.57 million respectively for the Current Period, mainly due to the proceeds from the Land Disposal and the proceeds from Rights Issue with Warrants, respectively.

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

The Group recorded a decline of RM25.64 million and RM11.46 million in revenue and profit after tax respectively in the current quarter as compared to the preceding quarter. Revenue and profit after tax was higher in the preceding quarter attributable to the Land Disposal which derived revenue of RM46.46 million, and profit after tax of RM10.77 million.

B3. Prospects For 2014

The Board expects 2014 as an exciting year for the Group on the back of estimated balance order book of approximately RM1.79 billion as at 30 June 2014. The sizable balance order book together with the estimated unbilled property sales value of RM123 million from the Hyve on a 70% 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 2014, thus order book replenishment prospects remain encouraging.

Malaysian Construction Sector

The Malaysian construction sector is projected to grow at a moderate pace of 9.6% in 2014 due to slower construction activity in the civil engineering sub-sector following the completion of several major infrastructure projects. However, the acceleration in implementation of transport and oil & gas related civil engineering projects will continue to support the sector's growth. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. The implementation of 1Malaysia Housing Programme ("PR1MA") housing project is expected to accelerate to meet the target of providing 80,000 units of houses for the middle-income group by 2015. Activity in the non-residential subsector is expected to remain stable, albeit at a moderate pace, supported by buoyant business and industrial activities as well as improved consumer sentiment.

Singapore Construction Sector

Contracts for the built environment industry could reach between SGD31 billion and SGD38 billion this year, driven by strong public housing demand and anticipated higher construction demand for institutional developments and major infrastructure projects. This comes on the heels of the sector's strong performance in 2013, where total construction demand reached a historical high of SGD35.8 billion.

For 2015 and 2016, average construction demand is projected to be sustained at between SGD25-34 billion per annum. 60% of the total demand is forecasted to come from building projects while the remaining 40% is expected to come from civil engineering projects.

(Source: Construction demand for 2014 to remain strong dated 9 January 2014, Building and Construction Authority, Singapore)

Approximately 70-80% of the Group's on-going construction contracts are in Iskandar Malaysia ("IM") and were secured mainly from a diversified clientele which our Group has built long term relationships with. The vibrant developments in IM and Petroliaam Nasional Berhad's Refinery and Petrochemical Integrated Development project in Southern Johor are expected to create great demand for infrastructure and building construction services in Johor Bahru, the home base of the Group since 1977. The dynamism within IM and the expected growth in the construction sector in Malaysia is expected to present business opportunities for our Group to tap in the medium to long term.

Further, the construction of the KVMRT system with a total length of about 150 km in Klang Valley and affordable houses and public amenities such as hospitals and clinics under the Tenth Malaysia Plan and the Economic Transformation Programme, are expected to benefit our Group in the medium to long term. Our subsidiary, SPC Industries Sdn Bhd ("SPC") was appointed as the

designated supplier for the supply of SBG to certain packages for RM223 million, and won the sales orders for the supply of precast concrete TLS for RM48.48 million in relation to the first line under the KVMRT (SBK Line). According to the Mass Rapid Transit Corp Sdn Bhd (MRT Corp), the second line has been approved by the federal government and it is now waiting for the official announcement to enable it to begin work on the second line.

In relation to Singapore market, the progressive award of work packages under the upcoming 30 km MRT Thomson Line to the winning main contractors began since the last quarter of 2013.

SPC supplied TLS to Singapore MRT projects since 2006 and it secured approximately 50% of the total TLS orders of the latest on-going 42 km MRT Downtown Line.

With the track record gained in the SBK Line and Singapore MRT projects, SPC is well positioned to compete for further potential SBG and TLS sales orders from future MRT projects.

The Hyve which comprises a combination of 804 units of SOHO and offices for sale within the central business district of Cyberjaya, Selangor is expected to contribute to the Group's revenue in 2014 and 2015.

B4. Profit Forecast And Profit Estimate

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

B5. Profit Before Tax

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

| | Current Quarter 3 months ended 30.6.2014 RM'000 | Cumulative Quarter 6 months ended 30.6.2014 RM'000 |
|--|---|---|
| (a) interest income | 243 | 412 |
| (b) other income including investment income | 1,816 | 3,518 |
| (c) interest expense | 2,266 | 5,024 |
| (d) depreciation and amortization | 6,110 | 11,415 |
| (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 | (4) | (1) |
| (h) impairment of assets | 0 | 0 |
| (i) foreign exchange (gain) or loss | 674 | 1,203 |
| (j) gain or loss on derivatives | 0 | 0 |
| (k) exceptional items | 0 | 0 |

B6. Taxation

| | Current Quarter 3 months ended 30.6.2014 RM'000 | Cumulative Quarter 6 months ended 30.6.2014 RM'000 |
|----------------------------------|--|---|
| In respect of the current period | | |
| - Income tax | 3,329 | 10,112 |
| - Deferred tax | (181) | (105) |
| | 3,148 | 10,007 |
| In respect of prior year | | |
| - Income tax | 0 | 0 |
| - Deferred tax | 12 | 15 |
| | 3,160 | 10,022 |

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 and Utilisation of Gross Proceeds

- (a) The following corporate proposals as announced by the Company have not been completed as at the LPD:
- (i) 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.
- (ii) On 5 March 2014, the Company's wholly-owned subsidiary, Kimlun Land Sdn Bhd entered into a conditional agreement of sale ("SPA") with Bayu Melati Sdn Bhd for the acquisition of forty one 99-year leasehold vacant detached lots with a total land area measuring 8.87 acres in Shah Alam, Mukim of Bukit Raja, District of Petaling Jaya, Selangor for a total cash consideration of RM28.99 million ("Acquisition").

The Acquisition is pending fulfillment of the conditional precedents of the SPA.

- (b) The status of utilization of the gross proceeds from the Rights Issue with Warrants is as follows:

| Description | Estimated timeframe for utilisation from the receipt of the proceeds | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance RM'000 |
|--|---|--|--------------------------------------|---------------------------|
| Working capital | Within 18 months | 64,924 | 64,924 | - |
| Estimated expenses in relation to the Rights Issue with Warrants | Immediate | 1,200 | 1,183 | 17 |
| Total | | 66,124 | 66,107 | 17 |

B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities as at 30 June 2014 are as follows:

| | RM'000 |
|------------------------------|---------------|
| Long term borrowings | |
| <u>Secured:</u> | |
| Hire purchase creditors | 16,321 |
| Term loans | 61,675 |
| | <u>77,996</u> |
| Short term borrowings | |
| <u>Secured:</u> | |
| Bank overdraft | 4,360 |
| Hire purchase creditors | 5,323 |
| Bankers' acceptance | 71,493 |
| Revolving credit | 1,000 |
| Term loans | 15,298 |
| | <u>97,474</u> |

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Realised and Unrealised Profits

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

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

| | Group 30.6.2014 RM'000 | Group 31.12.2013 RM'000 |
|--|---------------------------------------|--|
| Total retained earnings | | |
| - Realised | 154,449 | 136,461 |
| - Unrealised | <u>6,764</u> | <u>6,495</u> |
| | 161,213 | 142,956 |
| Less : Consolidation adjustments | <u>(2,221)</u> | <u>(1,887)</u> |
| Total Group retained earnings as per consolidated accounts | <u>158,992</u> | <u>141,069</u> |

B11. Dividends

- (a) A final single-tier dividend of 3.0 sen per share in respect of the financial year ended 31 December 2013 was approved by the shareholders at the Annual General Meeting held on 19 June 2014. The dividend was paid on 22 August 2014.
- (b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 June 2014.
- (c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of 4.8 sen per share in respect of the financial year ended 31 December 2012.

B12. Earnings Per Share (“EPS”)

Basic EPS are calculated by dividing the profit attributable to equity holder of the Group by the weighted average number of ordinary shares in issue during the financial period as follow:

| | Current Quarter Ended | | Year to-Date Ended | |
|--|-----------------------|-------------------|----------------------|-------------------|
| | 30.6.2014 | 30.6.2013 | 30.6.2014 | 30.6.2013 |
| Profit attributable to equity holder of the Group (RM'000) | 7,475 | 7,032 | 26,940 | 15,987 |
| Number of ordinary shares in issue ('000) | 300,562 [^] | 240,450 | 285,498 [^] | 240,450 |
| Basic earnings per share (RM) | 0.02 | 0.03 [#] | 0.09 | 0.07 [#] |

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.

[^]: Weighted average ordinary shares in issue after taking into consideration the effect of Rights Issue with Warrants

[#]: Had the EPS been computed based on the weighted average number of ordinary shares in issue of current quarter and year-to-date ended 30 June 2014, the EPS for preceding year quarter and year to-date ended 30 June 2013 would be RM0.02 and RM0.06 respectively.