

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/07/2017 RM'000	31/07/2016 RM'000	31/07/2017 RM'000	31/07/2016 RM'000
Revenue	260,457	210,798	516,108	388,502
Cost of sales	<u>(210,470)</u>	<u>(179,434)</u>	<u>(417,214)</u>	<u>(333,487)</u>
Gross profit	49,987	31,364	98,894	55,015
Other income	3,047	3,071	5,596	5,517
Operating expenses	(9,692)	(7,879)	(18,786)	(15,216)
Finance costs	<u>(369)</u>	<u>(325)</u>	<u>(758)</u>	<u>(674)</u>
Profit before tax	42,973	26,231	84,946	44,642
Tax	<u>(9,536)</u>	<u>(6,165)</u>	<u>(19,724)</u>	<u>(10,499)</u>
<b>Profit for the period</b>	<b><u>33,437</u></b>	<b><u>20,066</u></b>	<b><u>65,222</u></b>	<b><u>34,143</u></b>
<b>Other comprehensive income:</b>				
Cash flow hedge	(1,021)	-	301	-
Tax relating to other comprehensive income	246	-	(72)	-
Other comprehensive income for the period, net of tax	(775)	-	229	-
<b>Total comprehensive income for the period</b>	<b><u>32,662</u></b>	<b><u>20,066</u></b>	<b><u>65,451</u></b>	<b><u>34,143</u></b>
<b>Profit for the period attributable to :</b>				
Owners of the Company	27,538	17,042	51,849	29,452
Non-controlling interests	<u>5,899</u>	<u>3,024</u>	<u>13,373</u>	<u>4,691</u>
	<b><u>33,437</u></b>	<b><u>20,066</u></b>	<b><u>65,222</u></b>	<b><u>34,143</u></b>
<b>Total comprehensive income for the period attributable to :</b>				
Owners of the Company	26,763	17,042	52,078	29,452
Non-controlling interests	<u>5,899</u>	<u>3,024</u>	<u>13,373</u>	<u>4,691</u>
	<b><u>32,662</u></b>	<b><u>20,066</u></b>	<b><u>65,451</u></b>	<b><u>34,143</u></b>
<b>Earnings per share (sen) :</b>				
- Basic	8.85	5.47	16.66	9.46
- Diluted	N/A	N/A	N/A	N/A
<b>Dividends per share (sen)</b>	9.00	7.00	9.00	7.00

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2017)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/07/2017 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	390,591	389,461
Biological assets	80,191	81,357
Land use rights	2,051	2,108
Deferred tax assets	12,930	13,300
	485,763	486,226
<b>Current assets</b>		
Inventories	41,849	39,579
Receivables	30,220	28,555
Prepayments	5,801	6,186
Tax recoverable	2,963	2,708
Derivative financial asset	486	185
Cash and bank balances	332,211	285,521
	413,530	362,734
<b>TOTAL ASSETS</b>	<b>899,293</b>	<b>848,960</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	311,804	311,804
Reserves	310,353	283,171
Treasury shares	(1,626)	(1,626)
	620,531	593,349
Non-controlling interests	89,220	80,097
<b>Total equity</b>	<b>709,751</b>	<b>673,446</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	13,535	17,555
Other payables	94	188
Deferred tax liabilities	53,210	52,822
	66,839	70,565
<b>Current liabilities</b>		
Payables and accruals	66,687	67,283
Interest bearing borrowings (secured)	16,347	17,560
Dividend payable	24,896	15,560
Tax payable	14,773	4,546
	122,703	104,949
<b>Total liabilities</b>	<b>189,542</b>	<b>175,514</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>899,293</b>	<b>848,960</b>
<b>Net assets per share (RM)</b>	<b>1.99</b>	<b>1.91</b>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2017)

**KIM LOONG RESOURCES BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Non-controlling interests	Total equity	
	Non-distributable			Distributable					
	Share capital	Share premium	Revaluation reserve	Hedging reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>6 months ended</b>									
<b><u>31 July 2017</u></b>									
<b>Balance as at 1 February 2017</b>	311,804	6,626	38,337	140	238,068	(1,626)	593,349	80,097	673,446
<b>Changes in equity for the period:</b>									
Realisation of revaluation reserve to retained earnings	-	-	(416)	-	416	-	-	-	-
Profit or loss	-	-	-	-	51,849	-	51,849	13,373	65,222
Other comprehensive income	-	-	-	229	-	-	229	-	229
<b>Total comprehensive income for the period</b>	-	-	-	229	51,849	-	52,078	13,373	65,451
Dividends	-	-	-	-	(24,896)	-	(24,896)	(4,250)	(29,146)
<b>Total for transactions with owners</b>	-	-	-	-	(24,896)	-	(24,896)	(4,250)	(29,146)
<b>Balance as at 31 July 2017</b>	<u>311,804</u>	<u>6,626</u>	<u>37,921</u>	<u>369</u>	<u>265,437</u>	<u>(1,626)</u>	<u>620,531</u>	<u>89,220</u>	<u>709,751</u>

**KIM LOONG RESOURCES BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company						Non-controlling interests	Total equity	
	Non-distributable			Distributable					
	Share capital	Share premium	Revaluation reserve	Hedging reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>6 months ended</b>									
<b><u>31 July 2016</u></b>									
<b>Balance as at 1 February 2016</b>	311,804	6,626	39,170	-	223,921	(1,558)	579,963	74,250	654,213
<b>Changes in equity for the period:</b>									
Realisation of revaluation reserve to retained earnings	-	-	(416)	-	416	-	-	-	-
Profit or loss	-	-	-	-	29,452	-	29,452	4,691	34,143
<b>Total comprehensive income for the period</b>	-	-	-	-	29,452	-	29,452	4,691	34,143
Dividends	-	-	-	-	(18,673)	-	(18,673)	(2,970)	(21,643)
Buy-back of shares	-	-	-	-	-	(33)	(33)	-	(33)
<b>Total for transactions with owners</b>	-	-	-	-	(18,673)	(33)	(18,706)	(2,970)	(21,676)
<b>Balance as at 31 July 2016</b>	<u>311,804</u>	<u>6,626</u>	<u>38,754</u>	<u>-</u>	<u>235,116</u>	<u>(1,591)</u>	<u>590,709</u>	<u>75,971</u>	<u>666,680</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2017)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31/07/2017 RM'000</b>	<b>6 months ended 31/07/2016 RM'000</b>
<b>Operating activities</b>		
Cash receipts from customers	515,575	379,593
Rental received	66	92
Interest received	4,693	4,290
Cash paid to suppliers and employees	(423,929)	(313,876)
Cash generated from operations	96,405	70,099
Interest paid	(760)	(636)
Tax paid	(9,066)	(8,330)
Net cash from operating activities	86,579	61,133
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	64	217
Acquisition of biological assets and property, plant and equipment	(14,898)	(11,003)
Interest paid	(12)	(352)
Net cash used in investing activities	(15,562)	(11,138)
<b>Financing activities</b>		
Repayments of bank borrowings	(6,020)	(3,350)
Dividend paid to shareholders of the Company	(15,560)	-
Dividend paid to NCI in subsidiary companies	(4,250)	(2,970)
Purchase of treasury shares	-	(33)
Net cash used in financing activities	(25,830)	(6,353)
<b>Net increase in cash and cash equivalents</b>	45,187	43,642
<b>Cash and cash equivalents at beginning of period</b>	237,901	213,641
<b>Cash and cash equivalents at end of period (Note a)</b>	<u>283,088</u>	<u>257,283</u>
<b><u>Note a : Cash and cash equivalents at end of period</u></b>		
Cash on hand and cash in bank	63,740	63,818
Deposits with licensed banks and other financial institutions	202,306	173,457
Deposits with other financial institutions	66,165	37,036
Cash and bank balances	332,211	274,311
Less: Bank overdrafts	(2,807)	(2,054)
Less: Deposits with other financial institutions	(46,316)	(14,974)
Cash and cash equivalents	<u>283,088</u>	<u>257,283</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2017)

# KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

## EXPLANATORY NOTES

### A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 January 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2017.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2017 except for the adoption of the amended FRSs and annual improvements which are relevant to the Group’s operations with effect from 1 February 2017 as set out below:

Amendments to FRS 107: Disclosure Initiative

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 12: Disclosure of Interests in Other Entities

The Directors do not expect any material impact on the financial statements arising from adoption of the above standards.

The Group has not elected for early adoption of the following new and amended FRSs, annual improvements and IC Interpretation relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2018:

	Effective for financial periods beginning on or after
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 9 Financial Instruments	1 January 2018
Annual Improvements to FRS Standards 2014-2016 Cycle	1 January 2018
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 10 and FRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

## **KIM LOONG RESOURCES BERHAD**

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### Malaysian Financial Reporting Standards (MFRS Framework)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group and the Company are in the midst of assessing the impact of adopting the MFRS Framework.

#### **A2. Seasonal or cyclical factors**

Based on observation, the production of Fresh Fruit Bunches ("FFB") from our mature estates is normally low during the first quarter of each year and will rise in the second quarter, peak in the third quarter and then slowly decline in the fourth quarter. The production of FFB for the current quarter dropped marginally by 7% comparing to the preceding quarter which differed from the normal trend of higher production in the second quarter. The drop was mainly due to lower production recorded in the estates in Keningau region which has dropped by 30% or 16,600 MT after its strong recovery in the first quarter, but cushioned by better production of estates in other regions.

Nonetheless, FFB production in the current quarter was still 23% higher than the production recorded in the corresponding quarter last year.

The Group has about 80% of its productive area located in Sabah.

#### **A3. Unusual items**

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

#### **A4. Material changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter.

#### **A5. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the first half year ended 31 July 2017.

## KIM LOONG RESOURCES BERHAD

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### A6. Dividends paid

The gross dividend paid during the current financial year-to-date was as follows:

- (a) A special single tier dividend of 5 sen per ordinary share in respect of the financial year 2017 was paid on 15 February 2017.

### A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2017	31/07/2016	31/07/2017	31/07/2016
	RM'000	RM'000	RM'000	RM'000
Plantation operations	99,119	61,384	60,301	24,864
Milling operations	502,587	379,529	19,998	16,269
	601,706	440,913	80,299	41,133
Add/(Less):				
Inter-segment adjustments and eliminations	(85,598)	(52,411)	1,433	889
	516,108	388,502	81,732	42,022
Less:				
Unallocated expenses			(853)	(1,054)
Finance income			4,825	4,348
Finance costs			(758)	(674)
Profit before tax			84,946	44,642
Tax expenses			(19,724)	(10,499)
Profit for the period			65,222	34,143

### A8. Material subsequent events

As at 25 September 2017, there were no material subsequent events that have not been reflected in the financial statements for the current financial period.

### A9. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year-to-date, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

### A10. Contingent liabilities or Contingent assets

As at 25 September 2017, there were no material changes in contingent liabilities or contingent assets at Group level since the end of last annual reporting period at 31 January 2017. Save for disclosed in Note B9, there were no contingent liabilities or contingent assets, which upon becoming enforceable, may have material effect on the net assets, profits or financial position of our Group.



# KIM LOONG RESOURCES BERHAD

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## ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

### B1. Review of the performance of the Company and its principal subsidiaries

The Group recorded a higher revenue and profit before tax (“PBT”) at RM516.11 million and RM84.95 million respectively for the half year ended 31 July 2017, as compared to RM388.50 million and RM44.64 million respectively for the corresponding period last year. Better financial performance was contributed by higher production and palm oil prices. Further information and statistics are tabulated below:

	Individual Period (2 <sup>nd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2017	31/07/2016		31/07/2017	31/07/2016	
<b>(A) Financial Data:</b>	RM'000	RM'000		RM'000	RM'000	
Revenue	260,457	210,798	24%	516,108	388,502	33%
Earnings before interest, tax and amortisation (“EBITA”)	51,130	34,048	50%	101,274	60,271	68%
Profit before interest and tax	43,342	26,556	63%	85,704	45,316	89%
Profit before tax	42,973	26,231	64%	84,946	44,642	90%
Profit after tax	33,437	20,066	67%	65,222	34,143	91%
Profit attributable to ordinary equity holders of the Company	27,538	17,042	62%	51,849	29,452	76%
<b>(B) Statistics:</b>						
<b>Plantation</b>						
FFB production (MT)	82,494	67,217	23%	170,750	119,677	43%
FFB yield per hectare (MT/Ha)	5.80	4.73	23%	11.97	8.42	42%
Average FFB selling price (RM/MT)	554	510	8.6%	582	513	13.5%
<b>Palm Oil Milling</b>						
CPO production (MT)	78,568	63,449	24%	147,847	114,838	29%
CPO sold (MT)	78,382	67,684	16%	147,526	126,348	17%
CPO oil extraction rate (%)	21.31	21.42	(0.5%)	21.29	21.37	(0.4%)
Average CPO price (RM/MT)	2,706	2,494	8.5%	2,845	2,487	14.4%

As at 31 July 2017, the Group’s total planted area is 14,920 hectares. The age profile of mature area can be analysed as follows:

- < 3 years (Immature) : 5%
- 3 – 6 years (Young mature) : 13%
- 7 – 15 year (Prime mature) : 28%
- 16 – 20 years (Old mature) : 48%
- > 20 years (Pre-replanting) : 6%

During the current year to-date, the Group has carried out replanting of about 130 hectares.

## KIM LOONG RESOURCES BERHAD

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Performance analysis by segments (before inter-segments adjustments and eliminations):

	Individual Period (2 <sup>nd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2017	31/07/2016		31/07/2017	31/07/2016	
<b>Revenue:</b>	RM'000	RM'000		RM'000	RM'000	
Plantation	45,639	34,298	33%	99,119	61,384	61%
Milling	252,969	205,218	23%	502,587	379,529	32%
	<b>298,608</b>	<b>239,516</b>	<b>25%</b>	<b>601,706</b>	<b>440,913</b>	<b>36%</b>
<b>Results:</b>						
Plantation	25,984	16,174	61%	60,301	24,864	143%
Milling	13,645	8,034	70%	19,998	16,269	23%
	<b>39,629</b>	<b>24,208</b>	<b>64%</b>	<b>80,299</b>	<b>41,133</b>	<b>95%</b>

### Plantation operations

The higher revenue and profit for the current quarter and the year to-date as compared to the corresponding periods last year was mainly contributed by both higher FFB production and price.

The higher FFB production for the current quarter and the year to-date as compared to the corresponding periods last year was substantially contributed by the estates in Keningau region which had shown a significant increase over the production in last year. In last year, the low production was likely caused by the El Nino phenomenon.

The plantation operations did not face problem in selling its FFB production as most of the produce was supplied to mills within the Group.

### Palm oil milling operations

The increase revenue from the milling operations for the current quarter and the year to-date as compared to the corresponding periods last year was mainly due to higher palm oil price and processing quantity. In terms of profit, the increase was mainly contributed by better processing margin achieved in the current quarter due to some easement on competition for crops from surrounding mills.

The market condition and demand for the Group's milling products has been good and steady for the current quarter and year-to-date.

## KIM LOONG RESOURCES BERHAD

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### B2. Comparison of profit before tax for the quarter reported on with the immediate preceding quarter

The PBT for the current quarter was RM42.97 million which was slightly higher than RM41.97 million achieved in the preceding quarter ended 30 April 2017. Although the profit contribution from plantation has dropped from RM34.32 million to 25.98 million due to lower production and price, but the good performance from milling operations has generated additional RM7.29 million on the account of better processing margin and higher processing quantity. Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/07/2017	30/04/2017	
<b>(A) Financial Data:</b>			
	RM'000	RM'000	
Revenue	260,457	255,651	2%
Earnings before interest, tax and amortisation ("EBITA")	51,130	50,144	2%
Profit before interest and tax	43,342	42,362	2%
Profit before tax	42,973	41,973	2%
Profit after tax	33,437	31,785	5%
Profit attributable to ordinary equity holders of the Company	27,538	24,311	13%
<b>(B) Statistics:</b>			
<b>Plantation</b>			
FFB production (MT)	82,494	88,256	(7%)
FFB yield per hectare (MT/Ha)	5.80	6.17	(6%)
Average FFB selling price (RM/MT)	554	608	(9%)
<b>Palm Oil Milling</b>			
CPO production (MT)	78,568	69,279	13%
CPO sold (MT)	78,382	69,144	13%
CPO oil extraction rate (%)	21.31	21.27	0.2%
Average CPO price (RM/MT)	2,706	2,990	(9%)

### B3. Current financial year prospects

For the financial year ending 31 January 2018, we have seen an increase in FFB production from young mature areas and strong FFB yield recovery in Keningau region in where about 50% of the Group's planted mature area is located. Therefore, we expect the Group's FFB production to be potentially 20% higher comparing the quantity achieved in the financial year 2017.

For the milling operations, despite stiff competition from surrounding mills, the Group has processed up to 694,000 MT of FFB in the first half year and we target to achieve FFB intake of 1.20 million MT which is slightly higher than 1.15 million MT achieved in the financial year 2017.

Subject to the fluctuation in the Ringgit currency and volatility of commodity market, we expect the prospect of CPO price to be positive and good.

Based on the above, we expect the Group's performance for the financial year 2018 to be satisfactory and better than the financial year 2017.

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### B4. Variance of actual profit from forecast profit and shortfall in profit guarantee

This is not applicable.

### B5. Income tax

	Current Quarter Ended 31/07/2017 RM'000	Financial Year-to-date Ended 31/07/2017 RM'000
<b>Malaysian Income Tax</b>		
- Current year	9,154	19,038
<b>Deferred tax</b>		
- Current year	452	825
- Realisation of revaluation surplus on land	(70)	(139)
	382	686
	<u>9,536</u>	<u>19,724</u>

### B6. Status of corporate proposals

There is no outstanding corporate proposal as at 25 September 2017.

### B7. Group borrowings and debt securities

The total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31/07/2017 RM'000	As at 31/07/2016 RM'000
Short term borrowings:		
Overdrafts	2,807	2,054
Revolving credit	5,500	7,500
Term loans	8,040	8,040
	<u>16,347</u>	<u>17,594</u>
Long term borrowings:		
Term loans	<u>13,535</u>	<u>21,575</u>

- There were no unsecured interest bearing borrowing as at 31 July 2017.
- The movements in revolving credit and terms loans were due to repayments.
- Weighted average interest rate of borrowings as at 31 July 2017 was 5.08%. The proportion of debt that is based on fixed interest rate was 23% of total borrowings.

## KIM LOONG RESOURCES BERHAD

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### B8. Breakdown of realised and unrealised profits or losses of the Group

The breakdown of the retained profits of the Group is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

	At as 31/07/2017 RM'000	At as 31/01/2017 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	336,620	312,005
- Unrealised	(22,537)	(22,538)
	<u>314,083</u>	<u>289,467</u>
Less: Consolidation adjustments	(48,646)	(51,399)
Retained earnings as per consolidated accounts	<u><u>265,437</u></u>	<u><u>238,068</u></u>

### B9. Material litigation

As at 25 September 2017, there were no material litigations against the Group except for the following:

Prior to the acquisition of the subsidiary company, Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), announced by the Company on 1 December 2009, there were several legal claims made against that subsidiary company by natives for customary rights to land that subsidiary company has development rights over.

On 18 February 2011, the High Court Civil Suit No. 22-1-2005-I (SG) gave judgment against the subsidiary company was delivered at Kuching High Court, which had been announced to Bursa Securities on 22 February 2011.

On 9 March 2011, the Court of Appeal had granted a stay of execution of the Judgment delivered by the High Court.

The Group has filed an Appeal against the said High Court decision and our Memorandum and Record of Appeal subsequently filed on 11 April 2011. The Appeal was heard on 17 October 2012 but the Court of Appeal reserved Ruling.

On 29 December 2014, more than 2 years after the hearing of the said Appeal, the decision of the Court of Appeal was delivered. Only a summary of the grounds of judgment was read out by the Senior Assistant Registrar and the Court of Appeal dismissed the Appeal. The full ground of judgment was issued on 26 January 2015.

The Group has filed its Appeal against the Court of Appeal Decision to the Federal Court a Notice of Motion for Leave to Appeal and has also filed to the Court of Appeal, a Notice of Motion for an extension of Court of Appeal Order to stay the High Court Judgment in January 2015.

The Federal Court has on 14 January 2016 allowed the subsidiary company's Notice of Motion for Leave to Appeal to the Federal Court against the decision of the Court of Appeal. The Federal Court has heard the Appeal on 7 February 2017, 27 March 2017 and 29 August 2017. Judgment will be delivered on a date to be determined by the Federal Court.

The Group has accounted for impairment of assets and provision of liabilities of RM3.1 million.

## KIM LOONG RESOURCES BERHAD

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### B10. Dividend

The Board is pleased to declare an interim single tier dividend of 9 sen per share in respect of the financial year ending 31 January 2018.

- (a) (i) amount per share: 9 sen single tier;
  - (ii) previous corresponding period: 7 sen single tier per share;
  - (iii) date of payment: 21 November 2017; and
  - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 31 October 2017; and
- (b) total dividend for the current financial year: 9 sen single tier per share.

### B11. Earnings per share

#### **Basic earnings per share (“Basic EPS”)**

The Basic EPS is calculated by dividing the profit attributable to the owners of the Company for the current quarter and the first half year by the weighted average number of ordinary shares in issue during the current quarter and the first half year respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/07/2017	Financial Year-to-date Ended 31/07/2017
Net profit for the period	(RM'000)	<u>27,538</u>	<u>51,849</u>
Weighted average number of ordinary shares in issue	('000)	<u>311,202</u>	<u>311,202</u>
Basic EPS	(sen)	<u>8.85</u>	<u>16.66</u>

#### **Diluted earnings per share (“Diluted EPS”)**

Not applicable

### B12. Audit qualification

The auditors' report of the preceding annual financial statements of the Group did not contain any qualification.

## KIM LOONG RESOURCES BERHAD

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### B13. Profit before tax

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter Ended 31/07/2017 RM'000	Financial Year-to-date Ended 31/07/2017 RM'000
(a) Interest income	(2,593)	(4,825)
(b) Other income including investment income	(454)	(771)
(c) Interest expense	369	758
(d) Depreciation and amortization	7,788	15,570
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	1	1
(g) Gain or loss on disposal of quoted or unquoted investment or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or loss	-	-
(j) Gain or loss on derivatives	-	-
(k) Exceptional items	-	-

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### B14. Additional Information

#### (a) Receivables

Total receivables as at 31 July 2017 is RM30.2 million of which RM25.4 million is trade in nature with normal trade credit terms of less than 60 days.