

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2017 RM'000	CURRENT YEAR TO-DATE 31/01/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2017 RM'000
Revenue	269,839	255,991	1,075,366	892,593
Cost of sales	<u>(223,965)</u>	<u>(215,886)</u>	<u>(878,784)</u>	<u>(755,215)</u>
Gross profit	45,874	40,105	196,582	137,378
Other income	5,670	3,395	14,155	12,555
Operating expenses	(18,030)	(13,920)	(47,328)	(37,296)
Finance costs	<u>(321)</u>	<u>(389)</u>	<u>(1,407)</u>	<u>(1,472)</u>
Profit before tax	33,193	29,191	162,002	111,165
Tax	<u>(7,361)</u>	<u>(6,691)</u>	<u>(37,407)</u>	<u>(25,477)</u>
Profit for the period	<u>25,832</u>	<u>22,500</u>	<u>124,595</u>	<u>85,688</u>
Other comprehensive income:				
Cash flow hedge	-	185	(185)	185
Tax relating to other comprehensive income	-	(45)	45	(45)
Other comprehensive income for the period, net of tax	-	140	(140)	140
Total comprehensive income for the period	<u>25,832</u>	<u>22,640</u>	<u>124,455</u>	<u>85,828</u>
Profit for the period attributable to :				
Owners of the Company	19,295	16,559	99,059	71,118
Non-controlling interests	<u>6,537</u>	<u>5,941</u>	<u>25,536</u>	<u>14,570</u>
	<u>25,832</u>	<u>22,500</u>	<u>124,595</u>	<u>85,688</u>
Total comprehensive income for the period attributable to :				
Owners of the Company	19,295	16,699	98,919	71,258
Non-controlling interests	<u>6,537</u>	<u>5,941</u>	<u>25,536</u>	<u>14,570</u>
	<u>25,832</u>	<u>22,640</u>	<u>124,455</u>	<u>85,828</u>
Earnings per share (sen) :				
- Basic	6.20	5.32	31.83	22.85
- Diluted	N/A	N/A	N/A	N/A
Dividends per share (sen)	9.00	8.00	24.00	20.00

(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

	AS AT CURRENT QUARTER ENDED 31/01/2018 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	388,819	389,461
Biological assets	79,956	81,357
Land use rights	1,994	2,108
Deferred tax assets	11,240	13,300
Prepayments	1,751	-
	483,760	486,226
Current assets		
Inventories	57,226	39,579
Receivables	37,893	28,555
Prepayments	3,800	6,186
Tax recoverable	2,741	2,708
Derivative financial asset	-	185
Cash and bank balances	300,041	285,521
	401,701	362,734
TOTAL ASSETS	885,461	848,960
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,430	311,804
Reserves	303,887	283,171
Treasury shares	(1,626)	(1,626)
	620,691	593,349
Non-controlling interests	88,913	80,097
Total equity	709,604	673,446
Non-current liabilities		
Interest bearing borrowings (secured)	9,515	17,555
Other payables	98	188
Deferred tax liabilities	53,238	52,822
	62,851	70,565
Current liabilities		
Payables and accruals	71,259	67,283
Interest bearing borrowings (secured)	17,564	17,560
Dividend payable	18,672	15,560
Derivative financial liability	217	-
Tax payable	5,294	4,546
	113,006	104,949
Total liabilities	175,857	175,514
TOTAL EQUITY AND LIABILITIES	885,461	848,960
Net assets per share (RM)	1.95	1.91

(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		
Year ended									
<u>31 January 2018</u>									
Balance as at 1 February 2017	311,804	6,626	38,337	140	238,068	(1,626)	593,349	80,097	673,446
Changes in equity for the year:									
Realisation of revaluation reserve to retained earnings	-	-	(833)	-	833	-	-	-	-
Profit or loss	-	-	-	-	99,059	-	99,059	25,536	124,595
Other comprehensive income	-	-	-	(140)	-	-	(140)	-	(140)
Total comprehensive income for the year	-	-	-	(140)	99,059	-	98,919	25,536	124,455
Dividends	-	-	-	-	(71,577)	-	(71,577)	(16,720)	(88,297)
Transfer arising from Companies Act 2016	6,626	(6,626)	-	-	-	-	-	-	-
Total for transactions with owners	6,626	(6,626)	-	-	(71,577)	-	(71,577)	(16,720)	(88,297)
Balance as at 31 January 2018	<u>318,430</u>	<u>-</u>	<u>37,504</u>	<u>-</u>	<u>266,383</u>	<u>(1,626)</u>	<u>620,691</u>	<u>88,913</u>	<u>709,604</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	RM'000	
Year ended									
<u>31 January 2017</u>									
Balance as at 1 February 2016	311,804	6,626	39,170	-	223,921	(1,558)	579,963	74,250	654,213
Changes in equity for the year:									
Realisation of revaluation reserve to retained earnings	-	-	(833)	-	833	-	-	-	-
Profit or loss	-	-	-	-	71,118	-	71,118	14,570	85,688
Other comprehensive income	-	-	-	140	-	-	140	-	140
Total comprehensive income for the year	-	-	-	140	71,118	-	71,258	14,570	85,828
Dividends	-	-	-	-	(56,017)	-	(56,017)	(10,510)	(66,527)
Buy-back of shares	-	-	-	-	-	(68)	(68)	-	(68)
Acquisition from non-controlling interests	-	-	-	-	(1,787)	-	(1,787)	1,787	-
Total for transactions with owners	-	-	-	-	(57,804)	(68)	(57,872)	(8,723)	(66,595)
Balance as at 31 January 2017	<u>311,804</u>	<u>6,626</u>	<u>38,337</u>	<u>140</u>	<u>238,068</u>	<u>(1,626)</u>	<u>593,349</u>	<u>80,097</u>	<u>673,446</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

	Year ended 31/01/2018 RM'000	Year ended 31/01/2017 RM'000
Operating activities		
Cash receipts from customers	1,068,836	893,406
Rental received	139	168
Interest received	9,481	8,352
Cash paid to suppliers and employees	(910,446)	(738,329)
Cash generated from operations	168,010	163,597
Interest paid	(1,424)	(1,396)
Tax paid	(34,171)	(25,714)
Net cash from operating activities	132,415	136,487
Investing activities		
Proceeds from disposal of property, plant and equipment	242	565
Acquisition of biological assets and property, plant and equipment	(25,532)	(25,242)
Net proceeds from compulsory acquisition	268	1,317
Placements of deposits with other financial institutions	(1,094)	(30,000)
Interest paid	(12)	(461)
Net cash used in investing activities	(26,128)	(53,821)
Financing activities		
Repayments of bank borrowings	(9,040)	(7,370)
Dividend paid to shareholders of the Company	(68,464)	(40,458)
Dividend paid to NCI in subsidiary companies	(15,220)	(10,510)
Purchase of treasury shares	-	(68)
Net cash used in financing activities	(92,724)	(58,406)
Net increase in cash and cash equivalents	13,563	24,260
Cash and cash equivalents at beginning of year	237,901	213,641
Effect of exchange rate changes on cash and cash equivalents	(1,110)	-
Cash and cash equivalents at end of year (Note a)	250,354	237,901
Note a : Cash and cash equivalents at end of year		
Cash on hand and cash in bank	84,007	57,382
Deposits with licensed banks and other financial institutions	153,549	167,267
Deposits with other financial institutions	62,485	60,872
Cash and bank balances	300,041	285,521
Less: Bank overdrafts	(3,024)	(2,020)
Less: Deposits with other financial institutions	(46,663)	(45,600)
Cash and cash equivalents	250,354	237,901

(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

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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

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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.

On 30 November 2017, MASB gave notice of withdrawal of Financial Reporting Standards (FRSs) for application for financial statements with annual periods beginning on or after 1 January 2018. Consequentially, the Group and the Company will adopt MFRS for its financial statements for the financial year ending 31 January 2019.

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 increased by 19% comparing to the preceding quarter which differed from the normal trend of higher production in the third quarter. The increase was mainly due to higher production recorded in the estates in Keningau region which recorded a strong recovery by 46% or 14,800 MT jump in FFB production after its low crop season in the third quarter.

On the other hand, FFB production in the current quarter was 28,000 MT or 44% 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.

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A5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the year ended 31 January 2018.

A6. Dividends paid

The gross dividends paid during the current financial year-to-date were 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;
- (b) A final single tier dividend of 8 sen per ordinary share in respect of the financial year 2017 was paid on 29 August 2017; and
- (c) An interim single tier dividend of 9 sen per ordinary share in respect of the financial year 2018 was paid on 21 November 2017.

A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	Year ended		Year ended	
	31/01/2018	31/01/2017	31/01/2018	31/01/2017
	RM'000	RM'000	RM'000	RM'000
Plantation operations	190,954	143,285	111,302	65,970
Milling operations	1,045,981	868,745	51,223	43,776
	1,236,935	1,012,030	162,525	109,746
Add/(Less):				
Inter-segment adjustments and eliminations	(161,569)	(119,437)	(1,940)	(1,094)
	<u>1,075,366</u>	<u>892,593</u>	160,585	108,652
Less:				
Unallocated expenses			(6,753)	(4,909)
Finance income			9,577	8,894
Finance costs			(1,407)	(1,472)
Profit before tax			<u>162,002</u>	<u>111,165</u>
Tax expenses			(37,407)	(25,477)
Profit for the year			<u>124,595</u>	<u>85,688</u>

A8. Material subsequent events

As at 23 March 2018, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for disclosure of status of Corporate Proposals in the Note B6.

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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

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 the conclusion of the material litigation disclosed in Note B8.

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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 RM1,075.37 million and RM162.00 million respectively for the financial year ended 31 January 2018, as compared to RM892.59 million and RM111.17 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 (4 th quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2018	31/01/2017		31/01/2018	31/01/2017	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	269,839	255,991	5%	1,075,366	892,593	20%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	41,929	37,773	11%	195,171	143,431	36%
Profit before interest and tax	33,514	29,580	13%	163,409	112,637	45%
Profit before tax	33,193	29,191	14%	162,002	111,165	46%
Profit after tax	25,832	22,500	15%	124,595	85,688	45%
Profit attributable to ordinary equity holders of the Company	19,295	16,559	17%	99,059	71,118	39%
(B) Statistics:						
Plantation						
FFB production (MT)	92,326	64,326	44%	340,410	251,926	35%
FFB yield per hectare (MT/Ha)	6.47	4.50	44%	23.88	17.66	35%
Average FFB selling price (RM/MT)	522	668	(22%)	562	570	(1%)
Palm Oil Milling						
CPO production (MT)	88,991	64,283	38%	322,407	250,197	29%
CPO sold (MT)	81,707	65,536	25%	313,486	263,699	19%
CPO oil extraction rate (%)	21.33	21.62	(1.3%)	21.32	21.67	(1.6%)
Average CPO price (RM/MT)	2,522	3,050	(17%)	2,718	2,682	1%

As at 31 January 2018, the Group’s total planted area is 14,943 hectares. The age profile of mature area can be analysed as follows:

- a) < 3 years (Immature) : 5%
- b) 3 – 6 years (Young mature) : 9%
- c) 7 – 15 year (Prime mature) : 28%
- d) 16 – 20 years (Old mature) : 52%
- e) > 20 years (Pre-replanting) : 6%

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

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

	Individual Period (4 th quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2018	31/01/2017		31/01/2018	31/01/2017	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	48,132	42,716	13%	190,954	143,285	33%
Milling	262,516	248,951	5%	1,045,981	868,745	20%
	310,648	291,667	7%	1,236,935	1,012,030	22%
Results:						
Plantation	27,367	23,627	16%	111,302	65,970	69%
Milling	11,473	8,987	28%	51,223	43,776	17%
	38,840	32,614	19%	162,525	109,746	48%

Plantation operations

The higher revenue and profit for the current quarter as compared to the corresponding period last year was mainly on the account of higher production despite a 22% drop in the average selling price.

As for the year to-date, despite a marginally lower average selling price, the higher production has contributed to higher revenue and profit as compared to the corresponding period last year.

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 in 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 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. During the year, the Group's mills processed a total FFB quantity of 1.5 million MT which is record high for the Group.

The market condition and demand for the Group's milling products has been good and steady for the current quarter and year-to-date. As at 31 January 2018, the CPO inventory level stood at 21,000 MT which was higher than normal level, partly due to marginal quality caused by excessive rainfalls in the region in the 4th quarter.

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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 RM33.19 million which was 24% lower than RM43.86 million achieved in the preceding quarter ended 31 October 2017 mainly due to lower profit from milling operations. The profit contribution from plantation has increased by 16% from RM23.63 million to 27.37 million due to higher production. As for the milling operations, the profit dropped by RM8.3 million to RM11.47 million partly due to drop in palm oil prices as well as higher inventory level in the current quarter. Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/01/2018	31/10/2017	
(A) Financial Data:	RM'000	RM'000	
Revenue	269,839	289,419	(7%)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	41,929	51,968	(19%)
Profit before interest and tax	33,514	44,191	(24%)
Profit before tax	33,193	43,863	(24%)
Profit after tax	25,832	33,541	(23%)
Profit attributable to ordinary equity holders of the Company	19,295	27,915	(31%)
(B) Statistics:			
Plantation			
FFB production (MT)	92,326	77,334	19%
FFB yield per hectare (MT/Ha)	6.47	5.44	19%
Average FFB selling price (RM/MT)	522	566	(8%)
Palm Oil Milling			
CPO production (MT)	88,991	85,569	4%
CPO sold (MT)	81,707	84,253	(3%)
CPO oil extraction rate (%)	21.33	21.35	(0.1%)
Average CPO price (RM/MT)	2,522	2,702	(7%)

B3. Current financial year prospects

For the financial year ending 31 January 2019, we forecast the FFB production to be in region of 90% of financial year 2018 mainly due to upcoming replanting programs for old palm areas but with expectation of increasing yield from young mature areas to cushion the impact.

For the milling operations, the Group has achieved a record high processing quantity of 1.5 million MT of FFB in the financial year 2018, the management is optimistic that the 3 mills in the Group could continue to maintain high utilization rate of processing capacity in the next financial year.

We are uncertain on the direction of CPO price in view of CPO price is susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries. Nevertheless, we hope the CPO price could at least remain stable at the current level of RM2,400 per MT

Based on the above, we foresee the Group to perform satisfactorily for the financial year 2019.

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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 31/01/2018 RM'000	Financial Year-to-date Ended 31/01/2018 RM'000
Malaysian Income Tax		
- Current year	7,301	35,222
- Overprovision in prior year	-	(336)
	7,301	34,886
Deferred tax		
- Current year	123	2,792
- Realisation of revaluation surplus on land	(69)	(277)
- Overprovision of liabilities	(30)	(30)
- Overprovision of assets	36	36
	60	2,521
	<u>7,361</u>	<u>37,407</u>

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 23 March 2018 except for the following:

On 22 December 2017, Mercury Securities Sdn Bhd, on behalf of the Board, announced that Kim Loong Resources Berhad ("KLRB" or the "Company") proposes to undertake the following:

- (I) Proposed share split involving the subdivision of every 1 existing ordinary share in KLRB into 3 ordinary shares in KLRB ("Subdivided Share(s)"), held on an entitlement date to be determined later ("Proposed Share Split"); and
- (II) Proposed bonus issue of up to 46,770,535 free warrants in KLRB ("Warrant(s)") on the basis of 1 Warrant for every 20 Subdivided Shares held after the Proposed Share Split ("Proposed Bonus Issue of Warrants").

(Collectively, referred to as the "Corporate Exercises")

The Corporate Exercises were approved by shareholders at the Extraordinary General Meeting held on 20 March 2018.

On 21 March 2018, the Company announced the following:

- (1) the Entitlement Dates for the Share Split and the Bonus Issue of Warrants be both fixed on 4 April 2018.
- (2) the exercise price of the Warrants be fixed at RM1.40 per Warrant, representing the theoretical ex-price after the Share Split.

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Currently, the completion of the Corporate Exercises is pending the listing and quotation of the Subdivided Shares and the Warrants on the Main Market of Bursa Securities which is expected to be on 5 April 2018 and 16 April 2018 respectively.

B7. Group borrowings and debt securities

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

	As at 31/01/2018 RM'000	As at 31/01/2017 RM'000
Short term borrowings:		
Overdrafts	3,024	2,020
Revolving credit	6,500	7,500
Term loans	8,040	8,040
	<u>17,564</u>	<u>17,560</u>
Long term borrowings:		
Term loans	<u>9,515</u>	<u>17,555</u>

- (a) There were no unsecured interest bearing borrowing as at 31 January 2018.
- (b) The movements in revolving credit and terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 January 2018 was 5.14%. The proportion of debt that is based on fixed interest rate was 18% of total borrowings.

B8. Material litigation

As at 23 March 2018, there were no material litigations against the Group.

During the financial year, there was progress on the material litigation disclosed in the preceding year as follows:

Prior to the acquisition of the subsidiary company, Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.) ("WPPSB"), 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.

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 28 August 2017.

The Federal Court has delivered Judgment on 7 November 2017. The Federal Court found that the Principal Deed and the Joint Venture Agreement between WPPSB and Lembaga Pembangunan dan Lindungan Tanah for the development of the Sungai Tenggara Development Area are valid. Accordingly, the Federal Court allowed WPPSB's Appeal and set aside the Judgments of the High Court and the Court of Appeal.

Consequentially, the Group has reversed the impairment of assets of RM2.9 million, which was recognized previously, in the fourth quarter.

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B9. Dividend

The Board is pleased to propose a final single tier dividend of 9 sen per share in respect of the financial year ended 31 January 2018 subject to shareholders' approval at the forthcoming 43rd Annual General Meeting.

- (a) (i) amount per share: 9 sen single tier;
 - (ii) previous corresponding period: 8 sen single tier per share;
 - (iii) date of payment: 29 August 2018; and
 - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 10 August 2018; and
- (b) total dividend for the current financial year: 24 sen single tier per share.

In view of the Corporate Exercises as disclosed in Note B6 which are expected to be completed in April 2018, the rate of the proposed final dividend after the Share Split will be 3 sen per Subdivided Share.

B10. 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 financial year by the weighted average number of ordinary shares in issue during the current quarter and the financial year respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/01/2018	Financial Year-to-date Ended 31/01/2018
Net profit for the period	(RM'000)	19,295	99,059
Weighted average number of ordinary shares in issue	('000)	311,202	311,202
Basic EPS	(sen)	6.20	31.83

Diluted earnings per share ("Diluted EPS")

Not applicable

B11. Audit qualification

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

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B12. Profit before tax

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

	Current Quarter Ended 31/01/2018 RM'000	Financial Year-to-date Ended 31/01/2018 RM'000
(a) Interest income	(2,408)	(9,577)
(b) Other income including investment income	(344)	(1,660)
(c) Interest expense	321	1,407
(d) Depreciation and amortization	8,415	31,762
(e) Provision for and write off of receivables	58	59
(f) Provision for and write off of inventories	30	31
(g) Gain or loss on disposal of quoted or unquoted investment or properties	-	-
(h) Provision for/(Reversal of) impairment of assets	(2,918)	(2,918)
(i) Foreign exchange gain or loss	1,110	1,110
(j) Gain or loss on derivatives	218	218
(k) Exceptional items	-	-

B13. Derivatives

The Group has entered into the following derivative which is outstanding as at 31 January 2018:

Type of Derivatives	Contract/Notional Value as at 31 January 2018 RM'000	Fair Value as at 31 January 2018 RM'000
(i) CPO Futures – Long Contract - Less than 1 year	5,211	4,994

The CPO Futures Contracts entered are for the purpose of hedging the cost of purchase of FFB under the milling operations.

There is no change in risks, cash requirements and policies associated with the derivatives since the preceding financial year.

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B14. Gains/losses arising from fair value changes of financial liabilities

	Current Quarter Ended 31/01/2018 RM'000	Financial Year-to-date Ended 31/01/2018 RM'000
Loss on derivatives	218	218

- (a) The loss was arising from the CPO Futures Contract as disclosed in Note B13.
- (b) The loss was caused by drop in CPO price in commodity futures market.
- (c) The fair value is calculated by reference to closing price quoted at the end of reporting period.

B15. Additional Information

- (a) Receivables

Total receivables as at 31 January 2018 is RM37.9 million of which RM32.2 million is trade in nature with normal trade credit terms of less than 60 days.