

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/07/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2010 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/07/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2010 RM'000
Revenue	227,528	139,022	402,678	266,022
Cost of sales	<u>(168,049)</u>	<u>(115,375)</u>	<u>(303,059)</u>	<u>(217,050)</u>
Gross profit	59,479	23,647	99,619	48,972
Other income	1,306	941	2,404	1,854
Operating expenses	(6,333)	(4,953)	(11,986)	(9,841)
Finance costs	<u>(565)</u>	<u>(536)</u>	<u>(994)</u>	<u>(993)</u>
Profit before tax	53,887	19,099	89,043	39,992
Tax	<u>(12,737)</u>	<u>(4,608)</u>	<u>(21,339)</u>	<u>(9,938)</u>
<b>Profit for the period</b>	<u>41,150</u>	<u>14,491</u>	<u>67,704</u>	<u>30,054</u>
<b>Other comprehensive income:</b>				
Fair value gain on available-for-sale financial assets	-	4	-	3
Cash flow hedge	2,216	(329)	7,335	(39)
Tax relating to other comprehensive income	(554)	-	(1,834)	-
<b>Other comprehensive income for the period, net of tax</b>	1,662	(325)	5,501	(36)
<b>Total comprehensive income for the period</b>	<u>42,812</u>	<u>14,166</u>	<u>73,205</u>	<u>30,018</u>
<b>Profit for the period attributable to :</b>				
Owners of the Company	33,292	11,944	53,198	25,302
Non-controlling interests	<u>7,858</u>	<u>2,547</u>	<u>14,506</u>	<u>4,752</u>
	<u>41,150</u>	<u>14,491</u>	<u>67,704</u>	<u>30,054</u>
<b>Total comprehensive income for the period attributable to :</b>				
Owners of the Company	34,572	11,619	57,390	25,266
Non-controlling interests	<u>8,240</u>	<u>2,547</u>	<u>15,815</u>	<u>4,752</u>
	<u>42,812</u>	<u>14,166</u>	<u>73,205</u>	<u>30,018</u>
<b>Earnings per share (sen) :</b>				
- Basic	10.88	3.92	17.40	8.31
- Diluted	10.84	3.90	17.34	8.27
<b>Dividends per share (sen)</b>	6.00	5.00	6.00	5.00

(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 2011)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/07/2011 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2011 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	365,324	369,162
Biological assets	73,426	72,933
Prepaid land lease payments	2,764	2,822
Intangible assets	5,383	4,634
Deferred tax assets	6,075	5,853
	452,972	455,404
<b>Current assets</b>		
Inventories	36,372	28,751
Receivables	21,212	17,342
Prepayments	5,584	4,070
Tax recoverable	773	1,070
Derivative financial asset	381	-
Deposits with licensed banks and other financial institution	124,840	83,910
Cash and bank balances	84,249	31,197
	273,411	166,340
<b>TOTAL ASSETS</b>	<b>726,383</b>	<b>621,744</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	306,158	305,287
Reserves	176,008	139,856
	482,166	445,143
Non-controlling interests	59,894	46,480
<b>Total equity</b>	<b>542,060</b>	<b>491,623</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	27,582	21,190
Other payables	7,847	11,218
Deferred tax liabilities	46,263	45,388
	81,692	77,796
<b>Current liabilities</b>		
Payables and accruals	42,339	27,952
Interest bearing borrowings (secured)	19,631	14,376
Dividend payable	22,727	-
Derivative financial liability	6	6,960
Tax payable	17,928	3,037
	102,631	52,325
<b>Total liabilities</b>	<b>184,323</b>	<b>130,121</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>726,383</b>	<b>621,744</b>
<b>Net assets per share (RM)</b>	<b>1.57</b>	<b>1.46</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 2011)

**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	Fair value reserve	Hedging reserve	Other reserve	Retained profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months ended</b>										
<b>31 July 2011</b>										
<b>Balance as at 1 February 2011</b>	305,287	1,355	42,870	-	(3,884)	130	99,385	445,143	46,480	491,623
Realisation of revaluation reserve to retained earnings	-	-	(413)	-	-	-	413	-	-	-
Total comprehensive income for the period	-	-	-	-	4,192	-	53,198	57,390	15,815	73,205
<b>Transactions with owners:</b>										
Dividends	-	-	-	-	-	-	(21,377)	(21,377)	(2,400)	(23,777)
Share-based payment under ESOS	-	-	-	-	-	109	-	109	-	109
Transfer of reserve arising from exercise of ESOS	-	26	-	-	-	(26)	-	-	-	-
Issuance of shares pursuant to:										
- exercise of ESOS	105	38	-	-	-	-	-	143	-	143
- exercise of Warrants	766	-	-	-	-	-	-	766	-	766
Share issuance expenses	-	(8)	-	-	-	-	-	(8)	-	(8)
Reversal of non-controlling interests' share of losses previously set off against their advances	-	-	-	-	-	-	-	-	(1)	(1)
	871	56	-	-	-	83	(21,377)	(20,367)	(2,401)	(22,768)
<b>Balance as at 31 July 2011</b>	<b>306,158</b>	<b>1,411</b>	<b>42,457</b>	<b>-</b>	<b>308</b>	<b>213</b>	<b>131,619</b>	<b>482,166</b>	<b>59,894</b>	<b>542,060</b>

**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	Fair value reserve	Hedging reserve	Other reserve	Retained profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months ended</b>										
<b>31 July 2010</b>										
<b>Balance as at 1 February 2010</b>	304,237	788	43,695	-	-	160	73,090	421,970	37,787	459,757
Effects of adopting FRS 139	-	-	-	-	-	-	683	683	321	1,004
	<u>304,237</u>	<u>788</u>	<u>43,695</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>73,773</u>	<u>422,653</u>	<u>38,108</u>	<u>460,761</u>
Realisation of revaluation reserve to retained earnings	-	-	(412)	-	-	-	412	-	-	-
Total comprehensive income for the period	-	-	-	3	(39)	-	25,302	25,266	4,752	30,018
<b>Transactions with owners:</b>										
Dividends	-	-	-	-	-	-	(18,266)	(18,266)	(750)	(19,016)
Share-based payment under ESOS	-	-	-	-	-	92	-	92	-	92
Transfer of reserve arising from exercise of ESOS	-	31	-	-	-	(31)	-	-	-	-
Issuance of shares pursuant to:										
- exercise of ESOS	199	51	-	-	-	-	-	250	-	250
- exercise of Warrant	81	-	-	-	-	-	-	81	-	81
Share issuance expenses	-	(11)	-	-	-	-	-	(11)	-	(11)
Non-controlling interests' share of losses set off against their advances	-	-	-	-	-	-	-	-	(7)	(7)
	<u>280</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>(18,266)</u>	<u>(17,854)</u>	<u>(757)</u>	<u>(18,611)</u>
<b>Balance as at 31 July 2010</b>	<u>304,517</u>	<u>859</u>	<u>43,283</u>	<u>3</u>	<u>(39)</u>	<u>221</u>	<u>81,221</u>	<u>430,065</u>	<u>42,103</u>	<u>472,168</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 2011)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31/07/2011 RM'000</b>	<b>6 months ended 31/07/2010 RM'000</b>
<b>Net cash from operating activities</b>	95,397	59,015
<b>Net cash used in investing activities</b>	(9,413)	(12,794)
<b>Net cash from financing activities</b>	6,746	1,120
<b>Net increase in cash and cash equivalents</b>	92,730	47,341
<b>Cash and cash equivalents at beginning of period</b>	114,288	92,853
<b>Cash and cash equivalents at end of period (Note a)</b>	<u>207,018</u>	<u>140,194</u>

**Note a : Cash and cash equivalents at end of period**

Cash and bank balances	84,249	49,510
Deposits with licensed banks and other financial institution	124,840	91,624
Bank overdrafts	(2,071)	(940)
	<u>207,018</u>	<u>140,194</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 2011)**

# 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 2011. 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 2011.

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 2011 except for the adoption of the new and revised FRSs, Amendment to FRSs and IC Interpretations which are relevant to the Group’s operations with effect from 1 February 2011 as set out below:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
	Amendments to FRS 2 Share-based Payment
	Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
	Amendments to FRS 127 Consolidated and Separate Financial Statements
	Amendments to FRS 138 Intangible Assets
	Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
	Amendments to FRS 132 Classification of Rights Issues
	Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
	Amendments to FRS 7 Improving Disclosures about Financial Instruments
	Improvements of FRSs (2010)
	Additional Exemptions for First-time Adopters (Amendments to FRS 1)
	Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)

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

The Group has not elected for early adoption of the following FRS relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2012:

		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012

The above revised FRS is not expected to have any significant impact on the financial statements of the Group upon their initial application.

## **KIM LOONG RESOURCES BERHAD**

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### **A2. Audit qualification**

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

### **A3. Seasonal or cyclical factors**

The production of Fresh Fruit Bunches ("FFB") from the estates and palm oil from the mill 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 current quarter production of FFB was broadly in line with the above trend.

### **A4. 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.

### **A5. Material changes in estimates**

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

### **A6. Debt and equity securities**

The Company's issued and paid-up capital increased from RM305,287,441 as at 31 January 2011 to RM306,158,320 as at 31 July 2011 as a result of:

- (a) issuance of 105,300 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS"); and
- (b) issuance of 765,579 new ordinary shares of RM1 each pursuant to the exercise of 765,579 Warrants.

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date.

### **A7. Dividends paid**

No dividends have been paid during the current financial year-to-date.

## KIM LOONG RESOURCES BERHAD

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### A8. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2011	31/07/2010	31/07/2011	31/07/2010
	RM'000	RM'000	RM'000	RM'000
Plantation operations	101,455	56,057	71,086	25,828
Milling operations	403,225	264,024	20,570	13,440
	504,680	320,081	91,656	39,268
Less:				
Inter-segment eliminations	(102,002)	(54,059)	(2,866)	1,765
	<u>402,678</u>	<u>266,022</u>	88,790	41,033
Less:				
Unallocated expenses			(663)	(1,088)
Finance income			1,910	1,039
Finance costs			(994)	(993)
Other investment income			-	1
Profit before tax			89,043	39,992
Tax expenses			(21,339)	(9,938)
Profit for the period			<u>67,704</u>	<u>30,054</u>

### A9. Valuation of property, plant and equipment

The valuations of property, plant and equipment stated in the previous annual financial statements have been brought forward without amendment.

### A10. Material subsequent events

There are no material events subsequent to the end of the current financial year that have not been reflected in the financial statements for the current financial period up to 24 September 2011.

### A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

### A12. Contingent liabilities or Contingent assets

There were no material changes in contingent liabilities at Group level since the end of last annual reporting period at 31 January 2011.



## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

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

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

The revenue and profit before tax (“PBT”) of the Group were RM402.68 million and RM89.04 million respectively for the half year ended 31 July 2011, as compared to RM266.02 million and RM39.99 million respectively for the corresponding period last year.

The 51% and 123% increases in revenue and PBT respectively were mainly due to higher production as well as the higher crude palm oil (“CPO”) and palm kernel oil (“PKO”) prices which were about 34% and 68% respectively higher than the corresponding period last year.

The profit from plantation operation for the period under review was RM71.09 million which was 175% higher than RM25.83 million recorded for the corresponding period last year. The significant increase in profit was contributed by both higher palm oil prices and FFB production. The FFB production for the period under review was 154,000 MT, an increase of 36% or 41,100 MT as compared to 112,900 MT achieved in the corresponding period last year. The increase in production was mainly from our estates in Keningau region which had recovered from exceptional low crop season in the corresponding period last year.

As for the milling operation, the profit was RM20.57 million which was 53% higher than the RM13.44 million recorded for the corresponding period last year. Total CPO production for the period under review was 104,700 MT, which was 23% higher than 85,100 MT recorded in the corresponding period last year.

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

The PBT for the current quarter was RM53.88 million which was 53% higher than RM35.16 million achieved in the preceding quarter ended 30 April 2011. The increase in PBT was mainly due to increase in FFB and palm oil production. The FFB production for the current quarter increased by 17% or 12,200 MT to 83,100 MT as compared to 70,900 MT achieved in the preceding quarter. As for the milling operations, FFB intake during the current quarter increased by 21% as compared to the preceding quarter. The average prices for CPO and PKO for the current quarter dropped by 9% and 18% respectively compared to preceding quarter.

#### **B3. Current financial year prospects**

For the financial year ending 31 January 2012, we expect the CPO production quantity of the milling operations to be higher than the quantity achieved in the financial year 2011. For the plantation operations, we expect the FFB production to recover from its low cropping yield cycle in the financial year 2011 and project to achieve at least 20% increase in the financial year 2012.

We also expect the palm oil prices to remain satisfactory in the remaining period of the financial year 2012. Nevertheless, the Group will continue to monitor the CPO price closely and take appropriate measures to reduce the impact of volatility of CPO price.

Based on the above and barring any unforeseen circumstances, the Board expects the Group to perform significantly better in the financial year 2012.

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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  31/07/2011 RM'000	Current Financial Year-to-date 31/07/2011 RM'000
<b>Malaysian Income Tax</b>		
- Current year	12,166	22,503
- over provision in prior year	-	16
	12,166	22,519
<b>Deferred tax</b>		
- Current year	643	(836)
- Realisation of revaluation surplus on land	(72)	(144)
- over provision in prior year	-	(200)
	571	(1,180)
	<u>12,737</u>	<u>21,339</u>

**B6. Profits/(losses) on sale of unquoted investments and/or properties**

There were no profits/(losses) derived from the sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

**B7. Purchase or disposal of quoted securities**

Status of the quoted securities held during the financial year-to-date is as follows:

- (a) There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.
- (b) There is no investment in quoted securities as at 31 July 2011.

## KIM LOONG RESOURCES BERHAD

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### B8. Status of corporate proposals

Status of corporate proposal not completed as at 24 September 2011:

- (a) As one of the conditions set by the Securities Commission upon approval in respect of the issuance of the Company's Prospectus vide their letter dated 17 July 2000, the Company was requested to report in its quarterly announcement the status of the application for the registration of separate land titles of two pieces of plantation land until completion ("Subdivision"). The status of the Subdivision is as follow:

The two pieces of the land are registered in favour of two subsidiary companies as the owners of 10,781/12,881 undivided share and 100/12,881 undivided share.

On 28 July 2009, the remaining amount of land premium due was paid to Jabatan Tanah and Ukur, Kota Kinabalu ("JTU") in respect of the subdivision and conversion. The duly executed and accepted draft subdivided land titles were submitted and acknowledged by JTU on 30 July 2009.

The Group is currently waiting for the final subdivided land titles to be issued by JTU.

### B9. Group borrowings and debt securities

As at 31 July 2011, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	2,071
Revolving credit	13,500
Term loans	4,060
	<hr/>
	19,631
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Long term borrowings :	
Term loans	27,582
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There were no unsecured interest bearing borrowings as at 31 July 2011.

### B10. Derivative instruments

#### Interest rate swap contracts

The Group has entered into interest rate swap contract that is designated as a cash flow hedge to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rate on underlying debts instruments. The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. The interest rate swap contract as at 31 July 2011 is as follows:

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Notional Amount (RM'000)	Effective Period	Interest Rate	Fair value liability (RM'000)
6,000	2 February 2010 to 3 February 2015	The Group will pay the Bank based on fixed rate 3.66% per annum while the Bank will pay the Group based on MYR KLIBOR 1M rate, every month based upon amortised notional amount.	6

This derivative had been recorded on the Consolidated Statement of Financial Position for this reporting period in compliance with FRS 139.

There is minimal credit risk as the swap was entered into with reputable bank.

The Group is exposed to minimal cash flow risk in view of immaterial fair value liability.

### Commodity swap contracts

The Group has entered into Crude Palm Oil Commodity Swaps (the "Contract") with a reputable bank to hedge against the exposure of adverse movement of CPO price. The Contracts entered into by the Group and outstanding as at 31 July 2011 are as follows:

#### i) Crude Palm Oil – Target Redemption Swap

Date of Contract	Notional Quantity	Fixed price	Settlement
6 August 2010	Total 12,000 MT or equivalent to 1,000 MT per calendar month	RM2,800 per MT	The Bank will pay the Group the amount by which the Valuation Price is below the Fixed Price. If the Valuation Price is above the Fixed Price, the Group will pay the difference to the Bank.

Effective Date : 1 September 2010.

Termination Date : 30 August 2011, or the date immediately after the Group's accumulated Intrinsic Value is equal to or exceed RM 700,000, whichever is earlier.

Valuation price : With respect to a Calculation Period, the unweighted arithmetic mean of the price of the Commodity Reference Price stated in Malaysia Ringgit during that Calculation Period.

Commodity Reference Price : CRUDE PALM OIL "FCPO" – BMDB means that the price for a Pricing Date will be that day's Specified Price per metric tonne of deliverable grade Crude Palm Oil on the Bursa Malaysia Derivatives Berhad ("BMDB") for the Futures Contract, for the applicable third nearby month, stated in Malaysia Ringgit on each commodity business day.

Intrinsic Value : For each settlement, subject to a minimum of zero:

MAX {0, Fixed Price – Valuation Price}

Target Value : RM 700 per metric tonne (i.e. RM700,000).

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**ii) Crude Palm Oil – [Sell] Swap (Asian)**

Date of Contract	Notional Quantity	Fixed price	Settlement
9 February 2011	Total 3,000 MT or equivalent to 500 MT per calendar month	RM3,430 per MT	The Bank will pay the Group the amount by which the Valuation Price is below the Fixed Price. If the Valuation Price is above the Fixed Price, the Group will pay the difference to the Bank.

Effective Date : 3 January 2012.

Termination Date : 29 June 2012.

Valuation price : With respect to a Calculation Period, the unweighted arithmetic mean of the price of the Commodity Reference Price stated in Malaysian Ringgit during that Calculation Period.

Commodity Reference Price : CRUDE PALM OIL “FCPO” – BMDB means that the price for a Pricing Date will be that day’s Specified Price per metric tonne of deliverable grade Crude Palm Oil on the Bursa Malaysia Derivatives Berhad (“BMDB”) for the Futures Contract, for the applicable third nearby month, stated in Malaysia Ringgit on each commodity business day.

These derivatives had been recorded on the Consolidated Statement of Financial Position for this reporting period in compliance with FRS 139. The fair value asset of these derivatives recognised as at 31 July 2011 was RM380,985.

Under the Contracts entered, the Group has recorded a net realised loss on cash flow hedge of RM3,324,968 for the 6 months ended 31 July 2011, which has been fully paid to the counter party by the Group.

There is minimal credit risk as the Contract was entered into with reputable bank.

**B11. Gains and losses arising from fair value changes of financial liabilities**

The Group has no financial liabilities measured at fair value through profit or loss for the current quarter and current year-to-date.

## KIM LOONG RESOURCES BERHAD

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### B12. 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 31/07/2011 RM'000	At as 31/01/2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	217,893	184,617
- Unrealised	(21,663)	(21,353)
	<u>196,230</u>	<u>163,264</u>
Less: Consolidation adjustments	(64,611)	(63,879)
Retained earnings as per consolidated accounts	<u>131,619</u>	<u>99,385</u>

### B13. Material litigation

As at 24 September 2011, there were no material litigations against the Group except the following which has been announced on 27 June 2011:

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 belonging to that subsidiary company.

On 18 February 2011, the following Judgment for the High Court Civil Suit No. 22-10-2005-I (SG) was delivered at Kuching High Court, which had been announced to Bursa Securities on 22 February 2011:

1. the Plaintiffs are entitled to their claim to land under native customary rights in the Sg. Tenggang Native Customary Rights Development area at Pantu;
2. the destruction of the Plaintiffs' respective native customary rights land by the first 3 Defendants, namely Lembaga Pembangunan dan Lindungan (Land Custody and Development Authority), Pelita Holdings Sdn. Bhd. and Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), was unlawful and damages to be assessed by the Deputy Registrar be paid by the first 3 Defendants with interest at 4% per annum from the date hereof until settlement;
3. the first 3 Defendants forthwith give vacant possession of the Plaintiffs' native customary rights land;
4. the first 3 Defendants and their servants, agents, assignees and successors are restrained from entering, occupying, clearing, harvesting or in any way howsoever carrying out works in the Plaintiffs' native customary rights land; and
5. Costs to the Plaintiffs to be paid by the first 3 Defendants to be taxed unless agreed. No order as to costs against the 4<sup>th</sup> Defendant, namely State Government of Sarawak, as it is a nominal Defendant.

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 our Memorandum and record of Appeal on 11 April 2011. No date has been fixed for the hearing of the Appeal.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### B14. Dividend

The Board is pleased to declare an interim single tier tax exempt dividend of 6 sen per share in respect of the financial year ending 31 January 2012.

- (a) (i) amount per share: 6 sen single tier tax exempt;
  - (ii) previous corresponding period: 5 sen single tier tax exempt;
  - (iii) date of payment: 18 November 2011; and
  - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 1 November 2011; and
- (b) total dividend for the current financial year: 6 sen per share.

### B15. 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:

		Current Quarter 31/07/2011	Current Financial Year-to-date 31/07/2011
Net profit for the period	(RM'000)	33,292	53,198
Weighted average number of ordinary shares in issue	('000)	305,963	305,679
Basic EPS	(sen)	10.88	17.40

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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

The Diluted 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, which has been adjusted for the following:

- (i) the number of ordinary shares that could have been issued under the Company’s ESOS; and
- (ii) the number of ordinary shares that could have been converted from the warrants issued by the Company.

Shares that are anti-dilutive are ignored in the computation of Diluted EPS.

		Current Quarter 31/07/2011	Current Financial Year-to-date 31/07/2011
Net profit for the period	(RM’000)	33,292	53,198
Weighted average number of ordinary shares in issue	(’000)	305,963	305,679
Adjustment for dilutive effect of unexercised share options	(’000)	123	126
Adjustment for dilutive effect of warrants	(’000)	1,060	1,064
Adjusted weighted average number of shares for Diluted EPS	(’000)	307,146	306,869
Diluted EPS	(sen)	10.84	17.34