

**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
	31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
Revenue	248,100	209,121	636,602	585,355
Cost of sales	<u>(205,842)</u>	<u>(164,324)</u>	<u>(539,329)</u>	<u>(473,643)</u>
Gross profit	42,258	44,797	97,273	111,712
Other income	3,643	2,496	9,160	7,625
Operating expenses	(8,160)	(9,405)	(23,376)	(25,406)
Finance costs	<u>(409)</u>	<u>(277)</u>	<u>(1,083)</u>	<u>(811)</u>
Profit before tax	37,332	37,611	81,974	93,120
Tax	<u>(8,287)</u>	<u>(9,163)</u>	<u>(18,786)</u>	<u>(22,055)</u>
<b>Profit for the period</b>	<u>29,045</u>	<u>28,448</u>	<u>63,188</u>	<u>71,065</u>
<b>Other comprehensive income:</b>				
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>29,045</u>	<u>28,448</u>	<u>63,188</u>	<u>71,065</u>
<b>Profit for the period attributable to :</b>				
Owners of the Company	25,107	24,294	54,559	61,423
Non-controlling interests	<u>3,938</u>	<u>4,154</u>	<u>8,629</u>	<u>9,642</u>
	<u>29,045</u>	<u>28,448</u>	<u>63,188</u>	<u>71,065</u>
<b>Total comprehensive income for the period attributable to :</b>				
Owners of the Company	25,107	24,294	54,559	61,423
Non-controlling interests	<u>3,938</u>	<u>4,154</u>	<u>8,629</u>	<u>9,642</u>
	<u>29,045</u>	<u>28,448</u>	<u>63,188</u>	<u>71,065</u>
<b>Earnings per share (sen) :</b>				
- Basic	8.07	7.81	17.53	19.74
- Diluted	N/A	N/A	N/A	N/A
<b>Dividends per share (sen)</b>	5.00	-	12.00	17.00

(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 2016)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/10/2016 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	388,691	394,725
Biological assets	83,196	84,989
Land use rights	2,136	2,248
Deferred tax assets	13,317	13,522
	487,340	495,484
<b>Current assets</b>		
Inventories	33,831	43,956
Receivables	35,800	28,431
Prepayments	5,767	5,293
Tax recoverable	1,194	415
Deposits with licensed banks and other financial institutions	217,683	187,234
Cash and bank balances	76,664	44,241
	370,939	309,570
<b>TOTAL ASSETS</b>	<b>858,279</b>	<b>805,054</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	311,804	311,804
Reserves	282,031	269,717
Treasury shares	(1,591)	(1,558)
	592,244	579,963
Non-controlling interests	79,596	74,250
<b>Total equity</b>	<b>671,840</b>	<b>654,213</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	19,565	25,595
Other payables	184	272
Deferred tax liabilities	51,251	51,887
	71,000	77,754
<b>Current liabilities</b>		
Payables and accruals	68,941	51,759
Interest bearing borrowings (secured)	18,321	17,725
Dividend payable	21,785	-
Tax payable	6,392	3,603
	115,439	73,087
<b>Total liabilities</b>	<b>186,439</b>	<b>150,841</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>858,279</b>	<b>805,054</b>
<b>Net assets per share (RM)</b>	<b>1.90</b>	<b>1.86</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 2016)

**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	Other reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>9 months ended</b>									
<b><u>31 October 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	-	-	(625)	-	625	-	-	-	-
Profit or loss	-	-	-	-	54,559	-	54,559	8,629	63,188
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	54,559	-	54,559	8,629	63,188
Dividends	-	-	-	-	(40,458)	-	(40,458)	(5,070)	(45,528)
Buy-back of shares	-	-	-	-	-	(33)	(33)	-	(33)
Acquisition from non-controlling interests	-	-	-	-	(1,787)	-	(1,787)	1,787	-
<b>Total for transactions with owners</b>	-	-	-	-	(42,245)	(33)	(42,278)	(3,283)	(45,561)
<b>Balance as at 31 October 2016</b>	<u>311,804</u>	<u>6,626</u>	<u>38,545</u>	<u>-</u>	<u>236,860</u>	<u>(1,591)</u>	<u>592,244</u>	<u>79,596</u>	<u>671,840</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	Other reserve	Retained profits	Treasury shares			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>9 months ended</b>									
<b>31 October 2015</b>									
<b>Balance as at 1 February 2015</b>	311,109	5,505	40,002	761	220,271	(1,496)	576,152	73,869	650,021
<b>Changes in equity for the period:</b>									
Realisation of revaluation reserve to retained earnings	-	-	(624)	-	624	-	-	-	-
Profit or loss	-	-	-	-	61,423	-	61,423	9,642	71,065
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	61,423	-	61,423	9,642	71,065
Dividends	-	-	-	-	(71,583)	-	(71,583)	(5,670)	(77,253)
Share-based payment under ESOS	-	-	-	95	-	-	95	-	95
Transfer of reserve arising from exercise of ESOS	-	236	-	(236)	-	-	-	-	-
Transfer of reserve upon expiry of ESOS	-	-	-	(620)	620	-	-	-	-
Issuance of shares pursuant to: - exercise of ESOS	695	886	-	-	-	-	1,581	-	1,581
Buy-back of shares	-	-	-	-	-	(29)	(29)	-	(29)
Expenses in relation to issuance of shares	-	(3)	-	-	-	-	(3)	-	(3)
<b>Total for transactions with owners</b>	695	1,119	-	(761)	(70,963)	(29)	(69,939)	(5,670)	(75,609)
<b>Balance as at 31 October 2015</b>	<u>311,804</u>	<u>6,624</u>	<u>39,378</u>	<u>-</u>	<u>211,355</u>	<u>(1,525)</u>	<u>567,636</u>	<u>77,841</u>	<u>645,477</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 2016)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 months ended 31/10/2016 RM'000</b>	<b>9 months ended 31/10/2015 RM'000</b>
<b>Operating activities</b>		
Cash receipts from customers	629,435	570,388
Rental received	131	173
Interest received	6,653	6,790
Cash paid to suppliers and employees	(511,704)	(479,744)
Cash generated from operations	124,515	97,607
Interest paid	(1,018)	(767)
Tax paid	(17,207)	(19,929)
Net cash from operating activities	106,290	76,911
<b>Investing activities</b>		
Net cash effects on disposal of subsidiary company	-	6
Proceeds from disposal of property, plant and equipment	413	590
Acquisition of biological assets and property, plant and equipment	(17,809)	(27,626)
Proceeds from compulsory acquisition	1,512	-
Interest paid	(424)	(920)
Net cash used in investing activities	(16,308)	(27,950)
<b>Financing activities</b>		
Proceeds from issuance of shares	-	1,581
Expenses paid in relation to issuance of shares	-	(3)
Repayments of bank borrowings	(5,360)	(4,689)
Dividend paid to shareholders of the Company	(18,673)	(49,797)
Dividend paid to NCI in subsidiary companies	(2,970)	(5,670)
Purchase of treasury shares	(33)	(29)
Net cash used in financing activities	(27,036)	(58,607)
<b>Net increase/(decrease) in cash and cash equivalents</b>	62,946	(9,646)
<b>Cash and cash equivalents at beginning of period</b>	228,620	264,061
<b>Cash and cash equivalents at end of period (Note a)</b>	<u>291,566</u>	<u>254,415</u>
<b>Note a : Cash and cash equivalents at end of period</b>		
Cash and bank balances	76,664	56,529
Deposits with licensed banks and other financial institutions	217,683	201,065
Bank overdrafts	(2,781)	(3,179)
	<u>291,566</u>	<u>254,415</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 2016)

# 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 2016. 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 2016.

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 2016 except for the adoption of the amended FRSs which are relevant to the Group’s operations with effect from 1 February 2016 as set out below:

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

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 relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2017:

	Effective for financial periods beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 9 Financial Instruments	1 January 2018
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**

(Company Number: 22703-K)

### 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 was not in line with the normal cyclical trend as it was merely 1% higher comparing to the preceding second quarter. The unusual trend was likely caused by the El Nino phenomenon.

The yield performance was broadly in line with the production trend for Sabah state where 80% of the Group productive area is located.

#### **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 three quarters ended 31 October 2016 except for repurchase of 10,000 ordinary shares of RM1 each of its issued share capital from the open market for a total consideration of RM33,241 at an average price of RM3.30 per share.

## KIM LOONG RESOURCES BERHAD

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### A6. Dividends paid

The gross dividends paid during the current financial year-to-date were as follows:

- (a) A final single tier dividend of 6 sen per ordinary share in respect of the financial year 2016 was paid on 29 August 2016.

### A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	9 months ended		9 months ended	
	31/10/2016	31/10/2015	31/10/2016	31/10/2015
	RM'000	RM'000	RM'000	RM'000
Plantation operations	100,569	97,531	42,343	39,691
Milling operations	619,794	570,366	34,789	48,645
	720,363	667,897	77,132	88,336
Add/(Less):				
Inter-segment adjustments and eliminations	(83,761)	(82,542)	677	50
	636,602	585,355	77,809	88,386
Less:				
Unallocated expenses			(1,398)	(1,181)
Finance income			6,646	6,726
Finance costs			(1,083)	(811)
Profit before tax			81,974	93,120
Tax expenses			(18,786)	(22,055)
Profit for the period			63,188	71,065

### A8. Material subsequent events

As at 26 December 2016, 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 except for the following:

- (a) On 18 October 2016, an indirect wholly-owned subsidiary of the Company, Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), has been allotted with a total of 2,800,000 new ordinary shares of RM1 each fully paid in Sungkit Enterprise Sdn. Bhd. ("SESB") which were subscribed by KLPOM at par for a total cash consideration of RM2,800,000 ("Transaction") pursuant to a Renounceable Rights Issue undertaken by SESB.

As a result of the Transaction, KLPOM has increased its equity interest from 70% to 98% in SESB.



## **KIM LOONG RESOURCES BERHAD**

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### **A10. Contingent liabilities or Contingent assets**

As at 26 December 2016, 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 2016. 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 at RM636.60 million but a lower profit before tax (“PBT”) at RM81.97 million for the cumulative three quarters ended 31 October 2016, as compared to RM585.35 million and RM93.12 million respectively for the corresponding period last year.

Performance analysis by segments:

	<b>Revenue</b>			
	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/10/2016</b>	<b>31/10/2015</b>	<b>31/10/2016</b>	<b>31/10/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Plantation operations	39,185	34,692	100,569	97,531
Milling operations	240,265	203,612	619,794	570,366
	<b>279,450</b>	<b>238,304</b>	<b>720,363</b>	<b>667,897</b>

  

	<b>Results</b>			
	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/10/2016</b>	<b>31/10/2015</b>	<b>31/10/2016</b>	<b>31/10/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Plantation operations	17,479	15,243	42,343	39,691
Milling operations	18,520	21,552	34,789	48,645
	<b>35,999</b>	<b>36,795</b>	<b>77,132</b>	<b>88,336</b>

#### **Plantation operations**

The revenue from plantation operations for the current quarter and the year-to-date was 13% and 3% higher as compared to the corresponding periods last year. In terms of profit for the current quarter and year-to-date, the plantation operations recorded higher profit by 15% and 7% respectively as compared to the corresponding periods last year. The higher profit was mainly contributed by better FFB price despite lower production.

The FFB production for the current quarter was 67,900 MT which was 23% lower than 88,600 MT achieved in last year corresponding quarter. For the year-to-date, the FFB production was 187,600 MT which was 20% lower than 235,000 MT in last year corresponding period. The significant drop in production was broadly in line with the national production trend and 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. The average FFB prices were about 48% and 29% higher for the current quarter and year-to-date respectively comparing to the corresponding periods last year.

## **KIM LOONG RESOURCES BERHAD**

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### **Palm oil milling operations**

The revenue from the milling operations for the current quarter and the year-to-date was 15% and 9% higher as compared to the corresponding periods last year. However, the profit recorded for the current quarter was only RM18.52 million which was 14% lower comparing to the profit achieved in the corresponding period last year. For the year-to-date, the profit of RM34.79 million achieved was 28% lower than last year corresponding period. The drop in profit was partly caused by lower oil extraction rate (“OER”) as well as lower FFB intake arising from competition for crop in view of low FFB production during the current quarter and year-to-date.

Total CPO production for the current quarter and year-to-date were 71,100 MT and 185,900 MT which were both 20% lower than 89,100 MT and 231,200 MT achieved in the corresponding periods last year.

The market condition and demand for the Group’s milling products has been good and steady for the current quarter and year-to-date. The sale of CPO, the main product, for the current quarter and year-to-date were 71,800 MT and 198,100 MT respectively. The average prices of CPO for the current quarter and year-to-date were in the region of RM2,690 per MT and RM2,560 per MT respectively which were about 32% and 20% higher comparing to the respective corresponding periods 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 RM37.33 million which was 42% higher than RM26.23 million achieved in the preceding quarter ended 31 July 2016. The increase in profit was mainly contributed by increase in palm oil prices. The FFB production for the current quarter was 67,900 MT which was merely 1% higher than 67,200 MT achieved in the preceding quarter. The Group’s FFB production trend has remained flat since May 2016.

As for the milling operations, FFB processed during the current quarter was 319,900 MT which was 8% higher than 296,300 MT recorded in the preceding quarter mainly due to recovery of FFB production in Kota Tinggi and Sandakan regions while the FFB supply in Keningau region continues to remain low during the period under review. The average price of CPO for the current quarter stood at about RM2,690 per MT level which was 8% higher than RM2,490 per MT in the preceding quarter.

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

For the financial year ending 31 January 2017, we foresee an increase in FFB production from young mature area but in view of the potential effects caused by El Nino phenomenon in the first quarter and lower-than-expected FFB yield recovery in Keningau region in where about 50% of the Group’s planted mature area is located, we expect the Group’s FFB production could potentially be around 15% lower comparing the quantity achieved in the financial year 2016.

In term of CPO production, we expect it could be up to 20% lower, comparing to the quantity achieved in the financial year 2016 mainly due to lower FFB intake in the Keningau region caused by low FFB production and stiff competition for crop.

Subject to the fluctuation in the Ringgit currency and commodity market, we expect the prospect of CPO price to be good with strong support at current level in the remaining period of the current financial year.

Despite a drop in production, we expect the Group’s performance for the financial year 2017 to be satisfactory on the account of higher palm oil prices.

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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 31/10/2016 RM'000	Financial Year-to-date Ended 31/10/2016 RM'000
<b>Malaysian Income Tax</b>		
- Current year	8,393	19,756
- Overprovision in prior year	(538)	(538)
	7,855	19,218
<b>Deferred tax</b>		
- Current year	502	(224)
- Realisation of revaluation surplus on land	(70)	(208)
	432	(432)
	<u>8,287</u>	<u>18,786</u>

### B6. Status of corporate proposals

There is no outstanding corporate proposal as at 26 December 2016.

### B7. Group borrowings and debt securities

As at 31 October 2016, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	2,781
Revolving credit	7,500
Term loans	8,040
	<u>18,321</u>
Long term borrowings :	
Term loans	<u>19,565</u>

There were no unsecured interest bearing borrowings as at 31 October 2016.

## 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 31/10/2016 RM'000	At as 31/01/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	306,933	295,408
- Unrealised	(20,936)	(20,937)
	<u>285,997</u>	<u>274,471</u>
Less: Consolidation adjustments	(49,137)	(50,550)
Retained earnings as per consolidated accounts	<u>236,860</u>	<u>223,921</u>

### B9. Material litigation

As at 26 December 2016, 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 fixed the Appeal for hearing on 7 February 2017.

The Group has accounted for impairment of assets and provision of liabilities of RM3.3 million.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### B10. Dividend

The Board is pleased to declare a special single tier dividend of 5 sen per share in respect of the financial year ending 31 January 2017.

- (a) (i) amount per share: 5 sen single tier;
  - (ii) previous corresponding period: Nil;
  - (iii) date of payment: 15 February 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 20 January 2017; and
- (b) total dividend for the current financial year: 12 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 cumulative three quarters by the weighted average number of ordinary shares in issue during the current quarter and the cumulative three quarters respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/10/2016	Financial Year-to-date Ended 31/10/2016
Net profit for the period	(RM'000)	<u>25,107</u>	<u>54,559</u>
Weighted average number of ordinary shares in issue	('000)	<u>311,212</u>	<u>311,212</u>
Basic EPS	(sen)	<u>8.07</u>	<u>17.53</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 31/10/2016 RM'000	Financial Year-to-date Ended 31/10/2016 RM'000
(a) Interest income	(2,298)	(6,646)
(b) Other income including investment income	(351)	(1,520)
(c) Interest expense	409	1,083
(d) Depreciation and amortization	7,646	22,601
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	7	7
(g) Gain or loss on disposal of quoted or unquoted investment or properties	(46)	(46)
(h) Impairment of assets	-	-
(i) Foreign exchange gain or loss	-	-
(j) Gain or loss on derivatives	(1,056)	(949)
(k) Exceptional items	-	-