

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
	31/01/2013 RM'000	31/01/2012 RM'000	31/01/2013 RM'000	31/01/2012 RM'000
Revenue	164,030	177,329	637,238	768,332
Cost of sales	<u>(122,126)</u>	<u>(131,750)</u>	<u>(508,270)</u>	<u>(573,892)</u>
Gross profit	41,904	45,579	128,968	194,440
Other income	1,777	2,036	7,340	7,784
Operating expenses	(16,003)	(11,482)	(40,701)	(35,306)
Finance costs	<u>(249)</u>	<u>(429)</u>	<u>(1,211)</u>	<u>(1,876)</u>
Profit before tax	27,429	35,704	94,396	165,042
Tax	<u>(9,125)</u>	<u>(8,094)</u>	<u>(25,667)</u>	<u>(40,293)</u>
Profit for the period	<u>18,304</u>	<u>27,610</u>	<u>68,729</u>	<u>124,749</u>
Other comprehensive income:				
Cash flow hedge	2,975	(18)	30	6,909
Tax relating to other comprehensive income	(744)	5	(8)	(1,727)
Other comprehensive income for the period, net of tax	2,231	(13)	22	5,182
Total comprehensive income for the period	<u>20,535</u>	<u>27,597</u>	<u>68,751</u>	<u>129,931</u>
Profit for the period attributable to :				
Owners of the Company	14,099	19,783	53,993	96,572
Non-controlling interests	<u>4,205</u>	<u>7,827</u>	<u>14,736</u>	<u>28,177</u>
	<u>18,304</u>	<u>27,610</u>	<u>68,729</u>	<u>124,749</u>
Total comprehensive income for the period attributable to :				
Owners of the Company	15,872	19,775	54,006	100,433
Non-controlling interests	<u>4,663</u>	<u>7,822</u>	<u>14,745</u>	<u>29,498</u>
	<u>20,535</u>	<u>27,597</u>	<u>68,751</u>	<u>129,931</u>
Earnings per share (sen) :				
- Basic	4.57	6.46	17.52	31.56
- Diluted	4.57	6.43	17.51	31.46
Dividends per share (sen)	7.00	10.00	12.00	16.00

(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 2012)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 31/01/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	371,360	366,298
Biological assets	78,028	73,464
Land use rights	2,593	2,707
Intangible assets	-	66
Deferred tax assets	8,358	8,540
	460,339	451,075
Current assets		
Inventories	42,776	43,271
Receivables	26,139	24,732
Prepayments	6,297	8,937
Tax recoverable	3,205	971
Derivative financial asset	622	-
Deposits with licensed banks and other financial institutions	126,768	130,979
Cash and bank balances	64,137	57,070
	269,944	265,960
TOTAL ASSETS	730,283	717,035
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	308,667	306,555
Reserves	209,592	200,824
Treasury shares	(61)	(23)
	518,198	507,356
Non-controlling interests	77,671	71,180
Total equity	595,869	578,536
Non-current liabilities		
Interest bearing borrowings (secured)	24,234	26,466
Other payables	2,314	2,996
Deferred tax liabilities	49,254	47,464
	75,802	76,926
Current liabilities		
Payables and accruals	42,727	40,759
Interest bearing borrowings (secured)	14,228	12,588
Derivative financial liability	21	51
Tax payable	1,636	8,175
	58,612	61,573
Total liabilities	134,414	138,499
TOTAL EQUITY AND LIABILITIES	730,283	717,035
Net assets per share (RM)	1.68	1.66

(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 2012)

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	Other 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 2013</u>										
Balance as at 1 February 2012	306,555	1,449	42,044	(23)	325	157,029	(23)	507,356	71,180	578,536
Realisation of revaluation reserve to retained earnings	-	-	(826)	-	-	826	-	-	-	-
Total comprehensive income for the year	-	-	-	13	-	53,993	-	54,006	14,745	68,751
Transactions with owners:										
Dividends	-	-	-	-	-	(46,130)	-	(46,130)	(8,940)	(55,070)
Share-based payment under ESOS	-	-	-	-	323	-	-	323	-	323
Transfer of reserve arising from exercise of ESOS	-	213	-	-	(213)	-	-	-	-	-
Issuance of shares pursuant to:										
- exercise of ESOS	604	478	-	-	-	-	-	1,082	-	1,082
- exercise of Warrants	1,508	-	-	-	-	-	-	1,508	-	1,508
Dilution of interest in subsidiary company	-	-	-	-	-	120	-	120	(60)	60
Buy-back of shares	-	-	-	-	-	-	(37)	(37)	-	(37)
Issuance of shares to non-controlling interests of subsidiary company	-	-	-	-	-	-	-	-	913	913
Expenses in relation to issuance of shares	-	(30)	-	-	-	-	-	(30)	-	(30)
Acquisition from non-controlling interests	-	-	-	-	-	-	-	-	(30)	(30)
Reversal of non-controlling interests' share of loss previously setoff against their advances	-	-	-	-	-	-	-	-	(137)	(137)
	2,112	661	-	-	110	(46,010)	(37)	(43,164)	(8,254)	(51,418)
Balance as at 31 January 2013	308,667	2,110	41,218	(10)	435	165,838	(60)	518,198	77,671	595,869

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(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	Other 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										
31 January 2012										
Balance as at 1 February 2011	305,287	1,355	42,870	(3,884)	130	99,385	-	445,143	46,480	491,623
Realisation of revaluation reserve to retained earnings	-	-	(826)	-	-	826	-	-	-	-
Total comprehensive income for the year	-	-	-	3,861	-	96,572	-	100,433	29,498	129,931
Transactions with owners:										
Dividends	-	-	-	-	-	(39,754)	-	(39,754)	(4,800)	(44,554)
Share-based payment under ESOS	-	-	-	-	236	-	-	236	-	236
Transfer of reserve arising from exercise of ESOS	-	41	-	-	(41)	-	-	-	-	-
Issuance of shares pursuant to:										
- exercise of ESOS	145	71	-	-	-	-	-	216	-	216
- exercise of Warrants	1,123	-	-	-	-	-	-	1,123	-	1,123
Buy-back of shares	-	-	-	-	-	-	(23)	(23)	-	(23)
Expenses in relation to issuance of shares	-	(18)	-	-	-	-	-	(18)	-	(18)
Non-controlling interests' share of loss setoff against their advances	-	-	-	-	-	-	-	-	2	2
	1,268	94	-	-	195	(39,754)	(23)	(38,220)	(4,798)	(43,018)
Balance as at 31 January 2012	306,555	1,449	42,044	(23)	325	157,029	(23)	507,356	71,180	578,536

(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 2012)

KIM LOONG RESOURCES BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31/01/2013 RM'000	Year ended 31/01/2012 RM'000
Cash flows from operating activities		
Cash receipts from customers	641,168	763,079
Rental received	45	42
Interest received	5,817	4,660
Cash paid to suppliers and employees	(522,728)	(579,765)
Cash generated from operations	124,302	188,016
Interest paid	(1,046)	(1,628)
Tax paid	(32,477)	(37,393)
Net cash from operating activities	90,779	148,995
Cash flows from investing activities		
Intangible assets	(2)	-
Development expenditure	-	(982)
Additional investment in existing subsidiary company	(30)	-
Proceeds from disposal of interest in subsidiary company	60	-
Proceeds from disposal of property, plant and equipment	498	2,092
Acquisition of biological assets and property, plant and equipment	(35,284)	(29,376)
Interest paid	(775)	(408)
Net cash used in investing activities	(35,533)	(28,674)
Cash flows from financing activities		
Proceeds from issuance of shares	2,590	1,339
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	913	-
Expenses paid in relation to issuance of shares	(30)	(18)
Drawdown of bank borrowings	-	25,000
Repayments of bank borrowings	(2,232)	(23,549)
Other borrowings	(165)	(7,610)
Dividend paid to shareholders of the Company	(46,130)	(39,754)
Dividend paid to NCI in subsidiary companies	(8,940)	(4,800)
Purchase of treasury shares	(37)	(23)
Net cash used in financing activities	(54,031)	(49,415)
Net increase in cash and cash equivalents	1,215	70,906
Cash and cash equivalents at beginning of year	185,194	114,288
Cash and cash equivalents at end of year (Note a)	<u>186,409</u>	<u>185,194</u>
Note a : Cash and cash equivalents at end of year		
Cash and bank balances	64,137	57,071
Deposits with licensed banks and other financial institution	126,768	130,979
Bank overdrafts	(4,496)	(2,856)
	<u>186,409</u>	<u>185,194</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 2012)

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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 2012. 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 2012.

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 2012 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 2012 as set out below:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
FRS 124 Related Party Disclosures
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7 Disclosures – Transfer of Financial Assets
Amendments to FRS 112 Deferred Tax : Recovery of Underlying Assets

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 new and amended FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ended 31 January 2013:

	Effective for financial periods beginning on or after
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosures of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associates and Joint Ventures	1 January 2013
Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs issued in 2012	1 January 2013

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Amendments to FRS 10, FRS 11 and FRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 10, FRS 12 and FRS 127 – Investment Entities	1 January 2014
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

Malaysian Financial Reporting Standards (MFRS Framework)

The Malaysian Accounting Standards Board, in furtherance of its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (“MFRS”). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, Agriculture and/or IC Interpretation 15, Agreement for the Construction of Real Estate.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 may continue to apply Financial Reporting Standards (“FRS”) as its financial reporting framework for annual reporting periods beginning on or after 1 January 2012. This has further extended to their parent company that either consolidates or equity accounts or proportionately consolidates the entity that has chosen to apply FRSs as its financial reporting framework may itself choose to apply FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. All of these entities shall comply with the MFRS framework for annual periods beginning on or after 1 January 2014.

The Group is currently assessing the impact of MFRSs, in particular MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, on the financial statements of the Group and of its subsidiaries. With the exemption given to the entity subject to the application of MFRS 141, the Company will adopt MFRSs to prepare consolidated financial statements from the financial year ending 31 January 2015.

A2. 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 production of FFB for the current quarter continued the upward trend in the third quarter and recorded a 39% increase compared to the preceding quarter mainly due to recovery of yield after the low yield cycle in the first half of the financial year.

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 material effects 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 financial year ended 31 January 2013 except for the following:

- (a) Issuance of 603,800 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS");
- (b) Issuance of 1,508,311 new ordinary shares of RM1 each pursuant to the exercise of 1,508,311 Warrants; and

The Warrants have expired on 23 April 2012 and consequentially, 116,950 unexercised Warrants were cancelled and delisted from Bursa Malaysia Securities Berhad on 24 April 2012.

- (c) Repurchase of 15,000 ordinary shares of RM1 each of its issued share capital from the open market for a total consideration of RM37,140 at the average price of RM2.46 per share.

A6. Dividends paid

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

- (a) A final single tier tax exempt dividend of 10 sen per ordinary share in respect of the financial year 2012 was paid on 29 August 2012.
- (b) An interim single tier tax exempt dividend of 5 sen per ordinary share in respect of the financial year 2013 was paid on 22 November 2012.

A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	Year ended		Year ended	
	31/01/2013	31/01/2012	31/01/2013	31/01/2012
	RM'000	RM'000	RM'000	RM'000
Plantation operations	134,858	197,299	65,725	134,591
Milling operations	629,766	766,907	27,632	35,951
	764,624	964,206	93,357	170,542
Less:				
Inter-segment eliminations	(127,386)	(195,874)	1,675	(4,535)
	637,238	768,332	95,032	166,007
Less:				
Unallocated expenses			(5,346)	(3,808)
Finance income			5,921	4,719
Finance costs			(1,211)	(1,876)
Profit before tax			94,396	165,042
Tax expenses			(25,667)	(40,293)
Profit for the year			68,729	124,749

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A8. Material subsequent events

As at 26 March 2013, there were no material subsequent events that have not been reflected in the financial statements for the current financial year.

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 1 February 2012, Kim Loong Palm Oil Mills Sdn. Bhd. (“KLPOM”) disposed of 60,000 ordinary shares of RM1 each fully paid representing 30% equity interest in Sungkit Enterprise Sdn. Bhd. (“SESB”) to Prominent Platform Sdn. Bhd. for a cash consideration of RM60,000 (the “Transfer of Shares”). As a result of the Transfer of Shares, SESB is now a 70% owned subsidiary of KLPOM. KLPOM is a wholly-owned subsidiary of Kim Loong Palm Oil Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company.
- (b) On 1 March 2012, Desa Kim Loong Palm Oil Sdn. Bhd. (“DKLPO”) acquired 100,000 ordinary shares of RM1 each fully paid representing the entire equity interest in Desa Kim Loong Industries Sdn. Bhd. (“DKLI”) from the Company (70%) and Desa Cattle (Sabah) Sdn. Bhd. (30%). In view of DKLPO is a 70 % owned subsidiary of the Company, there is no changes in Company’s effective interest in DKLI.
- (c) On 5 June 2012, Okidville Plantations Sdn. Bhd. (“OPSB”), a 90% owned subsidiary of the Company previously, increased its issued and paid up capital from RM100 divided into 100 ordinary shares of RM1 each fully paid to RM250,000 by an issue and allotment of 249,900 new ordinary shares of RM1 each at par fully paid, to the Company and Tan Sui Hou at the proportion of 237,410 and 12,490 ordinary shares respectively. As a result of issuance of new ordinary shares, OPSB is now a 95% owned subsidiary of the Company.
- (d) On 5 June 2012, the Company disposed of 100 ordinary shares of RM1 each fully paid representing the entire equity interest in Winsome Jaya Sdn. Bhd. (“WJSB”) to OPSB, a 95% owned subsidiary of the Company, at par (the “Disposal”). As a result of the Disposal, the effective interest of the Company in WJSB reduced from 100% to 95%.

A10. Contingent liabilities or Contingent assets

As at 26 March 2013, 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 2012. 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.

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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 revenue and profit before tax (“PBT”) of the Group were RM637.24 million and RM94.40 million respectively for the financial year ended 31 January 2013, as compared to RM768.33 million and RM165.04 million respectively for the last financial year.

The 17% and 43% drops in revenue and PBT respectively were mainly due to lower FFB production as well as the lower crude palm oil (“CPO”) and palm kernel oil (“PKO”) prices which were about 14% and 32% respectively lower than the last financial year.

Performance analysis by segments:

	Revenue			
	Quarter ended		Year-to-date ended	
	31/01/2013	31/01/2012	31/01/2013	31/01/2012
	RM'000	RM'000	RM'000	RM'000
Plantation operations	37,687	47,154	134,858	197,299
Milling operations	160,636	177,589	629,766	766,907
	<u>198,323</u>	<u>224,743</u>	<u>764,624</u>	<u>964,206</u>

	Results			
	Quarter ended		Year-to-date ended	
	31/01/2013	31/01/2012	31/01/2013	31/01/2012
	RM'000	RM'000	RM'000	RM'000
Plantation operations	19,999	28,817	65,725	134,591
Milling operations	9,771	9,119	27,632	35,951
	<u>29,770</u>	<u>37,936</u>	<u>93,357</u>	<u>170,542</u>

Plantation operations

The revenue from plantation operations dropped by 20% and 32% for the current quarter and year-to-date respectively as compared to the corresponding periods in last year. In terms of profit, the plantation operation recorded RM20.00 million and RM65.73 million for the current quarter and year-to-date respectively, representing a drop of 31% and 51% as compared to the corresponding periods in last year. The significant drop in revenue and profit were due to lower palm oil prices and FFB production. The FFB production for the current quarter and year-to-date were 104,900 MT and 280,400 MT. Although the production for the current quarter was 36% higher than the fourth quarter last year, but total production for current year-to-date was 10% lower than production achieved in the last financial year.

The plantation operations did not face problem in selling its FFB production as most of the produce was supplied to mills within the Group. Average FFB price was 41% and 25% lower for the current quarter and the year-to-date as compared to the corresponding periods in last year.

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Palm oil milling operations

The revenue from the milling operations dropped by 10% and 18% for the current quarter and year-to-date respectively as compared to the corresponding periods in last year. Despite impairment of assets of RM4.05 million arising from Palm Nutraceuticals Sdn Bhd, the milling operations achieved profit of RM9.77 million in the current quarter on the account of higher production.

For the current year-to-date, the profit achieved was RM27.63 million, represents a drop of 23% as compared to RM35.95 million recorded for the last financial year. The lower profit for the year-to-date was mainly caused by drop in palm oil prices and impairment of assets. The average CPO price for the current year-to-date dropped by 14% compared to the last financial year.

Total CPO production for the current quarter was 63,900 MT which was 29% higher than production in the corresponding period in last year. For the year-to-date, the CPO production 208,000 MT which was slightly lower than 210,800 MT recorded in the corresponding periods in last year.

The market condition and demand for the Group's milling products has been steady for the first half year and became challenging in the second half mainly due to industry slowdown in deliveries of CPO resulting in higher CPO stock at the end of the reporting period. The sale of CPO, the main product, for the current quarter and year-to-date was 64,900 MT and 203,100 MT respectively, representing increase of 15,100MT and 400MT compared to the corresponding periods in 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 RM27.43 million which was 70% higher than RM16.15 million achieved in the preceding quarter ended 31 October 2012. The significant increase in PBT was mainly due to sharp increase in FFB production in the current quarter despite drop in palm oil prices. The FFB production for the current quarter increased by 39% to 104,900 MT as compared to 75,600 MT achieved in the preceding quarter. As for the milling operations, FFB intake during the current quarter increased by 30% as compared to the preceding quarter. The average prices for CPO and PKO for the current quarter dropped by 16% and 18% respectively compared to preceding quarter.

B3. Current financial year prospects

For the financial year ending 31 January 2014, we expect the CPO production quantity of the milling operations to be similar to the quantity achieved in the financial year 2013. For the plantation operations, we expect the FFB production to increase and project to achieve about 10% higher than the FFB production achieved in the financial year 2013.

We expect the CPO price to improve from the current level of RM2,400 per MT in the financial year 2014.

Based on the above, we expect the Group's performance to be satisfactory for the financial year 2014.

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

This is not applicable.

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B5. Income tax

	Current Quarter Ended 31/01/2013 RM'000	Financial Year-to-date Ended 31/01/2013 RM'000
Malaysian Income Tax		
- Current year	5,651	23,662
- Underprovision in prior year	7	42
	5,658	23,704
Deferred tax		
- Current year	2,421	1,134
- Underprovision of liabilities in prior year	19	19
- Overprovision of assets in prior year	1,099	1,099
- Realisation of revaluation surplus on land	(72)	(289)
	3,467	1,963
	<u>9,125</u>	<u>25,667</u>

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 26 March 2013.

B7. Group borrowings and debt securities

As at 31 January 2013, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	4,496
Revolving credit	7,500
Term loans	2,232
	<u>14,228</u>
Long term borrowings :	
Term loans	<u>24,234</u>

There were no unsecured interest bearing borrowings as at 31 January 2013.

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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 31/01/2013 RM'000	At as 31/01/2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	263,083	251,896
- Unrealised	(21,574)	(20,742)
	<u>241,509</u>	<u>231,154</u>
Less: Consolidation adjustments	(75,671)	(74,125)
Retained earnings as per consolidated accounts	<u>165,838</u>	<u>157,029</u>

B9. Material litigation

As at 26 March 2013, 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 4th Defendant, namely State Government of Sarawak, as it is a nominal Defendant.

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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. Hearing of the Appeal has been carried out on 17 October 2012.

The Court of Appeal informed that the verdicts would be delivered on 28 November 2012 but it was postponed and no date has been fixed for the delivery of verdict.

Our solicitor is of the view that we have a fair prospect of succeeding in this Appeal.

B10. Dividend

The Board is pleased to propose a final single tier tax exempt dividend of 7 sen per share in respect of the financial year ended 31 January 2013.

- (a) (i) amount per share: 7 sen;
 - (ii) previous corresponding period: 10 sen;
 - (iii) date payable will be announced at a later date; and
 - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at a date to be announced at a later date; 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 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 31/01/2013	Financial Year-to-date Ended 31/01/2013
Net profit for the period/year	(RM'000)	14,099	53,993
Weighted average number of ordinary shares in issue	('000)	308,652	308,187
Basic EPS	(sen)	4.57	17.52

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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 financial year by the weighted average number of ordinary shares in issue during the current quarter and the financial 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.

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

		Current Quarter Ended 31/01/2013	Financial Year-to-date Ended 31/01/2013
Net profit for the period/year	(RM’000)	14,099	53,993
Weighted average number of ordinary shares in issue	(’000)	308,652	308,187
Adjustment for dilutive effect of unexercised share options	(’000)	68	108
Adjusted weighted average number of shares for Diluted EPS	(’000)	308,720	308,295
Diluted EPS	(sen)	4.57	17.51

B12. Audit qualification

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

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B13. Profit before tax

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

	Current Quarter Ended 31/01/2013 RM'000	Financial Year-to-date Ended 31/01/2013 RM'000
(a) Interest income	(1,418)	(5,921)
(b) Other income including investment income	(359)	(1,419)
(c) Interest expense	249	1,211
(d) Depreciation and amortization	6,186	24,208
(e) Provision for and write off of receivables	19	33
(f) Provision for and write off of inventories	4	24
(g) Gain or loss on disposal of quoted or unquoted investment or properties	-	-
(h) Impairment of assets	4,047	4,047
(i) Foreign exchange gain or loss	-	-
(j) Gain or loss on derivatives	513	3,245
(k) Exceptional items	-	-
