

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2018 RM'000	CURRENT YEAR TO-DATE 31/07/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2018 RM'000
Revenue	154,317	210,287	323,283	446,777
Cost of sales	<u>(136,534)</u>	<u>(182,257)</u>	<u>(274,539)</u>	<u>(377,568)</u>
Gross profit	17,783	28,030	48,744	69,209
Other income	5,716	3,122	9,834	6,255
Operating expenses	(11,143)	(12,289)	(23,127)	(23,555)
Finance costs	<u>(182)</u>	<u>(289)</u>	<u>(385)</u>	<u>(580)</u>
Profit before tax	12,174	18,574	35,066	51,329
Tax	<u>(1,952)</u>	<u>(4,503)</u>	<u>(7,158)</u>	<u>(12,362)</u>
<b>Profit for the period</b>	<u>10,222</u>	<u>14,071</u>	<u>27,908</u>	<u>38,967</u>
<b>Other comprehensive income:</b>				
Cash flow hedge	-	-	-	-
Tax relating to other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>10,222</u>	<u>14,071</u>	<u>27,908</u>	<u>38,967</u>
<b>Profit for the period attributable to :</b>				
Owners of the Company	10,412	12,012	24,918	32,141
Non-controlling interests	<u>(190)</u>	<u>2,059</u>	<u>2,990</u>	<u>6,826</u>
	<u>10,222</u>	<u>14,071</u>	<u>27,908</u>	<u>38,967</u>
<b>Total comprehensive income for the period attributable to :</b>				
Owners of the Company	10,412	12,012	24,918	32,141
Non-controlling interests	<u>(190)</u>	<u>2,059</u>	<u>2,990</u>	<u>6,826</u>
	<u>10,222</u>	<u>14,071</u>	<u>27,908</u>	<u>38,967</u>
<b>Earnings per share (sen) :</b>				
- Basic	1.12	1.29	2.67	3.44
- Diluted	1.12	1.29	2.67	3.44
<b>Dividends per share (sen)</b>	3.00	3.00	3.00	3.00

(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 2019)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/07/2019 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	529,240	530,872
Bearer plants	79,576	78,094
Land use rights	1,823	1,880
Deferred tax assets	2,848	3,643
Prepayments	10,684	5,091
	624,171	619,580
<b>Current assets</b>		
Inventories	35,078	50,712
Biological assets	1,687	2,611
Receivables	31,593	31,692
Prepayments	3,101	2,785
Tax recoverable	614	3,207
Derivative financial asset	-	263
Short term funds	98,259	78,436
Cash and bank balances	201,705	194,698
	372,037	364,404
<b>TOTAL ASSETS</b>	<b>996,208</b>	<b>983,984</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	318,433	318,433
Reserves	414,790	417,982
Treasury shares	(1,626)	(1,626)
	731,597	734,789
Non-controlling interests	92,271	91,063
<b>Total equity</b>	<b>823,868</b>	<b>825,852</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings	2,580	4,590
Deferred tax liabilities	82,469	85,643
	85,049	90,233
<b>Current liabilities</b>		
Payables and accruals	41,778	51,808
Interest bearing borrowings	13,608	14,712
Dividend payable	28,008	-
Derivative financial liability	834	-
Tax payable	3,063	1,379
	87,291	67,899
<b>Total liabilities</b>	172,340	158,132
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>996,208</b>	<b>983,984</b>
<b>Net assets per share (RM)</b>	0.78	0.79

(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 2019)

**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	
	Distributable					
	Share capital	Retained profits	Treasury shares	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months ended</b>						
<b><u>31 July 2019</u></b>						
<b>Balance as at 1 February 2019</b>	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	24,918	-	24,918	2,990	27,908
<b>Total comprehensive income for the period</b>	-	24,918	-	24,918	2,990	27,908
Dividends	-	(28,008)	-	(28,008)	(2,940)	(30,948)
Acquisition from non-controlling interests	-	(102)	-	(102)	102	-
Issuance of shares to non-controlling interests of a subsidiary company	-	-	-	-	1,056	1,056
<b>Total for transactions with owners</b>	-	(28,110)	-	(28,110)	(1,782)	(29,892)
<b>Balance as at 31 July 2019</b>	<u>318,433</u>	<u>414,790</u>	<u>(1,626)</u>	<u>731,597</u>	<u>92,271</u>	<u>823,868</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	
	Distributable					
Share capital	Retained profits	Treasury shares	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months ended</b>						
<b><u>31 July 2018</u></b>						
<b>Balance as at 1 February 2018</b>	318,430	421,875	(1,626)	738,679	91,296	829,975
Profit or loss	-	32,141	-	32,141	6,826	38,967
<b>Total comprehensive income for the period</b>	-	32,141	-	32,141	6,826	38,967
Dividends	-	(28,008)	-	(28,008)	(2,550)	(30,558)
Issuance of shares arising from exercise of Warrants	2	-	-	2	-	2
<b>Total for transactions with owners</b>	2	(28,008)	-	(28,006)	(2,550)	(30,556)
<b>Balance as at 31 July 2018</b>	<u>318,432</u>	<u>426,008</u>	<u>(1,626)</u>	<u>742,814</u>	<u>95,572</u>	<u>838,386</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 2019)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31/07/2019 RM'000</b>	<b>6 months ended 31/07/2018 RM'000</b>
<b>Operating activities</b>		
Cash receipts from customers	327,002	450,080
Rental received	78	73
Interest received	4,136	4,221
Cash paid to suppliers and employees	(269,899)	(380,846)
Cash generated from operations	61,317	73,528
Interest paid	(403)	(591)
Tax paid	(5,261)	(12,788)
Net cash from operating activities	55,653	60,149
<b>Investing activities</b>		
Fixed deposits	(11)	(10)
Additional investment in existing subsidiary company	*	-
Proceeds from disposal of property, plant and equipment	606	166
Acquisition of bearer plants and property, plant and equipment	(24,867)	(13,540)
Net investments in short term funds	(18,651)	(29,259)
Net cash used in investing activities	(42,923)	(42,643)
<b>Financing activities</b>		
Proceeds from issuance of shares	-	2
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	264	-
Drawdown of bank borrowings	-	1,000
Repayments of bank borrowings	(2,915)	(4,020)
Dividend paid to shareholders of the Company	-	(18,672)
Dividend paid to NCI in subsidiary companies	(2,940)	(4,050)
Net cash used in financing activities	(5,591)	(25,740)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,139</b>	<b>(8,234)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>191,840</b>	<b>233,982</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>57</b>	<b>795</b>
<b>Cash and cash equivalents at end of period (Note a)</b>	<b>199,036</b>	<b>226,543</b>
<b>Note a : Cash and cash equivalents at end of period</b>		
Cash on hand and cash in banks	69,751	73,849
Deposits with licensed banks	131,954	156,528
Cash and bank balances	201,705	230,377
Less: Bank overdrafts	(2,088)	(3,275)
Less: Fixed deposit pledged	(581)	(559)
Cash and cash equivalents	199,036	226,543

\* denotes RM1.

**(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 2019)**

# 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 the requirements of MFRS 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 2019. 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 2019.

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 2019 except for the adoption of the new and amended MFRSs, annual improvements and IC Interpretation which are relevant to the Group’s operations with effect from 1 February 2019 as set out below:

- MFRS 9 Prepayment Features with Negative Compensation  
(Amendment to MFRS 9)
- MFRS 16 Leases
- MFRS 128 Long-term Interests in Associates and Joint Ventures  
(Amendments to MFRS 128)
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement  
(Amendment to MFRS 119)
- IC Interpretation 23: Uncertainty over Income Tax Treatments

The Group has not elected for early adoption of the following new and amended MFRSs, which were issued but not yet effective for the financial year ending 31 January 2020:

	Effective for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Definition of a Business (Amendments to MFRS 3 Business Combination)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

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

Crop production is seasonal and could be affected by severe weather condition such as El-Nino and La Nina.

Based on observation, the production of Fresh Fruit Bunches (“FFB”) from our mature estates is normally low during the second quarter of each year and will rise in the third quarter, peak in the fourth quarter and then slowly decline in the first quarter of the following year. The production of FFB for the current quarter has dropped significantly by 15% or 12,000 MT as compared to the preceding quarter. The drop in production was mainly due to seasonal trend factor and broadly in line with the FFB yield performance for Sabah in which about 75% of the Group’s plantations are 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 half year ended 31 July 2019.

As at 31 July 2019, the Company held as treasury shares a total of 1,806,000 of its 935,413,332 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 July 2019 was 46,677,610.

### **A6. Dividends paid**

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

### **A7. Material subsequent events**

As at 23 September 2019, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for the following:

Our mill at Kota Tinggi, Johor which was affected by the fire incident in June 2019 has resumed its full processing capacity in August 2019.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### A8. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2019	31/07/2018	31/07/2019	31/07/2018
	RM'000	RM'000	RM'000	RM'000
Plantation operations	50,031	65,406	13,073	23,808
Milling operations	317,037	437,230	17,205	20,794
	367,068	502,636	30,278	44,602
Add/(Less):				
Inter-segment adjustments and eliminations	(43,785)	(55,859)	3,155	4,739
	<u>323,283</u>	<u>446,777</u>	33,433	49,341
Less:				
Unallocated expenses			(2,013)	(1,621)
Finance income			4,031	4,189
Finance costs			(385)	(580)
Profit before tax			35,066	51,329
Tax expenses			(7,158)	(12,362)
Profit for the period			<u>27,908</u>	<u>38,967</u>

### 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:

- (i) On 29 March 2019, an indirect wholly-owned subsidiary of the Company, Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), acquired the remaining 60,000 ordinary shares fully paid in Sungkit Enterprise Sdn. Bhd. ("SESB"), a 98% owned subsidiary of KLPOM, from Prominent Platform Sdn. Bhd. for a total cash consideration of RM1 ("Acquisition").

As a result of the Acquisition, SESB is now a wholly-owned subsidiary of KLPOM.

### A10. Contingent liabilities or Contingent assets

As at 23 September 2019, 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 2019.



**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 Group recorded a lower revenue and profit before tax (“PBT”) at RM323.28 million and RM35.07 million respectively for the current half year ended 31 July 2019, as compared to RM446.78 million and RM51.33 million respectively for the corresponding period last year. Drop in performance was mainly due to lower palm oil prices. Further information and statistics are tabulated below:

	Individual Period (2 <sup>nd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2019	31/07/2018		31/07/2019	31/07/2018	
<b>(A) Financial Data:</b>	RM'000	RM'000		RM'000	RM'000	
Revenue	154,317	210,287	(27%)	323,283	446,777	(28%)
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	20,857	27,399	(24%)	52,518	68,955	(24%)
Profit before interest and tax	12,357	18,863	(34%)	35,452	51,909	(32%)
Profit before tax	12,175	18,574	(34%)	35,067	51,329	(32%)
Profit after tax	10,223	14,071	(27%)	27,909	38,967	(28%)
Profit attributable to ordinary equity holders of the Company	10,412	12,012	(13%)	24,918	32,141	(22%)
<b>(B) Statistics:</b>						
<b>Plantation</b>						
FFB production (MT)	65,944	61,063	8%	143,912	141,317	2%
FFB yield per hectare (MT/Ha)	4.90	4.23	16%	10.58	9.73	9%
Average FFB selling price (RM/MT)	339	444	(24%)	348	463	(25%)
<b>Palm Oil Milling</b>						
CPO production (MT)	53,229	68,160	(22%)	124,607	140,105	(11%)
CPO sold (MT)	67,333	75,690	(11%)	138,232	157,173	(12%)
CPO oil extraction rate (%)	21.60	21.27	2%	21.73	21.54	1%
Average CPO price (RM/MT)	1,928	2,300	(16%)	1,963	2,361	(17%)

As at 31 July 2019, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,744 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature) : 9%
- b) 3 – 6 years (Young mature) : 8%
- c) 7 – 15 year (Prime mature) : 30%
- d) 16 – 20 years (Old mature) : 45%
- e) > 20 years (Pre-replanting) : 8%

During the current year to-date, the Group has carried out replanting of about 500 hectares.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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

	Individual Period (2 <sup>nd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2019	31/07/2018		31/07/2019	31/07/2018	
<b>Revenue:</b>	RM'000	RM'000		RM'000	RM'000	
Plantation	22,382	27,129	(17%)	50,031	65,406	(24%)
Milling	151,253	205,136	(26%)	317,037	437,230	(27%)
	<b>173,635</b>	<b>232,265</b>	<b>(25%)</b>	<b>367,068</b>	<b>502,636</b>	<b>(27%)</b>
<b>Results:</b>						
Plantation	5,182	5,974	(13%)	13,073	23,808	(45%)
Milling	3,447	8,168	(58%)	17,205	20,794	(17%)
	<b>8,629</b>	<b>14,142</b>	<b>(39%)</b>	<b>30,278</b>	<b>44,602</b>	<b>(32%)</b>

### Plantation operations

The lower revenue and profit for the current quarter and the year-to-date as compared to the corresponding periods last year were mainly due to the average selling price was lower by 24% and 25% in the respective period.

An amount of net compensation of RM3.06 million, after deducting incidental expenditure, arising from compulsory land acquisition in year 2013 has been recognized as other income during the current quarter pursuant to the judgment of the Court of Appeal in May 2019.

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 lower revenue and profit 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 drops in CPO selling price as well as quantity sold in the respective period.

In addition, the performance of milling operations for the current quarter was also affected by the fire incident at our mill at Kota Tinggi, Johor in June causing disruption to operations for about 1 month.

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

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

The PBT for the current quarter was RM12.18 million which was 47% lower than RM22.89 million achieved in the preceding quarter ended 30 April 2019.

Excluding the net compensation of RM3.06 million recognised as other income, the profit contribution from plantation has dropped by RM5.77 million or 73% from RM7.89 million to RM2.12 million mainly due to a 15% lower FFB production.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

As for the milling operations, the profit dropped by RM10.31 million or 75% from RM13.76 million to RM3.45 million mainly due to squeeze in margin of the milling operations in Sabah due to competition for crops in low crop season as well as disruption caused by the fire incident at our Kota Tinggi mill. Total FFB processed dropped by 25% to 246,000 MT as compared to 327,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/07/2019	30/04/2019	
<b>(A) Financial Data:</b>	RM'000	RM'000	
Revenue	154,317	168,966	(9%)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	20,857	31,661	(34%)
Profit before interest and tax	12,357	23,095	(46%)
Profit before tax	12,175	22,892	(47%)
Profit after tax	10,223	17,686	(42%)
Profit attributable to ordinary equity holders of the Company	10,412	14,506	(28%)
<b>(B) Statistics:</b>			
<b>Plantation</b>			
FFB production (MT)	65,944	77,968	(15%)
FFB yield per hectare (MT/Ha)	4.90	5.68	(14%)
Average FFB selling price (RM/MT)	339	355	(5%)
<b>Palm Oil Milling</b>			
CPO production (MT)	53,229	71,378	(25%)
CPO sold (MT)	67,333	70,899	(5%)
CPO oil extraction rate (%)	21.60	21.83	(1%)
Average CPO price (RM/MT)	1,928	1,997	(3%)

### B3. Current financial year prospects

For the financial year ending 31 January 2020, we forecast the FFB production to have no material difference as compared to the financial year 2019 after taking into consideration of drop in production from oil palm areas due to replanting programs but cushioned by increasing yield from young mature areas.

Despite the fire incident at our mill at Kota Tinggi, Johor in June causing disruption to operations, the management is still optimistic that the milling operations of the Group could achieve about 90% of processing quantity recorded in the financial year 2019. The net financial impact of the fire incident is expected to be minimal as damages and consequential losses will be substantially covered by insurance.

We are of the view that CPO price could be moving higher from the current level of RM2,100 per MT. However, CPO price is generally susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries.

Based on the above, we foresee the Group would still be able to perform satisfactorily for the financial year 2020.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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

This is not applicable.

### B5. Income tax

	Current Quarter Ended 31/07/2019 RM'000	Financial Year-to-date Ended 31/07/2019 RM'000
<b>Malaysian Income Tax</b>		
- Current year	2,954	9,321
- Under provision in prior years	136	217
	3,090	9,538
<b>Deferred tax</b>		
- Current year	(1,138)	(2,380)
	<u>1,952</u>	<u>7,158</u>

### B6. Status of corporate proposals

There is no outstanding corporate proposal as at 23 September 2019.

### B7. Group borrowings and debt securities

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

	As at 31/07/2019 RM'000	As at 31/07/2018 RM'000
Short term borrowings:		
Overdrafts	2,088	3,275
Revolving credit	7,500	7,500
Term loans	4,020	6,935
	<u>13,608</u>	<u>17,710</u>
Long term borrowings:		
Term loans	<u>2,580</u>	<u>6,600</u>

(a) There were no unsecured interest bearing borrowing as at 31 July 2019.

(b) The movements in terms loans were due to repayments.

(c) Weighted average interest rate of borrowings as at 31 July 2019 was 5.11%. There is no borrowing that is based on fixed interest rate.

### B8. Material litigation

As at 23 September 2019, there were no material litigations against the Group.

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### B9. Dividend

The Board is pleased to declare an interim single tier dividend of 3 sen per share in respect of the financial year ending 31 January 2020.

- (a) (i) amount per share: 3 sen single tier;
  - (ii) previous corresponding period: 3 sen single tier per share;
  - (iii) date of payment: 21 November 2019; and
  - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 31 October 2019; and
- (b) total dividend for the current financial year: 3 sen single tier per 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 first half year by the weighted average number of ordinary shares in issue during the current quarter and the first half year respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/07/2019	Financial Year-to-date Ended 31/07/2019
Net profit for the period	(RM'000)	<u>10,412</u>	<u>24,918</u>
Weighted average number of ordinary shares in issue	('000)	<u>933,607</u>	<u>933,607</u>
Basic EPS	(sen)	<u>1.12</u>	<u>2.67</u>

#### **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 number of ordinary shares that could have been converted from the warrants issued by the Company.

**KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

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

		Current Quarter Ended 31/07/2019	Financial Year-to-date Ended 31/07/2019
Net profit for the period	(RM'000)	10,412	24,918
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Adjustment for dilutive effect of warrants *	('000)	-	-
Adjusted weighted average number of shares for Diluted EPS	('000)	933,607	933,607
Diluted EPS	(sen)	1.12	2.67

\* There is no adjustment as the effect is anti-dilutive.

**B11. Profit before tax**

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

	Current Quarter Ended 31/07/2019 RM'000	Financial Year-to-date Ended 31/07/2019 RM'000
(a) Interest income	(2,010)	(4,031)
(b) Other income including investment income	(3,714)	(5,746)
(c) Interest expense	182	385
(d) Depreciation and amortization	8,500	17,066
(e) Provision for and write off of receivables	-	8
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investment or properties	-	-
(h) Provision for/(Reversal of ) impairment of assets	-	-
(i) Foreign exchange (gain)/loss	8	(57)
(j) (Gain) or loss on derivatives	454	1,987
(k) Net (gain)/loss arising from changes in fair value of biological assets	568	924
(l) Exceptional items	-	-

**B12. Audit qualification**

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

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### B13. Derivatives

The Group has entered into the following derivative which is outstanding as at 31 July 2019:

Type of Derivatives	Contract/Notional Value as at 31 July 2019 RM'000	Fair Value as at 31 July 2019 RM'000
(i) CPO Futures – Long Contract		
- Less than 1 year	15,600	14,766

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.

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

	Current Quarter Ended 31/07/2019 RM'000	Financial Year-to-date Ended 31/07/2019 RM'000
Loss on derivatives	454	1,987

- (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 July 2019 is RM31.6 million of which RM21.0 million is trade in nature with normal trade credit terms of less than 60 days.