

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2018 RM'000	CURRENT YEAR TO-DATE 31/10/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2018 RM'000
Revenue	175,309	227,641	498,592	674,418
Cost of sales	<u>(149,846)</u>	<u>(196,087)</u>	<u>(424,385)</u>	<u>(573,655)</u>
Gross profit	25,463	31,554	74,207	100,763
Other income	3,153	3,499	12,987	9,754
Operating expenses	(9,286)	(10,693)	(32,413)	(34,248)
Finance costs	<u>(168)</u>	<u>(260)</u>	<u>(553)</u>	<u>(840)</u>
Profit before tax	19,162	24,100	54,228	75,429
Tax	<u>(4,821)</u>	<u>(5,455)</u>	<u>(11,979)</u>	<u>(17,817)</u>
Profit for the period	<u>14,341</u>	<u>18,645</u>	<u>42,249</u>	<u>57,612</u>
Other comprehensive income:				
Cash flow hedge	-	-	-	-
Tax relating to other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	<u>14,341</u>	<u>18,645</u>	<u>42,249</u>	<u>57,612</u>
Profit for the period attributable to :				
Owners of the Company	13,789	16,834	38,707	48,975
Non-controlling interests	<u>552</u>	<u>1,811</u>	<u>3,542</u>	<u>8,637</u>
	<u>14,341</u>	<u>18,645</u>	<u>42,249</u>	<u>57,612</u>
Total comprehensive income for the period attributable to :				
Owners of the Company	13,789	16,834	38,707	48,975
Non-controlling interests	<u>552</u>	<u>1,811</u>	<u>3,542</u>	<u>8,637</u>
	<u>14,341</u>	<u>18,645</u>	<u>42,249</u>	<u>57,612</u>
Earnings per share (sen) :				
- Basic	1.48	1.80	4.15	5.25
- Diluted	1.48	1.80	4.15	5.25
Dividends per share (sen)	-	-	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

	AS AT CURRENT QUARTER ENDED 31/10/2019 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	532,830	530,872
Bearer plants	80,407	78,094
Right-of-use assets	4,899	1,880
Deferred tax assets	2,806	3,643
Prepayments	8,736	5,091
	629,678	619,580
Current assets		
Inventories	27,784	50,712
Biological assets	1,929	2,611
Receivables	41,589	31,692
Prepayments	2,363	2,785
Tax recoverable	407	3,207
Derivative financial asset	-	263
Short term funds	106,796	78,436
Cash and bank balances	180,515	194,698
	361,383	364,404
TOTAL ASSETS	991,061	983,984
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,433	318,433
Reserves	400,571	417,982
Treasury shares	(1,626)	(1,626)
	717,378	734,789
Non-controlling interests	86,908	91,063
Total equity	804,286	825,852
Non-current liabilities		
Interest bearing borrowings (secured)	1,575	4,590
Deferred tax liabilities	82,853	85,643
	84,428	90,233
Current liabilities		
Payables and accruals	55,271	51,808
Interest bearing borrowings (secured)	14,008	14,712
Dividend payable	28,008	-
Tax payable	5,060	1,379
	102,347	67,899
Total liabilities	186,775	158,132
TOTAL EQUITY AND LIABILITIES	991,061	983,984
Net assets per share (RM)	0.77	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	
9 months ended						
<u>31 October 2019</u>						
Balance as at 1 February 2019	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	38,707	-	38,707	3,542	42,249
Total comprehensive income for the period	-	38,707	-	38,707	3,542	42,249
Dividends	-	(56,016)	-	(56,016)	(8,855)	(64,871)
Acquisition from non-controlling interests	-	(102)	-	(102)	102	-
Issuance of shares to non-controlling interests of a subsidiary company	-	-	-	-	1,056	1,056
Total for transactions with owners	-	(56,118)	-	(56,118)	(7,697)	(63,815)
Balance as at 31 October 2019	<u>318,433</u>	<u>400,571</u>	<u>(1,626)</u>	<u>717,378</u>	<u>86,908</u>	<u>804,286</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	
9 months ended						
<u>31 October 2018</u>						
Balance as at 1 February 2018	318,430	421,875	(1,626)	738,679	91,296	829,975
Profit or loss	-	48,975	-	48,975	8,637	57,612
Total comprehensive income for the period	-	48,975	-	48,975	8,637	57,612
Dividends	-	(56,016)	-	(56,016)	(3,750)	(59,766)
Issuance of shares arising from exercise of Warrants	3	-	-	3	-	3
Issuance of shares to non-controlling interests of subsidiary company	-	-	-	-	30	30
Total for transactions with owners	3	(56,016)	-	(56,013)	(3,720)	(59,733)
Balance as at 31 October 2018	<u>318,433</u>	<u>414,834</u>	<u>(1,626)</u>	<u>731,641</u>	<u>96,213</u>	<u>827,854</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

	9 months ended 31/10/2019 RM'000	9 months ended 31/10/2018 RM'000
Operating activities		
Cash receipts from customers	495,899	683,569
Rental received	126	110
Interest received	6,225	6,948
Cash paid to suppliers and employees	(408,751)	(577,708)
Cash generated from operations	93,499	112,919
Interest paid	(575)	(858)
Tax paid	(7,452)	(22,821)
Net cash from operating activities	85,472	89,240
Investing activities		
Fixed deposits	(17)	(16)
Additional investment in existing subsidiary company	*	-
Proceeds from disposal of property, plant and equipment	953	339
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(40,110)	(24,085)
Net investments in short term funds	(26,212)	(30,193)
Net cash used in investing activities	(65,386)	(53,955)
Financing activities		
Proceeds from issuance of shares	-	3
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	264	30
Drawdown of bank borrowings	-	1,000
Repayments of bank borrowings	(3,920)	(6,030)
Dividend paid to shareholders of the Company	(28,008)	(46,680)
Dividend paid to NCI in subsidiary companies	(2,940)	(5,250)
Net cash used in financing activities	(34,604)	(56,927)
Net decrease in cash and cash equivalents	(14,518)	(21,642)
Cash and cash equivalents at beginning of period	191,840	233,982
Effect of exchange rate changes on cash and cash equivalents	118	1,118
Cash and cash equivalents at end of period (Note a)	<u>177,440</u>	<u>213,458</u>
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	60,420	83,475
Deposits with licensed banks	120,095	132,922
Cash and bank balances	<u>180,515</u>	<u>216,397</u>
Less: Bank overdrafts	(2,488)	(2,374)
Less: Fixed deposit pledged	(587)	(565)
Cash and cash equivalents	<u>177,440</u>	<u>213,458</u>

* 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

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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
Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)	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

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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.

Despite the average FFB yields of the current quarter for Malaysia and Sabah had improved by 11% over the preceding quarter, the Group’s FFB production for the current quarter had dropped marginally by 2,400 MT or 4% to 63,500 MT as compared to the preceding quarter. The drop in production was not in line with the past seasonal trend, especially for our estates in the Keningau and Telupid region in Sabah which had dropped by average 26%. The drop in production of estates in these regions was likely due to the consequential effects on cropping trend after the strong recovery and high yield performance in the period from the November 18 to April 2019. On the other hand, our estates in Sandakan, Sabah and Sarawak with younger palm age profile had recorded higher production by 70% and 40% respectively as compared to the preceding quarter.

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 nine months ended 31 October 2019.

As at 31 October 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 October 2019 was 46,677,610.

A6. Dividends paid

The gross dividend paid during the current financial year-to-date was as follows:

- (a) A final single tier dividend of 3 sen per ordinary share in respect of the financial year 2019 was paid on 29 August 2019.

A7. Material subsequent events

As at 23 December 2019, there were no material subsequent events that have not been reflected in the financial statements for the current financial period.

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A8. Segmental information

Major segments by activity:-

	Revenue		Results	
	9 months ended		9 months ended	
	31/10/2019	31/10/2018	31/10/2019	31/10/2018
	RM'000	RM'000	RM'000	RM'000
Plantation operations	74,078	96,094	17,628	34,035
Milling operations	487,473	660,207	30,718	34,922
	561,551	756,301	48,346	68,957
Add/(Less):				
Inter-segment adjustments and eliminations	(62,959)	(81,883)	3,300	2,749
	<u>498,592</u>	<u>674,418</u>	51,646	71,706
Less:				
Unallocated expenses			(2,915)	(2,365)
Finance income			6,050	6,928
Finance costs			(553)	(840)
Profit before tax			54,228	75,429
Tax expenses			(11,979)	(17,817)
Profit for the period			<u>42,249</u>	<u>57,612</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.

- (ii) On 3 September 2019, the Company disposed of 2 ordinary shares representing 100% equity interest in Sepulut Plantations Sdn. Bhd. (“SPSB”) to Kim Loong Corporation Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM2.

There is no change in the effective interest of the Company in SPSB.

A10. Contingent liabilities or Contingent assets

As at 23 December 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.

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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 lower revenue and profit before tax (“PBT”) at RM498.59 million and RM54.23 million respectively for the cumulative three quarters ended 31 October 2019, as compared to RM674.42 million and RM75.43 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 (3 rd quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/10/2019	31/10/2018		31/10/2019	31/10/2018	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	175,309	227,641	(23%)	498,592	674,418	(26%)
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	27,865	33,077	(16%)	80,382	102,032	(21%)
Profit before interest and tax	19,330	24,360	(21%)	54,781	76,269	(28%)
Profit before tax	19,162	24,100	(20%)	54,228	75,429	(28%)
Profit after tax	14,341	18,645	(23%)	42,249	57,612	(27%)
Profit attributable to ordinary equity holders of the Company	13,789	16,834	(18%)	38,707	48,975	(21%)
(B) Statistics:						
Plantation						
FFB production (MT)	63,544	74,086	(14%)	207,456	215,403	(4%)
FFB yield per hectare (MT/Ha)	4.72	5.23	(10%)	15.30	14.96	2%
Average FFB selling price (RM/MT)	378	414	(9%)	357	446	(20%)
Palm Oil Milling						
CPO production (MT)	67,699	86,423	(22%)	192,306	226,528	(15%)
CPO sold (MT)	72,092	85,737	(16%)	210,324	242,910	(13%)
CPO oil extraction rate (%)	21.83	21.11	3%	21.77	21.38	2%
Average CPO price (RM/MT)	2,040	2,127	(4%)	1,990	2,278	(13%)

As at 31 October 2019, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,632 hectares. The age profile of planted area can be analysed as follows:

- < 3 years (Immature) : 9%
- 3 – 6 years (Young mature) : 10%
- 7 – 15 year (Prime mature) : 30%
- 16 – 20 years (Old mature) : 44%
- > 20 years (Pre-replanting) : 7%

During the current year to-date, the Group has carried out replanting of about 900 hectares.

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

	Individual Period (3 rd quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/10/2019	31/10/2018		31/10/2019	31/10/2018	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	24,047	30,688	(22%)	74,078	96,094	(23%)
Milling	170,436	222,977	(24%)	487,473	660,207	(26%)
	194,483	253,665	(23%)	561,551	756,301	(26%)
Results:						
Plantation	4,555	10,227	(55%)	17,628	34,035	(48%)
Milling	13,513	14,128	(4%)	30,718	34,922	(12%)
	18,068	24,355	(26%)	48,346	68,957	(30%)

Plantation operations

The lower revenue and profit for the current quarter as compared to the corresponding period last year were mainly due to lower production and average selling price by 14% and 9% respectively.

For the year-to-date, lower revenue and profit as compared to the corresponding period last year were mainly due to lower selling price by 20%. An amount of net compensation of RM2.94 million, after deducting incidental expenditure, arising from compulsory land acquisition in year 2013 has been recognized as other income 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 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 mill has resumed its full processing capacity in August and contributed significantly in terms of revenue and profit in the current quarter.

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 RM19.16 million which was 57% higher than RM12.18 million achieved in the preceding quarter ended 31 July 2019.

Set aside the net compensation of RM2.94 million arising from compulsory acquisition recognised as other income, the profit contribution from plantation has increased by RM2.55 million or 120% from RM2.12 million to RM4.67 million mainly due to better FFB selling price.

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As for the milling operations, the performance was impressive and the profit has increased by RM10.06 million or 292% from RM3.45 million to RM13.51 million mainly due to improvement in processing margin of the milling operations in both Kota Tinggi, Johor and Telupid, Sabah due to increase in FFB intake. Our Kota Tinggi mill has resumed its full processing capacity in August 2019 from disruption caused by the fire incident in June 2019. Total FFB processed has increased by 26% to 310,000 MT as compared to 246,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/10/2019	31/07/2019	
(A) Financial Data:			
	RM'000	RM'000	
Revenue	175,309	154,317	14%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	27,865	20,856	34%
Profit before interest and tax	19,330	12,356	56%
Profit before tax	19,162	12,174	57%
Profit after tax	14,341	10,222	40%
Profit attributable to ordinary equity holders of the Company	13,789	10,412	32%
(B) Statistics:			
Plantation			
FFB production (MT)	63,544	65,944	(4%)
FFB yield per hectare (MT/Ha)	4.72	4.90	(4%)
Average FFB selling price (RM/MT)	378	339	11%
Palm Oil Milling			
CPO production (MT)	67,699	53,229	27%
CPO sold (MT)	72,092	67,333	7%
CPO oil extraction rate (%)	21.83	21.60	1%
Average CPO price (RM/MT)	2,040	1,928	6%

B3. Current financial year prospects

For the financial year ending 31 January 2020, we forecast the FFB production to be in the region of 85% of the financial year 2019. The expected lower production is mainly due to the slower-than-expected recovery from low yield cycle and the on-going replanting programs for old palm areas. However, this is cushioned by increasing yield from young mature areas.

The management expects the milling operations to achieve about 80% of processing quantity recorded in the financial year 2019. The expected lower FFB quantity processed is mainly due to the lower-than-expected FFB supply in Sabah region in where the Group's two mills located and the fire incident at our mill at Kota Tinggi, Johor in June causing disruption to operations.

With the recent surge in CPO price since November 2019 to above RM2,900 per MT, we are of the view that the average CPO price might retrace back to the level between RM2,600 - RM2,700 per MT in next year which is more sustainable in long term. 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.

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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 31/10/2019 RM'000	Financial Year-to-date Ended 31/10/2019 RM'000
Malaysian Income Tax		
- Current year	4,271	13,592
- Under provision in prior years	124	341
	4,395	13,933
Deferred tax		
- Current year	426	(1,954)
	<u>4,821</u>	<u>11,979</u>

B6. Status of corporate proposals

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

B7. Group borrowings and debt securities

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

	As at 31/10/2019 RM'000	As at 31/10/2018 RM'000
Short term borrowings:		
Overdrafts	2,488	2,374
Revolving credit	7,500	7,500
Term loans	4,020	5,930
	<u>14,008</u>	<u>15,804</u>
Long term borrowings:		
Term loans	<u>1,575</u>	<u>5,595</u>

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

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

(c) Weighted average interest rate of borrowings as at 31 October 2019 was 5.20%. There is no borrowing that is based on fixed interest rate.

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B8. Material litigation

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

B9. Dividend

No dividend has been declared or proposed since the end of the previous financial quarter.

- (a) (i) amount per share: Nil;
 - (ii) previous corresponding period: Nil;
 - (iii) date of payment: Not Applicable; and
 - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors: Not Applicable; 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 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 31/10/2019	Financial Year-to-date Ended 31/10/2019
Net profit for the period	(RM'000)	13,789	38,707
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Basic EPS	(sen)	1.48	4.15

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 cumulative three quarters by the weighted average number of ordinary shares in issue during the current quarter and the cumulative three quarters respectively, which has been adjusted for the number of ordinary shares that could have been converted from the warrants issued by the Company.

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

		Current Quarter Ended 31/10/2019	Financial Year-to-date Ended 31/10/2019
Net profit for the period	(RM'000)	13,789	38,707
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)	1.48	4.15

* 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 31/10/2019 RM'000	Financial Year-to-date Ended 31/10/2019 RM'000
(a) Interest income	(2,019)	(6,050)
(b) Other income including investment income	(1,073)	(6,819)
(c) Interest expense	168	553
(d) Depreciation and amortization	8,535	25,601
(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	(61)	(118)
(j) (Gain) or loss on derivatives	(860)	1,127
(k) Net (gain)/loss arising from changes in fair value of biological assets	(242)	682
(l) Exceptional items	-	-

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. Derivatives

The Group has no outstanding derivative instruments as at 31 October 2019.

CPO Futures Contracts have been used for the purpose of hedging the cost of purchase of FFB under the milling operations during the reporting period.

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 31/10/2019 RM'000	Financial Year-to-date Ended 31/10/2019 RM'000
Net (Gain)/Loss on derivatives	(860)	1,127

- (a) The gain/loss was arising from the CPO Futures Contracts as disclosed in Note B13.
- (b) The gain/loss was caused by increase/decrease 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 October 2019 is RM35.7 million of which RM27.5 million is trade in nature with normal trade credit terms of less than 60 days.