

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2019 RM'000	CURRENT YEAR TO-DATE 31/07/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2019 RM'000
Revenue	237,983	154,317	439,338	323,283
Cost of sales	<u>(191,477)</u>	<u>(136,534)</u>	<u>(347,896)</u>	<u>(274,539)</u>
Gross profit	46,506	17,783	91,442	48,744
Other income	9,015	5,716	11,923	9,834
Operating expenses	(8,142)	(11,143)	(20,193)	(23,127)
Finance costs	<u>(105)</u>	<u>(182)</u>	<u>(234)</u>	<u>(385)</u>
Profit before tax	47,274	12,174	82,938	35,066
Tax	<u>(11,084)</u>	<u>(1,952)</u>	<u>(20,049)</u>	<u>(7,158)</u>
Profit for the period	<u>36,190</u>	<u>10,222</u>	<u>62,889</u>	<u>27,908</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>36,190</u>	<u>10,222</u>	<u>62,889</u>	<u>27,908</u>
Profit for the period attributable to :				
Owners of the Company	33,161	10,412	56,060	24,918
Non-controlling interests	<u>3,029</u>	<u>(190)</u>	<u>6,829</u>	<u>2,990</u>
	<u>36,190</u>	<u>10,222</u>	<u>62,889</u>	<u>27,908</u>
Total comprehensive income for the period attributable to :				
Owners of the Company	33,161	10,412	56,060	24,918
Non-controlling interests	<u>3,029</u>	<u>(190)</u>	<u>6,829</u>	<u>2,990</u>
	<u>36,190</u>	<u>10,222</u>	<u>62,889</u>	<u>27,908</u>
Earnings per share (sen) :				
- Basic	3.55	1.12	6.00	2.67
- Diluted	3.55	1.12	6.00	2.67
Dividends per share (sen)	4.00	3.00	4.00	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 2020)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 31/07/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	252,164	260,119
Bearer plants	86,438	82,417
Right-of-use assets	289,835	292,294
Investment properties	5,910	-
Deferred tax assets	3,199	3,375
Prepayments	16,288	17,858
	653,834	656,063
Current assets		
Inventories	30,116	27,211
Biological assets	2,906	3,128
Receivables	52,325	40,318
Prepayments	2,944	2,592
Tax recoverable	122	2,574
Short term funds	127,206	94,479
Cash and bank balances	183,060	148,641
	398,679	318,943
TOTAL ASSETS	1,052,513	975,006
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,433	318,433
Reserves	458,985	402,925
Treasury shares	(1,626)	(1,626)
	775,792	719,732
Non-controlling interests	94,123	87,294
Total equity	869,915	807,026
Non-current liabilities		
Interest bearing borrowings (secured)	-	570
Government grant	1,920	1,920
Deferred tax liabilities	86,584	85,883
	88,504	88,373
Current liabilities		
Payables and accruals	64,916	63,931
Interest bearing borrowings (secured)	12,027	13,689
Tax payable	17,151	1,987
	94,094	79,607
Total liabilities	182,598	167,980
TOTAL EQUITY AND LIABILITIES	1,052,513	975,006
Net assets per share (RM)	0.83	0.77

(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 2020)

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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	
6 months ended						
<u>31 July 2020</u>						
Balance as at 1 February 2020	318,433	402,925	(1,626)	719,732	87,294	807,026
Profit or loss	-	56,060	-	56,060	6,829	62,889
Total comprehensive income for the period	-	56,060	-	56,060	6,829	62,889
Balance as at 31 July 2020	<u>318,433</u>	<u>458,985</u>	<u>(1,626)</u>	<u>775,792</u>	<u>94,123</u>	<u>869,915</u>
6 months ended						
<u>31 July 2019</u>						
Balance as at 1 February 2019	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	24,918	-	24,918	2,990	27,908
Total comprehensive income for the period	-	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 subsidiary company	-	-	-	-	1,056	1,056
Total for transactions with owners	-	(28,110)	-	(28,110)	(1,782)	(29,892)
Balance as at 31 July 2019	<u>318,433</u>	<u>414,790</u>	<u>(1,626)</u>	<u>731,597</u>	<u>92,271</u>	<u>823,868</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 2020)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/07/2020 RM'000	6 months ended 31/07/2019 RM'000
Operating activities		
Cash receipts from customers	433,544	327,002
Rental received	92	78
Interest received	3,403	4,136
Cash paid to suppliers and employees	(343,125)	(269,899)
Cash generated from operations	93,914	61,317
Interest paid	(250)	(403)
Tax paid	(1,557)	(5,261)
Net cash from operating activities	92,107	55,653
Investing activities		
Fixed deposits	(9)	(11)
Additional investment in existing subsidiary company	-	*
Government grant received	1,680	-
Proceeds from disposal of property, plant and equipment	16	606
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(23,231)	(24,867)
Net investments in short term funds	(33,448)	(18,651)
Sundry advances	(600)	-
Net cash used in investing activities	(55,592)	(42,923)
Financing activities		
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	-	264
Repayments of bank borrowings	(2,010)	(2,915)
Dividend paid to NCI in subsidiary companies	-	(2,940)
Net cash used in financing activities	(2,010)	(5,591)
Net increase in cash and cash equivalents	34,505	7,139
Cash and cash equivalents at beginning of period	145,880	191,840
Effect of exchange rate changes on cash and cash equivalents	127	57
Cash and cash equivalents at end of period (Note a)	180,512	199,036
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	86,459	69,751
Deposits with licensed banks	96,601	131,954
Cash and bank balances	183,060	201,705
Less: Bank overdrafts	(1,947)	(2,088)
Less: Fixed deposit pledged	(601)	(581)
Cash and cash equivalents	180,512	199,036

* 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 2020)

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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 2020. 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 2020.

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 2020 except for the adoption of the amended MFRSs which are relevant to the Group’s operations with effect from 1 February 2020 as set out below:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3 Business Combination)
- Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

The adoption of these amendments did not have any material impact on the interim financial report of the Group.

The Group has not elected for early adoption of the following new and amended MFRSs and annual improvements, which were issued but not yet effective for the financial year ending 31 January 2021:

	Effective for financial periods beginning on or after
Covid-19 – Related Rent Concessions (Amendments to MFRS 16 Leases)	1 June 2020
MFRS 17 and Amendments to MFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
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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The Group would adopt these new and amended MFRSs and annual improvements above, if applicable, when they become effective and does not expect any material impact on the financial statements in the year of initial adoption.

A2. Seasonal or cyclical factors

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

Based on past year records, 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.

However, the Group’s FFB production for the current quarter had increased by 7,900 MT or 11% to 79,600 MT as compared to the preceding quarter. The increase in production was mainly on the account of continual peak crop season started in the preceding quarter in the Group’s mature estates in Sabah where 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 2020.

As at 31 July 2020, 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 2020 was 46,677,610.

A6. Dividends paid

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

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A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
	RM'000	RM'000	RM'000	RM'000
Plantation operations	65,566	50,031	27,150	13,073
Milling operations	427,651	317,037	52,577	17,205
	493,217	367,068	79,727	30,278
Add/(Less):				
Inter-segment adjustments and eliminations	(53,879)	(43,785)	635	3,155
	439,338	323,283	80,362	33,433
Add/(Less):				
Unallocated expenses			(491)	(2,013)
Finance income			3,301	4,031
Finance costs			(234)	(385)
Profit before tax			82,938	35,066
Tax expenses			(20,049)	(7,158)
Profit for the period			62,889	27,908

A8. Material subsequent events

As at 23 September 2020, 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.

A10. Contingent liabilities or Contingent assets

There have been no material changes in contingent liabilities or contingent assets at Group level since the end of last annual reporting period at 31 January 2020.

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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 achieved a higher revenue and profit before tax (“PBT”) at RM439.34 million and RM82.94 million respectively for the current half year ended 31 July 2020, as compared to RM323.28 million and RM35.07 million respectively for the corresponding period last year. The better performance was mainly due to higher FFB and CPO prices by 24% and 23% respectively. In addition, FFB and CPO production was also higher by 5% and 19% respectively. Further information and statistics are tabulated below:

	Individual Period (2 nd quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2020	31/07/2019		31/07/2020	31/07/2019	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	237,983	154,317	54%	439,338	323,283	36%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	55,804	20,856	168%	100,034	52,517	90%
Profit before interest and tax	47,379	12,356	283%	83,172	35,451	135%
Profit before tax	47,274	12,174	288%	82,938	35,066	137%
Profit after tax	36,190	10,222	254%	62,889	27,908	125%
Profit attributable to ordinary equity holders of the Company	33,161	10,412	218%	56,060	24,918	125%
(B) Statistics:						
Plantation						
FFB production (MT)	79,560	65,944	21%	151,289	143,912	5%
FFB yield per hectare (MT/Ha)	6.33	4.90	29%	11.97	10.58	13%
Average FFB selling price (RM/MT)	419	339	24%	433	348	24%
Palm Oil Milling						
CPO production (MT)	82,260	53,229	55%	148,721	124,607	19%
CPO sold (MT)	84,692	67,333	26%	150,267	138,232	9%
CPO extraction rate (%)	20.80	21.60	(4%)	21.13	21.73	(3%)
Average CPO price (RM/MT)	2,336	1,928	21%	2,410	1,963	23%

As at 31 July 2020, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,570 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature) : 15%
- b) 3 – 6 years (Young mature) : 6%
- c) 7 – 15 year (Prime mature) : 35%
- d) 16 – 20 years (Old mature) : 29%
- e) > 20 years (Pre-replanting) : 15%

During the current year to-date, the Group has carried out replanting of about 550 hectares.

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

	Individual Period (2 nd quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/07/2020	31/07/2019		31/07/2020	31/07/2019	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	33,363	22,382	49%	65,566	50,031	31%
Milling	231,651	151,253	53%	427,651	317,037	35%
	265,014	173,635	53%	493,217	367,068	34%
Results:						
Plantation	13,573	5,182	162%	27,150	13,073	108%
Milling	32,042	3,447	830%	52,577	17,205	206%
	45,615	8,629	429%	79,727	30,278	163%

Plantation operations

The higher revenue and profit for the current quarter and the year-to-date as compared to the corresponding periods last year were mainly due to a 24% higher average FFB selling price and 5% higher FFB production.

Despite the FFB production only increased by 5% partly due to ongoing replanting programme, the FFB yield per Ha had improved by 13%.

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 higher revenue and profit from the milling operations for the current quarter and the year-to-date as compared to the corresponding periods last year were mainly contributed by 23% higher average CPO selling price and better processing margin. The quantity of CPO sold had also increased by 9%.

Excluding the insurance compensation of RM7.62 million for the fire incident in June 2019 recognised as other income during the current quarter, the current quarter's profit from milling operations was RM24.42 million which was remarkably 600% higher than RM3.45 million recorded in the corresponding quarter last year. Low profit in preceding year was partly due to disruption to operations at Kota Tinggi mill caused by fire incident.

In addition, revenue of RM2.57 million has been generated from supplying power to TNB grid for the current year-to-date.

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

Overall, the profit before tax of RM82.94 million achieved for the first six months of the current financial year has surpassed the profit before tax of RM60.39 million recorded in the whole of the preceding financial year 2020.

Although the Malaysia government has implemented the Movement Control Order ("MCO") since 18 March 2020 to curb the spread of COVID-19 and currently in the phase of Recovery MCO, the plantations and palm oil milling operations of the Group have been running largely as usual since implementation of MCO as the Group's principal activities are classified as essential services.

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

The PBT for the current quarter was RM47.27 million which was 33% higher than RM35.66 million achieved in the preceding quarter ended 30 April 2020.

Despite a higher FFB production by 11%, the profit contribution from plantation recorded at RM13.57 million which was similar to the preceding quarter mainly due to 7% drop in average FFB selling price.

As for the milling operations, operating profit has improved by 19% from RM20.53 million to RM24.42 million mainly benefited from higher FFB intake.

The Group has recognised the fire incident insurance compensation of RM7.62 million as other income in the current quarter upon confirmation from insurance company.

Total FFB processed has increased by 28% to 396,000 MT as compared to 308,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/07/2020	30/04/2020	
	RM'000	RM'000	
(A) Financial Data:			
Revenue	237,983	201,355	18%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	55,804	44,230	26%
Profit before interest and tax	47,379	35,793	32%
Profit before tax	47,274	35,664	33%
Profit after tax	36,190	26,699	36%
Profit attributable to ordinary equity holders of the Company	33,161	22,899	45%
(B) Statistics:			
Plantation			
FFB production (MT)	79,560	71,729	11%
FFB yield per hectare (MT/Ha)	6.33	5.64	12%
Average FFB selling price (RM/MT)	419	449	(7%)
Palm Oil Milling			
CPO production (MT)	82,260	66,461	24%
CPO sold (MT)	84,692	65,575	29%
CPO oil extraction rate (%)	20.80	21.55	(3%)
Average CPO price (RM/MT)	2,336	2,505	(7%)

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B3. Current financial year prospects

On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as “the Vendors”) to acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres (“the Acquisitions”). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.

The Acquisitions are not subject to the shareholders’ approval. However, the Acquisitions are subject to the relevant authorities’ approvals such as the Sabah’s Ministry of Agriculture and Fisheries.

Barring any further unforeseen circumstances, the Acquisitions are expected to be completed by the end of the year 2020.

Therefore, the management forecasts the FFB production for the financial year ending 31 January 2021 to be about 10% higher than the quantity achieved in the financial year 2020 after taking into consideration of the impending completion of the recent acquisition of landbank and the impact of ongoing replanting programme.

The management expects the milling operations to achieve 10% higher processing quantity as compared to the financial year 2020. The performance of the milling operations will also be supplemented by revenue of about RM6 million from supplying power to grid.

In view of the Group’s principal activities are classified as essential services, the plantations and palm oil milling operations of the Group have been running largely as usual since implementation of MCO.

The management acknowledges that COVID-19 pandemic has caused serious impact on the global economy and unprecedented volatility in crude oil commodity price. Although the development of COVID-19 is still uncertain, the management will remain vigilant and resilient upon dealing with challenges and any potential adverse impact arising from COVID-19 pandemic on the operations of the Group. Nevertheless, the impact of COVID-19 pandemic on the operations of the Group is not expected to be significant based on current observation.

With the recent volatile movements in CPO commodity price and sharp recovery from a level near RM2,000 per MT in May 2020 to the current level of above RM2,900 per MT, the management is of the view that CPO price could hold above RM2,700 per MT in near 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.

With the impressive performance for the first six months which has surpassed the profit made in the whole of the preceding year, we foresee the Group’s performance for the financial year 2021 will be good.

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 31/07/2020 RM'000	Financial Year-to-date Ended 31/07/2020 RM'000
Malaysian Income Tax		
- Current year	10,246	19,172
- Underprovision in prior year	1	1
	10,247	19,173
Deferred tax		
- Current year	837	876
	<u>11,084</u>	<u>20,049</u>

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 23 September 2020.

B7. Group borrowings and debt securities

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

	As at 31/07/2020 RM'000	As at 31/07/2019 RM'000
Short term borrowings:		
Overdrafts	1,947	2,088
Revolving credit	7,500	7,500
Term loans	2,580	4,020
	<u>12,027</u>	<u>13,608</u>
Long term borrowings:		
Term loans	-	2,580

- (a) There were no unsecured interest bearing borrowing as at 31 July 2020.
- (b) The movements in terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 July 2020 was 3.93%. There is no borrowing that is based on fixed interest rate.

B8. Material litigation

As at 23 September 2020, there were no material litigations against the Group.

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B9. Dividend

The Board is pleased to declare an interim single tier dividend of 4 sen per share in respect of the financial year ending 31 January 2021.

- (a) (i) amount per share: 4 sen single tier;
 - (ii) previous corresponding period: 3 sen single tier per share;
 - (iii) date of payment: 18 November 2020; and
 - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 28 October 2020; and
- (b) total dividend for the current financial year: 4 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 31/07/2020	Financial Year-to-date Ended 31/07/2020
Net profit for the period	(RM'000)	33,161	56,060
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Basic EPS	(sen)	3.55	6.00

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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 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.

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

		Current Quarter Ended 31/07/2020	Financial Year-to-date Ended 31/07/2020
Net profit for the period	(RM'000)	33,161	56,060
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)	3.55	6.00

* 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 31/07/2020 RM'000	Financial Year-to-date Ended 31/07/2020 RM'000
(a) Interest income	(1,581)	(3,301)
(b) Other income including investment income	(7,846)	(8,392)
(c) Interest expense	105	234
(d) Depreciation and amortization	8,425	16,862
(e) Provision for and write off of receivables	-	9
(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	-	(127)
(j) (Gain) or loss on derivatives	(707)	(103)
(k) Net (gain)/loss arising from changes in fair value of biological assets	737	222
(l) Exceptional items	-	-

KIM LOONG RESOURCES BERHAD

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B12. Audit qualification

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

B13. Derivatives

The Group has no outstanding derivative instruments as at 31 July 2020.

The CPO Futures Contracts entered are 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 31/07/2020 RM'000	Financial Year-to-date Ended 31/07/2020 RM'000
Net gain on derivatives	707	103

- (a) The gain was arising from the CPO Futures contracts as disclosed in Note B13.
- (b) The gain was caused by increase in CPO price in commodity derivatives market.
- (c) The fair value is calculated by reference to settlement price or closing price quoted at the end of reporting period.

B15. Additional Information

- (a) Receivables

Total receivables as at 31 July 2020 is RM52.33 million of which RM34.10 million is trade in nature with normal trade credit terms of less than 60 days.