

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/10/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2019 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/10/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2019 RM'000
Revenue	278,600	175,309	717,938	498,592
Cost of sales	<u>(226,293)</u>	<u>(149,846)</u>	<u>(574,189)</u>	<u>(424,385)</u>
Gross profit	52,307	25,463	143,749	74,207
Other income	3,103	3,153	15,026	12,987
Operating expenses	(10,407)	(9,286)	(30,600)	(32,413)
Finance costs	<u>(361)</u>	<u>(168)</u>	<u>(595)</u>	<u>(553)</u>
Profit before tax	44,642	19,162	127,580	54,228
Tax	<u>(10,909)</u>	<u>(4,821)</u>	<u>(30,958)</u>	<u>(11,979)</u>
Profit for the period	<u>33,733</u>	<u>14,341</u>	<u>96,622</u>	<u>42,249</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>33,733</u>	<u>14,341</u>	<u>96,622</u>	<u>42,249</u>
Profit for the period attributable to:				
Owners of the Company	28,835	13,789	84,895	38,707
Non-controlling interests	<u>4,898</u>	<u>552</u>	<u>11,727</u>	<u>3,542</u>
	<u>33,733</u>	<u>14,341</u>	<u>96,622</u>	<u>42,249</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	28,835	13,789	84,895	38,707
Non-controlling interests	<u>4,898</u>	<u>552</u>	<u>11,727</u>	<u>3,542</u>
	<u>33,733</u>	<u>14,341</u>	<u>96,622</u>	<u>42,249</u>
Earnings per share (sen):				
- Basic	3.09	1.48	9.09	4.15
- Diluted	3.09	1.48	9.09	4.15
Dividends per share (sen)	3.00	-	7.00	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 31/10/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	258,463	260,119
Bearer plants	88,785	82,417
Right-of-use assets	288,605	292,294
Investment properties	5,893	-
Deferred tax assets	3,194	3,375
Prepayments	12,605	17,858
	657,545	656,063
Current assets		
Inventories	21,277	27,211
Biological assets	3,867	3,128
Receivables	50,030	40,318
Prepayments	2,971	2,592
Tax recoverable	51	2,574
Short term funds	128,152	94,479
Cash and bank balances	258,787	148,641
	465,135	318,943
TOTAL ASSETS	1,122,680	975,006
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,433	318,433
Reserves	450,476	402,925
Treasury shares	(1,626)	(1,626)
	767,283	719,732
Non-controlling interests	90,881	87,294
Total equity	858,164	807,026
Non-current liabilities		
Interest bearing borrowings (secured)	39,048	570
Government grant	1,920	1,920
Deferred tax liabilities	87,579	85,883
	128,547	88,373
Current liabilities		
Payables and accruals	68,658	63,931
Interest bearing borrowings (secured)	11,320	13,689
Dividend payable	37,344	-
Tax payable	18,647	1,987
	135,969	79,607
Total liabilities	264,516	167,980
TOTAL EQUITY AND LIABILITIES	1,122,680	975,006
Net assets per share (RM)	0.82	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)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 2020</u>						
Balance as at 1 February 2020	318,433	402,925	(1,626)	719,732	87,294	807,026
Profit or loss	-	84,895	-	84,895	11,727	96,622
Total comprehensive income for the period	-	84,895	-	84,895	11,727	96,622
Dividends	-	(37,344)	-	(37,344)	(8,140)	(45,484)
Total for transactions with owners	-	(37,344)	-	(37,344)	(8,140)	(45,484)
Balance as at 31 October 2020	<u>318,433</u>	<u>450,476</u>	<u>(1,626)</u>	<u>767,283</u>	<u>90,881</u>	<u>858,164</u>
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 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>

(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)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31/10/2020 RM'000	9 months ended 31/10/2019 RM'000
Operating activities		
Cash receipts from customers	714,858	495,899
Rental received	140	126
Interest received	4,972	6,225
Cash paid to suppliers and employees	(563,112)	(408,751)
Cash generated from operations	156,858	93,499
Interest paid	(563)	(575)
Tax paid	(9,899)	(7,452)
Net cash from operating activities	146,396	85,472
Investing activities		
Fixed deposits	(13)	(17)
Additional investment in existing subsidiary company	-	*
Government grant received	1,680	-
Proceeds from disposal of property, plant and equipment	17	953
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(30,796)	(40,110)
Net investments in short term funds	(35,047)	(26,212)
Sundry advances	(600)	-
Net cash used in investing activities	(64,759)	(65,386)
Financing activities		
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	-	264
Drawdown of bank borrowings	40,000	-
Repayments of bank borrowings	(3,015)	(3,920)
Dividend paid to shareholders of the Company	-	(28,008)
Dividend paid to NCI in subsidiary companies	(7,740)	(2,940)
Net cash from/(used in) financing activities	29,245	(34,604)
Net increase/(decrease) in cash and cash equivalents	110,882	(14,518)
Cash and cash equivalents at beginning of period	145,880	191,840
Effect of exchange rate changes on cash and cash equivalents	127	118
Cash and cash equivalents at end of period (Note a)	256,889	177,440
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	86,182	60,420
Deposits with licensed banks	172,605	120,095
Cash and bank balances	258,787	180,515
Less: Bank overdrafts	(1,293)	(2,488)
Less: Fixed deposit pledged	(605)	(587)
Cash and cash equivalents	256,889	177,440

* 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)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (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 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
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
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

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets
between an Investor and its Associate or Joint Venture

Deferred

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 dropped by 10,600 MT or 13% to 69,000 MT as compared to 79,600 MT in the preceding quarter. The drop in production was mainly due to seasonal factors after recording high yield performance in the period from March to June earlier this year, particularly for the Group’s estates in Telupid and Keningau, Sabah.

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 2020.

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

A6. Dividends paid

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

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	9 months ended		9 months ended	
	31/10/2020	31/10/2019	31/10/2020	31/10/2019
	RM'000	RM'000	RM'000	RM'000
Plantation operations	103,289	74,078	46,563	17,628
Milling operations	699,519	487,473	76,964	30,718
	802,808	561,551	123,527	48,346
Add/(Less):				
Inter-segment adjustments and eliminations	(84,870)	(62,959)	494	3,300
	<u>717,938</u>	<u>498,592</u>	124,021	51,646
Add/(Less):				
Unallocated expenses			(781)	(2,915)
Finance income			4,935	6,050
Finance costs			(595)	(553)
Profit before tax			127,580	54,228
Tax expenses			(30,958)	(11,979)
Profit for the period			<u>96,622</u>	<u>42,249</u>

A8. Material subsequent events

As at 24 December 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.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (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 achieved a higher revenue and profit before tax (“PBT”) at RM717.94 million and RM127.58 million respectively for the cumulative three quarters ended 31 October 2020, as compared to RM498.59 million and RM54.23 million respectively for the corresponding period last year. The better performance was mainly due to higher FFB and CPO prices by 31% and 29% respectively. In addition, FFB and CPO production was also higher by 6% and 17% respectively. 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 (%)
	31/10/2020	31/10/2019		31/10/2020	31/10/2019	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	278,600	175,309	59%	717,938	498,592	44%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	53,321	27,865	91%	153,355	80,382	91%
Profit before interest and tax	45,003	19,330	133%	128,175	54,781	134%
Profit before tax	44,642	19,162	133%	127,580	54,228	135%
Profit after tax	33,733	14,341	135%	96,622	42,249	129%
Profit attributable to ordinary equity holders of the Company	28,835	13,789	109%	84,895	38,707	119%
(B) Statistics:						
Plantation						
FFB production (MT)	68,990	63,544	9%	220,279	207,456	6%
FFB yield per hectare (MT/Ha)	5.70	4.72	21%	17.67	15.30	15%
Average FFB selling price (RM/MT)	548	378	45%	469	357	31%
Palm Oil Milling						
CPO production (MT)	75,498	67,699	12%	224,219	192,306	17%
CPO sold (MT)	81,195	72,092	13%	231,462	210,324	10%
CPO extraction rate (%)	21.30	21.83	(2%)	21.19	21.77	(3%)
Average CPO price (RM/MT)	2,865	2,040	40%	2,570	1,990	29%

As at 31 October 2020, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,792 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature): 19%
- b) 3 – 6 years (Young mature): 6%
- c) 7 – 15 year (Prime mature): 34%
- d) 16 – 20 years (Old mature): 28%
- e) > 20 years (Pre-replanting): 13%

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

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 (%)
	31/10/2020	31/10/2019		31/10/2020	31/10/2019	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	37,723	24,047	57%	103,289	74,078	39%
Milling	271,868	170,436	60%	699,519	487,473	43%
	309,591	194,483	59%	802,808	561,551	43%
Results:						
Plantation	19,413	4,555	326%	46,563	17,628	164%
Milling	24,387	13,513	80%	76,964	30,718	151%
	43,800	18,068	142%	123,527	48,346	156%

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 higher average FFB selling price by 45% and 31% for the respective period.

Despite the FFB production for the year-to-date only increased by 6% partly due to ongoing replanting programme, the FFB yield per Ha has been better by 15% as compared to last year corresponding period.

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 higher average CPO selling price by 40% and 29% for the respective period and better processing margin. For the year-to-date, the quantity of CPO sold had also increased by 10%.

Excluding the insurance compensation of RM7.62 million for the fire incident in June 2019 recognised as other income in the second quarter, the profit from milling operations for the current year-to-date of RM69.34 million was remarkably more than double of the RM30.72 million recorded in the corresponding period last year. Lower profit in preceding year was partly due to disruption to operations at Kota Tinggi mill caused by fire incident.

In addition, revenue of RM3.66 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 RM127.58 million achieved for the first nine months of the current financial year has been more than double of the profit before tax of RM60.39 million recorded in the whole of the preceding financial year 2020.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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.

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

The PBT for the current quarter was RM44.64 million which was 6% lower than RM47.27 million achieved in the preceding quarter ended 31 July 2020. If the insurance compensation of RM7.62 million recognised in the preceding quarter was excluded, the PBT for the current quarter was 13% or RM4.99 million higher.

Despite a lower FFB production by 13%, the profit contribution from plantation recorded at RM19.41 million which was higher than RM13.57 million for the preceding quarter mainly due to 31% increase in average FFB selling price as well as lower operating costs.

As for the milling operations, although CPO production and sold quantity have dropped by 8% and 4% respectively, the operating profit has remained at an impressive level of RM24.39 million which was just marginally lower than RM24.42 achieved in the preceding quarter.

Total FFB processed has dropped by 11% to 354,000 MT as compared to 396,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/10/2020	31/07/2020	
(A) Financial Data:	RM'000	RM'000	
Revenue	278,600	237,983	17%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	53,321	55,804	(4%)
Profit before interest and tax	45,003	47,379	(5%)
Profit before tax	44,642	47,274	(6%)
Profit after tax	33,733	36,190	(7%)
Profit attributable to ordinary equity holders of the Company	28,835	33,161	(13%)
(B) Statistics:			
Plantation			
FFB production (MT)	68,990	79,560	(13%)
FFB yield per hectare (MT/Ha)	5.70	6.33	(10%)
Average FFB selling price (RM/MT)	548	419	31%
Palm Oil Milling			
CPO production (MT)	75,498	82,260	(8%)
CPO sold (MT)	81,195	84,692	(4%)
CPO oil extraction rate (%)	21.30	20.80	2%
Average CPO price (RM/MT)	2,865	2,336	23%

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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.

In October 2020, the Company nominated Suhenson Estate Sdn. Bhd., a wholly owned subsidiary, as the transferee to accept the transfer of the Lands under the Acquisitions.

Barring any further unforeseen circumstances, the Acquisitions are expected to be completed by the end of the first quarter of the year 2021.

Therefore, the management forecasts the FFB production for the financial year ending 31 January 2021 to be about 8% higher than the quantity achieved in the financial year 2020 after taking into consideration of the impact of ongoing replanting programme.

The management expects the milling operations to achieve a total processing quantity of about 1.33 million MT of FFB which is 17% higher as compared to the financial year 2020. The performance of the milling operations will also be supplemented by revenue of about RM5 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 unexpected sharp increase in CPO commodity price to the current level of above RM3,600 per MT, the management is of the view that the Group’s plantation operations will continue to benefit significantly from high CPO price despite a gradual drop in FFB production is expected in the fourth quarter due to seasonal factor on cropping trend. 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 nine months which has doubled the profit made in the whole of the preceding year, we foresee the Group’s performance for the financial year 2021 to be good.

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

This is not applicable.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

B5. Income tax

	Current Quarter Ended 31/10/2020 RM'000	Financial Year-to-date Ended 31/10/2020 RM'000
Malaysian Income Tax		
- Current year	8,374	27,546
- Underprovision in prior year	1,534	1,535
	9,908	29,081
Deferred tax		
- Current year	1,001	1,877
	<u>10,909</u>	<u>30,958</u>

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 24 December 2020.

B7. Group borrowings and debt securities

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

	As at 31/10/2020 RM'000	As at 31/10/2019 RM'000
Short term borrowings:		
Overdrafts	1,293	2,488
Revolving credit	7,500	7,500
Term loans	2,527	4,020
	<u>11,320</u>	<u>14,008</u>
Long term borrowings:		
Term loans	<u>39,048</u>	<u>1,575</u>

- (a) There were no unsecured interest bearing borrowing as at 31 October 2020.
- (b) The Group has drawn down a term loan of RM40 million during the current quarter. Other movements in terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 October 2020 was 3.43%. There is no borrowing that is based on fixed interest rate.

B8. Material litigation

As at 24 December 2020, there were no material litigations against the Group.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

B9. Dividend

The Board is pleased to declare a special single tier dividend of 3 sen per share in respect of the financial year ending 31 January 2021.

- (a) (i) amount per share: 3 sen single tier;
 - (ii) previous corresponding period: Nil;
 - (iii) date of payment: 22 February 2021; and
 - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 25 January 2021; and
- (b) total dividend for the current financial year: 7 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 31/10/2020	Financial Year-to-date Ended 31/10/2020
Net profit for the period	(RM'000)	<u>28,835</u>	<u>84,895</u>
Weighted average number of ordinary shares in issue	('000)	<u>933,607</u>	<u>933,607</u>
Basic EPS	(sen)	<u>3.09</u>	<u>9.09</u>

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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.

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

		Current Quarter Ended 31/10/2020	Financial Year-to-date Ended 31/10/2020
Net profit for the period	(RM'000)	28,835	84,895
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)	3.09	9.09

* 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 31/10/2020 RM'000	Financial Year-to-date Ended 31/10/2020 RM'000
(a) Interest income	(1,634)	(4,935)
(b) Other income including investment income	(730)	(9,122)
(c) Interest expense	361	595
(d) Depreciation and amortization	8,318	25,180
(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	-	(103)
(k) Net (gain)/loss arising from changes in fair value of biological assets	(961)	(739)
(l) Exceptional items	-	-

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 October 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 31/10/2020 RM'000	Financial Year-to-date Ended 31/10/2020 RM'000
Net gain on derivatives	-	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 October 2020 is RM50.03 million of which RM39.66 million is trade in nature with normal trade credit terms of less than 60 days.