

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2020 RM'000	CURRENT YEAR TO-DATE 31/07/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2020 RM'000
Revenue	400,833	237,983	713,284	439,338
Cost of sales	<u>(334,366)</u>	<u>(191,477)</u>	<u>(598,039)</u>	<u>(347,896)</u>
Gross profit	66,467	46,506	115,245	91,442
Other income	1,298	9,015	6,176	11,923
Operating expenses	(10,416)	(8,142)	(19,965)	(20,193)
Finance costs	<u>(381)</u>	<u>(105)</u>	<u>(767)</u>	<u>(234)</u>
Profit before tax	56,968	47,274	100,689	82,938
Tax	<u>(13,726)</u>	<u>(11,084)</u>	<u>(23,855)</u>	<u>(20,049)</u>
<b>Profit for the period</b>	<b><u>43,242</u></b>	<b><u>36,190</u></b>	<b><u>76,834</u></b>	<b><u>62,889</u></b>
<b>Other comprehensive income:</b>				
Cash flow hedge	(5,031)	-	(7,447)	-
Tax relating to other comprehensive income	1,207	-	1,787	-
Other comprehensive income for the period, net of tax	(3,824)	-	(5,660)	-
<b>Total comprehensive income for the period</b>	<b><u>39,418</u></b>	<b><u>36,190</u></b>	<b><u>71,174</u></b>	<b><u>62,889</u></b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	36,146	33,161	64,529	56,060
Non-controlling interests	<u>7,096</u>	<u>3,029</u>	<u>12,305</u>	<u>6,829</u>
	<b><u>43,242</u></b>	<b><u>36,190</u></b>	<b><u>76,834</u></b>	<b><u>62,889</u></b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	32,568	33,161	59,101	56,060
Non-controlling interests	<u>6,850</u>	<u>3,029</u>	<u>12,073</u>	<u>6,829</u>
	<b><u>39,418</u></b>	<b><u>36,190</u></b>	<b><u>71,174</u></b>	<b><u>62,889</u></b>
<b>Earnings per share (sen):</b>				
- Basic	3.87	3.55	6.91	6.00
- Diluted	3.86	3.55	6.90	6.00
<b>Dividends per share (sen)</b>	<b>5.00</b>	<b>4.00</b>	<b>5.00</b>	<b>4.00</b>

(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 2021)

**KIM LOONG RESOURCES BERHAD**  
(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/07/2021 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	252,478	255,814
Bearer plants	130,751	91,467
Right-of-use assets	340,623	287,375
Investment properties	5,843	5,876
Deferred tax assets	3,703	3,375
Prepayments	8,980	26,030
	742,378	669,937
<b>Current assets</b>		
Inventories	24,517	20,464
Biological assets	4,245	3,181
Receivables	72,221	48,791
Prepayments	3,025	3,145
Tax recoverable	640	2,990
Short term funds	108,386	105,868
Cash and bank balances	283,634	232,104
	496,668	416,543
<b>TOTAL ASSETS</b>	1,239,046	1,086,480
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	346,884	318,437
Reserves	462,946	432,463
Treasury shares	(1,626)	(1,626)
	808,204	749,274
Non-controlling interests	105,377	94,884
<b>Total equity</b>	913,581	844,158
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	60,480	37,620
Deferred tax liabilities	90,617	90,044
	151,097	127,664
<b>Current liabilities</b>		
Payables and accruals	109,876	69,479
Interest bearing borrowings (secured)	10,914	11,688
Dividend payable	28,618	28,008
Derivatives	8,014	-
Tax payable	16,946	5,483
	174,368	114,658
<b>Total liabilities</b>	325,465	242,322
<b>TOTAL EQUITY AND LIABILITIES</b>	1,239,046	1,086,480
<b>Net assets per share (RM)</b>	0.85	0.80

(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 2021)

**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
	Non-distributable		Distributable				
	Share capital	Hedging reserve	Retained profits	Treasury shares	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months</b> <b>31 July 2021</b>							
<b>Balance as at 1 February 2021</b>	318,437	-	432,463	(1,626)	749,274	94,884	844,158
Profit or loss	-	-	64,529	-	64,529	12,305	76,834
Other comprehensive income	-	(5,428)	-	-	(5,428)	(232)	(5,660)
<b>Total comprehensive income for the year</b>	-	(5,428)	64,529	-	59,101	12,073	71,174
Dividends	-	-	(28,618)	-	(28,618)	(1,580)	(30,198)
Issuance of shares arising from exercise of Warrants	28,447	-	-	-	28,447	-	28,447
<b>Total for transactions with owners</b>	28,447	-	(28,618)	-	(171)	(1,580)	(1,751)
<b>Balance as at 31 July 2021</b>	<u>346,884</u>	<u>(5,428)</u>	<u>468,374</u>	<u>(1,626)</u>	<u>808,204</u>	<u>105,377</u>	<u>913,581</u>
<b>6 months</b> <b>31 July 2020</b>							
<b>Balance as at 1 February 2020</b>	318,433	-	402,925	(1,626)	719,732	87,294	807,026
Profit or loss	-	-	56,060	-	56,060	6,829	62,889
<b>Total comprehensive income for the year</b>	-	-	56,060	-	56,060	6,829	62,889
<b>Balance as at 31 July 2020</b>	<u>318,433</u>	<u>-</u>	<u>458,985</u>	<u>(1,626)</u>	<u>775,792</u>	<u>94,123</u>	<u>869,915</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 2021)

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31/07/2021 RM'000</b>	<b>6 months ended 31/07/2020 RM'000</b>
<b>Operating activities</b>		
Cash receipts from customers	695,957	433,544
Rental received	136	92
Interest received	2,356	3,403
Cash paid to suppliers and employees	(587,609)	(343,125)
Cash generated from operations	110,840	93,914
Interest paid	(782)	(250)
Tax paid	(8,011)	(1,557)
Net cash from operating activities	102,047	92,107
<b>Investing activities</b>		
Fixed deposits	(6)	(9)
Government grant received	-	1,680
Proceeds from disposal of property, plant and equipment	612	16
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(73,941)	(23,231)
Net proceeds from compulsory acquisition	2,978	-
Net investments in short term funds	(852)	(33,448)
Sundry advances	(258)	(600)
Net cash used in investing activities	(71,467)	(55,592)
<b>Financing activities</b>		
Proceeds from issuance of shares	28,447	-
Drawdown of bank borrowings	30,000	-
Repayments of bank borrowings	(7,570)	(2,010)
Dividends paid to shareholders of the Company	(28,008)	-
Dividends paid to non-controlling interests in subsidiary companies	(1,580)	-
Net cash from/(used in) financing activities	21,289	(2,010)
<b>Net increase in cash and cash equivalents</b>	<b>51,869</b>	<b>34,505</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>230,258</b>	<b>145,880</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>127</b>
<b>Cash and cash equivalents at end of period (Note a)</b>	<b>282,127</b>	<b>180,512</b>
<b>Note a : Cash and cash equivalents at end of period</b>		
Cash on hand and cash in banks	109,021	86,459
Deposits with licensed banks	174,613	96,601
Cash and bank balances	283,634	183,060
Less: Bank overdrafts	(894)	(1,947)
Less: Fixed deposit pledged	(613)	(601)
Cash and cash equivalents	282,127	180,512

(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 2021)

# 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 2021. 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 2021.

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 2021 except for the adoption of the following amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2021:

- Covid-19 – Related Rent Concessions (Amendments to MFRS 16 Leases)
- Extension of the Temporary Exemption from Applying MFRS 9  
(Amendments to MFRS 4 Insurance Contracts)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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 2022:

	Effective for financial periods beginning on or after
Covid-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16 Leases)	1 April 2021
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
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
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023

## **KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

Deferred Tax related to Assets and Liabilities arising from a Single  
Transaction (Amendments to MFRS 112 Income Taxes)  
Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets  
between an Investor and its Associate or Joint Venture

1 January 2023

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 previous year records, the production of Fresh Fruit Bunches (“FFB”) from our mature estates was peak during the second quarter of each year and gradually declined from the third quarter to the fourth quarter.

The Group’s FFB production for the current quarter was 70,300 MT, representing a 23% increase from 56,900 MT in the preceding quarter. The Group’s FFB production records had shown steady recovery from the very low record in February 2021.

### **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 2021 except for issuance of 20,319,731 new ordinary shares pursuant to exercise of 20,319,731 Warrants.

As at 31 July 2021, the Company held as treasury shares a total of 1,806,000 of its 955,735,463 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 July 2021 was 26,355,479.

### **A6. Dividends paid**

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

- (a) A special single tier dividend of 3 sen per ordinary share in respect of the financial year 2021 was paid on 22 February 2021.

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**A7. Segmental information**

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
	RM'000	RM'000	RM'000	RM'000
Plantation operations	98,056	65,566	63,165	27,150
Milling operations	696,228	427,651	36,348	52,577
	794,284	493,217	99,513	79,727
Add/(Less):				
Inter-segment adjustments and eliminations	(81,000)	(53,879)	130	635
	713,284	439,338	99,642	80,362
Add/(Less):				
Unallocated expenses			(676)	(491)
Finance income			2,489	3,301
Finance costs			(767)	(234)
Profit before tax			100,689	82,938
Tax expenses			(23,855)	(20,049)
Profit for the period			76,834	62,889

**A8. Material subsequent events**

As at 24 September 2021, 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 2021.

**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 RM713.28 million and RM100.69 million respectively for the current half year ended 31 July 2021, as compared to RM439.34 million and RM82.94 million respectively for the corresponding period last year. The remarkable performance for the current financial year-to-date was mainly due to higher average selling prices of FFB and CPO by 83% and 69% respectively. On the other hand, FFB and CPO production were lower by 16% and 4% respectively. 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 (%)
	31/07/2021	31/07/2020		31/07/2021	31/07/2020	
<b>(A) Financial Data:</b>	RM'000	RM'000		RM'000	RM'000	
Revenue	400,833	237,983	68%	713,284	439,338	62%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	66,128	55,804	19%	118,381	100,034	18%
Profit before interest and tax	57,349	47,379	21%	101,456	83,172	22%
Profit before tax	56,968	47,274	21%	100,689	82,938	21%
Profit after tax	43,242	36,190	19%	76,834	62,889	22%
Profit attributable to ordinary equity holders of the Company	36,146	33,161	9%	64,529	56,060	15%
<b>(B) Statistics:</b>						
<b>Plantation</b>						
FFB production (MT)	70,259	79,560	(12%)	127,179	151,289	(16%)
FFB yield per hectare (MT/Ha)	5.58	6.33	(12%)	10.07	11.97	(16%)
Average FFB selling price (RM/MT)	777	419	85%	791	433	83%
<b>Palm Oil Milling</b>						
CPO production (MT)	79,730	82,260	(3%)	143,507	148,721	(4%)
CPO sold (MT)	80,846	84,692	(5%)	145,492	150,267	(3%)
CPO extraction rate (%)	20.73	20.80	(0%)	20.79	21.13	(2%)
Average CPO price (RM/MT)	4,121	2,336	76%	4,063	2,410	69%

As at 31 July 2021, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 15,902 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature): 21%
- b) 3 – 6 years (Young mature): 4%
- c) 7 – 15 years (Prime mature): 37%
- d) 16 – 20 years (Old mature): 15%
- e) > 20 years (Pre-replanting): 23%

## KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

During the current year to-date, the Group took physical possession of about 1,100 hectares estate land of which about 1,040 hectares are planted with mature oil palms in February 2021. The Group has also carried out replanting of about 250 hectares.

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 (%)
	31/07/2021	31/07/2020		31/07/2021	31/07/2020	
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue:</b>						
Plantation	53,166	33,363	59%	98,056	65,566	50%
Milling	391,500	231,652	69%	696,228	427,651	63%
	<b>444,666</b>	<b>265,014</b>	<b>68%</b>	<b>794,284</b>	<b>493,217</b>	<b>61%</b>
<b>Results:</b>						
Plantation	33,584	13,573	147%	63,165	27,150	133%
Milling	22,430	32,042	(30%)	36,348	52,577	(31%)
	<b>56,014</b>	<b>45,615</b>	<b>23%</b>	<b>99,513</b>	<b>79,727</b>	<b>25%</b>

### 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 85% and 83% respectively despite a lower production recorded in the current periods.

Out of the estates within the Group, the estates in Keningau, Sabah have suffered a significant drop of 27,100 MT in FFB production, representing a 32% drop in production yield as compared to the preceding year corresponding period for six months mainly due to seasonal factor and a relatively higher-than-expected yield achieved in the preceding year corresponding period. Replanting activity is also a contributing factor towards a lower production volume.

On a positive note, the estate which the Group took over physical possession in February 2021 has contributed about 9,600 MT in FFB production.

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 from the milling operations for the current quarter and the year-to-date as compared to the corresponding periods last year was mainly contributed by higher average CPO selling price.

As for current quarter, the profit achieved was RM22.43 million representing an 8% drop as compared to RM24.42 million (after excluding insurance compensation of RM7.62 million for the fire incident in June 2019) recorded for the previous year corresponding period. Drop in profit was mainly due to the lower-than-expected CPO extraction rate and crop supply. Competition for crop supply has led to more aggressive pricing strategy which had caused impact on processing margin.

The revenue generated from supplying power to TNB grid from our biogas plant for the current year-to-date was RM2.5 million as compared to RM2.6 million in the previous year corresponding period.

## KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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

Although there are COVID-19 cases reported in operations of the Group, the Group's operations have not been significantly affected and have been running largely as usual during the current period.

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

The PBT for the current quarter was RM56.97 million which was 30% higher than RM43.72 million achieved in the preceding quarter ended 30 April 2021.

Despite a drop in average FFB selling price by 4%, the plantation operations benefited from the 23% higher FFB production. As a result, the profit contribution has increased by RM4.00 million or 14% from RM29.58 million to RM33.58 million.

With 25% higher FFB throughput achieved in the current quarter, the milling operations have shown significant improvement with RM22.43 million profit which is 61% higher as compared to RM13.92 million recorded for the preceding quarter. Recovery of FFB supply has contributed to improvement of processing margin with less aggressive pricing strategy.

Total FFB processed has increased by 25% to 384,000 MT as compared to 306,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/07/2021	30/04/2021	
<b>(A) Financial Data:</b>	RM'000	RM'000	
Revenue	400,833	312,451	28%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	66,128	52,253	27%
Profit before interest and tax	57,349	44,107	30%
Profit before tax	56,968	43,721	30%
Profit after tax	43,242	33,592	29%
Profit attributable to ordinary equity holders of the Company	36,146	28,383	27%
<b>(B) Statistics:</b>			
<b>Plantation</b>			
FFB production (MT)	70,259	56,920	23%
FFB yield per hectare (MT/Ha)	5.58	4.49	24%
Average FFB selling price (RM/MT)	777	808	(4%)
<b>Palm Oil Milling</b>			
CPO production (MT)	79,730	63,777	25%
CPO sold (MT)	80,846	64,646	25%
CPO oil extraction rate (%)	20.73	20.86	(1%)
Average CPO price (RM/MT)	4,121	3,991	3%

## **KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

### **B3. Current financial year prospects**

On 9 February 2021, the Group took physical possession of 2,722 acres which is equivalent to 95% of total 2,862 acres of oil palm plantation lands from the vendors, namely (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. whilst pending the fulfillment of all Conditions Precedent by the vendors. On 20 May 2021, the Group decided to terminate the purchase of remaining land measuring approximately 140 acres due to unfulfillment of Conditions Precedent.

It is expected that additional 26,000 MT of FFB could be produced in the financial year 2022 from the 2,722 acres which the Group has taken physical possession.

After due consideration on documentation received in July 2021 on fulfilment of major Conditions Precedent, the management decided to recognise the acquisitions of 2,722 acres as the management is of the view that the risks and rewards are deemed to have been transferred to the Group. Nevertheless, in the best interest of the Group, the management will continue to ensure the vendors to fulfil the remaining Conditions Precedent.

Based on recent observation of production output, the management forecasts the FFB production for the financial year ending 31 January 2022 could be similar to the quantity achieved in the financial year 2021 after taking into consideration of the impact of ongoing replanting programme and seasonal factor on cropping trend.

As for palm oil milling operations, the management expects a total processing quantity of about 1.3 – 1.4 million MT of FFB which is similar to the financial year 2021. The performance of the milling operations will also be supplemented by revenue of about RM5 million from supplying power to grid.

The management acknowledges that COVID-19 pandemic has caused serious impact on the global economy and unprecedented volatility in crude oil commodity price in year 2020. With the recent development and vaccination progress worldwide as well as in the country, the management will still remain vigilant and resilient upon dealing with challenges and any potential adverse impact arising from COVID-19 pandemic on the operations of the Group.

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 the implementation of Movement Control Order ("MCO") by Malaysia government. Although there are COVID-19 cases reported in some operations of the Group recently, the Group's business activities have not been significantly affected based on recent observation.

Although CPO commodity price retracted sharply from its record high level of close to RM5,000 per MT in May 2021 to RM3,500 per MT in June 2021, CPO commodity price has since then recovered to the current level of about RM4,500 per MT. The management is of the view that the Group's plantation operations will continue to benefit significantly from the current level of CPO price although about 50% of projected FFB produce for the second half year have been committed early this year based on an average CPO price around RM3,400 per MT, which is already higher than all annual average CPO prices record in the past.

Nevertheless, the management will continue to observe closely the movement of CPO commodity price and take necessary actions to mitigate the risk exposure arising from volatility of commodity price, including hedging to lock in selling price of projected FFB produce. However, CPO price is also 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 expect the Group to perform well for the financial year 2022.

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (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 31/07/2021 RM'000	Financial Year-to-date Ended 31/07/2021 RM'000
<b>Malaysian Income Tax</b>		
- Current year	12,975	21,824
<b>Deferred tax</b>		
- Current year	751	2,031
	<u>13,726</u>	<u>23,855</u>

**B6. Status of corporate proposals**

There is no outstanding corporate proposal as at 24 September 2021.

**B7. Group borrowings and debt securities**

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

	As at 31/07/2021 RM'000	As at 31/07/2020 RM'000
Short term borrowings:		
Overdrafts	894	1,947
Revolving credit	500	7,500
Term loans	9,520	2,580
	<u>10,914</u>	<u>12,027</u>
Long term borrowings:		
Term loans	<u>60,480</u>	<u>-</u>

- (a) There were no unsecured interest bearing borrowing as at 31 July 2021.
- (b) The Group has drawn down a total term loans of RM70 million from a licensed bank since 31 July 2020, out of which RM30 million was drawn down during the current year-to-date. Other movements in revolving credit and terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 July 2021 was 3.39%. There is no borrowing that is based on fixed interest rate.

## KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

### B8. Material litigation

As at 24 September 2021, there were no material litigations against the Group.

### B9. Dividend

The Board is pleased to declare an interim single tier dividend of 5 sen per share in respect of the financial year ending 31 January 2022.

- (a) (i) amount per share: 5 sen single tier;
  - (ii) previous corresponding period: 4 sen single tier per share;
  - (iii) date of payment: 18 November 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 28 October 2021; and
- (b) total dividend for the current financial year: 5 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 31/07/2021	Financial Year-to-date Ended 31/07/2021
Net profit for the period	(RM'000)	36,146	64,529
Weighted average number of ordinary shares in issue	('000)	934,266	933,942
Basic EPS	(sen)	3.87	6.91

## 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 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 31/07/2021	Financial Year-to-date Ended 31/07/2021
Net profit for the period	(RM'000)	36,146	64,529
Weighted average number of ordinary shares in issue	('000)	934,266	933,942
Adjustment for dilutive effect of warrants	('000)	1,425	1,083
Adjusted weighted average number of shares for Diluted EPS	('000)	935,691	935,025
Diluted EPS	(sen)	3.86	6.90

### **B11. Profit before tax**

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

	Current Quarter Ended 31/07/2021 RM'000	Financial Year-to-date Ended 31/07/2021 RM'000
(a) Interest income	(1,287)	(2,489)
(b) Other income including investment income	(781)	(2,623)
(c) Interest expense	381	767
(d) Depreciation and amortization	8,779	16,925
(e) Provision for and write off of receivables	1	4
(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	-	-
(j) (Gain) or loss on derivatives	341	341
(k) Net loss/(gain) arising from changes in fair value of biological assets	770	(1,064)
(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 entered into the following derivative instruments which are outstanding as at 31 July 2021:

Type of Derivatives	Contract/Notional Value as at 31/07/2021 RM'000	Fair Value Liabilities as at 31/07/2021 RM'000
CPO Futures contracts		
- Less than 1 year	44,482	7,488
CPO SWAP contracts		
- Less than 1 year	41,739	526
	<u>86,221</u>	<u>8,014</u>

The CPO Futures contracts and SWAP contracts entered are for the purpose of hedging the selling price of FFB produce under the plantation 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 31/07/2021 RM'000	Financial Year-to-date Ended 31/07/2021 RM'000
Loss on derivatives		
- recognised as other comprehensive loss	5,031	7,447
- recognised in profit or loss	341	341
	<u>5,372</u>	<u>7,788</u>

- The loss was arising from the transactions under the CPO Futures contracts and SWAP contracts as disclosed in Note B13.
- The loss was caused by unfavourable movements in CPO price in commodity derivatives market.
- The fair values are derived by reference to mark-to-market value and/or closing price quoted at the end of reporting period.

**B15. Additional Information**

(a) Receivables

Total receivables as at 31 July 2021 is RM72.22 million of which RM53.95 million is trade in nature with normal trade credit terms of less than 60 days.