

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2021 RM'000	CURRENT YEAR TO-DATE 31/07/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2021 RM'000
Revenue	564,375	400,833	1,074,115	713,284
Cost of sales	<u>(473,598)</u>	<u>(334,366)</u>	<u>(913,107)</u>	<u>(598,039)</u>
Gross profit	90,777	66,467	161,008	115,245
Other income	754	1,298	7,455	6,176
Operating expenses	(11,849)	(10,416)	(22,541)	(19,965)
Finance costs	<u>(571)</u>	<u>(381)</u>	<u>(1,140)</u>	<u>(767)</u>
Profit before tax	79,111	56,968	144,782	100,689
Tax	<u>(17,727)</u>	<u>(13,726)</u>	<u>(32,169)</u>	<u>(23,855)</u>
Profit for the period	<u>61,384</u>	<u>43,242</u>	<u>112,613</u>	<u>76,834</u>
Other comprehensive income:				
Net movement on cash flow hedge	6,300	(5,031)	6,380	(7,447)
Tax relating to other comprehensive income	(1,512)	1,207	(1,531)	1,787
Other comprehensive income for the period, net of tax	4,788	(3,824)	4,849	(5,660)
Total comprehensive income for the period	<u>66,172</u>	<u>39,418</u>	<u>117,462</u>	<u>71,174</u>
Profit for the period attributable to:				
Owners of the Company	49,670	36,146	88,898	64,529
Non-controlling interests	<u>11,714</u>	<u>7,096</u>	<u>23,715</u>	<u>12,305</u>
	<u>61,384</u>	<u>43,242</u>	<u>112,613</u>	<u>76,834</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	54,458	32,568	93,747	59,101
Non-controlling interests	<u>11,714</u>	<u>6,850</u>	<u>23,715</u>	<u>12,073</u>
	<u>66,172</u>	<u>39,418</u>	<u>117,462</u>	<u>71,174</u>
Earnings per share (sen):				
- Basic	5.14	3.87	9.20	6.91
- Diluted	5.13	3.86	9.18	6.90
Dividends per share (sen)	5.00	5.00	5.00	5.00

(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 2022)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 31/07/2022 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	269,556	264,944
Bearer plants	134,258	132,985
Right-of-use assets	334,576	337,499
Investment properties	5,777	5,810
Deferred tax assets	5,589	6,044
Prepayments	2,241	3,439
	<u>751,997</u>	<u>750,721</u>
Current assets		
Inventories	39,617	33,422
Biological assets	5,449	5,843
Receivables	29,127	58,216
Prepayments	2,382	2,722
Tax recoverable	1,101	2,629
Derivatives	21	-
Short term funds	103,646	102,277
Cash and bank balances	375,940	308,513
	<u>557,283</u>	<u>513,622</u>
TOTAL ASSETS	<u><u>1,309,280</u></u>	<u><u>1,264,343</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Payables and accruals	95,802	132,346
Interest bearing borrowings (secured)	10,869	10,885
Dividend payable	48,348	38,617
Derivatives	24	8,235
Tax payable	27,563	8,035
	<u>182,606</u>	<u>198,118</u>
Net current assets	<u>374,677</u>	<u>315,504</u>
Non-current liabilities		
Interest bearing borrowings (secured)	50,484	55,482
Deferred tax liabilities	93,553	91,318
	<u>144,037</u>	<u>146,800</u>
Total liabilities	<u>326,643</u>	<u>344,918</u>
Net assets	<u>982,637</u>	<u>919,425</u>
Equity attributable to owners of the Company		
Share capital	371,755	369,304
Reserves	487,219	442,125
Treasury shares	(1,626)	(1,626)
	<u>857,348</u>	<u>809,803</u>
Non-controlling interests	125,289	109,622
Total equity	<u>982,637</u>	<u>919,425</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,309,280</u></u>	<u><u>1,264,343</u></u>
Net assets per share (RM)	0.89	0.84

(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 2022)

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
6 months ended						
<u>31 July 2022</u>						
Balance as at 1 February 2022	369,304	(5,131)	447,256	(1,626)	809,803	109,622
Profit or loss	-	-	88,898	-	88,898	23,715
Other comprehensive income	-	4,849	-	-	4,849	-
Total comprehensive income for the period	-	4,849	88,898	-	93,747	23,715
Dividends	-	-	(48,348)	-	(48,348)	(8,048)
Issuance of shares arising from exercise of Warrants	2,451	-	(305)	-	2,146	-
Total for transactions with owners	2,451	-	(48,653)	-	(46,202)	(8,048)
Balance as at 31 July 2022	<u>371,755</u>	<u>(282)</u>	<u>487,501</u>	<u>(1,626)</u>	<u>857,348</u>	<u>125,289</u>
6 months ended						
<u>31 July 2021</u>						
Balance as at 1 February 2021	318,437	-	432,463	(1,626)	749,274	94,884
Profit or loss	-	-	64,529	-	64,529	12,305
Other comprehensive income	-	(5,428)	-	-	(5,428)	(232)
Total comprehensive income for the period	-	(5,428)	64,529	-	59,101	12,073
Dividends	-	-	(28,618)	-	(28,618)	(1,580)
Issuance of shares arising from exercise of Warrants	28,447	-	-	-	28,447	-
Total for transactions with owners	28,447	-	(28,618)	-	(171)	(1,580)
Balance as at 31 July 2021	<u>346,884</u>	<u>(5,428)</u>	<u>468,374</u>	<u>(1,626)</u>	<u>808,204</u>	<u>105,377</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 2022)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/07/2022 RM'000	6 months ended 31/07/2021 RM'000
Operating activities		
Cash receipts from customers	1,106,619	695,957
Rental received	194	136
Interest received	4,500	2,356
Cash paid to suppliers and employees	(940,050)	(587,609)
Cash generated from operations	171,263	110,840
Interest paid	(1,136)	(782)
Tax paid	(9,957)	(8,011)
Net cash from operating activities	160,170	102,047
Investing activities		
Fixed deposits	(6)	(6)
Proceeds from disposal of property, plant and equipment	225	612
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(43,059)	(73,941)
Net proceeds from compulsory acquisition	-	2,978
Net investment in short term funds	(375)	(852)
Sundry advances	-	(258)
Net cash used in investing activities	(43,215)	(71,467)
Financing activities		
Proceeds from issuance of shares	2,146	28,447
Drawdown of bank borrowings	5,000	30,000
Repayments of bank borrowings	(9,998)	(7,570)
Dividends paid to shareholders of the Company	(38,617)	(28,008)
Dividends paid to non-controlling interests in subsidiary companies	(8,048)	(1,580)
Net cash (used in)/from financing activities	(49,517)	21,289
Net increase in cash and cash equivalents	67,438	51,869
Cash and cash equivalents at beginning of period	307,505	230,258
Cash and cash equivalents at end of period (Note a)	374,943	282,127
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	187,816	109,021
Deposits with licensed banks	188,124	174,613
Cash and bank balances	375,940	283,634
Less: Bank overdrafts	(373)	(894)
Less: Fixed deposit pledged	(624)	(613)
Cash and cash equivalents	374,943	282,127

(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 2022)

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 2022. 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 2022.

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 2022 except for the adoption of the following amended MFRSs and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2022:

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

The adoption of these Amendments and Annual Improvements 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, which were issued but not yet effective for the financial year ending 31 January 2023:

	Effective for financial periods beginning on or after
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group would adopt these new and amended MFRSs above, if applicable, when they become effective and does not expect any material impact on the financial statements in the year of initial adoption.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 63,300 MT which was 4% higher than production recorded in the preceding quarter. The Group’s FFB production is expected to be higher in the third quarter and gradually decline in the 4th quarter of the current financial year. As for the average FFB yield (MT/Ha) trend for the current year-to-date, it was broadly in line with the national yield trend.

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 2022 except for issuance of 1,532,536 new ordinary shares pursuant to exercise of 1,532,536 Warrants.

As at 31 July 2022, the Company held as treasury shares a total of 1,806,000 of its 968,753,856 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 July 2022 was 13,337,086.

A6. Dividends paid

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

- (a) A special single tier dividend of 4 sen per ordinary share in respect of the financial year 2022 was paid on 17 February 2022.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	6 months ended		6 months ended	
	31/07/2022	31/07/2021	31/07/2022	31/07/2021
	RM'000	RM'000	RM'000	RM'000
Plantation operations	142,577	98,056	86,160	63,165
Milling operations	1,051,081	696,228	55,873	36,348
	1,193,658	794,284	142,033	99,513
Add/(Less):				
Inter-segment adjustments and eliminations	(119,543)	(81,000)	1,469	130
	<u>1,074,115</u>	<u>713,284</u>	143,502	99,642
Add/(Less):				
Unallocated expenses			(361)	(676)
Finance income			2,781	2,489
Finance costs			(1,140)	(767)
Profit before tax			144,782	100,689
Tax expenses			(32,169)	(23,855)
Profit for the period			<u>112,613</u>	<u>76,834</u>

A8. Material subsequent events

As at 23 September 2022, 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 2022.

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 RM1.07 billion and RM144.78 million respectively for the current half year ended 31 July 2022, as compared to RM713.28 million and RM100.69 million respectively for the corresponding period last year. The good performance for the current financial year-to-date was mainly due to higher average selling prices of FFB and CPO by 45% and 49% respectively. FFB production for the current year-to-date was marginally lower by 2% whilst the CPO production had increased by 4% as compared to the corresponding period last year. 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 (%)
	31/07/2022	31/07/2021		31/07/2022	31/07/2021	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	564,375	400,833	41%	1,074,115	713,284	51%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	89,396	66,128	35%	165,180	118,381	40%
Profit before interest and tax	79,682	57,349	39%	145,922	101,456	44%
Profit before tax	79,111	56,968	39%	144,782	100,689	44%
Profit after tax	61,384	43,242	42%	112,613	76,834	47%
Profit attributable to ordinary equity holders of the Company	49,670	36,146	37%	88,898	64,529	38%
(B) Statistics:						
Plantation						
FFB production (MT)	63,330	70,259	(10%)	124,405	127,179	(2%)
FFB yield per hectare (MT/Ha)	4.80	5.58	(14%)	9.44	10.07	(6%)
Average FFB selling price (RM/MT)	1,034	777	33%	1,146	791	45%
Palm Oil Milling						
CPO production (MT)	84,114	79,730	5%	148,975	143,507	4%
CPO sold (MT)	82,369	80,846	2%	148,879	145,492	2%
CPO extraction rate (%)	20.83	20.73	0%	20.77	20.79	(0%)
Average CPO price (RM/MT)	5,812	4,121	41%	6,034	4,063	49%

As at 31 July 2022, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 15,939 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature): 17%
- b) 3 – 6 years (Young mature): 8%
- c) 7 – 15 years (Prime mature): 29%
- d) 16 – 20 years (Old mature): 19%
- e) > 20 years (Pre-replanting): 27%

There was no replanting carried out during the current year to-date.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 (%)
	31/07/2022	31/07/2021		31/07/2022	31/07/2021	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	65,503	53,166	23%	142,577	98,056	45%
Milling	552,494	391,500	41%	1,051,081	696,228	51%
	617,997	444,666	39%	1,193,658	794,284	50%
Results:						
Plantation	32,296	33,584	(4%)	86,160	63,165	36%
Milling	44,726	22,430	99%	55,873	36,348	54%
	77,022	56,014	38%	142,033	99,513	43%

Plantation operations

The higher revenue for the current quarter as compared to the corresponding period last year were mainly due to higher average FFB selling price by 33%. However, the profit was 4% lower mainly caused by 10% drop in FFB production and increase in operating costs such as fertilizer and labour costs.

For the current year-to-date, the revenue and profit were 45% and 36% higher as compared to the corresponding period last year mainly due to higher average FFB selling price by 45%.

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 due to higher average CPO selling price.

Profit of RM44.73 million for the current quarter was nearly double of profit in the corresponding period last year, mainly benefited from better processing and marketing margin.

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

The revenue generated from supplying power to TNB grid from our biogas plant for the current quarter was RM2.48 million which was similar to RM2.49 million in the previous year corresponding period.

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

The PBT for the current quarter was RM79.11 million, representing a 20% higher than RM65.67 million achieved in the preceding quarter ended 30 April 2022, mainly contributed by the milling operation with a profit contribution of RM44.73 million.

With an 18% lower average FFB selling price and the escalating fertilizer and labour costs, the profit from plantation operations dropped by 40% or RM21.56 million to RM32.30 million as compared to RM53.86 million in the preceding quarter.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

For the milling operations, higher FFB throughput and improved processing margin were recorded in the current quarter, hence the profit from milling operations has jumped to RM44.73 million, representing a remarkable RM33.58 million increase as compared to RM11.15 million recorded for the preceding quarter.

Total FFB processed has jumped by 29% to 404,000 MT as compared to 313,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/07/2022	30/04/2022	
(A) Financial Data:			
	RM'000	RM'000	
Revenue	564,375	509,740	11%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	89,396	75,784	18%
Profit before interest and tax	79,682	66,240	20%
Profit before tax	79,111	65,671	20%
Profit after tax	61,384	51,229	20%
Profit attributable to ordinary equity holders of the Company	49,670	39,228	27%
(B) Statistics:			
Plantation			
FFB production (MT)	63,330	61,075	4%
FFB yield per hectare (MT/Ha)	4.80	4.64	3%
Average FFB selling price (RM/MT)	1,034	1,262	(18%)
Palm Oil Milling			
CPO production (MT)	84,114	64,861	30%
CPO sold (MT)	82,369	66,510	24%
CPO oil extraction rate (%)	20.83	20.69	1%
Average CPO price (RM/MT)	5,812	6,309	(8%)

B3. Current financial year prospects

The management forecasts the FFB production for the financial year ending 31 January 2023 could be 10% higher than the quantity achieved in the financial year 2022 if the labour shortage problem does not deteriorate further.

As for palm oil milling operations, the management expects a total processing quantity of about 1.5 million MT of FFB for the current financial year which is close to the financial year 2022. We also expect our biogas plants at Keningau and Telupid to commence operations to supply power to grid by end of the financial year 2023.

The recent development and vaccination progress worldwide as well as in the country has given direction that the COVID-19 pandemic is transiting to endemic phase. Nevertheless, the management will remain vigilant and resilient on dealing with challenges and any potential adverse impact arising from the COVID-19 pandemic on the operations of the Group.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

With impact arising from the drought weather conditions in South America and Canada for the past few months, Russia/Ukraine conflict since February 2022 as well as the export restriction policy of Indonesia, the disruption of supply of many commodities has caused surge in prices of commodities as well as vegetable oils have surged to a very high level. Under such volatile market conditions, CPO price has also jumped to an unprecedented level above RM8,000 per MT in early March 2022. However, following the change in Indonesia's policy to boost its CPO export, the average CPO price for July 2022 plunged sharply to RM4,100 per MT, recording a drop of more than RM2,000 per MT as compared to the preceding month, and this is the biggest drop in monthly average CPO price in history. The CPO price has been traded in a very volatile manner and the movement of CPO price has become highly unpredictable, hence the Group will continue to monitor the impact of volatile pricing on the performance of the Group.

Although the current high production season which might cause pressure on CPO price, the management expects the average CPO price for the second half of the financial year 2023 could remain above RM3,500 per MT and is of the view that the Group could still benefit from the current level of CPO price especially the plantation operations. Having said that, the Group also faces challenges such as significant surge in cost of fertiliser likely caused by high international shipping costs as well as the belligerence between Russia and Ukraine, and higher labour costs as a result of shortage of foreign workers and the revised minimum wages effective from May 2022.

Based on the above, we expect the Group to perform well for the financial year 2023.

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

This is not applicable.

B5. Income tax

	Current Quarter Ended 31/07/2022 RM'000	Financial Year-to-date Ended 31/07/2022 RM'000
Malaysian Income Tax		
- Current year	17,779	31,011
Deferred tax		
- Current year	(52)	1,158
	<u>17,727</u>	<u>32,169</u>

The effective tax rate for the current quarter and year-to-date is lower than statutory income tax rate mainly due to expected utilisation of unused tax losses brought forward not previously recognised for deferred tax assets.

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 23 September 2022.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

B7. Group borrowings and debt securities

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

	As at 31/07/2022 RM'000	As at 31/07/2021 RM'000
Short term borrowings:		
Overdrafts	373	894
Revolving credit	500	500
Term loans	9,996	9,520
	<u>10,869</u>	<u>10,914</u>
Long term borrowings:		
Term loans	<u>50,484</u>	<u>60,480</u>

- (a) There were no unsecured interest bearing borrowing as at 31 July 2022.
- (b) The movements terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 July 2022 was 3.87% per annum. There is no borrowing that is based on fixed interest rate.

B8. Material litigation

As at 23 September 2022, 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 2023.

- (a) (i) amount per share: 5 sen single tier;
(ii) previous corresponding period: 5 sen single tier per share;
(iii) date of payment: 15 November 2022; and
(iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 26 October 2022; and
- (b) total dividend for the current financial year: 5 sen single tier per share.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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 31/07/2022	Financial Year-to-date Ended 31/07/2022
Net profit for the period	(RM'000)	49,670	88,898
Weighted average number of ordinary shares in issue	('000)	966,416	965,936
Basic EPS	(sen)	5.14	9.20

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 31/07/2022	Financial Year-to-date Ended 31/07/2022
Net profit for the period	(RM'000)	49,670	88,898
Weighted average number of ordinary shares in issue	('000)	966,416	965,936
Adjustment for dilutive effect of warrants	('000)	1,552	2,342
Adjusted weighted average number of shares for Diluted EPS	('000)	967,968	968,278
Diluted EPS	(sen)	5.13	9.18

B11. Audit qualification

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

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

B12. Profit before tax

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

	Current Quarter Ended 31/07/2022 RM'000	Financial Year-to-date Ended 31/07/2022 RM'000
(a) Interest income	(1,558)	(2,781)
(b) Other income including investment income	(687)	(4,674)
(c) Interest expense	571	1,140
(d) Depreciation and amortization	9,714	19,258
(e) Provision for and write off of receivables	-	220
(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	629	1,199
(k) Net loss/(gain) arising from changes in fair value of biological assets	1,885	394
(l) Exceptional items	-	-

B13. Derivatives

The Group has entered into the following derivative instruments which are outstanding as at 31 July 2022:

Type of Derivatives	Contractual/ Notional Value as at 31/07/2022 RM'000	Fair Value Assets/ (Liabilities) as at 31/07/2022 RM'000
CPO SWAP contracts		
- Less than 1 year	8,773	21
CPO Futures contracts		
- Less than 1 year	4,335	(24)
	<u>13,108</u>	<u>(3)</u>

The outstanding positions for CPO Futures and SWAP contracts were entered for the purpose of hedging the purchase of FFB and/or CPO for committed sales under the milling operations.

There is no change in risks, cash requirements and policies associated with the derivatives since the preceding financial year.

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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

	Current Quarter Ended 31/07/2022 RM'000	Financial Year-to-date Ended 31/07/2022 RM'000
<u>Fair value (gains)/losses arising from:</u>		
- CPO Futures contracts	(760)	6
- CPO SWAP contracts	(749)	5,534
	<u>(1,509)</u>	<u>5,540</u>
Amount recognised as:		
- effective hedge in hedging reserve	(2,159)	4,320
- other expenses in profit or loss	650	1,220
	<u>(1,509)</u>	<u>5,540</u>

- (a) The fair value gains/losses were arising from the transactions under the CPO Futures contracts and SWAP contracts.
- (b) The fair value gains/losses were caused by favourable/unfavourable movements in CPO price in commodity derivatives market.
- (c) The fair values changes are derived based on:
- the difference of contract value upon closure or settlement of contracts; and
 - the difference in value of outstanding contracts 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 2022 is RM29.13 million of which RM24.14 million is trade in nature with normal trade credit terms of less than 60 days.