

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2020 RM'000	CURRENT YEAR TO-DATE 31/10/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2020 RM'000
Revenue	492,804	278,600	1,206,088	717,938
Cost of sales	<u>(408,972)</u>	<u>(226,293)</u>	<u>(1,007,011)</u>	<u>(574,189)</u>
Gross profit	83,832	52,307	199,077	143,749
Other income	3,280	3,103	9,456	15,026
Operating expenses	(25,218)	(10,407)	(45,183)	(30,600)
Finance costs	<u>(596)</u>	<u>(361)</u>	<u>(1,363)</u>	<u>(595)</u>
Profit before tax	61,298	44,642	161,987	127,580
Tax	<u>(11,479)</u>	<u>(10,909)</u>	<u>(35,334)</u>	<u>(30,958)</u>
Profit for the period	<u>49,819</u>	<u>33,733</u>	<u>126,653</u>	<u>96,622</u>
Other comprehensive income:				
Cash flow hedge	(911)	-	(8,358)	-
Tax relating to other comprehensive income	219	-	2,006	-
Other comprehensive income for the period, net of tax	(692)	-	(6,352)	-
Total comprehensive income for the period	<u>49,127</u>	<u>33,733</u>	<u>120,301</u>	<u>96,622</u>
Profit for the period attributable to:				
Owners of the Company	41,087	28,835	105,616	84,895
Non-controlling interests	<u>8,732</u>	<u>4,898</u>	<u>21,037</u>	<u>11,727</u>
	<u>49,819</u>	<u>33,733</u>	<u>126,653</u>	<u>96,622</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	40,360	28,835	99,461	84,895
Non-controlling interests	<u>8,767</u>	<u>4,898</u>	<u>20,840</u>	<u>11,727</u>
	<u>49,127</u>	<u>33,733</u>	<u>120,301</u>	<u>96,622</u>
Earnings per share (sen):				
- Basic	4.30	3.09	11.22	9.09
- Diluted	4.29	3.09	11.21	9.09
Dividends per share (sen)	4.00	3.00	9.00	7.00

(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 2021)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 31/10/2021 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	256,096	255,814
Bearer plants	130,992	91,467
Right-of-use assets	339,160	287,375
Investment properties	5,827	5,876
Deferred tax assets	3,634	3,375
Prepayments	7,614	26,030
	<u>743,323</u>	<u>669,937</u>
Current assets		
Inventories	34,896	20,464
Biological assets	6,008	3,181
Receivables	93,562	48,791
Prepayments	2,869	3,145
Tax recoverable	39	2,990
Short term funds	108,159	105,868
Cash and bank balances	319,743	232,104
	<u>565,276</u>	<u>416,543</u>
TOTAL ASSETS	<u><u>1,308,599</u></u>	<u><u>1,086,480</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Payables and accruals	143,954	69,479
Interest bearing borrowings (secured)	10,864	11,688
Dividend payable	48,212	28,008
Derivatives	15,485	-
Tax payable	24,669	5,483
	<u>243,184</u>	<u>114,658</u>
Net current assets	<u>322,092</u>	<u>301,885</u>
Non-current liabilities		
Interest bearing borrowings (secured)	57,981	37,620
Deferred tax liabilities	89,870	90,044
	<u>147,851</u>	<u>127,664</u>
Total liabilities	<u>391,035</u>	<u>242,322</u>
Net assets	<u>917,564</u>	<u>844,158</u>
Equity attributable to owners of the Company		
Share capital	361,332	318,437
Reserves	455,094	432,463
Treasury shares	(1,626)	(1,626)
	<u>814,800</u>	<u>749,274</u>
Non-controlling interests	<u>102,764</u>	<u>94,884</u>
Total equity	<u>917,564</u>	<u>844,158</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,308,599</u></u>	<u><u>1,086,480</u></u>
Net assets per share (RM)	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)

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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	
9 months							
<u>31 October 2021</u>							
Balance as at 1 February 2021	318,437	-	432,463	(1,626)	749,274	94,884	844,158
Profit or loss	-	-	105,616	-	105,616	21,037	126,653
Other comprehensive income	-	(6,155)	-	-	(6,155)	(197)	(6,352)
Total comprehensive income for the period	-	(6,155)	105,616	-	99,461	20,840	120,301
Dividends	-	-	(76,830)	-	(76,830)	(12,960)	(89,790)
Issuance of shares arising from exercise of Warrants	42,895	-	-	-	42,895	-	42,895
Total for transactions with owners	42,895	-	(76,830)	-	(33,935)	(12,960)	(46,895)
Balance as at 31 October 2021	<u>361,332</u>	<u>(6,155)</u>	<u>461,249</u>	<u>(1,626)</u>	<u>814,800</u>	<u>102,764</u>	<u>917,564</u>
9 months							
<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>-</u>	<u>450,476</u>	<u>(1,626)</u>	<u>767,283</u>	<u>90,881</u>	<u>858,164</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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31/10/2021 RM'000	9 months ended 31/10/2020 RM'000
Operating activities		
Cash receipts from customers	1,164,517	714,858
Rental received	212	140
Interest received	3,929	4,972
Cash paid to suppliers and employees	(978,073)	(563,112)
Cash generated from operations	190,585	156,858
Interest paid	(1,362)	(563)
Tax paid	(11,624)	(9,899)
Net cash from operating activities	177,599	146,396
Investing activities		
Fixed deposits	(8)	(13)
Government grant received	-	1,680
Proceeds from disposal of property, plant and equipment	671	17
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(85,207)	(30,796)
Net proceeds from compulsory acquisition	2,978	-
Net investments in short term funds	(990)	(35,047)
Sundry advances	(258)	(600)
Net cash used in investing activities	(82,814)	(64,759)
Financing activities		
Proceeds from issuance of shares	42,895	-
Drawdown of bank borrowings	30,000	40,000
Repayments of bank borrowings	(9,593)	(3,015)
Dividends paid to shareholders of the Company	(56,626)	-
Dividends paid to non-controlling interests in subsidiary companies	(12,960)	(7,740)
Net cash (used in)/from financing activities	(6,284)	29,245
Net increase in cash and cash equivalents	88,501	110,882
Cash and cash equivalents at beginning of period	230,258	145,880
Effect of exchange rate changes on cash and cash equivalents	-	127
Cash and cash equivalents at end of period (Note a)	318,759	256,889
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	133,627	86,182
Deposits with licensed banks	186,116	172,605
Cash and bank balances	319,743	258,787
Less: Bank overdrafts	(368)	(1,293)
Less: Fixed deposit pledged	(616)	(605)
Cash and cash equivalents	318,759	256,889

(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)

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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 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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023

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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 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 which was similar to production recorded in the preceding quarter. The Group’s FFB production records had shown significant recovery from the very low record in February 2021 and remains steady in the second and third quarters. The Group’s average FFB yield (MT/Ha) trend for the current year-to-date was broadly in line with the preceding year.

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 9 months ended 31 October 2021 except for issuance of 30,639,837 new ordinary shares pursuant to exercise of 30,639,837 Warrants.

As at 31 October 2021, the Company held as treasury shares a total of 1,806,000 of its 966,055,569 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 October 2021 was 16,035,373.

A6. Dividends paid

The gross dividends 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; and
- (b) Final single tier dividend of 3 sen per ordinary share in respect of the financial year 2021 was paid on 30 August 2021.

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A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	9 months ended		9 months ended	
	31/10/2021	31/10/2020	31/10/2021	31/10/2020
	RM'000	RM'000	RM'000	RM'000
Plantation operations	153,228	103,289	84,393	46,563
Milling operations	1,178,244	699,519	75,150	76,964
	1,331,472	802,808	159,543	123,527
Add/(Less):				
Inter-segment adjustments and eliminations	(125,384)	(84,870)	(27)	494
	<u>1,206,088</u>	<u>717,938</u>	159,516	124,021
Add/(Less):				
Unallocated expenses			(245)	(781)
Finance income			4,079	4,935
Finance costs			(1,363)	(595)
Profit before tax			<u>161,987</u>	<u>127,580</u>
Tax expenses			(35,334)	(30,958)
Profit for the period			<u>126,653</u>	<u>96,622</u>

A8. Material subsequent events

As at 24 December 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.

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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 record high revenue and profit before tax (“PBT”) at RM1.21 billion and RM161.99 million respectively for the cumulative three quarters ended 31 October 2021, as compared to RM717.94 million and RM127.58 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 70% and 66% respectively. On the other hand, FFB production was lower by 10% whilst the CPO production had increased by 4%. 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 (%)
	31/10/2021	31/10/2020		31/10/2021	31/10/2020	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	492,804	278,600	77%	1,206,088	717,938	68%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	71,358	53,321	34%	189,739	153,355	24%
Profit before interest and tax	61,894	45,003	38%	163,350	128,175	27%
Profit before tax	61,298	44,642	37%	161,987	127,580	27%
Profit after tax	49,819	33,733	48%	126,653	96,622	31%
Profit attributable to ordinary equity holders of the Company	41,087	28,835	42%	105,616	84,895	24%
(B) Statistics:						
Plantation						
FFB production (MT)	70,332	68,990	2%	197,511	220,279	(10%)
FFB yield per hectare (MT/Ha)	5.32	5.70	(7%)	15.39	17.67	(13%)
Average FFB selling price (RM/MT)	814	548	49%	799	469	70%
Palm Oil Milling						
CPO production (MT)	89,541	75,498	19%	233,048	224,219	4%
CPO sold (MT)	88,679	81,195	9%	234,171	231,462	1%
CPO extraction rate (%)	21.35	21.30	0%	21.00	21.19	(1%)
Average CPO price (RM/MT)	4,630	2,865	62%	4,278	2,570	66%

As at 31 October 2021, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 15,929 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature): 17%
- b) 3 – 6 years (Young mature): 9%
- c) 7 – 15 years (Prime mature): 36%
- d) 16 – 20 years (Old mature): 15%
- e) > 20 years (Pre-replanting): 23%

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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 360 hectares.

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 (%)
	31/10/2021	31/10/2020		31/10/2021	31/10/2020	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	55,172	37,723	46%	153,228	103,289	48%
Milling	482,016	271,868	77%	1,178,244	699,519	68%
	537,188	309,591	74%	1,331,472	802,808	66%
Results:						
Plantation	21,228	19,413	9%	84,393	46,563	81%
Milling	38,802	24,387	59%	75,150	76,964	(2%)
	60,030	43,800	37%	159,543	123,527	29%

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 49% and 70% respectively. Despite a higher FFB selling price, the profit for the current quarter was only RM21.23 million due to a fair value loss of RM14.07 million arising from fair value changes in commodity derivatives recognised as other expenses for hedging against price declines.

Out of the estates within the Group, the estates in Keningau, Sabah have suffered a significant drop of 35,000 MT in FFB production, representing a 31% drop in production yield per hectare as compared to the preceding year corresponding period for 9 months mainly due to seasonal factor and a relatively higher-than-expected yield achieved in the preceding year corresponding period. Replanting activity and newly mature area are also contributing factors towards a lower production volume and yield.

On a positive note, the estate which the Group took over physical possession in February 2021 has contributed about 18,300 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.

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

The profit achieved for the current quarter was RM38.80 million, representing a 59% jump as compared to RM24.39 million for the previous year corresponding quarter. Increase in profit was mainly due to better processing margin and uptrend of CPO price. As for the current year-to-date, the profit of RM75.15 million was 8% higher than RM69.34 million (excluding insurance compensation of RM7.62 million for the fire incident in June 2019) for the corresponding period last year.

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The revenue generated from supplying power to TNB grid from our biogas plant for the current year-to-date was RM3.85 million as compared to RM3.66 million in the previous year corresponding period.

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 RM61.30 million which was 8% higher than RM56.97 million achieved in the preceding quarter ended 31 July 2021.

Despite a marginal increase average FFB selling price by 5% with stagnant FFB production, the profit from the plantation operations has dropped by 37% or RM12.35 million to RM21.23 million due to a fair value loss of RM14.07 million arising from fair value changes in commodity derivatives recognised as other expenses in the current quarter.

With higher FFB throughput and improved oil extraction rate achieved in the current quarter, the milling operations have achieved a remarkable result of RM38.80 million profit which is 73% higher as compared to RM22.43 million recorded for the preceding quarter.

Total FFB processed has increased by 9% to 420,000 MT as compared to 384,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/10/2021	31/07/2021	
(A) Financial Data:			
Revenue	492,804	400,833	23%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	71,358	66,128	8%
Profit before interest and tax	61,894	57,349	8%
Profit before tax	61,298	56,968	8%
Profit after tax	49,819	43,242	15%
Profit attributable to ordinary equity holders of the Company	41,087	36,146	14%
(B) Statistics:			
Plantation			
FFB production (MT)	70,332	70,259	0%
FFB yield per hectare (MT/Ha)	5.32	5.58	(5%)
Average FFB selling price (RM/MT)	814	777	5%
Palm Oil Milling			
CPO production (MT)	89,541	79,730	12%
CPO sold (MT)	88,679	80,846	10%
CPO oil extraction rate (%)	21.35	20.73	3%
Average CPO price (RM/MT)	4,630	4,121	12%

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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 27,000 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 about 95% of the quantity achieved in the financial year 2021 after taking into consideration of the impact of ongoing replanting programme, labour shortage and seasonal factor on cropping trend.

As for palm oil milling operations, the management expects a total processing quantity of about 1.45 million MT of FFB which is close to 10% higher than 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 on 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 RM5,000 per MT in May 2021 to RM3,500 per MT in June 2021, CPO commodity price has since then recovered and jumped to the record high level of about RM5,500 per MT in November 2021. The management expects the average CPO price to remain steady above RM5,000 per MT in the fourth quarter of the financial year 2022 and is of the view that the Group could benefit from the current level of CPO price with positive processing margin under palm oil milling operations and only about 50% of projected FFB produce under plantation operations for the fourth quarter has been committed early this year based on an average CPO price around RM3,600 per MT.

Based on the above, we expect the Group to perform well for the financial year 2022.

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

This is not applicable.

B5. Income tax

	Current Quarter Ended 31/10/2021 RM'000	Financial Year-to-date Ended 31/10/2021 RM'000
Malaysian Income Tax		
- Current year	12,319	34,143
- Overprovision in prior year	(381)	(381)
	11,938	33,762
Deferred tax		
- Current year	(459)	1,572
	<u>11,479</u>	<u>35,334</u>

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

B6. Status of corporate proposals

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

B7. Group borrowings and debt securities

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

	As at 31/10/2021 RM'000	As at 31/10/2020 RM'000
Short term borrowings:		
Overdrafts	368	1,293
Revolving credit	500	7,500
Term loans	9,996	2,527
	<u>10,864</u>	<u>11,320</u>
Long term borrowings:		
Term loans	<u>57,981</u>	<u>39,048</u>

(a) There were no unsecured interest bearing borrowing as at 31 October 2021.

(b) The Group has drawn down a term loan of RM30 million from a licensed bank 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 October 2021 was 3.37%. There is no borrowing that is based on fixed interest rate.

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B8. Material litigation

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

B9. Dividend

The Board is pleased to declare a special single tier dividend of 4 sen per share in respect of the financial year ending 31 January 2022.

- (a) (i) amount per share: 4 sen single tier;
 - (ii) previous corresponding period: 3 sen single tier per share;
 - (iii) date of payment: 17 February 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 21 January 2022; and
- (b) total dividend for the current financial year: 9 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 31/10/2021	Financial Year-to-date Ended 31/10/2021
Net profit for the period	(RM'000)	41,087	105,616
Weighted average number of ordinary shares in issue	('000)	955,841	941,295
Basic EPS	(sen)	4.30	11.22

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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 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 31/10/2021	Financial Year-to-date Ended 31/10/2021
Net profit for the period	(RM'000)	41,087	105,616
Weighted average number of ordinary shares in issue	('000)	955,841	941,295
Adjustment for dilutive effect of warrants	('000)	2,091	1,069
Adjusted weighted average number of shares for Diluted EPS	('000)	957,932	942,364
Diluted EPS	(sen)	4.29	11.21

B11. Profit before tax

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

	Current Quarter Ended 31/10/2021 RM'000	Financial Year-to-date Ended 31/10/2021 RM'000
(a) Interest income	(1,590)	(4,079)
(b) Other income including investment income	73	(2,550)
(c) Interest expense	596	1,363
(d) Depreciation and amortization	9,464	26,389
(e) Provision for and write off of receivables	3	7
(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	14,070	14,411
(k) Net loss/(gain) arising from changes in fair value of biological assets	(1,763)	(2,827)
(l) Exceptional items	-	-

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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 entered into the following derivative instruments which are outstanding as at 31 October 2021:

Type of Derivatives	Contract/Notional Value as at 31/10/2021 RM'000	Fair Value Liabilities as at 31/10/2021 RM'000
CPO Futures contracts		
- Less than 1 year	30,764	7,685
CPO SWAP contracts		
- Less than 1 year	57,007	7,800
	<u>87,771</u>	<u>15,485</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

Type of financial liabilities:	Fair value (gain)/loss	
	Current Quarter Ended 31/10/2021 RM'000	Financial Year-to-date Ended 31/10/2021 RM'000
- CPO Futures contracts	197	7,685
- CPO SWAP contracts	7,274	7,800
	<u>7,471</u>	<u>15,485</u>

- The fair value loss was arising from the transactions under the CPO Futures contracts and SWAP contracts as disclosed in Note B13.
- The fair value 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.

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B15. Additional Information

(a) Receivables

Total receivables as at 31 October 2021 is RM93.56 million of which RM75.27 million is trade in nature with normal trade credit terms of less than 60 days.