

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2021 RM'000	CURRENT YEAR TO-DATE 31/10/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2021 RM'000
Revenue	402,412	492,804	1,476,527	1,206,088
Cost of sales	<u>(338,989)</u>	<u>(408,972)</u>	<u>(1,252,096)</u>	<u>(1,007,011)</u>
Gross profit	63,423	83,832	224,431	199,077
Other income	3,036	3,280	10,491	9,456
Operating expenses	(11,734)	(25,218)	(34,275)	(45,183)
Finance costs	<u>(612)</u>	<u>(596)</u>	<u>(1,752)</u>	<u>(1,363)</u>
Profit before tax	54,113	61,298	198,895	161,987
Tax	<u>(11,514)</u>	<u>(11,479)</u>	<u>(43,683)</u>	<u>(35,334)</u>
<b>Profit for the period</b>	<b><u>42,599</u></b>	<b><u>49,819</u></b>	<b><u>155,212</u></b>	<b><u>126,653</u></b>
<b>Other comprehensive income:</b>				
Net movement on cash flow hedge	<span style="border: 1px solid black; padding: 2px;">371</span>	<span style="border: 1px solid black; padding: 2px;">(911)</span>	<span style="border: 1px solid black; padding: 2px;">6,751</span>	<span style="border: 1px solid black; padding: 2px;">(8,358)</span>
Tax relating to other comprehensive income	<span style="border: 1px solid black; padding: 2px;">(89)</span>	<span style="border: 1px solid black; padding: 2px;">219</span>	<span style="border: 1px solid black; padding: 2px;">(1,620)</span>	<span style="border: 1px solid black; padding: 2px;">2,006</span>
Other comprehensive income for the period, net of tax	282	(692)	5,131	(6,352)
<b>Total comprehensive income for the period</b>	<b><u>42,881</u></b>	<b><u>49,127</u></b>	<b><u>160,343</u></b>	<b><u>120,301</u></b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	36,742	41,087	125,640	105,616
Non-controlling interests	<u>5,857</u>	<u>8,732</u>	<u>29,572</u>	<u>21,037</u>
	<b><u>42,599</u></b>	<b><u>49,819</u></b>	<b><u>155,212</u></b>	<b><u>126,653</u></b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	37,024	40,360	130,771	99,461
Non-controlling interests	<u>5,857</u>	<u>8,767</u>	<u>29,572</u>	<u>20,840</u>
	<b><u>42,881</u></b>	<b><u>49,127</u></b>	<b><u>160,343</u></b>	<b><u>120,301</u></b>
<b>Earnings per share (sen):</b>				
- Basic	3.80	4.30	13.00	11.22
- Diluted	3.79	4.29	12.97	11.21
<b>Dividends per share (sen)</b>	<b>5.00</b>	<b>4.00</b>	<b>10.00</b>	<b>9.00</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 2022)

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/10/2022 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	270,149	264,944
Bearer plants	133,689	132,985
Right-of-use assets	333,114	337,499
Investment properties	-	5,810
Deferred tax assets	6,379	6,044
Prepayments	3,221	3,439
	<u>746,552</u>	<u>750,721</u>
<b>Current assets</b>		
Inventories	71,835	33,422
Biological assets	5,821	5,843
Receivables	40,074	58,216
Prepayments	2,111	2,722
Tax recoverable	442	2,629
Short term funds	103,837	102,277
Cash and bank balances	317,028	308,513
	<u>541,148</u>	<u>513,622</u>
<b>TOTAL ASSETS</b>	<u><u>1,287,700</u></u>	<u><u>1,264,343</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables and accruals	96,989	132,346
Interest bearing borrowings (secured)	12,959	10,885
Dividend payable	48,348	38,617
Derivatives	429	8,235
Tax payable	22,382	8,035
	<u>181,107</u>	<u>198,118</u>
<b>Net current assets</b>	<u>360,041</u>	<u>315,504</u>
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	47,985	55,482
Deferred tax liabilities	93,168	91,318
	<u>141,153</u>	<u>146,800</u>
<b>Total liabilities</b>	<u>322,260</u>	<u>344,918</u>
<b>Net assets</b>	<u>965,440</u>	<u>919,425</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	371,766	369,304
Reserves	475,894	442,125
Treasury shares	(1,626)	(1,626)
	<u>846,034</u>	<u>809,803</u>
<b>Non-controlling interests</b>	<u>119,406</u>	<u>109,622</u>
<b>Total equity</b>	<u><u>965,440</u></u>	<u><u>919,425</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,287,700</u></u>	<u><u>1,264,343</u></u>
<b>Net assets per share (RM)</b>	0.87	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	
<b>9 months ended</b>							
<b><u>31 October 2022</u></b>							
<b>Balance as at 1 February 2022</b>	369,304	(5,131)	447,256	(1,626)	809,803	109,622	919,425
Profit or loss	-	-	125,640	-	125,640	29,572	155,212
Other comprehensive income	-	5,131	-	-	5,131	-	5,131
<b>Total comprehensive income for the period</b>	-	5,131	125,640	-	130,771	29,572	160,343
Dividends	-	-	(96,695)	-	(96,695)	(19,788)	(116,483)
Issuance of shares arising from exercise of Warrants	2,462	-	(307)	-	2,155	-	2,155
<b>Total for transactions with owners</b>	2,462	-	(97,002)	-	(94,540)	(19,788)	(114,328)
<b>Balance as at 31 October 2022</b>	<u>371,766</u>	<u>-</u>	<u>475,894</u>	<u>(1,626)</u>	<u>846,034</u>	<u>119,406</u>	<u>965,440</u>
<b>9 months ended</b>							
<b><u>31 October 2021</u></b>							
<b>Balance as at 1 February 2021</b>	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)
<b>Total comprehensive income for the period</b>	-	(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
<b>Total for transactions with owners</b>	42,895	-	(76,830)	-	(33,935)	(12,960)	(46,895)
<b>Balance as at 31 October 2021</b>	<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>

(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**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 months ended 31/10/2022 RM'000</b>	<b>9 months ended 31/10/2021 RM'000</b>
<b>Operating activities</b>		
Cash receipts from customers	1,496,642	1,164,517
Rental received	264	212
Interest received	6,502	3,929
Cash paid to suppliers and employees	(1,309,596)	(978,073)
Cash generated from operations	193,812	190,585
Interest paid	(1,745)	(1,362)
Tax paid	(27,183)	(11,624)
Net cash from operating activities	164,884	177,599
<b>Investing activities</b>		
Fixed deposits	(9)	(8)
Proceeds from disposal of property, plant and equipment	7,013	671
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(52,655)	(85,207)
Net proceeds from compulsory acquisition	-	2,978
Net withdrawal from/(investments in) short term funds	(632)	(990)
Real property gains tax paid	(75)	-
Sundry advances	-	(258)
Net cash used in investing activities	(46,358)	(82,814)
<b>Financing activities</b>		
Proceeds from issuance of shares	2,155	42,895
Drawdown of bank borrowings	7,000	30,000
Repayments of bank borrowings	(12,497)	(9,593)
Dividends paid to shareholders of the Company	(86,964)	(56,626)
Dividends paid to non-controlling interests in subsidiary companies	(19,788)	(12,960)
Net cash used in financing activities	(110,094)	(6,284)
<b>Net increase in cash and cash equivalents</b>	<b>8,432</b>	<b>88,501</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>307,505</b>	<b>230,258</b>
<b>Cash and cash equivalents at end of period (Note a)</b>	<b>315,937</b>	<b>318,759</b>
<b>Note a : Cash and cash equivalents at end of period</b>		
Cash on hand and cash in banks	119,000	133,627
Deposits with licensed banks	198,028	186,116
Cash and bank balances	317,028	319,743
Less: Bank overdrafts	(463)	(368)
Less: Fixed deposit pledged	(628)	(616)
Cash and cash equivalents	315,937	318,759

(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

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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 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
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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The Group would adopt these new and amended MFRSs 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.

The production of Fresh Fruit Bunches (“FFB”) from our mature estates was low in the first quarter and has since then gradually increased towards the third quarter. Based on recent observation, the Group’s FFB production volume for the fourth quarter of the current financial year is expected to be largely similar as the current third quarter and would then gradually decline in the first quarter of the financial year 2024.

The Group’s FFB production for the current quarter was 79,500 MT which was 25% higher than the production recorded in the preceding quarter. 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 9 months ended 31 October 2022 except for issuance of 1,539,536 new ordinary shares pursuant to exercise of 1,539,536 Warrants.

As at 31 October 2022, the Company held as treasury shares a total of 1,806,000 of its 968,760,856 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 October 2022 was 13,330,086.

### **A6. Dividends paid**

The gross dividends paid during the current financial year-to-date were 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; and
- (b) A final single tier dividend of 5 sen per ordinary share in respect of the financial year 2022 was paid on 29 August 2022.

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**A7. Segmental information**

Major segments by activity:-

	<b>Revenue</b>		<b>Results</b>	
	9 months ended		9 months ended	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
	RM'000	RM'000	RM'000	RM'000
Plantation operations	201,378	153,228	116,247	84,393
Milling operations	1,442,936	1,178,244	81,570	75,150
	1,644,314	1,331,472	197,817	159,543
Add/(Less):				
Inter-segment adjustments and eliminations	(167,787)	(125,384)	(1,613)	(27)
	<u>1,476,527</u>	<u>1,206,088</u>	196,204	159,516
Add/(Less):				
Unallocated expenses			(323)	(245)
Finance income			4,766	4,079
Finance costs			(1,752)	(1,363)
Profit before tax			198,895	161,987
Tax expenses			(43,683)	(35,334)
Profit for the period			<u>155,212</u>	<u>126,653</u>

**A8. Material subsequent events**

As at 23 December 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.

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of the performance of the Company and its principal subsidiaries**

The Group achieved a higher revenue and profit before tax (“PBT”) at RM1.48 billion and RM198.90 million respectively for the cumulative three quarters ended 31 October 2022, as compared to RM1.21 billion and RM161.99 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 24% and 23% respectively. Both the FFB and CPO production for the current year-to-date were marginally higher by 3% as compared to the corresponding period last year. Further information and statistics are tabulated below:

	Individual Period (3 <sup>rd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/10/2022	31/10/2021		31/10/2022	31/10/2021	
<b>(A) Financial Data:</b>	RM'000	RM'000		RM'000	RM'000	
Revenue	402,412	492,804	(18%)	1,476,527	1,206,088	22%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	64,859	71,358	(9%)	230,039	189,739	21%
Profit before interest and tax	54,725	61,894	(12%)	200,647	163,350	23%
Profit before tax	54,113	61,298	(12%)	198,895	161,987	23%
Profit after tax	42,599	49,819	(14%)	155,212	126,653	23%
Profit attributable to ordinary equity holders of the Company	36,742	41,087	(11%)	125,640	105,616	19%
<b>(B) Statistics:</b>						
<b>Plantation</b>						
FFB production (MT)	79,463	70,332	13%	203,868	197,511	3%
FFB yield per hectare (MT/Ha)	5.57	5.32	5%	15.01	15.39	(2%)
Average FFB selling price (RM/MT)	740	814	(9%)	988	799	24%
<b>Palm Oil Milling</b>						
CPO production (MT)	91,854	89,541	3%	240,829	233,048	3%
CPO sold (MT)	83,557	88,679	(6%)	232,436	234,171	(1%)
CPO extraction rate (%)	20.47	21.35	(4%)	20.66	21.00	(2%)
Average CPO price (RM/MT)	3,901	4,630	(16%)	5,267	4,278	23%

As at 31 October 2022, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 15,940 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature): 11%
- b) 3 – 6 years (Young mature): 14%
- 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.



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

	Individual Period (3 <sup>rd</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/10/2022	31/10/2021		31/10/2022	31/10/2021	
<b>Revenue:</b>	RM'000	RM'000		RM'000	RM'000	
Plantation	58,801	55,172	7%	201,378	153,228	31%
Milling	391,855	482,016	(19%)	1,442,936	1,178,244	22%
	<b>450,656</b>	<b>537,188</b>	<b>(16%)</b>	<b>1,644,314</b>	<b>1,331,472</b>	<b>23%</b>
<b>Results:</b>						
Plantation	30,087	21,228	42%	116,247	84,393	38%
Milling	25,697	38,802	(34%)	81,570	75,150	9%
	<b>55,784</b>	<b>60,030</b>	<b>(7%)</b>	<b>197,817</b>	<b>159,543</b>	<b>24%</b>

### Plantation operations

The Group achieved higher revenue and profit for the current quarter as compared to the corresponding period last year mainly due to 13% higher FFB production, despite a 9% lower average FFB selling price recorded.

For the current year-to-date, the revenue and profit were 31% and 38% higher as compared to the corresponding period last year mainly due to higher average FFB selling price by 24%. Drop in FFB yield per hectare was partly due to the additional 1,100 hectares replanted area came into maturity in the current quarter.

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 year-to-date as compared to the corresponding period last year was mainly due to higher average CPO selling price.

Revenue and profit for the current quarter were lower as compared to the corresponding period last year, mainly due to lower sales quantity and average selling price.

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 year-to-date was RM3.53 million which was slightly lower than RM3.85 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 RM54.11 million, representing a drop of 32% as compared to RM79.11 million achieved in the preceding quarter ended 31 July 2022, mainly due to lower profit contribution from the palm oil milling operation as a result of a 33% lower average CPO selling price.

Although the average FFB selling price dropped sharply by 28%, the profit from plantation operations only dropped by 7% or RM2.21 million to RM30.09 million as compared to RM32.30 million in the preceding quarter, benefited from 25% higher FFB production achieved.

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For the milling operations, despite a higher FFB throughput recorded in the current quarter, the profit from milling operations was RM25.70 million, representing a 43% or RM19.03 million drop as compared to RM44.73 million recorded for the preceding quarter, mainly due to sharp decline in CPO price.

Total FFB processed has increased by 11% to 449,000 MT as compared to 404,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/10/2022	31/07/2022	
<b>(A) Financial Data:</b>			
	RM'000	RM'000	
Revenue	402,412	564,375	(29%)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	64,859	89,396	(27%)
Profit before interest and tax	54,725	79,682	(31%)
Profit before tax	54,113	79,111	(32%)
Profit after tax	42,599	61,384	(31%)
Profit attributable to ordinary equity holders of the Company	36,742	49,670	(26%)
<b>(B) Statistics:</b>			
<b>Plantation</b>			
FFB production (MT)	79,463	63,330	25%
FFB yield per hectare (MT/Ha)	5.57	4.80	16%
Average FFB selling price (RM/MT)	740	1,034	(28%)
<b>Palm Oil Milling</b>			
CPO production (MT)	91,854	84,114	9%
CPO sold (MT)	83,557	82,369	1%
CPO oil extraction rate (%)	20.47	20.83	(2%)
Average CPO price (RM/MT)	3,901	5,812	(33%)

### B3. Current financial year prospects

The management forecasts the FFB production for the current financial year ending 31 January 2023 could be 7% higher than the quantity achieved in the financial year 2022.

As for palm oil milling operations, the management expects the total processing quantity could surpass 1.5 million MT of FFB for the current financial year. Our biogas plant at Keningau has commenced supply of power to grid in December 2022 and we expect our biogas plant at Telupid could commence operations in the first half of the financial year 2024.

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.

With impact arising from the drought weather conditions in South America and Canada in early of the year, 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.

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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. CPO price has further plunged sharply to around RM3,300 per MT level in September 2022 before a steady recovery to the current level at around RM4,000 per MT. 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 remaining period of the financial year 2023 could remain around RM4,000 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 has also faced 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 and could achieve a record high revenue and profit 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 31/10/2022 RM'000	Financial Year-to-date Ended 31/10/2022 RM'000
<b>Malaysian Income Tax</b>		
- Current year	12,889	43,900
- Overprovision in prior year	(185)	(185)
	12,704	43,715
<b>Real property gains tax</b>		
- Current year	75	75
<b>Deferred tax</b>		
- Current year	(1,265)	(107)
	<u>11,514</u>	<u>43,683</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 December 2022.

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### **B7. Group borrowings and debt securities**

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

	As at 31/10/2022 RM'000	As at 31/10/2021 RM'000
Short term borrowings:		
Overdrafts	463	368
Revolving credit	2,500	500
Term loans	9,996	9,996
	<u>12,959</u>	<u>10,864</u>
Long term borrowings:		
Term loans	<u>47,985</u>	<u>57,981</u>

- (a) There were no unsecured interest bearing borrowing as at 31 October 2022.
- (b) The movements terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 October 2022 was 4.12% per annum. There is no borrowing that is based on fixed interest rate.

### **B8. Material litigation**

As at 23 December 2022, there were no material litigations against the Group.

### **B9. Dividend**

The Board is pleased to declare a special 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: 4 sen single tier per share;  
(iii) date of payment: 16 February 2023; and  
(iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 20 January 2023; and
- (b) total dividend for the current financial year: 10 sen single tier per share.

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### 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 31/10/2022	Financial Year-to-date Ended 31/10/2022
Net profit for the period	(RM'000)	36,742	125,640
Weighted average number of ordinary shares in issue	('000)	966,954	966,279
Basic EPS	(sen)	3.80	13.00

#### 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 31/10/2022	Financial Year-to-date Ended 31/10/2022
Net profit for the period	(RM'000)	36,742	125,640
Weighted average number of ordinary shares in issue	('000)	966,954	966,279
Adjustment for dilutive effect of warrants	('000)	863	2,169
Adjusted weighted average number of shares for Diluted EPS	('000)	967,817	968,448
Diluted EPS	(sen)	3.79	12.97

### B11. Audit qualification

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

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### B12. Profit before tax

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

	Current Quarter Ended 31/10/2022 RM'000	Financial Year-to-date Ended 31/10/2022 RM'000
(a) Interest income	(1,985)	(4,766)
(b) Other income including investment income	(591)	(5,265)
(c) Interest expense	612	1,752
(d) Depreciation and amortization	10,134	29,392
(e) Provision for and write off of receivables	-	220
(f) Provision for and write off of inventories	-	-
(g) (Gain) or loss on disposal of investment properties	(460)	(460)
(h) Provision for/(Reversal of) impairment of assets	-	-
(i) Foreign exchange (gain)/loss	-	-
(j) (Gain) or loss on derivatives	1,450	2,649
(k) Net loss/(gain) arising from changes in fair value of biological assets	(372)	22
(l) Exceptional items	-	-

### B13. Derivatives

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

Type of Derivatives	Contractual/ Notional Value as at 31/10/2022 RM'000	Fair Value Assets/ (Liabilities) as at 31/10/2022 RM'000
CPO SWAP contracts		
- Less than 1 year	4,435	(358)
CPO Futures contracts		
- Less than 1 year	2,067	(71)
	<u>6,502</u>	<u>(429)</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.

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

	Current Quarter Ended 31/10/2022 RM'000	Financial Year-to-date Ended 31/10/2022 RM'000
<u>Fair value (gains)/losses arising from:</u>		
- CPO Futures contracts	521	527
- CPO SWAP contracts	908	6,442
	<u>1,429</u>	<u>6,969</u>
Amount recognised as:		
- effective hedge in hedging reserve	-	4,320
- other expenses in profit or loss	1,429	2,649
	<u>1,429</u>	<u>6,969</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 October 2022 is RM40.07 million of which RM36.34 million is trade in nature with normal trade credit terms of less than 60 days.