

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/01/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2020 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/01/2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2020 RM'000
Revenue	253,739	181,033	971,677	679,625
Cost of sales	<u>(222,698)</u>	<u>(161,240)</u>	<u>(796,887)</u>	<u>(585,625)</u>
Gross profit	31,041	19,793	174,790	94,000
Other income	4,380	3,548	19,406	16,535
Operating expenses	(18,036)	(17,024)	(48,636)	(49,437)
Finance costs	<u>(414)</u>	<u>(156)</u>	<u>(1,009)</u>	<u>(709)</u>
Profit before tax	16,971	6,161	144,551	60,389
Tax	<u>(2,972)</u>	<u>(3,421)</u>	<u>(33,930)</u>	<u>(15,400)</u>
<b>Profit for the period</b>	<u>13,999</u>	<u>2,740</u>	<u>110,621</u>	<u>44,989</u>
<b>Other comprehensive income:</b>				
Cash flow hedge	-	-	-	-
Tax relating to other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>13,999</u>	<u>2,740</u>	<u>110,621</u>	<u>44,989</u>
<b>Profit for the period attributable to:</b>				
Owners of the Company	9,996	2,354	94,891	41,061
Non-controlling interests	<u>4,003</u>	<u>386</u>	<u>15,730</u>	<u>3,928</u>
	<u>13,999</u>	<u>2,740</u>	<u>110,621</u>	<u>44,989</u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	9,996	2,354	94,891	41,061
Non-controlling interests	<u>4,003</u>	<u>386</u>	<u>15,730</u>	<u>3,928</u>
	<u>13,999</u>	<u>2,740</u>	<u>110,621</u>	<u>44,989</u>
<b>Earnings per share (sen):</b>				
- Basic	1.07	0.25	10.16	4.40
- Diluted	1.06	0.25	10.15	4.40
<b>Dividends per share (sen)</b>	3.00	-	10.00	3.00

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2020)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT CURRENT QUARTER ENDED 31/01/2021 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	255,814	260,119
Bearer plants	91,467	82,417
Right-of-use assets	287,375	292,294
Investment properties	5,876	-
Deferred tax assets	3,375	3,375
Prepayments	26,030	17,858
	669,937	656,063
<b>Current assets</b>		
Inventories	20,464	27,211
Biological assets	3,181	3,128
Receivables	48,791	40,318
Prepayments	3,145	2,592
Tax recoverable	2,990	2,574
Short term funds	105,868	94,479
Cash and bank balances	232,104	148,641
	416,543	318,943
<b>TOTAL ASSETS</b>	<b>1,086,480</b>	<b>975,006</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	318,437	318,433
Reserves	432,463	402,925
Treasury shares	(1,626)	(1,626)
	749,274	719,732
Non-controlling interests	94,884	87,294
<b>Total equity</b>	844,158	807,026
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	37,620	570
Government grants	-	1,920
Deferred tax liabilities	90,044	85,883
	127,664	88,373
<b>Current liabilities</b>		
Payables and accruals	69,480	63,931
Interest bearing borrowings (secured)	11,688	13,689
Dividend payable	28,008	-
Tax payable	5,482	1,987
	114,658	79,607
<b>Total liabilities</b>	242,322	167,980
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,086,480</b>	<b>975,006</b>
<b>Net assets per share (RM)</b>	0.80	0.77

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2020)

**KIM LOONG RESOURCES BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company			Non-controlling interests	Total equity	
	Distributable					
	Share capital	Retained profits	Treasury shares	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Year ended</b>						
<b><u>31 January 2021</u></b>						
<b>Balance as at 1 February 2020</b>	318,433	402,925	(1,626)	719,732	87,294	807,026
Profit or loss	-	94,891	-	94,891	15,730	110,621
<b>Total comprehensive income for the year</b>	-	94,891	-	94,891	15,730	110,621
Dividends	-	(65,353)	-	(65,353)	(8,140)	(73,493)
Issuance of shares arising from exercise of Warrants	4	-	-	4	-	4
<b>Total for transactions with owners</b>	4	(65,353)	-	(65,349)	(8,140)	(73,489)
<b>Balance as at 31 January 2021</b>	<u>318,437</u>	<u>432,463</u>	<u>(1,626)</u>	<u>749,274</u>	<u>94,884</u>	<u>844,158</u>
<b>Year ended</b>						
<b><u>31 January 2020</u></b>						
<b>Balance as at 1 February 2019</b>	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	41,061	-	41,061	3,928	44,989
<b>Total comprehensive income for the year</b>	-	41,061	-	41,061	3,928	44,989
Dividends	-	(56,016)	-	(56,016)	(8,855)	(64,871)
Acquisition from non-controlling interests	-	(102)	-	(102)	102	-
Issuance of shares to non-controlling interests of subsidiary company	-	-	-	-	1,056	1,056
<b>Total for transactions with owners</b>	-	(56,118)	-	(56,118)	(7,697)	(63,815)
<b>Balance as at 31 January 2020</b>	<u>318,433</u>	<u>402,925</u>	<u>(1,626)</u>	<u>719,732</u>	<u>87,294</u>	<u>807,026</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2020)

**KIM LOONG RESOURCES BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year ended 31/01/2021 RM'000	Year ended 31/01/2020 RM'000
<b>Operating activities</b>		
Cash receipts from customers	974,234	677,106
Rental received	190	170
Interest received	6,886	8,627
Cash paid to suppliers and employees	(795,782)	(568,393)
Cash generated from operations	185,528	117,510
Interest paid	(980)	(735)
Tax paid	(26,690)	(13,651)
Net cash from operating activities	157,858	103,124
<b>Investing activities</b>		
Placement of fixed deposit pledged	(16)	(21)
Additional investment in existing subsidiary company	-	*
Government grant received	2,246	154
Proceeds from disposal of property, plant and equipment	19	961
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(55,070)	(65,573)
Net investments in short term funds	(10,685)	(14,676)
Sundry advances	(600)	(400)
Net cash used in investing activities	(64,106)	(79,555)
<b>Financing activities</b>		
Proceeds from issuance of shares	4	-
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	-	264
Drawdown of bank borrowings	40,000	-
Repayments of bank borrowings	(4,020)	(4,925)
Dividend paid to shareholders of the Company	(37,345)	(56,016)
Dividend paid to NCI in subsidiary companies	(8,140)	(8,855)
Net cash used in financing activities	(9,501)	(69,532)
<b>Net increase/(decrease) in cash and cash equivalents</b>	84,251	(45,963)
<b>Cash and cash equivalents at beginning of year</b>	145,880	191,840
<b>Effect of exchange rate changes on cash and cash equivalents</b>	127	3
<b>Cash and cash equivalents at end of year (Note a)</b>	230,258	145,880
<b>Note a : Cash and cash equivalents at end of year</b>		
Cash on hand and cash in banks	122,496	54,688
Deposits with licensed banks	109,608	93,953
Cash and bank balances	232,104	148,641
Less: Bank overdrafts	(1,238)	(2,169)
Less: Fixed deposit pledged	(608)	(592)
Cash and cash equivalents	230,258	145,880

\* denotes RM1.

**(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2020)**

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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 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2020.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2020 except for the adoption of the amended MFRSs which are relevant to the Group’s operations with effect from 1 February 2020 as set out below:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3 Business Combination)
- Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

The adoption of these amendments did not have any material impact on the interim financial report of the Group.

The Group has not elected for early adoption of the following new and amended MFRSs and annual improvements, which were issued but not yet effective for the financial year ended 31 January 2021:

	Effective for financial periods beginning on or after
Covid-19 – Related Rent Concessions (Amendments to MFRS 16 Leases)	1 June 2020
Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
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

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

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

### **A2. Seasonal or cyclical factors**

Crop production is seasonal and could be affected by severe weather conditions such as El-Nino and La Nina.

Based on past year records, the production of Fresh Fruit Bunches (“FFB”) from our mature estates is normally low during the second quarter of each year and will rise in the third quarter, peak in the fourth quarter and then slowly decline in the first quarter of the following year.

The Group’s FFB production for the current quarter continued to drop by 12,600 MT or 18% to 56,400 MT as compared to 69,000 MT in the preceding quarter. The drop in production was mainly due to seasonal factors after recording high yield performance in the period from March to June 2020, particularly for the Group’s estates in Sabah. The drop in production was broadly in line with the National and Sabah FFB yield trend as published by MPOB.

### **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 year ended 31 January 2021 except for issuance of 2,400 new ordinary shares arising from exercise of Warrants.

As at 31 January 2021, the Company held as treasury shares a total of 1,806,000 of its 935,415,732 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 January 2021 was 46,675,210.

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### A6. Dividends paid

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

- (a) An interim single tier dividend of 4 sen per ordinary share in respect of the financial year 2021 was paid on 18 November 2020.

### A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	Year ended		Year ended	
	31/01/2021	31/01/2020	31/01/2021	31/01/2020
	RM'000	RM'000	RM'000	RM'000
Plantation operations	143,143	101,910	71,147	26,499
Milling operations	945,308	662,943	73,766	32,209
	1,088,451	764,853	144,913	58,708
Add/(Less):				
Inter-segment adjustments and eliminations	(116,774)	(85,228)	561	2,501
	971,677	679,625	145,474	61,209
Add/(Less):				
Unallocated expenses			(8,396)	(8,500)
Finance income			8,482	8,389
Finance costs			(1,009)	(709)
Profit before tax			144,551	60,389
Tax expenses			(33,930)	(15,400)
Profit for the year			110,621	44,989

### A8. Material subsequent events

As at 12 April 2021, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for the following:

Pursuant to the announcement made to Bursa on 3 February 2021 pertaining to acquisition 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., Suhenson Estate Sdn. Bhd. ("SESB"), a wholly owned subsidiary of the Company, has on 9 February 2021 taken over and entered into possession of four (4) pieces of the lands which have been duly registered in the name of SESB whilst pending the fulfillment of all Conditions Precedent by the Vendors.

Total area taken over is 2,722 acres which is equivalent to 95% of the total gross land area of approximately 2,862 acres under the Acquisitions.

Barring any unforeseen circumstances, the Acquisitions are expected to be completed in the second quarter of year 2021.

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### **A9. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current financial year-to-date, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

### **A10. Contingent liabilities or Contingent assets**

There have been no material changes in contingent liabilities or contingent assets at Group level since the end of last annual reporting period at 31 January 2020.



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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 RM971.68 million and RM144.55 million respectively for the financial year ended 31 January 2021, as compared to RM679.63 million and RM60.39 million respectively for the corresponding period last year. The remarkable performance for the current financial year was mainly due to higher average selling prices of FFB and CPO by 33% and 30% respectively. In addition, FFB and CPO production was also higher by 6% and 13% respectively. Further information and statistics are tabulated below:

	Individual Period (4 <sup>th</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2021	31/01/2020		31/01/2021	31/01/2020	
<b>(A) Financial Data:</b>	RM'000	RM'000		RM'000	RM'000	
Revenue	253,739	181,033	40%	971,677	679,625	43%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	27,156	14,867	83%	180,511	95,249	90%
Profit before interest and tax	17,385	6,317	175%	145,560	61,098	138%
Profit before tax	16,971	6,161	175%	144,551	60,389	139%
Profit after tax	13,999	2,740	411%	110,621	44,989	146%
Profit attributable to ordinary equity holders of the Company	9,996	2,354	325%	94,891	41,061	131%
<b>(B) Statistics:</b>						
<b>Plantation</b>						
FFB production (MT)	56,355	53,056	6%	276,634	260,512	6%
FFB yield per hectare (MT/Ha)	4.74	3.90	22%	22.41	19.20	17%
Average FFB selling price (RM/MT)	718	525	37%	520	391	33%
<b>Palm Oil Milling</b>						
CPO production (MT)	56,274	55,353	2%	280,493	247,659	13%
CPO sold (MT)	60,591	57,746	5%	292,053	268,070	9%
CPO extraction rate (%)	20.95	21.56	(3%)	21.14	21.72	(3%)
Average CPO price (RM/MT)	3,464	2,586	34%	2,755	2,118	30%

As at 31 January 2021, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,857 hectares. The age profile of planted area can be analysed as follows:

- < 3 years (Immature): 21%
- 3 – 6 years (Young mature): 5%
- 7 – 15 year (Prime mature): 32%
- 16 – 20 years (Old mature): 16%
- > 20 years (Pre-replanting): 26%

During the current year to-date, the Group has carried out replanting of about 1,100 hectares.

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

	Individual Period (4 <sup>th</sup> quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2021	31/01/2020		31/01/2021	31/01/2020	
<b>Revenue:</b>	RM'000	RM'000		RM'000	RM'000	
Plantation	39,854	27,832	43%	143,143	101,910	40%
Milling	245,789	175,470	40%	945,308	662,943	43%
	<b>285,643</b>	<b>203,302</b>	<b>41%</b>	<b>1,088,451</b>	<b>764,853</b>	<b>42%</b>
<b>Results:</b>						
Plantation	24,584	8,871	177%	71,147	26,499	168%
Milling	(3,198)	1,491	(314%)	73,766	32,209	129%
	<b>21,386</b>	<b>10,362</b>	<b>106%</b>	<b>144,913</b>	<b>58,708</b>	<b>147%</b>

### Plantation operations

The higher revenue and profit for the current quarter and the year-to-date as compared to the corresponding periods last year were mainly due to higher average FFB selling price by 37% and 33% for the respective period.

Despite the FFB production for the year-to-date only increased by 6% partly due to ongoing replanting programme, the FFB yield per Ha has been better by 17% as compared to last year corresponding period.

The plantation operations did not face problem in selling its FFB production as most of the produce was supplied to mills within the Group.

### Palm oil milling operations

The higher revenue and profit from the milling operations for the current quarter and the year-to-date as compared to the corresponding periods last year were mainly contributed by higher average CPO selling price by 34% and 30% for the respective periods and better processing margin. For the year-to-date, the quantity of CPO sold had also increased by 9%.

A loss of RM3.12 million was suffered during the current quarter mainly due to the lower-than-expected FFB intake and CPO extraction rate. Shortage of crop supply has led to stiff competitive and more aggressive pricing strategy which had caused impact on processing margin. In addition, an impairment of assets of RM1.60 million was recognised in the current quarter.

Excluding the insurance compensation of RM7.62 million for the fire incident in June 2019 recognised as other income in the second quarter, the profit from milling operations for the current year-to-date of RM66.15 million was remarkably more than double of the RM32.21 million recorded in the corresponding period last year. Lower profit in preceding year was partly due to disruption to operations at Kota Tinggi mill caused by fire incident.

In addition, revenue of RM5.13 million has been generated from supplying power to TNB grid for the current year-to-date.

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

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Overall, the profit before tax of RM144.55 million achieved for the current financial year was impressive and it was 139% better than the profit before tax of RM60.39 million recorded for the preceding financial year 2020.

Although the Malaysia government has implemented the Movement Control Order (“MCO”) since 18 March 2020 to curb the spread of COVID-19, the plantations and palm oil milling operations of the Group have been running largely as usual during the financial year as the Group’s principal activities are classified as essential services.

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

The PBT for the current quarter was RM16.97 million which was 62% lower than RM44.64 million achieved in the preceding quarter ended 31 October 2020.

Despite a 18% drop in FFB production, the plantation operation benefited from the 31% higher FFB selling price. As a result, the profit contribution increased by RM5.17 million or 27% from RM19.41 million to RM24.58 million.

As for the milling operations, both of the CPO production and sold quantity dropped by 25% which adversely affected the performance in terms of revenue and profitability. Shortage of crop supply in the current quarter has led to stiff competitive and more aggressive pricing strategy which had caused impact on processing margin. Lower profit was also due to recognition of impairment of assets of RM1.6 million.

Total FFB processed has dropped by 24% to 269,000 MT as compared to 354,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/01/2021	31/10/2020	
<b>(A) Financial Data:</b>	RM'000	RM'000	
Revenue	253,739	278,600	(9%)
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	27,156	53,321	(49%)
Profit before interest and tax	17,385	45,003	(61%)
Profit before tax	16,971	44,642	(62%)
Profit after tax	13,999	33,733	(59%)
Profit attributable to ordinary equity holders of the Company	9,996	28,835	(65%)
<b>(B) Statistics:</b>			
<b>Plantation</b>			
FFB production (MT)	56,355	68,990	(18%)
FFB yield per hectare (MT/Ha)	4.74	5.70	(17%)
Average FFB selling price (RM/MT)	718	548	31%
<b>Palm Oil Milling</b>			
CPO production (MT)	56,274	75,498	(25%)
CPO sold (MT)	60,591	81,195	(25%)
CPO oil extraction rate (%)	20.95	21.30	(2%)
Average CPO price (RM/MT)	3,464	2,865	21%

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

On 9 February 2021, the Group took over and entered into possession of 2,722 acres which is equivalent to 95% of total 2,862 acres of oil palm plantation lands under the Acquisitions 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.

It is expected that additional 30,000 MT of FFB could be produced from the above-mentioned lands.

Barring any further unforeseen circumstances, the Acquisitions are expected to be completed in the second quarter of year 2021.

Therefore, the management forecasts the FFB production for the financial year ending 31 January 2022 to be about 10% higher than the quantity achieved in the financial year 2021 after taking into consideration of the impact of ongoing replanting programme.

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

In view of the Group's principal activities are classified as essential services, the plantations and palm oil milling operations of the Group have been running largely as usual since implementation of MCO.

The management acknowledges that COVID-19 pandemic has caused serious impact on the global economy and unprecedented volatility in crude oil commodity price in year 2020. With the recent development and vaccination progress worldwide as well as in the country, the management will still remain vigilant and resilient upon dealing with challenges and any potential adverse impact arising from COVID-19 pandemic on the operations of the Group. Nevertheless, the impact of COVID-19 pandemic on the operations of the Group is not expected to be significant based on current observation.

With the recent sharp increase in CPO commodity price to the current level of above RM4,000 per MT in the light of low inventory level, the management is of the view that the Group's plantation operations will continue to benefit significantly from high CPO price despite a low FFB production is expected in the first quarter due to seasonal factor on cropping trend.

Nevertheless, the management will continue to observe closely the movement of CPO commodity price and take necessary actions to mitigate the risk exposure arising from volatility of commodity price, including hedging to lock in selling price of projected FFB produce. However, CPO price is also generally susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries.

Based on the above, we foresee the Group would be able to perform satisfactorily for the financial year 2022.

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

This is not applicable.

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**B5. Income tax**

	Current Quarter Ended 31/01/2021 RM'000	Financial Year-to-date Ended 31/01/2021 RM'000
<b>Malaysian Income Tax</b>		
- Current year	688	28,234
- Underprovision in prior years	-	1,535
	688	29,769
<b>Deferred tax</b>		
- Current year	2,119	3,996
- Overprovision of liabilities in prior years	(125)	(125)
- Overprovision of assets in prior years	290	290
	2,284	4,161
	<u>2,972</u>	<u>33,930</u>

**B6. Status of corporate proposals**

There is no outstanding corporate proposal as at 12 April 2021.

**B7. Group borrowings and debt securities**

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

	As at 31/01/2021 RM'000	As at 31/01/2020 RM'000
Short term borrowings:		
Overdrafts	1,238	2,169
Revolving credit	7,500	7,500
Term loans	2,950	4,020
	<u>11,688</u>	<u>13,689</u>
Long term borrowings:		
Term loans	<u>37,620</u>	<u>570</u>

- (a) There were no unsecured interest bearing borrowing as at 31 January 2021.
- (b) The Group has drawn down a term loan of RM40 million during the current year. Other movements in terms loans were due to repayments.
- (c) Weighted average interest rate of borrowings as at 31 January 2021 was 3.42%. There is no borrowing that is based on fixed interest rate.

**B8. Material litigation**

As at 12 April 2021, there were no material litigations against the Group.

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### B9. Dividend

The Board is pleased to propose a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2021 subject to shareholders' approval at the forthcoming 46<sup>th</sup> Annual General Meeting.

- (a) (i) amount per share: 3 sen single tier;
  - (ii) previous corresponding period: Nil;
  - (iii) date of payment: 30 August 2021; and
  - (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 13 August 2021; and
- (b) total dividend for the current financial year: 10 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 financial year by the weighted average number of ordinary shares in issue during the current quarter and the financial year respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 31/01/2021	Financial Year-to-date Ended 31/01/2021
Net profit for the period/year	(RM'000)	9,996	94,891
Weighted average number of ordinary shares in issue	('000)	933,608	933,607
Basic EPS	(sen)	1.07	10.16

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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 financial year by the weighted average number of ordinary shares in issue during the current quarter and the financial 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 31/01/2021	Financial Year-to-date Ended 31/01/2021
Net profit for the period/year	(RM'000)	9,996	94,891
Weighted average number of ordinary shares in issue	('000)	933,608	933,607
Adjustment for dilutive effect of warrants *	('000)	3,966	980
Adjusted weighted average number of shares for Diluted EPS	('000)	937,574	934,587
Diluted EPS	(sen)	1.06	10.15

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

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

	Current Quarter Ended 31/01/2021 RM'000	Financial Year-to-date Ended 31/01/2021 RM'000
(a) Interest income	(3,547)	(8,482)
(b) Other income including investment income	(756)	(9,878)
(c) Interest expense	414	1,009
(d) Depreciation and amortization	8,171	33,351
(e) Provision for and write off of receivables	71	80
(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	1,600	1,600
(i) Foreign exchange (gain)/loss	-	(127)
(j) (Gain) or loss on derivatives	(763)	(866)
(k) Net (gain)/loss arising from changes in fair value of biological assets	686	(53)
(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 no outstanding derivative instruments as at 31 January 2021.

The CPO Futures Contracts entered are for the purpose of hedging the cost of purchase of FFB under the milling operations and the selling price of FFB produce under the plantation operations during the reporting period.

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

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

	Current Quarter Ended 31/01/2021 RM'000	Financial Year-to-date Ended 31/01/2021 RM'000
Net gain on derivatives	763	866

- (a) The gain was arising from the CPO Futures contracts as disclosed in Note B13.
- (b) The gain was caused by favourable movements in CPO price in commodity derivatives market.
- (c) The fair value is calculated by reference to settlement price or closing price quoted at the end of reporting period.

### **B15. Additional Information**

- (a) Receivables

Total receivables as at 31 January 2021 is RM48.79 million of which RM36.09 million is trade in nature with normal trade credit terms of less than 60 days.