

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | INDIVIDUAL QUARTER<br>CURRENT<br>YEAR<br>QUARTER<br>31/01/2022<br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>31/01/2021<br>RM'000 | CUMULATIVE QUARTER<br>CURRENT<br>YEAR<br>TO-DATE<br>31/01/2022<br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br>31/01/2021<br>RM'000 |
|---|--|---|--|--|
| Revenue   | 495,574  | 253,739   | 1,701,662  | 971,677  |
| Cost of sales   | <u>(427,470)</u>   | <u>(222,698)</u>  | <u>(1,434,481)</u>   | <u>(796,887)</u>   |
| Gross profit  | 68,104   | 31,041  | 267,181  | 174,790  |
| Other income  | 3,465  | 4,380   | 12,921   | 19,406   |
| Operating expenses  | (22,317)   | (18,036)  | (67,500)   | (48,636)   |
| Finance costs   | <u>(576)</u>   | <u>(414)</u>  | <u>(1,939)</u>   | <u>(1,009)</u>   |
| Profit before tax   | 48,676   | 16,971  | 210,663  | 144,551  |
| Tax   | <u>(7,599)</u>   | <u>(2,972)</u>  | <u>(42,933)</u>  | <u>(33,930)</u>  |
| <b>Profit for the period</b>                                      | <b><u>41,077</u></b>   | <b><u>13,999</u></b>  | <b><u>167,730</u></b>  | <b><u>110,621</u></b>  |
| <b>Other comprehensive income:</b>                                |  |   |  |  |
| Cash flow hedge   | 1,606  | -   | (6,752)  | -  |
| Tax relating to other comprehensive income                        | (386)  | -   | 1,620  | -  |
| Other comprehensive income for the period, net of tax             | 1,220  | -   | (5,132)  | -  |
| <b>Total comprehensive income for the period</b>                  | <b><u>42,297</u></b>   | <b><u>13,999</u></b>  | <b><u>162,598</u></b>  | <b><u>110,621</u></b>  |
| <b>Profit for the period attributable to:</b>                     |  |   |  |  |
| Owners of the Company   | 31,552   | 9,996   | 137,168  | 94,891   |
| Non-controlling interests   | <u>9,525</u>   | <u>4,003</u>  | <u>30,562</u>  | <u>15,730</u>  |
|   | <b><u>41,077</u></b>   | <b><u>13,999</u></b>  | <b><u>167,730</u></b>  | <b><u>110,621</u></b>  |
| <b>Total comprehensive income for the period attributable to:</b> |  |   |  |  |
| Owners of the Company   | 32,575   | 9,996   | 132,036  | 94,891   |
| Non-controlling interests   | <u>9,722</u>   | <u>4,003</u>  | <u>30,562</u>  | <u>15,730</u>  |
|   | <b><u>42,297</u></b>   | <b><u>13,999</u></b>  | <b><u>162,598</u></b>  | <b><u>110,621</u></b>  |
| <b>Earnings per share (sen):</b>                                  |  |   |  |  |
| - Basic   | 3.27   | 1.07  | 14.48  | 10.16  |
| - Diluted   | 3.26   | 1.06  | 14.46  | 10.15  |
| <b>Dividends per share (sen)</b>                                  | <b>5.00</b>  | <b>3.00</b>   | <b>14.00</b>   | <b>10.00</b>   |

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2021)

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | <b>AS AT<br/>CURRENT<br/>QUARTER<br/>ENDED<br/>31/01/2022<br/>RM'000</b> | <b>AS AT<br/>PRECEDING<br/>FINANCIAL<br/>YEAR ENDED<br/>31/01/2021<br/>RM'000</b> |
|---|--|---|
| <b>ASSETS</b>                                       |  |   |
| <b>Non-current assets</b>                           |  |   |
| Property, plant and equipment                       | 264,944  | 255,814   |
| Bearer plants                                       | 132,985  | 91,467  |
| Right-of-use assets                                 | 337,499  | 287,375   |
| Investment properties                               | 5,810  | 5,876   |
| Deferred tax assets                                 | 6,044  | 3,375   |
| Prepayments   | 3,861  | 26,030  |
|   | 751,143  | 669,937   |
| <b>Current assets</b>                               |  |   |
| Inventories   | 33,754   | 20,464  |
| Biological assets                                   | 5,843  | 3,181   |
| Receivables   | 58,812   | 48,791  |
| Prepayments   | 2,300  | 3,145   |
| Tax recoverable                                     | 2,629  | 2,990   |
| Short term funds                                    | 102,277  | 105,868   |
| Cash and bank balances                              | 308,513  | 232,104   |
|   | 514,128  | 416,543   |
| <b>TOTAL ASSETS</b>                                 | <u>1,265,271</u>   | <u>1,086,480</u>  |
| <b>EQUITY AND LIABILITIES</b>                       |  |   |
| <b>Current liabilities</b>                          |  |   |
| Payables and accruals                               | 132,942  | 69,479  |
| Interest bearing borrowings (secured)               | 10,885   | 11,688  |
| Dividend payable                                    | 38,616   | 28,008  |
| Derivatives   | 8,235  | -   |
| Tax payable   | 7,680  | 5,483   |
|   | 198,358  | 114,658   |
| <b>Net current assets</b>                           | <u>315,770</u>   | <u>301,885</u>  |
| <b>Non-current liabilities</b>                      |  |   |
| Interest bearing borrowings (secured)               | 55,482   | 37,620  |
| Deferred tax liabilities                            | 91,318   | 90,044  |
|   | 146,800  | 127,664   |
| <b>Total liabilities</b>                            | <u>345,158</u>   | <u>242,322</u>  |
| <b>Net assets</b>                                   | <u>920,113</u>   | <u>844,158</u>  |
| <b>Equity attributable to owners of the Company</b> |  |   |
| Share capital                                       | 362,965  | 318,437   |
| Reserves  | 449,052  | 432,463   |
| Treasury shares                                     | (1,626)  | (1,626)   |
|   | 810,391  | 749,274   |
| <b>Non-controlling interests</b>                    | 109,722  | 94,884  |
| <b>Total equity</b>                                 | <u>920,113</u>   | <u>844,158</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <u>1,265,271</u>   | <u>1,086,480</u>  |
| <b>Net assets per share (RM)</b>                    | 0.84   | 0.80  |

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2021)

**KIM LOONG RESOURCES BERHAD**

(Registration No. 197501000991 (22703-K))

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

|  | Attributable to owners of the Company |                 |                  |                 | Non-controlling interests | Total equity   |
|--|---------------------------------------|-----------------|------------------|-----------------|---------------------------|----------------|
|  | Non-distributable                     |                 | Distributable    |                 |                           |                |
|  | Share capital                         | Hedging reserve | Retained profits | Treasury shares | Total                     |                |
|  | RM'000                                | RM'000          | RM'000           | RM'000          | RM'000                    | RM'000         |
| <b>Year ended</b>                                    |                                       |                 |                  |                 |                           |                |
| <b><u>31 January 2022</u></b>                        |                                       |                 |                  |                 |                           |                |
| <b>Balance as at 1 February 2021</b>                 | 318,437                               | -               | 432,463          | (1,626)         | 749,274                   | 94,884         |
| Profit or loss                                       | -                                     | -               | 137,168          | -               | 137,168                   | 30,562         |
| Other comprehensive income                           | -                                     | (5,132)         | -                | -               | (5,132)                   | -              |
| <b>Total comprehensive income for the year</b>       | -                                     | (5,132)         | 137,168          | -               | 132,036                   | 30,562         |
| Dividends  | -                                     | -               | (115,447)        | -               | (115,447)                 | (15,724)       |
| Issuance of shares arising from exercise of Warrants | 44,528                                | -               | -                | -               | 44,528                    | -              |
| <b>Total for transactions with owners</b>            | 44,528                                | -               | (115,447)        | -               | (70,919)                  | (15,724)       |
| <b>Balance as at 31 January 2022</b>                 | <u>362,965</u>                        | <u>(5,132)</u>  | <u>454,184</u>   | <u>(1,626)</u>  | <u>810,391</u>            | <u>109,722</u> |
| <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         |
| Profit or loss                                       | -                                     | -               | 94,891           | -               | 94,891                    | 15,730         |
| <b>Total comprehensive income for the year</b>       | -                                     | -               | 94,891           | -               | 94,891                    | 15,730         |
| Dividends  | -                                     | -               | (65,353)         | -               | (65,353)                  | (8,140)        |
| Issuance of shares arising from exercise of Warrants | 4                                     | -               | -                | -               | 4                         | -              |
| <b>Total for transactions with owners</b>            | 4                                     | -               | (65,353)         | -               | (65,349)                  | (8,140)        |
| <b>Balance as at 31 January 2021</b>                 | <u>318,437</u>                        | <u>-</u>        | <u>432,463</u>   | <u>(1,626)</u>  | <u>749,274</u>            | <u>94,884</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**

|   | Year<br>ended<br>31/01/2022<br>RM'000 | Year<br>ended<br>31/01/2021<br>RM'000 |
|---|---------------------------------------|---------------------------------------|
| <b>Operating activities</b>   |                                       |                                       |
| Cash receipts from customers  | 1,688,148                             | 974,234                               |
| Rental received   | 288                                   | 189                                   |
| Interest received   | 5,440                                 | 6,886                                 |
| Cash paid to suppliers and employees  | (1,426,252)                           | (795,760)                             |
| Cash generated from operations  | 267,624                               | 185,549                               |
| Interest paid   | (1,940)                               | (980)                                 |
| Tax paid  | (40,149)                              | (26,690)                              |
| Net cash from operating activities  | 225,535                               | 157,879                               |
| <b>Investing activities</b>   |                                       |                                       |
| Fixed deposits  | (11)                                  | (16)                                  |
| Government grant received   | -                                     | 2,246                                 |
| Proceeds from disposal of property, plant and equipment                             | 735                                   | 19                                    |
| Acquisition of property, plant and equipment, bearer plants and right-of-use assets | (99,075)                              | (55,091)                              |
| Net proceeds from compulsory acquisition  | 2,978                                 | -                                     |
| Net withdrawal from/(investments in) short term funds                               | 4,702                                 | (10,685)                              |
| Sundry advances   | (258)                                 | (600)                                 |
| Net cash used in investing activities   | (90,929)                              | (64,127)                              |
| <b>Financing activities</b>   |                                       |                                       |
| Proceeds from issuance of shares  | 44,528                                | 4                                     |
| Drawdown of bank borrowings   | 30,000                                | 40,000                                |
| Repayments of bank borrowings   | (12,092)                              | (4,020)                               |
| Dividends paid to shareholders of the Company                                       | (104,839)                             | (37,345)                              |
| Dividends paid to non-controlling interests in subsidiary companies                 | (14,956)                              | (8,140)                               |
| Net cash used in financing activities   | (57,359)                              | (9,501)                               |
| <b>Net increase in cash and cash equivalents</b>                                    | <b>77,247</b>                         | <b>84,251</b>                         |
| <b>Cash and cash equivalents at beginning of year</b>                               | <b>230,258</b>                        | <b>145,880</b>                        |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                 | <b>-</b>                              | <b>127</b>                            |
| <b>Cash and cash equivalents at end of year (Note a)</b>                            | <b>307,505</b>                        | <b>230,258</b>                        |
| <b>Note a : Cash and cash equivalents at end of year</b>                            |                                       |                                       |
| Cash on hand and cash in banks  | 172,894                               | 122,496                               |
| Deposits with licensed banks  | 135,619                               | 109,608                               |
| Cash and bank balances  | 308,513                               | 232,104                               |
| Less: Bank overdrafts   | (389)                                 | (1,238)                               |
| Less: Fixed deposit pledged   | (619)                                 | (608)                                 |
| Cash and cash equivalents   | 307,505                               | 230,258                               |

(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 ended 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 67,500 MT which was 4% lower than production recorded in the preceding quarter. The Group’s FFB production records have shown significant recovery from the very low record in February 2021, remained steady in the second and third quarters and declined gradually in the fourth quarter. 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 year ended 31 January 2022 except for issuance of 31,805,588 new ordinary shares pursuant to exercise of 31,805,588 Warrants.

As at 31 January 2022, the Company held as treasury shares a total of 1,806,000 of its 967,221,320 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 January 2022 was 14,869,622.

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

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- (c) An interim single tier dividend of 5 sen per ordinary share in respect of the financial year 2022 was paid on 18 November 2021.

### A7. Segmental information

Major segments by activity:-

|  | Revenue          |                | Results        |                |
|--|------------------|----------------|----------------|----------------|
|  | Year ended       |                | Year ended     |                |
|  | 31/01/2022       | 31/01/2021     | 31/01/2022     | 31/01/2021     |
|  | RM'000           | RM'000         | RM'000         | RM'000         |
| Plantation operations                      | 213,271          | 143,143        | 120,326        | 71,147         |
| Milling operations                         | 1,663,794        | 945,308        | 96,452         | 73,766         |
|  | 1,877,065        | 1,088,451      | 216,778        | 144,913        |
| Add/(Less):                                |                  |                |                |                |
| Inter-segment adjustments and eliminations | (175,403)        | (116,774)      | (1,537)        | 561            |
|  | <u>1,701,662</u> | <u>971,677</u> | 215,241        | 145,474        |
| Add/(Less):                                |                  |                |                |                |
| Unallocated expenses                       |                  |                | (8,088)        | (8,396)        |
| Finance income                             |                  |                | 5,449          | 8,482          |
| Finance costs                              |                  |                | (1,939)        | (1,009)        |
| Profit before tax                          |                  |                | 210,663        | 144,551        |
| Tax expenses                               |                  |                | (42,933)       | (33,930)       |
| Profit for the year                        |                  |                | <u>167,730</u> | <u>110,621</u> |

### A8. Material subsequent events

As at 24 March 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 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 RM1.70 billion and RM210.66 million respectively for the financial year ended 31 January 2022, as compared to RM971.68 million and RM145.55 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 60% and 63% respectively. On the other hand, FFB production was lower by 4% whilst the CPO production had increased by 11%. 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 (%) |
|   | 31/01/2022                                  | 31/01/2021             |             | 31/01/2022           | 31/01/2021                     |             |
| <b>(A) Financial Data:</b>  | RM'000                                      | RM'000                 |             | RM'000               | RM'000                         |             |
| Revenue   | 495,574                                     | 253,739                | 95%         | 1,701,662            | 971,677                        | 75%         |
| Earnings before interest, tax, depreciation and amortisation (“EBITDA”) | 58,742                                      | 27,156                 | 116%        | 248,481              | 180,511                        | 38%         |
| Profit before interest and tax  | 49,252                                      | 17,385                 | 183%        | 212,602              | 145,560                        | 46%         |
| Profit before tax   | 48,676                                      | 16,971                 | 187%        | 210,663              | 144,551                        | 46%         |
| Profit after tax  | 41,077                                      | 13,999                 | 193%        | 167,730              | 110,621                        | 52%         |
| Profit attributable to ordinary equity holders of the Company           | 31,552                                      | 9,996                  | 216%        | 137,168              | 94,891                         | 45%         |
| <b>(B) Statistics:</b>  |   |                        |             |                      |                                |             |
| <b>Plantation</b>   |   |                        |             |                      |                                |             |
| FFB production (MT)   | 67,526                                      | 56,355                 | 20%         | 265,037              | 276,634                        | (4%)        |
| FFB yield per hectare (MT/Ha)   | 5.20  | 4.74                   | 10%         | 20.59                | 22.41                          | (8%)        |
| Average FFB selling price (RM/MT)                                       | 930   | 718                    | 30%         | 832                  | 520                            | 60%         |
| <b>Palm Oil Milling</b>   |   |                        |             |                      |                                |             |
| CPO production (MT)   | 78,704                                      | 56,274                 | 40%         | 311,752              | 280,493                        | 11%         |
| CPO sold (MT)   | 77,963                                      | 60,591                 | 29%         | 312,134              | 292,053                        | 7%          |
| CPO extraction rate (%)   | 21.14                                       | 20.95                  | 1%          | 21.04                | 21.14                          | (0%)        |
| Average CPO price (RM/MT)   | 5,118                                       | 3,464                  | 48%         | 4,488                | 2,755                          | 63%         |

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

- < 3 years (Immature): 18%
- 3 – 6 years (Young mature): 7%
- 7 – 15 years (Prime mature): 29%
- 16 – 20 years (Old mature): 19%
- > 20 years (Pre-replanting): 27%



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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 520 hectares.

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 (%) |
|                 | 31/01/2022                                  | 31/01/2021             |             | 31/01/2022           | 31/01/2021                     |             |
| <b>Revenue:</b> | RM'000                                      | RM'000                 |             | RM'000               | RM'000                         |             |
| Plantation      | 60,043                                      | 39,854                 | 51%         | 213,271              | 143,143                        | 49%         |
| Milling         | 485,550                                     | 245,789                | 98%         | 1,663,794            | 945,308                        | 76%         |
|                 | <b>545,593</b>                              | <b>285,643</b>         | <b>91%</b>  | <b>1,877,065</b>     | <b>1,088,451</b>               | <b>72%</b>  |
| <b>Results:</b> |   |                        |             |                      |                                |             |
| Plantation      | 35,933                                      | 24,584                 | 46%         | 120,326              | 71,147                         | 69%         |
| Milling         | 21,302                                      | (3,198)                | nm          | 96,452               | 73,766                         | 31%         |
|                 | <b>57,235</b>                               | <b>21,386</b>          | <b>168%</b> | <b>216,778</b>       | <b>144,913</b>                 | <b>50%</b>  |

nm = not meaningful.

### **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 30% and 60% respectively. As a result of higher production and selling price, the profit for the current quarter was RM35.93 million representing a 46% increase as compared to the corresponding period last year. For the year-to-date, the profit achieved was RM120.33 million which was 69% higher than the preceding year.

The Group's FFB production in the current year has dropped 4% as compared to the preceding year and amongst the estates within the Group, the estates in Keningau, Sabah have suffered a significant drop of 36,000 MT in FFB production in the current year, representing a 25% drop in production yield per hectare as compared to the preceding year 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 26,000 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 contributed by higher sales volume and 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.

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The profit achieved for the current quarter was RM21.30 million as compared to a loss of RM3.20 million suffered in previous year corresponding quarter. Increase in profit was mainly due to better processing margin contributed by higher volume of production and uptrend of CPO price. As for the current year-to-date, the profit of RM96.45 million was 46% higher than RM66.15 million (excluding insurance compensation of RM7.62 million for the fire incident in June 2019) for the corresponding period last year.

The revenue generated from supplying power to TNB grid from our biogas plant for the current year-to-date was RM5.20 million as compared to RM5.13 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 RM48.68 million which was 21% lower than RM61.30 million achieved in the preceding quarter ended 31 October 2021.

With higher average FFB selling price, the profit from plantation operations has improved by 69% or RM14.70 million to RM35.93 million as compared to RM21.23 million in the preceding quarter. Lower profit in preceding quarter was mainly due to a fair value loss of RM14.07 million arising from fair value changes in commodity derivatives recognised as other expenses in that quarter.

For the milling operations, lower FFB throughput and lower oil extraction rate were recorded in the current quarter, hence the profit from milling operations have dropped by 45% or RM17.50 million as compared to RM38.80 million recorded for the preceding quarter.

Total FFB processed has declined by 11% to 372,000 MT as compared to 420,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

|   | Current Quarter | Immediate Preceding Quarter | Changes (%) |
|---|-----------------|-----------------------------|-------------|
|   | 31/01/2022      | 31/10/2021                  |             |
| <b>(A) Financial Data:</b>  | RM'000          | RM'000                      |             |
| Revenue   | 495,574         | 492,804                     | 1%          |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | 58,742          | 71,358                      | (18%)       |
| Profit before interest and tax  | 49,252          | 61,894                      | (20%)       |
| Profit before tax   | 48,676          | 61,298                      | (21%)       |
| Profit after tax  | 41,077          | 49,819                      | (18%)       |
| Profit attributable to ordinary equity holders of the Company           | 31,552          | 41,087                      | (23%)       |
| <b>(B) Statistics:</b>  |                 |                             |             |
| <b>Plantation</b>   |                 |                             |             |
| FFB production (MT)   | 67,526          | 70,332                      | (4%)        |
| FFB yield per hectare (MT/Ha)   | 5.20            | 5.32                        | (2%)        |
| Average FFB selling price (RM/MT)                                       | 930             | 814                         | 14%         |
| <b>Palm Oil Milling</b>   |                 |                             |             |
| CPO production (MT)   | 78,704          | 89,541                      | (12%)       |
| CPO sold (MT)   | 77,963          | 88,679                      | (12%)       |
| CPO oil extraction rate (%)   | 21.14           | 21.35                       | (1%)        |
| Average CPO price (RM/MT)   | 5,118           | 4,630                       | 11%         |

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### B3. Current financial year prospects

The management forecasts the FFB production for the financial year ending 31 January 2023 could be 15% higher than the quantity achieved in the financial year 2022 if the labour shortage problem do not deteriorate further.

As for palm oil milling operations, the management expects a total processing quantity of about 1.50 million MT of FFB for the current financial year which is close to the financial year 2022. We also expect our biogas plants at Keningau and Telupid to commence operations to supply power to grid by end of second quarter of the financial year 2023.

The recent development and vaccination progress worldwide as well as in the country has given direction that the COVID-19 pandemic is transiting to endemic phase. Nevertheless, the management will still 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 American for the past few months and Russian's military aggression in Ukraine since February 2022, the prices of many commodities and vegetable oils have surged to a very high level. Under a volatile market condition, CPO price also jumped to its unprecedented level above RM8,000 per MT early March 2022. The CPO price has been traded in a very volatile manner recently and the movement of CPO price has become highly unpredictable, hence the Group will continue to monitor the impact of volatile pricing on the performance of the Group.

The management expects the average CPO price for first half of the year to remain above RM5,000 per MT and is of the view that the Group could benefit from the current level of CPO price especially the plantation operations. Having said that, the Group also faces challenges such as significant surge in cost of fertiliser likely caused by high international shipping costs as well as the warfare between Russia and Ukraine, and labour shortage.

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

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

This is not applicable.

### B5. Income tax

|   | Current<br>Quarter<br>Ended<br>31/01/2022<br>RM'000 | Financial<br>Year-to-date<br>Ended<br>31/01/2022<br>RM'000 |
|---|---|--|
| <b>Malaysian Income Tax</b>                   |   |  |
| - Current year                                | 9,928   | 44,071   |
| - Overprovision in prior year                 | (983)   | (1,364)  |
|   | 8,945   | 42,707   |
| <b>Deferred tax</b>                           |   |  |
| - Current year                                | (1,676)   | (104)  |
| - Underprovision of liabilities in prior year | 256   | 256  |
| - Overprovision of assets in prior year       | 74  | 74   |
|   | (1,346)   | 226  |
|   | <u>7,599</u>  | <u>42,933</u>  |

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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 unutilised investment tax allowances and unused tax losses brought forward not previously recognised.

### B6. Status of corporate proposals

There is no outstanding corporate proposal as at 24 March 2022.

### B7. Group borrowings and debt securities

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

|                        | As at<br>31/01/2022<br>RM'000 | As at<br>31/01/2021<br>RM'000 |
|------------------------|-------------------------------|-------------------------------|
| Short term borrowings: |                               |                               |
| Overdrafts             | 389                           | 1,238                         |
| Revolving credit       | 500                           | 7,500                         |
| Term loans             | 9,996                         | 2,950                         |
|                        | <u>10,885</u>                 | <u>11,688</u>                 |
| Long term borrowings:  |                               |                               |
| Term loans             | <u>55,482</u>                 | <u>37,620</u>                 |

- There were no unsecured interest bearing borrowing as at 31 January 2022.
- 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.
- Weighted average interest rate of borrowings as at 31 January 2022 was 3.37%. There is no borrowing that is based on fixed interest rate.

### B8. Material litigation

As at 24 March 2022, there were no material litigations against the Group.

### B9. Dividend

The Board is pleased to propose a final single tier dividend of 5 sen per share in respect of the financial year ended 31 January 2022 subject to shareholders' approval at the forthcoming 47<sup>th</sup> Annual General Meeting.

- amount per share: 5 sen single tier;
  - previous corresponding period: 3 sen single tier per share;
  - date of payment: 29 August 2022; and
  - in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at 12 August 2022; and
- total dividend for the current financial year: 14 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 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<br>Quarter<br>Ended<br>31/01/2022 | Financial<br>Year-to-date<br>Ended<br>31/01/2022 |
|--|----------|---|--|
| Net profit for the period/year                         | (RM'000) | 31,552                                    | 137,168  |
| Weighted average number of ordinary<br>shares in issue | ('000)   | 964,749                                   | 947,227  |
| Basic EPS  | (sen)    | 3.27                                      | 14.48  |

#### 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<br>Quarter<br>Ended<br>31/01/2022 | Financial<br>Year-to-date<br>Ended<br>31/01/2022 |
|---|----------|---|--|
| Net profit for the period/year                                | (RM'000) | 31,552                                    | 137,168  |
| Weighted average number of ordinary<br>shares in issue        | ('000)   | 964,749                                   | 947,227  |
| Adjustment for dilutive effect of warrants                    | ('000)   | 2,020                                     | 1,174  |
| Adjusted weighted average number of<br>shares for Diluted EPS | ('000)   | 966,769                                   | 948,401  |
| Diluted EPS   | (sen)    | 3.26                                      | 14.46  |

### 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<br>Quarter<br>Ended<br>31/01/2022<br>RM'000 | Financial<br>Year-to-date<br>Ended<br>31/01/2022<br>RM'000 |
|---|---|--|
| (a) Interest income   | (1,370)   | (5,449)  |
| (b) Other income including investment income                                | (2,260)   | (4,810)  |
| (c) Interest expense  | 576   | 1,939  |
| (d) Depreciation and amortization   | 9,490   | 35,879   |
| (e) Provision for and write off of receivables                              | 1,266   | 1,273  |
| (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   | 156   | 14,567   |
| (k) Net loss/(gain) arising from changes in fair value of biological assets | 165   | (2,662)  |
| (l) Exceptional items   | -   | -  |

### B13. Derivatives

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

| Type of Derivatives | Contractual/<br>Notional<br>Value as at<br>31/01/2022<br>RM'000 | Fair Value<br>Liabilities as at<br>31/01/2022<br>RM'000 |
|---------------------|---|---|
| CPO SWAP contracts  |   |   |
| - Less than 1 year  | 35,760  | 8,235   |
|                     | <u>35,760</u>   | <u>8,235</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.

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

|                                       | Fair value (gains)/losses                           |  |
|---------------------------------------|---|--|
|                                       | Current<br>Quarter<br>Ended<br>31/01/2022<br>RM'000 | Financial<br>Year-to-date<br>Ended<br>31/01/2022<br>RM'000 |
| <u>Type of financial liabilities:</u> |   |  |
| - CPO Futures contracts               | (1,513)   | 17,189   |
| - CPO SWAP contracts                  | 5,042   | 17,389   |
|                                       | 3,529   | 34,578   |

- (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:
- (i) the difference of contract value upon closure or settlement of contracts; and
  - (ii) 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 January 2022 is RM58.81 million of which RM53.12 million is trade in nature with normal trade credit terms of less than 60 days.