KIM LOONG RESOURCES BERHAD
(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/01/2020	31/01/2019	31/01/2020	31/01/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	181,033	198,519	679,625	872,937
Cost of sales	(161,237)	(168,666)	(585,622)	(742,321)
Gross profit	19,796	29,853	94,003	130,616
Other income	3,548	2,446	16,535	12,200
Operating expenses	(17,516)	(19,258)	(49,929)	(53,506)
Finance costs	(156)	(236)	(709)	(1,076)
Profit before tax	5,672	12,805	59,900	88,234
Tax	(3,239)	(10,727)	(15,218)	(28,544)
Profit for the period	2,433	2,078	44,682	59,690
Other comprehensive income:				
Cash flow hedge	-	-	-	-
Tax relating to other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	2,433	2,078	44,682	59,690
Profit for the period attributable to :				
Owners of the Company	2,046	3,148	40,753	52,123
Non-controlling interests	387	(1,070)	3,929	7,567
	2,433	2,078	44,682	59,690
Total comprehensive income for the period attributable to :				
Owners of the Company	2,046	3,148	40,753	52,123
Non-controlling interests	387	(1,070)	3,929	7,567
	2,433	2,078	44,682	59,690
Earnings per share (sen) :				
- Basic	0.22	0.34	4.37	5.58
- Diluted	0.22	0.34	4.37	5.58
Dividends per share (sen)	-	3.00	3.00	6.00

(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 2019)

KIM LOONG RESOURCES BERHAD
(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 31/01/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	259,630	530,872
Bearer plants	82,417	78,094
Land use rights	-	1,880
Right-of-use assets	292,294	-
Deferred tax assets	3,375	3,643
Prepayments	17,858	5,091
	655,574	619,580
Current assets		
Inventories	27,211	50,712
Biological assets	3,128	2,611
Receivables	40,388	31,692
Prepayments	2,592	2,785
Tax recoverable	2,697	3,207
Derivative financial asset	-	263
Short term funds	94,479	78,436
Cash and bank balances	148,641	194,698
	319,136	364,404
TOTAL ASSETS	974,710	983,984
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,433	318,433
Reserves	402,617	417,982
Treasury shares	(1,626)	(1,626)
	719,424	734,789
Non-controlling interests	87,295	91,063
Total equity	806,719	825,852
Non-current liabilities		
Interest bearing borrowings (secured)	570	4,590
Deferred income	1,920	-
Deferred tax liabilities	85,825	85,643
	88,315	90,233
Current liabilities		
Payables and accruals	64,000	51,808
Interest bearing borrowings (secured)	13,689	14,712
Tax payable	1,987	1,379
	79,676	67,899
Total liabilities	167,991	158,132
TOTAL EQUITY AND LIABILITIES	974,710	983,984
Net assets per share (RM)	0.77	0.79

(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 2019)

KIM LOONG RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
		Distributable				
	Share capital	Retained profits	Treasury shares	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended						
<u>31 January 2020</u>						
Balance as at 1 February 2019	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	40,753	-	40,753	3,929	44,682
Total comprehensive income for the year	-	40,753	-	40,753	3,929	44,682
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 a subsidiary company	-	-	-	-	1,056	1,056
Total for transactions with owners	-	(56,118)	-	(56,118)	(7,697)	(63,815)
Balance as at 31 January 2020	318,433	402,617	(1,626)	719,424	87,295	806,719

KIM LOONG RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
		Distributable				
	Share capital	Retained profits	Treasury shares	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended						
31 January 2019						
Balance as at 1 February 2018	318,430	421,875	(1,626)	738,679	91,296	829,975
Profit or loss	-	52,123	-	52,123	7,567	59,690
Total comprehensive income for the year	-	52,123	-	52,123	7,567	59,690
Dividends	-	(56,016)	-	(56,016)	(7,830)	(63,846)
Issuance of shares arising from exercise of Warrants	3	-	-	3	-	3
Issuance of shares to non-controlling interests of subsidiary company	-	-	-	-	30	30
Total for transactions with owners	3	(56,016)	-	(56,013)	(7,800)	(63,813)
Balance as at 31 January 2019	318,433	417,982	(1,626)	734,789	91,063	825,852

(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 2019)

KIM LOONG RESOURCES BERHAD
(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31/01/2020 RM'000	Year ended 31/01/2019 RM'000
Operating activities		
Cash receipts from customers	678,273	882,834
Rental received	170	161
Interest received	8,627	8,804
Cash paid to suppliers and employees	(566,240)	(771,897)
Cash generated from operations	120,830	119,902
Interest paid	(735)	(1,101)
Tax paid	(13,651)	(26,285)
Net cash from operating activities	106,444	92,516
Investing activities		
Fixed deposits	(21)	(22)
Additional investment in existing subsidiary company	*	-
Government grant received	154	-
Proceeds from disposal of property, plant and equipment	961	561
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(69,293)	(29,634)
Net investments in short term funds	(14,676)	(15,484)
Net cash used in investing activities	(82,875)	(44,579)
Financing activities		
Proceeds from issuance of shares	-	3
Proceeds from issuance of shares to non-controlling interests (NCI) in subsidiary companies	264	30
Drawdown of bank borrowings	-	1,000
Repayments of bank borrowings	(4,925)	(8,040)
Dividend paid to shareholders of the Company	(56,016)	(74,688)
Dividend paid to NCI in subsidiary companies	(8,855)	(9,330)
Net cash used in financing activities	(69,532)	(91,025)
Net decrease in cash and cash equivalents	(45,963)	(43,088)
Cash and cash equivalents at beginning of year	191,840	233,982
Effect of exchange rate changes on cash and cash equivalents	3	946
Cash and cash equivalents at end of year (Note a)	145,880	191,840

Note a : Cash and cash equivalents at end of year

Cash on hand and cash in banks	54,688	47,869
Deposits with licensed banks	93,953	146,829
Cash and bank balances	148,641	194,698
Less: Bank overdrafts	(2,169)	(2,287)
Less: Fixed deposit pledged	(592)	(571)
Cash and cash equivalents	145,880	191,840

* 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 2019)

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 2019. 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 2019.

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 2019 except for the adoption of the new and amended MFRSs, annual improvements and IC Interpretation which are relevant to the Group's operations with effect from 1 February 2019 as set out below:

MFRS 9 Prepayment Features with Negative Compensation
(Amendment to MFRS 9)
MFRS 16 Leases
MFRS 128 Long-term Interests in Associates and Joint Ventures
(Amendments to MFRS 128)
Annual Improvements to MFRS Standards 2015 – 2017 Cycle
MFRS 119 Plan Amendment, Curtailment or Settlement
(Amendment to MFRS 119)
IC Interpretation 23: Uncertainty over Income Tax Treatments

The adoption of these new MFRS, amendments and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

MFRS 16 Leases

MFRS 16: Leases supersedes MFRS 117: Leases and the related interpretations. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the "right-of-use" of the underlying asset and the lease liability reflecting future lease payments liabilities in the statement of financial position. The right-of-use asset is depreciated in accordance with the principles in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has adopted MFRS 16 retrospectively from 1 February 2019 using the simplified transition approach and has not restated comparatives for the financial year ended 31 January 2019, as permitted under the standard. The reclassifications and adjustments arising from the new leasing rules are therefore reflected in the opening balance of statement of financial position as at 1 February 2019, being the date of initial application.

As permitted by the exemptions under the standard, the Group has not applied the principles of MFRS 16 to short term leases (a lease with lease term of 12 months or less from date of commencement) and leases for which the underlying asset is of low value.

The impact of adoption of MFRS 16 on operating leases and finance leases are as follows:

a. Leases previously classified as operating leases

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities are measured at the present value of the remaining lease payments and discounted using the lessee’s incremental borrowing rate as of 1 February 2019.

On a lease-by-lease basis, the Group measured the associated right-of-use asset on a retrospective basis either at its carrying amount as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 January 2019.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment by applying MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”.

b. Leases previously classified as finance leases

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use assets and lease liabilities at the date of initial application. The measurement principles of MFRS 16 are then applied after that date. Consequently, reclassifications from property, plant and equipment and land use rights have been made to right-of-use assets at the date of initial application.

The impact of changes in accounting policy on the condensed consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 are as follows:

	As at 31.01.2019 RM’000	Effects on adoption of MFRS 16 RM’000	As at 01.02.2019 (Adjusted) RM’000
Non-current assets			
Property, plant and equipment	530,872	(292,229)	238,643
Land use rights	1,880	(1,880)	-
Right-of-use assets	-	294,109	294,109

There is no impact on the Group’s financial performance for the current financial quarter and year ended 31 January 2020 upon adoption of MFRS 16.

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 2020:

	Effective for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Definition of a Business (Amendments to MFRS 3 Business Combination)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2022
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 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.

However, the Group's FFB production for the current quarter had further dropped by 10,500 MT or 17% to 53,100 MT as compared to the preceding quarter. The drop in production was more severe as compared to the 10% drop in average FFB yield trend of Sabah in where about 75% of the Group's plantations are located. The drop in production was partly due to our replanting programme in the Keningau region and was also likely due to the consequential effects on cropping trend after the strong recovery and high yield performance in the period from the November 2018 to April 2019.

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 2020.

As at 31 January 2020, the Company held as treasury shares a total of 1,806,000 of its 935,413,332 issued ordinary shares.

The outstanding unexercised number of Warrants as at 31 January 2020 was 46,677,610.

A6. Dividends paid

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

(a) A final single tier dividend of 3 sen per ordinary share in respect of the financial year 2019 was paid on 29 August 2019; and

(b) An interim single tier dividend of 3 sen per ordinary share in respect of the financial year 2020 was paid on 21 November 2019.

A7. Segmental information

Major segments by activity:-

	Revenue		**Results**	
	Year ended		Year ended	
	31/01/2020	31/01/2019	31/01/2020	31/01/2019
	RM'000	RM'000	RM'000	RM'000
Plantation operations	101,910	128,885	26,499	43,151
Milling operations	662,943	854,558	31,720	43,370
	764,853	983,443	58,219	86,521
Add/(Less):				
Inter-segment adjustments and eliminations	(85,228)	(110,506)	2,501	1,228
	679,625	872,937	60,720	87,749
Less:				
Unallocated expenses			(8,500)	(7,273)
Finance income			8,389	8,834
Finance costs			(709)	(1,076)
Profit before tax			59,900	88,234
Tax expenses			(15,218)	(28,544)
Profit for the year			44,682	59,690

A8. Material subsequent events

As at 24 March 2020, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for the following:

On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as “the Vendors”) to acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres (“the Acquisitions”). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.

The Acquisitions are not subject to the shareholders’ approval. However, the Acquisitions are subject to the relevant authorities’ approvals such as the Sabah’s Ministry of Agriculture and Fisheries.

Barring any unforeseen circumstances, the Acquisitions are expected to be completed by the third quarter of the year 2020.

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 except for the following:

(i) On 29 March 2019, an indirect wholly-owned subsidiary of the Company, Kim Loong Palm Oil Mills Sdn. Bhd. (“KLPOM”), acquired the remaining 60,000 ordinary shares fully paid in Sungkit Enterprise Sdn. Bhd. (“SESB”), a 98% owned subsidiary of KLPOM, from Prominent Platform Sdn. Bhd. for a total cash consideration of RM1 (“Acquisition”).

As a result of the Acquisition, SESB is now a wholly-owned subsidiary of KLPOM.

(ii) On 3 September 2019, the Company disposed of 2 ordinary shares representing 100% equity interest in Sepulut Plantations Sdn. Bhd. (“SPSB”) to Kim Loong Corporation Sdn. Bhd., a wholly owned subsidiary of the Company, for a total cash consideration of RM2.

There is no change in the effective interest of the Company in SPSB.

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 2019.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Company and its principal subsidiaries

The Group recorded a lower revenue and profit before tax ("PBT") at RM679.63 million and RM59.90 million respectively for the financial year ended 31 January 2020, as compared to RM872.94 million and RM88.23 million respectively for the corresponding period last year. Drop in performance was mainly due to lower FFB and CPO production by 16% and 22% respectively. Further information and statistics are tabulated below:

	Individual Period (4th quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2020	31/01/2019		31/01/2020	31/01/2019	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	181,033	198,519	(9%)	679,625	872,937	(22%)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	14,297	21,463	(33%)	94,679	123,495	(23%)
Profit before interest and tax	5,828	13,041	(55%)	60,609	89,310	(32%)
Profit before tax	5,672	12,805	(56%)	59,900	88,234	(32%)
Profit after tax	2,433	2,078	17%	44,682	59,690	(25%)
Profit attributable to ordinary equity holders of the Company	2,046	3,148	(35%)	40,753	52,123	(22%)
(B) Statistics:						
Plantation						
FFB production (MT)	53,056	94,679	(44%)	260,512	310,082	(16%)
FFB yield per hectare (MT/Ha)	3.90	6.82	(43%)	19.20	21.78	(12%)
Average FFB selling price (RM/MT)	525	346	52%	391	416	(6%)
Palm Oil Milling						
CPO production (MT)	55.353	89,740	(38%)	247,659	316,268	(22%)
CPO sold (MT)	57,746	86,578	(33%)	268,070	329,489	(19%)
CPO oil extraction rate (%)	21.56	21.26	1%	21.72	21.35	2%
Average CPO price (RM/MT)	2,586	1,862	39%	2,118	2,169	(2%)

As at 31 January 2020, the Group's total planted area (excluding land for infrastructure, unplantable land and area under development) is 14,509 hectares. The age profile of planted area can be analysed as follows:

a) < 3 years (Immature) : 11%
b) 3 – 6 years (Young mature) : 6%
c) 7 – 15 year (Prime mature) : 35%
d) 16 – 20 years (Old mature) : 30%
e) > 20 years (Pre-replanting) : 18%

During the current year to-date, the Group has carried out replanting of about 1,400 hectares.

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

	Individual Period (4^{th} quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	31/01/2020	31/01/2019		31/01/2020	31/01/2019	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	27,832	32,791	(15%)	101,910	128,885	(21%)
Milling	175,470	194,351	(10%)	662,943	854,558	(22%)
	203,302	**227,142**	**(10%)**	**764,853**	**983,443**	**(22%)**
Results:						
Plantation	8,871	9,116	(3%)	26,499	43,151	(39%)
Milling	1,002	8,448	(88%)	31,720	43,370	(27%)
	9,873	**17,564**	**(44%)**	**58,219**	**86,521**	**(33%)**

Plantation operations

The lower revenue and profit for the current quarter as compared to the corresponding period last year were mainly due to lower production by 44% despite the fact that the average selling price was 52% higher.

For the year-to-date, lower revenue and profit as compared to the corresponding period last year were mainly due to lower production and selling price by 16% and 6% respectively. An amount of net compensation of RM2.98 million, after deducting incidental expenditure, arising from compulsory land acquisition in year 2013 has been recognized as other income pursuant to the judgment of the Court of Appeal in May 2019.

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 lower revenue and profit from the milling operations for the current quarter as compared to the corresponding period last year was mainly due to drop in CPO production by 38% despite the fact that the average CPO selling price was 39% higher. Low CPO production was due to drop in FFB intake as a result of the oil palm plantations in the vicinity of the operations of the Group's mills were in seasonal low yield cycle.

For the year-to-date, the revenue and profit from the milling operations were also lower as compared to the last year mainly due to CPO production was lower by 22%.

In addition, the performance of milling operations was also affected by the fire incident at our mill at Kota Tinggi, Johor in June 2019 causing disruption to operations for about 1 month. The mill had resumed its full processing capacity in August 2019. Cost of repair and write-off of assets of nearly RM4 million had been recognised accordingly in the income statement but the relevant insurance compensation had not been accrued for at the reporting date pending confirmation from insurance company. Nevertheless, we expect the loss would be substantially covered by insurance.

As a result of unexpected low CPO production at the two mills in Sabah, the Group had faced challenges in meeting contracted schedule for delivery of committed sales to customers.

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

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

The PBT for the current quarter was RM5.67 million which was 70% lower than RM19.16 million achieved in the preceding quarter ended 31 October 2019.

The profit contribution from plantation increased by RM4.31 million or 95% from RM4.56 million to RM8.87 million benefited from 39% higher FFB selling price despite a 17% drop in FFB production.

As for the milling operations, profit has dropped substantially by RM12.51 million or 93% from RM13.51 million to RM1.00 million. The performance was adversely affected by lower FFB intake as a result of low FFB production suffered by plantations. Shortage of crop supply has led to stiff competitive and more aggressive pricing strategy which had caused impact on processing margin. In addition, the cost of repair and write-off of assets of nearly RM4 million arising from the fire incident in June 2019 had been recognised in the current quarter while the relevant insurance compensation had not been accrued for at the reporting date pending confirmation from insurance company.

Furthermore, unexpected shortage of CPO production in meeting contracted delivery schedule of CPO had resulted in negative financial impact during the current quarter while the CPO price was on a rising trend. Total FFB processed has dropped by 17% to 257,000 MT as compared to 310,000 MT in the preceding quarter.

On the other hand, our Kota Tinggi milling operations had commenced supply of power to grid since June 2019 and had contributed revenue of approximately RM1.8 million for the financial year 2020.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/01/2020	31/10/2019	
(A) Financial Data:	RM'000	RM'000	
Revenue	181,033	175,309	3%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	14,297	27,865	(49%)
Profit before interest and tax	5,828	19,330	(70%)
Profit before tax	5,672	19,162	(70%)
Profit after tax	2,433	14,341	(83%)
Profit attributable to ordinary equity holders of the Company	2,046	13,789	(85%)
(B) Statistics:			
Plantation			
FFB production (MT)	53,056	63,544	(17%)
FFB yield per hectare (MT/Ha)	3.90	4.72	(17%)
Average FFB selling price (RM/MT)	525	378	39%
Palm Oil Milling			
CPO production (MT)	55,353	67,699	(18%)
CPO sold (MT)	57,746	72,092	(20%)
CPO oil extraction rate (%)	21.56	21.83	(1%)
Average CPO price (RM/MT)	2,586	2,040	27%

B3. Current financial year prospects

For the financial year ending 31 January 2021, we forecast the FFB production to be about 10% higher than the quantity achieved in the financial year 2020 after taking into consideration of the impending completion of the recent acquisition of landbank and the impact of on-going replanting programme. We expect FFB production yield to recover from the current low level in the second quarter of this year. With the recent acquisition of additional landbank, we expect it would contribute positively in terms of profit as well as production growth.

The management expects the milling operations to achieve similar processing quantity as recorded in the financial year 2020. The performance of the milling operations will also be supplemented by revenue of about RM6 million from supplying power to grid.

With the recent volatile movements in crude oil commodity price and global outbreak of the COVID-19 health crisis, the management remains cautious but positive that the CPO price could hold at above RM2,000 per MT level. However, CPO price is 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 still be able to perform satisfactorily for the financial year 2021.

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

This is not applicable.

B5. Income tax

	Current Quarter Ended 31/01/2020 RM'000	Financial Year-to-date Ended 31/01/2020 RM'000
Malaysian Income Tax		
- Current year	830	14,422
- Underprovision in prior years	5	346
	835	14,768
Deferred tax		
- Current year	2,192	238
- Overprovision of liabilities in prior years	(68)	(68)
- Overprovision of assets in prior years	280	280
	2,404	450
	3,239	15,218

The effective tax rate for the current quarter and year-to-date is higher than the statutory tax rate mainly due certain expenses are not deductible for tax and deferred tax assets for unabsorbed losses brought forward are partially derecognised in view of the uncertainty that sufficient taxable profit will be generated within the maximum 7-year period for utilisation.

B6. Status of corporate proposals

There is no outstanding corporate proposal as at 24 March 2020.

B7. Group borrowings and debt securities

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

	As at 31/01/2020 RM'000	As at 31/01/2019 RM'000
Short term borrowings:		
Overdrafts	2,169	2,287
Revolving credit	7,500	7,500
Term loans	4,020	4,925
	13,689	14,712
Long term borrowings:		
Term loans	570	4,590

(a) There were no unsecured interest bearing borrowing as at 31 January 2020.

(b) The movements in terms loans were due to repayments.

(c) Weighted average interest rate of borrowings as at 31 January 2020 was 5.11%. There is no borrowing that is based on fixed interest rate.

B8. Material litigation

As at 24 March 2020, there were no material litigations against the Group.

B9. Dividend

(a) No final dividend has been recommended for the financial year ended 31 January 2020 (previous corresponding period: 3 sen single tier per share)

(b) Total dividend for the current financial year: 3 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 31/01/2020	Financial Year-to-date Ended 31/01/2020
Net profit for the period/year	(RM'000)	2,046	40,753
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Basic EPS	(sen)	0.22	4.37

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 31/01/2020	Financial Year-to-date Ended 31/01/2020
Net profit for the period/year	(RM'000)	2,046	40,753
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Adjustment for dilutive effect of warrants *	('000)	-	-
Adjusted weighted average number of shares for Diluted EPS	('000)	933,607	933,607
Diluted EPS	(sen)	0.22	4.37

* There is no adjustment as the effect is anti-dilutive.

B11. Profit before tax

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

		Current Quarter Ended 31/01/2020 RM'000	Financial Year-to-date Ended 31/01/2020 RM'000
(a)	Interest income	(2,339)	(8,389)
(b)	Other income including investment income	430	(6,389)
(c)	Interest expense	156	709
(d)	Depreciation and amortization	8,469	34,070
(e)	Provision for and write off of receivables	8	16
(f)	Provision for and write off of inventories	1	1
(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	115	(3)
(j)	(Gain) or loss on derivatives	(1,237)	(110)
(k)	Net (gain)/loss arising from changes in fair value of biological assets	(1,199)	(517)
(l)	Exceptional items	-	-

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 2020.

CPO Futures contracts have been used for the purpose of hedging the cost of purchase of FFB under the milling operations during the reporting period.

CPO Futures and SWAP contracts were also used for the purpose of hedging the sales of FFB 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 31/01/2020 RM'000	Financial Year-to-date Ended 31/01/2020 RM'000
Net gain on derivatives	(1,237)	(110)

(a) The gain/loss was arising from the CPO Futures and SWAP contracts as disclosed in Note B13.

(b) The gain/loss was caused by increase/decrease 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 2020 is RM40.39 million of which RM27.61 million is trade in nature with normal trade credit terms of less than 60 days.