

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2019 RM'000	CURRENT YEAR TO-DATE 30/04/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2019 RM'000
Revenue	201,355	168,966	201,355	168,966
Cost of sales	<u>(156,419)</u>	<u>(138,005)</u>	<u>(156,419)</u>	<u>(138,005)</u>
Gross profit	44,936	30,961	44,936	30,961
Other income	2,908	4,118	2,908	4,118
Operating expenses	(12,051)	(11,984)	(12,051)	(11,984)
Finance costs	<u>(129)</u>	<u>(203)</u>	<u>(129)</u>	<u>(203)</u>
Profit before tax	35,664	22,892	35,664	22,892
Tax	<u>(8,965)</u>	<u>(5,206)</u>	<u>(8,965)</u>	<u>(5,206)</u>
Profit for the period	<u>26,699</u>	<u>17,686</u>	<u>26,699</u>	<u>17,686</u>
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	<u>26,699</u>	<u>17,686</u>	<u>26,699</u>	<u>17,686</u>
Profit for the period attributable to :				
Owners of the Company	22,899	14,506	22,899	14,506
Non-controlling interests	<u>3,800</u>	<u>3,180</u>	<u>3,800</u>	<u>3,180</u>
	<u>26,699</u>	<u>17,686</u>	<u>26,699</u>	<u>17,686</u>
Total comprehensive income for the period attributable to :				
Owners of the Company	22,899	14,506	22,899	14,506
Non-controlling interests	<u>3,800</u>	<u>3,180</u>	<u>3,800</u>	<u>3,180</u>
	<u>26,699</u>	<u>17,686</u>	<u>26,699</u>	<u>17,686</u>
Earnings per share (sen) :				
- Basic	2.45	1.55	2.45	1.55
- Diluted	2.45	1.55	2.45	1.55
Dividends per share (sen)	-	-	-	-

(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)

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT QUARTER ENDED 30/04/2020 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	258,683	260,119
Bearer plants	84,179	82,417
Right-of-use assets	291,065	292,294
Deferred tax assets	3,343	3,375
Prepayments	15,298	17,858
	652,568	656,063
Current assets		
Inventories	32,069	27,211
Biological assets	3,643	3,128
Receivables	43,291	40,318
Prepayments	2,956	2,592
Tax recoverable	602	2,574
Short term funds	98,692	94,479
Cash and bank balances	176,049	148,641
	357,302	318,943
TOTAL ASSETS	1,009,870	975,006
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	318,433	318,433
Reserves	425,824	402,925
Treasury shares	(1,626)	(1,626)
	742,631	719,732
Non-controlling interests	91,094	87,294
Total equity	833,725	807,026
Non-current liabilities		
Interest bearing borrowings (secured)	-	570
Government grant	1,920	1,920
Deferred tax liabilities	85,890	85,883
	87,810	88,373
Current liabilities		
Payables and accruals	68,939	63,931
Interest bearing borrowings (secured)	12,520	13,689
Derivatives	354	-
Tax payable	6,522	1,987
	88,335	79,607
Total liabilities	176,145	167,980
TOTAL EQUITY AND LIABILITIES	1,009,870	975,006
Net assets per share (RM)	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)

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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	
3 months ended 30 April 2020						
Balance as at 1 February 2020	318,433	402,925	(1,626)	719,732	87,294	807,026
Profit or loss	-	22,899	-	22,899	3,800	26,699
Total comprehensive income for the period	-	22,899	-	22,899	3,800	26,699
Balance as at 30 April 2020	<u>318,433</u>	<u>425,824</u>	<u>(1,626)</u>	<u>742,631</u>	<u>91,094</u>	<u>833,725</u>
3 months ended 30 April 2019						
Balance as at 1 February 2019	318,433	417,982	(1,626)	734,789	91,063	825,852
Profit or loss	-	14,506	-	14,506	3,180	17,686
Total comprehensive income for the period	-	14,506	-	14,506	3,180	17,686
Dividends	-	-	-	-	(760)	(760)
Acquisition from non-controlling interests	-	(102)	-	(102)	102	-
Total for transactions with owners	-	(102)	-	(102)	(658)	(760)
Balance as at 30 April 2019	<u>318,433</u>	<u>432,386</u>	<u>(1,626)</u>	<u>749,193</u>	<u>93,585</u>	<u>842,778</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)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/04/2020 RM'000	3 months ended 30/04/2019 RM'000
Operating activities		
Cash receipts from customers	195,837	166,758
Rental received	46	40
Interest received	1,776	2,024
Cash paid to suppliers and employees	(150,970)	(146,442)
Cash generated from operations	46,689	22,380
Interest paid	(137)	(213)
Tax paid	(2,419)	(3,796)
Net cash from operating activities	44,133	18,371
Investing activities		
Fixed deposits	(5)	(6)
Additional investment in existing subsidiary company	-	*
Government grant received	1,680	-
Proceeds from disposal of property, plant and equipment	-	488
Acquisition of property, plant and equipment, bearer plants and right-of-use assets	(9,644)	(8,011)
Net investments in short term funds	(6,749)	(361)
Sundry advances	(400)	-
Net cash used in investing activities	(15,118)	(7,890)
Financing activities		
Repayments of bank borrowings	(1,005)	(1,910)
Dividend paid to NCI in subsidiary companies	-	(760)
Net cash used in financing activities	(1,005)	(2,670)
Net increase in cash and cash equivalents	28,010	7,811
Cash and cash equivalents at beginning of period	145,880	191,840
Effect of exchange rate changes on cash and cash equivalents	127	65
Cash and cash equivalents at end of period (Note a)	174,017	199,716
Note a : Cash and cash equivalents at end of period		
Cash on hand and cash in banks	87,952	48,228
Deposits with licensed banks	88,097	154,928
Cash and bank balances	176,049	203,156
Less: Bank overdrafts	(1,435)	(2,864)
Less: Fixed deposit pledged	(597)	(576)
Cash and cash equivalents	174,017	199,716

* 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 ending 31 January 2021:

	Effective for financial periods beginning on or after
Covid-19 – Related Rent Concessions (Amendments to MFRS 16 Leases)	1 June 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
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
Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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The Group would adopt these new and amended MFRSs 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.

However, the Group’s FFB production for the current quarter had increased by 18,600 MT or 35% to 71,700 MT as compared to the preceding quarter. The jump in production was mainly due to delay of peak crop season, which is normally in the fourth quarter, and shifted to the first quarter of the current financial year in the Group’s mature estates in Sabah where about 75% of the Group’s plantations are located.

A3. Unusual items

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

A4. Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter.

A5. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the first quarter ended 30 April 2020.

As at 30 April 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 30 April 2020 was 46,677,610.

A6. Dividends paid

No dividends have been paid during the current financial year-to-date.

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A7. Segmental information

Major segments by activity:-

	Revenue		Results	
	3 months ended		3 months ended	
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
	RM'000	RM'000	RM'000	RM'000
Plantation operations	32,203	27,649	13,577	7,891
Milling operations	196,000	165,784	20,535	13,758
	228,203	193,433	34,112	21,649
Add/(Less):				
Inter-segment adjustments and eliminations	(26,848)	(24,467)	274	176
	<u>201,355</u>	<u>168,966</u>	34,386	21,825
Add/(Less):				
Unallocated expenses			(313)	(751)
Finance income			1,720	2,021
Finance costs			(129)	(203)
Profit before tax			<u>35,664</u>	<u>22,892</u>
Tax expenses			(8,965)	(5,206)
Profit for the period			<u><u>26,699</u></u>	<u><u>17,686</u></u>

A8. Material subsequent events

As at 24 June 2020, 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 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 RM201.36 million and RM35.66 million respectively for the current quarter ended 30 April 2020, as compared to RM168.97 million and RM22.89 million respectively for the corresponding period last year. The better performance was mainly due to higher FFB and CPO prices by 26% and 25% respectively. Further information and statistics are tabulated below:

	Individual Period (1st quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	30/04/2020	30/04/2019		30/04/2020	30/04/2019	
(A) Financial Data:	RM'000	RM'000		RM'000	RM'000	
Revenue	201,355	168,966	19%	201,355	168,966	19%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	44,230	31,661	40%	44,230	31,661	40%
Profit before interest and tax	35,793	23,095	55%	35,793	23,095	55%
Profit before tax	35,664	22,892	56%	35,664	22,892	56%
Profit after tax	26,699	17,686	51%	26,699	17,686	51%
Profit attributable to ordinary equity holders of the Company	22,899	14,506	58%	22,899	14,506	58%
(B) Statistics:						
Plantation						
FFB production (MT)	71,729	77,968	(8%)	71,729	77,968	(8%)
FFB yield per hectare (MT/Ha)	5.64	5.68	(1%)	5.64	5.68	(1%)
Average FFB selling price (RM/MT)	449	355	26%	449	355	26%
Palm Oil Milling						
CPO production (MT)	66,461	71,378	(7%)	66,461	71,378	(7%)
CPO sold (MT)	65,575	70,899	(8%)	65,575	70,899	(8%)
CPO oil extraction rate (%)	21.55	21.83	(1%)	21.55	21.83	(1%)
Average CPO price (RM/MT)	2,505	1,997	25%	2,505	1,997	25%

As at 30 April 2020, the Group’s total planted area (excluding land for infrastructure, unplanted land and area under development) is 14,477 hectares. The age profile of planted area can be analysed as follows:

- a) < 3 years (Immature) : 12%
- 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) : 17%

During the current year to-date, the Group has carried out replanting of about 160 hectares.

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

	Individual Period (1st quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Quarter	Changes (%)	Current Year To-date	Preceding Corresponding Period	Changes (%)
	30/04/2020	30/04/2019		30/04/2020	30/04/2019	
Revenue:	RM'000	RM'000		RM'000	RM'000	
Plantation	32,203	27,649	16%	32,203	27,649	16%
Milling	196,000	165,784	18%	196,000	165,784	18%
	228,203	193,433	18%	228,203	193,433	18%
Results:						
Plantation	13,577	7,891	72%	13,577	7,891	72%
Milling	20,535	13,758	49%	20,535	13,758	49%
	34,112	21,649	58%	34,112	21,649	58%

Plantation operations

The higher revenue and profit for the current quarter and the year-to-date as compared to the corresponding period last year were mainly due to a 26% higher average FFB selling price despite the fact that production had declined by 8%.

The drop in production was mainly due to replanting programme and lower yield from young mature area. Overall, the FFB yield per Ha had only dropped marginally by 1%.

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 period last year was contributed by 25% higher average CPO selling price and better processing margin.

In addition, revenue of RM1.46 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.

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 since implementation of MCO as the Group's principal activities are classified as essential services.

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

The PBT for the current quarter was RM35.66 million which was significantly higher than RM6.16 million achieved in the preceding quarter ended 31 January 2020.

The profit contribution from plantation increased by RM4.71 million or 53% from RM8.87 million to RM13.58 million benefited from 35% higher FFB production despite a 14% drop in average FFB selling price.

As for the milling operations, profit has jumped significantly from RM1.49 million to RM20.53 million. The good performance of milling operations in the current quarter was due to higher production and better processing margin whilst the performance of the preceding quarter was adversely affected by lower FFB intake as a result of low FFB production suffered by plantations where shortage of crop supply had 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 preceding quarter.

The Group has not recognised the fire incident insurance compensation as it will only be recognised upon confirmation from insurance company.

Total FFB processed has increased by 20% to 308,000 MT as compared to 257,000 MT in the preceding quarter.

Further information and statistics are tabulated below:

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/04/2020	31/01/2020	
(A) Financial Data:	RM'000	RM'000	
Revenue	201,355	181,033	11%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	44,230	14,867	198%
Profit before interest and tax	35,793	6,329	466%
Profit before tax	35,664	6,161	479%
Profit after tax	26,699	2,740	874%
Profit attributable to ordinary equity holders of the Company	22,899	2,354	873%
(B) Statistics:			
Plantation			
FFB production (MT)	71,729	53,056	35%
FFB yield per hectare (MT/Ha)	5.64	3.90	45%
Average FFB selling price (RM/MT)	449	525	(14%)
Palm Oil Milling			
CPO production (MT)	66,461	55,353	20%
CPO sold (MT)	65,575	57,746	14%
CPO oil extraction rate (%)	21.55	21.56	(0%)
Average CPO price (RM/MT)	2,505	2,586	(3%)

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B3. Current financial year prospects

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.

Therefore, the management forecasts the FFB production for the financial year ending 31 January 2021 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.

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.

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. Although the development of COVID-19 is still uncertain, the management will 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 volatile movements in CPO commodity price and recovery from a level near RM2,000 per MT, the management is of the view that CPO price could hold above RM2,400 per MT in near term. 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.

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B5. Income tax

	Current Quarter Ended 30/04/2020 RM'000	Financial Year-to-date Ended 30/04/2020 RM'000
Malaysian Income Tax		
- Current year	8,926	8,926
Deferred tax		
- Current year	39	39
	<u>8,965</u>	<u>8,965</u>

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.

B6. Status of corporate proposals

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

B7. Group borrowings and debt securities

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

	As at 30/04/2020 RM'000	As at 30/04/2019 RM'000
Short term borrowings:		
Overdrafts	1,435	2,864
Revolving credit	7,500	7,500
Term loans	3,585	4,020
	<u>12,520</u>	<u>14,384</u>
Long term borrowings:		
Term loans	-	3,585

(a) There were no unsecured interest bearing borrowing as at 30 April 2020.

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

(c) Weighted average interest rate of borrowings as at 30 April 2020 was 4.55%. There is no borrowing that is based on fixed interest rate.

B8. Material litigation

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

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B9. Dividend

No dividend has been declared or proposed for the current financial period ended 30 April 2020 and previous year corresponding period ended 30 April 2019.

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 first 3 months by the weighted average number of ordinary shares in issue during the current quarter and the first 3 months respectively, excluding treasury shares held by the Company:

		Current Quarter Ended 30/04/2020	Financial Year-to-date Ended 30/04/2020
Net profit for the period	(RM'000)	22,899	22,899
Weighted average number of ordinary shares in issue	('000)	933,607	933,607
Basic EPS	(sen)	2.45	2.45

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 first 3 months by the weighted average number of ordinary shares in issue during the current quarter and the first 3 months 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 30/04/2020	Financial Year-to-date Ended 30/04/2020
Net profit for the period	(RM'000)	22,899	22,899
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)	2.45	2.45

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

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B11. Profit before tax

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

	Current Quarter Ended 30/04/2020 RM'000	Financial Year-to-date Ended 30/04/2020 RM'000
(a) Interest income	(1,720)	(1,720)
(b) Other income including investment income	(546)	(546)
(c) Interest expense	129	129
(d) Depreciation and amortization	8,437	8,437
(e) Provision for and write off of receivables	9	9
(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	(127)	(127)
(j) (Gain) or loss on derivatives	604	604
(k) Net (gain)/loss arising from changes in fair value of biological assets	(515)	(515)
(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 entered into the following derivative instruments which are outstanding as at 30 April 2020:

Type of Derivatives	Contract/Notional Value as at 30 April 2020 RM'000	Fair Value as at 30 April 2020 RM'000
CPO Futures Contract		
- Less than 1 year	4,646	4,292

The CPO Futures Contracts entered are for the purpose of hedging the cost of purchase of FFB under the milling operations.

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

KIM LOONG RESOURCES BERHAD

(Registration No. 197501000991 (22703-K))

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

	Current Quarter Ended 30/04/2020 RM'000	Financial Year-to-date Ended 30/04/2020 RM'000
Loss on derivatives	604	604

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

B15. Additional Information

- (a) Receivables

Total receivables as at 30 April 2020 is RM43.29 million of which RM33.43 million is trade in nature with normal trade credit terms of less than 60 days.