

**KIM LOONG RESOURCES  
BERHAD**

(Company Number : 22703-K)

**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION  
31-10-2004**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2003 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2003 RM'000
1 Revenue	59,019	51,801	182,261	146,135
2 Profit/(loss) before tax	5,714	5,942	14,257	12,187
3 Profit/(loss) after tax and minority interests	4,305	4,822	10,937	10,028
4 Net profit/(loss) for the period	4,305	4,822	10,937	10,028
5 Basic earnings/(loss) per share (sen)	4.03	4.52	10.25	9.39
6 Dividends per share (sen)	-	3.00	3.00	3.00

AS AT END OF CURRENT QUARTER
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AS AT PRECEDING FINANCIAL YEAR END
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7 Net tangible assets per share (RM)		2.07		2.01
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**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2003 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2003 RM'000
Revenue	<u>59,019</u>	<u>51,801</u>	<u>182,261</u>	<u>146,135</u>
Gross profit	9,245	8,189	23,380	18,596
Other operating income	115	206	485	374
Operating expenses	(2,538)	(2,002)	(7,036)	(5,811)
Diminution in value of quoted securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit from operations	6,822	6,393	16,829	13,159
Finance costs	<u>(1,108)</u>	<u>(451)</u>	<u>(2,572)</u>	<u>(972)</u>
<b>Profit before tax</b>	5,714	5,942	14,257	12,187
Tax	<u>(1,605)</u>	<u>(1,702)</u>	<u>(4,184)</u>	<u>(3,607)</u>
<b>Profit after tax</b>	4,109	4,240	10,073	8,580
Minority interests	<u>196</u>	<u>582</u>	<u>864</u>	<u>1,448</u>
<b>Net profit for the period</b>	<u>4,305</u>	<u>4,822</u>	<u>10,937</u>	<u>10,028</u>
<b>Earnings per share (sen) :</b>				
- Basic	4.03	4.52	10.25	9.39
- Diluted	N/A	N/A	N/A	N/A
<b>Dividends per share (sen)</b>	-	3.00	3.00	3.00

**(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2004)**

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AS AT CURRENT QUARTER ENDED 31/10/2004 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2004 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	314,664	311,245
Quoted investments	6,259	6,738
Development expenditure	55	135
Goodwill on consolidation	1,624	1,624
Deferred tax assets	-	-
	322,602	319,742
<b>CURRENT ASSETS</b>		
Inventories	8,349	11,425
Receivables	19,402	8,654
Tax recoverable	1,408	2,256
Cash and bank balances	7,238	1,893
	36,397	24,228
<b>CURRENT LIABILITIES</b>		
Payables	11,673	13,189
Interest bearing borrowings (secured)	15,389	9,986
Dividend payable	2,306	-
Tax payable	661	719
	30,029	23,894
<b>Net Current Assets</b>	6,368	334
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing borrowings (secured)	56,168	53,182
Other borrowings	6,576	8,903
Deferred tax	35,747	34,882
	98,491	96,967
	230,479	223,109
<b>CAPITAL AND RESERVES</b>		
Share capital	106,750	106,750
Reserves	115,587	110,037
	222,337	216,787
<b>Minority interests</b>	8,142	6,322
	230,479	223,109
<b>Net tangible assets per share (RM)</b>	2.07	2.01

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2004)

# KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>9 months ended 31 October 2004</b>	<b>Share capital RM'000</b>	<b>Non-distributable reserves RM'000</b>	<b>Distributable reserve RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 February 2004</b>	106,750	88,610	21,427	216,787
Movements during the period	-	(7)	10,937	10,930
Transfer among reserves	-	(721)	721	-
Dividends	-	-	(5,380)	(5,380)
<b>Balance as at 31 October 2004</b>	<u>106,750</u>	<u>87,882</u>	<u>27,706</u>	<u>222,337</u>
<b>9 months ended 31 October 2003</b>				
<b>Balance as at 1 February 2003</b>				
As previously stated	106,750	41,206	27,842	175,798
Prior year adjustment	-	(108)	(12,176)	(12,284)
As restated	<u>106,750</u>	<u>41,098</u>	<u>15,666</u>	<u>163,514</u>
Movements during the period	-	-	10,028	10,028
Dividends	-	-	(3,075)	(3,075)
<b>Balance as at 31 October 2003</b>	<u>106,750</u>	<u>41,098</u>	<u>22,619</u>	<u>170,467</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 2004)**

# KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 31/10/2004 RM'000	9 months ended 31/10/2003 RM'000
Net cash generated from operating activities	18,238	10,289
Net cash used in investing activities	(18,275)	(32,123)
Net cash generated from financing activities	3,011	26,200
Net increase in cash and cash equivalents	2,974	4,366
Cash and cash equivalents at beginning of period	555	(4,954)
Cash and cash equivalents at end of period (Note a)	<u>3,529</u>	<u>(588)</u>
<b><u>Note a : Cash and cash equivalents at end of period</u></b>		
Cash and bank balances	7,238	7,049
Bank overdrafts	(3,709)	(7,637)
	<u>3,529</u>	<u>(588)</u>

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2004)

# **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

## **EXPLANATORY NOTES**

### **A1. Basis of preparation**

These interim financial statements which are unaudited, have been prepared in accordance with the requirements of MASB 26 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2004. 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 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2004.

### **A2. Audit qualification**

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

### **A3. Seasonal or cyclical factors**

The production of Fresh Fruit Bunches ("FFB") from the estates and palm oil from the mill is normally low during the first quarter of each year. The production will rise in the second quarter, peak in the third quarter and slowly decline in the fourth quarter. The current quarter production of FFB is in line with the above trend.

### **A4. 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.

### **A5. Material changes in estimates**

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

### **A6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date.

## KIM LOONG RESOURCES BERHAD

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### A7. Dividends paid

The gross dividend paid during the current financial year-to-date was 4 sen per ordinary share, less tax, in respect of the final dividend of the financial year 2004 and was paid on 20 September 2004.

### A8. Segmental information

Major segments by activity:-

	<b>Revenue</b>		<b>Results</b>	
	9 months ended		9 months ended	
	31/10/2004	31/10/2003	31/10/2004	31/10/2003
	RM'000	RM'000	RM'000	RM'000
Plantation operations	35,475	22,212	13,271	8,389
Milling operations	158,103	127,378	5,232	5,840
	193,578	149,590	18,503	14,229
Less:				
Inter-segment eliminations	(11,317)	(3,455)	(90)	(92)
	182,261	146,135	18,413	14,137
Less:				
Unallocated expenses			(1,584)	(978)
Profit from operations			16,829	13,159

### A9. Valuation of property, plant and equipment

The valuations of property, plant and equipment stated in the previous annual financial statements have been brought forward without amendment.

### A10. Material subsequent events

There are no material events subsequent to the end of the current financial period that have not been reflected in the financial statements for the current financial period up to 25 December 2004.

## **KIM LOONG RESOURCES BERHAD**

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### **A11. Changes in the composition of the Group**

The changes in the composition of the Group during the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations are as follows:

- (a) On 27 September 2004, the Company incorporated a wholly owned subsidiary company, Kim Loong Technologies Sdn. Bhd. (“KLT”). Currently, the paid-up capital of KLT is RM2 divided into 2 ordinary shares of RM1 each fully paid. KLT has not commenced operations.
- (b) On 27 September 2004, Winsome Yields Sdn. Bhd.(“WYSB”), a 90% owned subsidiary company, incorporated a wholly owned subsidiary company, Winsome Al-Yatama Sdn. Bhd. (“WAY”), with an issued and paid-up capital of RM2 divided into 2 ordinary shares of RM1 each fully paid.

On 5 October 2004, the paid-up capital of WAY was increased to RM1,000,000 divided into 1,000,000 ordinary shares of RM1 each fully paid, out of which 68% is currently owned by WYSB. WAY has commenced its operations of cultivation of oil palm.

- (c) On 11 October 2004, Okidville Plantations Sdn. Bhd.(“OPSB”), a 90% owned subsidiary company, acquired 1 ordinary share in an existing subsidiary company, Winsome Kledang Sdn. Bhd. (“WKSB”). Currently, WKSB is wholly owned by OPSB and has not commenced operations.
- (d) On 18 October 2004, a subsidiary company, Palm Nutraceuticals Sdn. Bhd. (“PNSB”), issued an additional 99,998 ordinary shares of RM1 each, of which 69,998 ordinary shares were allotted to the Company. Currently, the paid-up capital of PNSB is RM100,000 divided into 100,000 ordinary shares of RM1 each fully paid. PNSB is a 70% owned subsidiary of the Company. PNSB has not commenced operations.

### **A12. Contingent liabilities or Contingent assets**

There were no material changes in contingent liabilities at group level since the last annual balance sheet as at 31 January 2004.



**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 revenue and profit before tax (“PBT”) of RM182.26 million and RM14.26 million respectively for the cumulative three quarters ended 31 October 2004, representing an increase of 25% and 17% respectively as compared to last year’s corresponding period.

The 25% increase in revenue of RM36.13 million is contributed by higher palm oil prices as well as higher production from plantation operations. The revenue of the plantation operations has increased by RM13.26 million or 60% to RM35.47 million as compared to last year’s corresponding period of RM22.21 million. The increase is mainly due to better palm oil prices and higher FFB production. The FFB price has increased by 15% whilst the FFB production has increased by approximately 39% due to increased mature acreage and a more productive age profile of the palms. As a result, the profit from the plantation operations increased by 58% or RM4.88 million to RM13.27 million as compared to RM8.39 million in last year’s corresponding period.

The milling operations have recorded an increase of 24% or RM30.73 million in revenue mainly due to higher palm oil prices. Although the average Crude Palm Oil (“CPO”) and Palm Kernel Oil (“PKO”) prices increased by approximately 11% and 58% respectively as compared to last year’s corresponding period, the profit from the milling operations dropped by 10% or RM0.61 million to RM5.23 million as compared to RM5.84 million for last year’s corresponding period mainly due to the realisation of oil stocks at a value lower than their carrying amount during the period under review and also a lower processing margin due to competition for FFB supplies from surrounding mills.

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

The Group recorded a PBT of RM5.71 million for the quarter ended 31 October 2004 as compared to RM2.04 million for the preceding quarter ended 31 July 2004. The 180% or RM3.67 million increase in PBT is mainly on account of higher FFB production during the current quarter and furthermore in preceding quarter the milling operations suffered a loss due to the realisation of oil stocks at a value lower than their carrying amount.

## KIM LOONG RESOURCES BERHAD

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### B3. Current financial year prospects

For the financial year ending 31 January 2005, the production quantity for both the plantation and milling operations is expected to be higher than for the financial year 2004. The higher production for the plantation operations is due to the increased mature acreage and a more productive age profile of the palms. For the milling operations, the increased production of the new mill's operations in Keningau, Sabah is expected to boost the palm oil production quantity for the Group.

Barring unforeseen circumstances, the Board expects the Group's performance to improve in the financial year ending 31 January 2005 as compared to the financial year 2004.

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

This is not applicable

### B5. Income tax

	Current Quarter 31/10/2004 RM'000	Current Financial Year-to-date 31/10/2004 RM'000
<b>Malaysian Income Tax</b>		
- Current year	1,380	3,220
- (Over)/Underprovision in prior years	(29)	99
<b>Deferred tax</b>	254	865
	<u>1,605</u>	<u>4,184</u>

There is no significant difference between the effective tax rate and the statutory tax rate for the current financial quarter and financial year-to-date.

### B6. Profits/(losses) on sale of unquoted investments and/or properties

There were no profits/(losses) derived from the sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

## KIM LOONG RESOURCES BERHAD

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### B7. Purchase or disposal of quoted securities

Changes in the quoted securities held during the financial year-to-date are as follows:

(a) Total purchase consideration and sale proceeds of quoted securities for the current quarter and financial year-to-date are as follows:-

	Current Quarter 31/10/2004 RM'000	Current Financial Year-to-date 31/10/2004 RM'000
Total purchase consideration	-	-
Total sale proceeds	-	568
Total gain on disposals	-	90

(b) Total investments in quoted securities as at 31 October 2004:-

	RM'000
At Cost	6,607
Allowance for diminution in value	(348)
At Book Value	<u>6,259</u>
At Market Value	<u>6,213</u>

Allowance is made for any diminution in value of quoted securities if, in the opinion of the Directors, the decline in value is not temporary in nature.

### B8. Status of corporate proposals

#### Status of corporate proposals not completed as at 25 December 2004

(A) Status of subdivision and transfer of titles of two pieces of plantation land acquired :

- (i) The two pieces of the land are registered in favour of two subsidiary companies as the owners of 10,781/12,881 undivided share and 100/12,881 undivided share. The Group has taken steps to procure the subdivision and registration of the two pieces of land into the name of the relevant subsidiaries.

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### (B) Proposed Rights Issue With Warrants and Establishment of Share Option Scheme:

- (1) On 12 May 2004, the Company announced the following corporate proposals:
  - (i) Proposed renounceable rights issue of 64,050,000 new ordinary shares of RM1.00 each in the Company at an issue price to be determined later together with 42,700,000 free detachable warrants on the basis of three (3) new ordinary shares of RM1.00 each together with two (2) free detachable warrants for every five (5) existing ordinary shares of RM1.00 each at a date to be determined later (“Proposed Rights Issue With Warrants”).
  - (ii) Proposed establishment of share option scheme for eligible employees and Directors of the Company and its subsidiary companies (“Proposed Share Option Scheme”).
- (2) On 10 August 2004, the Company submitted an application to Securities Commission (“SC”) for the Proposed Rights Issue With Warrants and SC had vide its letter dated 8 October 2004 approved the Proposals subject to the following conditions:
  - (a) The Company is to disclose the status of the utilisation of the rights issue proceeds in its quarterly and annual reports until such proceeds have been fully utilised; and
  - (b) The Company is to comply with the requirement stipulated in the SC’s Policies and Guidelines on Issue/Offer of Securities in relation to the Proposed Rights Issue With Warrants.
- (3) On 29 October 2004, the Company announced that the non-executive Directors have indicated that they wish to decline the offer to participate in the Proposed Share Option Scheme due to the restriction on dealings imposed on non-executive Directors by the Bursa Securities Listing Requirements.
- (4) The above proposals are subject to shareholders’ approval at the Extraordinary General Meeting to be convened at a later date.

### **B9. Group borrowings and debt securities**

As at 31 October 2004, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM’000
Short term borrowings :	
Overdrafts	3,709
Term loans	11,680
	<u>15,389</u>
Long term borrowings :	
Term loans	<u>56,168</u>

There is no interest bearing unsecured borrowings as at 31 October 2004.

## **KIM LOONG RESOURCES BERHAD**

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### **B10. Financial instruments with off balance sheet risks**

There were no financial instruments with off balance sheet risks for the current financial year-to-date.

### **B11. Material litigation**

The Group is not engaged in any material litigation for the current financial year-to-date.

### **B12. Dividend**

No dividend has been declared or proposed for the current quarter ended 31 October 2004.

- (a) (i) amount per share: Nil;
  - (ii) previous corresponding period: 3 sen less income tax of 28%;
  - (iii) date payable: Not applicable; and
  - (iv) the date in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors: Not applicable; and
- (b) total dividend for the current financial year: 3 sen less income tax of 28%

### **B13. Earnings per share**

- (a) Current financial quarter

The basic earnings per share is calculated based on the Group's net profit of RM4.31 million divided by the weighted average number of shares in issue during the period of 106,750,000 shares.

- (b) Current financial year-to-date

The basic earnings per share is calculated based on the Group's net profit of RM10.94 million divided by the weighted average number of shares in issue during the period of 106,750,000 shares.