

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION
31-01-2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CURRENT YEAR TO-DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
1 Revenue	48,444	49,996	230,706	196,131
2 Profit/(loss) before tax	2,055	4,096	16,312	16,283
3 Profit/(loss) after tax and minority interests	2,276	3,578	13,214	13,606
4 Net profit/(loss) for the period	2,276	3,578	13,214	13,606
5 Basic earnings/(loss) per share (sen)	2.13	3.35	12.38	12.75
6 Dividends per share (sen)	4.00	4.00	7.00	7.00

AS AT END OF CURRENT QUARTER

AS AT PRECEDING FINANCIAL YEAR
END

7 Net tangible assets per share (RM)	2.09	2.01
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KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
Revenue	<u>48,444</u>	<u>49,996</u>	<u>230,706</u>	<u>196,131</u>
Gross profit	6,181	5,642	29,562	24,238
Other operating income	176	253	660	627
Operating expenses	(3,545)	(2,907)	(10,581)	(8,718)
Reversal of diminution in value of quoted securities	<u>348</u>	<u>1,783</u>	<u>348</u>	<u>1,783</u>
Profit from operations	3,160	4,771	19,989	17,930
Finance costs	<u>(1,105)</u>	<u>(675)</u>	<u>(3,677)</u>	<u>(1,647)</u>
Profit before tax	2,055	4,096	16,312	16,283
Tax	<u>(614)</u>	<u>(795)</u>	<u>(4,798)</u>	<u>(4,402)</u>
Profit after tax	1,441	3,301	11,514	11,881
Minority interests	<u>835</u>	<u>277</u>	<u>1,700</u>	<u>1,725</u>
Net profit for the period	<u><u>2,276</u></u>	<u><u>3,578</u></u>	<u><u>13,214</u></u>	<u><u>13,606</u></u>
Earnings per share (sen) :				
- Basic	2.13	3.35	12.38	12.75
- Diluted	N/A	N/A	N/A	N/A
Dividends per share (sen)	4.00	4.00	7.00	7.00

(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

	AS AT CURRENT QUARTER ENDED 31/01/2005 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2004 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	328,987	311,245
Quoted investments	6,607	6,738
Development expenditure	162	135
Goodwill on consolidation	1,624	1,624
Deferred tax assets	28	-
	337,408	319,742
CURRENT ASSETS		
Inventories	8,591	11,425
Receivables	10,926	8,654
Tax recoverable	1,015	2,256
Cash and bank balances	7,309	1,893
	27,841	24,228
CURRENT LIABILITIES		
Payables	14,690	13,189
Interest bearing borrowings (secured)	17,722	9,986
Dividend payable	-	-
Tax payable	1,085	719
	33,497	23,894
Net Current (Liabilities)/Assets	(5,656)	334
NON-CURRENT LIABILITIES		
Interest bearing borrowings (secured)	53,021	53,182
Other borrowings	11,786	8,903
Deferred tax	34,905	34,882
	99,712	96,967
	232,040	223,109
CAPITAL AND RESERVES		
Share capital	106,750	106,750
Reserves	117,864	110,037
	224,614	216,787
Minority interests	7,426	6,322
	232,040	223,109
Net tangible assets per share (RM)	2.09	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

Year ended 31 January 2005	Share capital RM'000	Non-distributable reserves RM'000	Distributable reserve RM'000	Total RM'000
Balance as at 1 February 2004	106,750	88,610	21,427	216,787
Movements during the year	-	(7)	13,214	13,207
Transfer among reserves	-	(657)	657	-
Dividends	-	-	(5,380)	(5,380)
Balance as at 31 January 2005	<u>106,750</u>	<u>87,946</u>	<u>29,918</u>	<u>224,614</u>
Year ended 31 January 2004				
Balance as at 1 February 2003				
As previously stated	106,750	41,206	27,842	175,798
Prior year adjustments	-	(108)	(14,970)	(15,078)
As restated	<u>106,750</u>	<u>41,098</u>	<u>12,872</u>	<u>160,720</u>
Movements during the year	-	47,841	13,606	61,447
Transfer among reserves	-	(329)	329	-
Dividends	-	-	(5,380)	(5,380)
Balance as at 31 January 2004	<u>106,750</u>	<u>88,610</u>	<u>21,427</u>	<u>216,787</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

	Year ended 31/01/2005 RM'000	Year ended 31/01/2004 RM'000
Net cash generated from operating activities	24,030	16,464
Net cash used in investing activities	(20,823)	(39,705)
Net cash generated from financing activities	(1,814)	28,750
Net increase in cash and cash equivalents	1,393	5,509
Cash and cash equivalents at beginning of year	555	(4,954)
Cash and cash equivalents at end of year (Note a)	<u>1,948</u>	<u>555</u>
Note a : Cash and cash equivalents at end of year		
Cash and bank balances	7,309	1,893
Bank overdrafts	(5,361)	(1,338)
	<u>1,948</u>	<u>555</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.

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A7. Dividends paid

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

- (a) 4 sen per ordinary share, less tax, which was a final dividend in respect of the financial year 2004 paid on 20 September 2004; and
- (b) 3 sen per ordinary share, less tax, which was an interim dividend in respect of the financial year 2005 paid on 15 December 2004.

A8. Segmental information

Major segments by activity:-

	Revenue		Results	
	Year ended		Year ended	
	31/01/2005	31/01/2004	31/01/2005	31/01/2004
	RM'000	RM'000	RM'000	RM'000
Plantation operations	47,240	32,121	16,920	11,561
Milling operations	198,926	169,551	5,882	8,319
	246,166	201,672	22,802	19,880
Less:				
Inter-segment eliminations	(15,460)	(5,541)	(120)	(123)
	<u>230,706</u>	<u>196,131</u>	22,682	19,757
Less:				
Unallocated expenses			(2,693)	(1,827)
Profit from operations			<u>19,989</u>	<u>17,930</u>

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 18 March 2005.

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A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing 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.

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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 revenue and profit before tax (“PBT”) of RM230.71 million and RM16.24 million respectively for the financial year ended 31 January 2005, as compared to RM196.13 million and RM16.28 million respectively in the previous financial year.

The 17% increase in revenue of RM34.58 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 RM15.12 million or 47% to RM47.24 million as compared to RM32.12 million achieved for the last financial year. The increase is mainly due to higher FFB production. The FFB production has increased by approximately 41% 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 46% or RM5.36 million to RM16.92 million as compared to RM11.56 million for the last financial year.

The milling operations have recorded an increase of 17% or RM29.38 million in revenue mainly due to higher palm oil prices as well as production. Although the average Crude Palm Oil (“CPO”) and Palm Kernel Oil (“PKO”) prices increased by approximately 3% and 47% respectively as compared to the last financial year, the profit from the milling operations dropped by 29% or RM2.44 million to RM5.88 million as compared to RM8.32 million for the last financial year 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. The drop in profit from operations is also partly caused by a lower reversal of diminution in value of quoted securities of RM0.35 million for current financial year as compared to the reversal of RM1.78 million in the last financial year.

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

The Group recorded a PBT of RM2.06 million for the quarter ended 31 January 2005 as compared to RM5.71 million for the preceding quarter ended 31 October 2004. The 64% or RM3.65 million drop in PBT is mainly on account of lower FFB production as well as lower CPO price during the current quarter. The drop in FFB production as compared to the third quarter is in line with the seasonal production trend.

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B3. Current financial year prospects

For the financial year ending 31 January 2006, the production quantity for both the plantation and milling operations is expected to be higher than for the financial year 2005. The increase in production for the plantation operations is expected to be more than 20% 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 2006 as compared to the financial year 2005.

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

This is not applicable

B5. Income tax

	Current Quarter 31/01/2005 RM'000	Current Financial Year-to-date 31/01/2005 RM'000
Malaysian Income Tax		
- Current year	1,755	4,975
- Overprovision in prior years	(270)	(171)
Deferred tax		
- Current year	(1,057)	(192)
- Underprovision in prior years	186	186
	<u>614</u>	<u>4,798</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.

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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 31/01/2005 RM'000	Current Financial Year-to-date 31/01/2005 RM'000
Total purchase consideration	-	-
Total sale proceeds	-	568
Total gain on disposals	-	90

- (b) Total investments in quoted securities as at 31 January 2005:-

	RM'000
At Cost	6,607
Allowance for diminution in value	-
At Book Value	<u>6,607</u>
At Market Value	<u>6,767</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 proposalsStatus of corporate proposals not completed as at 18 March 2005

- (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.

- (B) The Proposed Rights Issue With Warrants is expected to be completed by April 2005 and the Establishment of Share Option Scheme has been implemented on 18 March 2005.

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B9. Group borrowings and debt securities

As at 31 January 2005, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	5,361
Term loans	12,361
	<u>17,722</u>
Long term borrowings :	
Term loans	<u>53,021</u>

There is no interest bearing unsecured borrowings as at 31 January 2005.

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

The Board is pleased to propose a final dividend of 4% less income tax of 28% in respect of the financial year ended 31 January 2005.

- (a) (i) amount per share: 4 sen less income tax of 28%;
- (ii) previous corresponding period: 4 sen less income tax of 28%;
- (iii) date payable will be announced at a later date; and
- (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of the depositors as at a date to be announced at a later date; and

- (b) total dividend for the current financial year: 7 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 RM2.28 million divided by the weighted average number of shares in issue during the period of 106,750,000 shares.

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(b) Current financial year-to-date

The basic earnings per share is calculated based on the Group's net profit of RM13.21 million divided by the weighted average number of shares in issue during the period of 106,750,000 shares.