

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION  
30-04-2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CURRENT YEAR TO-DATE 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
1 Revenue	48,640	63,157	48,640	63,157
2 Profit/(loss) before tax	1,786	6,498	1,786	6,498
3 Profit/(loss) after tax and minority interests	1,737	4,413	1,737	4,413
4 Net profit/(loss) for the period	1,737	4,413	1,737	4,413
5 Basic earnings/(loss) per share (sen)	1.53	4.13	1.53	4.13
6 Dividends per share (sen)	-	-	-	-

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)	1.72	2.09
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**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
Revenue	<u>48,640</u>	<u>63,157</u>	<u>48,640</u>	<u>63,157</u>
Gross profit	4,914	9,039	4,914	9,039
Other operating income	401	207	401	207
Operating expenses	(2,482)	(2,221)	(2,482)	(2,221)
Reversal of diminution in value of quoted securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit from operations	2,833	7,025	2,833	7,025
Finance costs	<u>(1,047)</u>	<u>(527)</u>	<u>(1,047)</u>	<u>(527)</u>
<b>Profit before tax</b>	1,786	6,498	1,786	6,498
Tax	<u>(481)</u>	<u>(1,986)</u>	<u>(481)</u>	<u>(1,986)</u>
<b>Profit after tax</b>	1,305	4,512	1,305	4,512
Minority interests	<u>432</u>	<u>(99)</u>	<u>432</u>	<u>(99)</u>
<b>Net profit for the period</b>	<u><u>1,737</u></u>	<u><u>4,413</u></u>	<u><u>1,737</u></u>	<u><u>4,413</u></u>
<b>Earnings per share (sen) :</b>				
- Basic	1.53	4.13	1.53	4.13
- Diluted	1.11	N/A	1.11	N/A
<b>Dividends per share (sen)</b>	-	-	-	-

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2005)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AS AT CURRENT QUARTER ENDED 30/04/2005 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2005 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	327,837	328,987
Quoted investments	5,991	6,607
Development expenditure	226	162
Goodwill on consolidation	1,624	1,624
Deferred tax assets	-	-
	335,678	337,380
<b>CURRENT ASSETS</b>		
Inventories	8,280	8,591
Receivables	13,046	10,926
Tax recoverable	1,125	1,015
Cash and bank balances	62,473	7,309
	84,924	27,841
<b>CURRENT LIABILITIES</b>		
Payables	13,984	13,469
Interest bearing borrowings (secured)	14,391	17,722
Dividend payable	-	-
Tax payable	663	1,110
	29,038	32,301
<b>Net Current Assets/(Liabilities)</b>	55,886	(4,460)
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing borrowings (secured)	40,874	53,021
Other borrowings	12,385	12,916
Deferred tax	34,874	34,905
	88,133	100,842
	303,431	232,078
<b>CAPITAL AND RESERVES</b>		
Share capital	170,800	106,750
Reserves	124,927	117,843
	295,727	224,593
<b>Minority interests</b>	7,704	7,485
	303,431	232,078
<b>Net tangible assets per share (RM)</b>	1.72	2.09

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2005)

**KIM LOONG RESOURCES BERHAD**

(Incorporated in Malaysia)

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

<b>3 months ended 30 April 2005</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 2005</b>	106,750	87,888	29,955	224,593
Movements during the period	64,050	5,347	1,737	71,134
Transfer among reserves	-	(203)	203	-
<b>Balance as at 30 April 2005</b>	<u>170,800</u>	<u>93,032</u>	<u>31,895</u>	<u>295,727</u>
<b>3 months ended 30 April 2004</b>				
<b>Balance as at 1 February 2004</b>	106,750	88,610	21,427	216,787
Movements during the period	-	-	4,413	4,413
Transfer among reserves	-	(240)	240	-
<b>Balance as at 30 April 2004</b>	<u>106,750</u>	<u>88,370</u>	<u>26,080</u>	<u>221,200</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 2005)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>3 months ended 30/04/2005 RM'000</b>	<b>3 months ended 30/04/2004 RM'000</b>
<b>Net cash generated from operating activities</b>	3,297	6,209
<b>Net cash used in investing activities</b>	(1,908)	(3,866)
<b>Net cash generated from financing activities</b>	57,333	190
<b>Net increase in cash and cash equivalents</b>	58,722	2,533
<b>Cash and cash equivalents at beginning of period</b>	1,948	555
<b>Cash and cash equivalents at end of period (Note a)</b>	<u>60,670</u>	<u>3,088</u>
<b><u>Note a : Cash and cash equivalents at end of period</u></b>		
Cash and bank balances	62,473	8,183
Bank overdrafts	(1,803)	(5,095)
	<u>60,670</u>	<u>3,088</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 2005)**

# **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 Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) 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 statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2005. 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 2005.

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 2005.

### **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.

## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

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

The Company's issued and paid up capital increased from RM106,750,000 as at 31 January 2005 to RM170,800,000 as at 30 April 2005 as a result of the issuance of 64,050,000 new ordinary shares of RM1 each to the shareholders pursuant to a renounceable rights issue with detachable free warrants on the basis of three (3) new ordinary shares with two (2) detachable free warrants for every five (5) existing ordinary shares.

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

### **A7. Dividends paid**

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

### **A8. Segmental information**

Major segments by activity:-

	<b>Revenue</b>		<b>Results</b>	
	Year ended		Year ended	
	30/04/2005	30/04/2004	30/04/2005	30/04/2004
	RM'000	RM'000	RM'000	RM'000
Plantation operations	9,572	10,089	2,247	3,646
Milling operations	42,988	56,265	1,195	3,878
	52,560	66,354	3,442	7,524
Less:				
Inter-segment eliminations	(3,920)	(3,197)	(23)	(29)
	48,640	63,157	3,419	7,495
Less:				
Unallocated expenses			(586)	(470)
Profit from operations			2,833	7,025

### **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 23 June 2005.

## **KIM LOONG RESOURCES BERHAD**

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

The change 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 is as follows:

- (a) On 26 March 2005, the Company incorporated a subsidiary company, Okidville Jaya Sdn. Bhd. (“OJSB”). Currently, the paid-up capital of OJSB is RM100 divided into 100 ordinary shares of RM1 each fully paid and is a 90% owned subsidiary of the Company. OJSB 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 2005.



## **KIM LOONG RESOURCES BERHAD**

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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 revenue and profit before tax (“PBT”) of the Group was RM48.64 million and RM1.79 million respectively for the quarter ended 30 April 2005, as compared to RM63.16 million and RM6.50 million respectively for the last year’s corresponding period.

The 23% drop in revenue of RM14.52 million is mainly due to drop in Crude Palm Oil (“CPO”) price by 29% which affected both the plantation and milling operations.

Despite the increase in FFB production by 8,000 MT or 31%, the revenue of the plantation operations dropped by RM0.52 million to RM9.57 million as compared to RM10.09 million achieved for the last year’s corresponding period due to the lower CPO price. The increase in FFB production is due to increased mature acreage and a more productive age profile of the palms. The decline in profit is also partly due to increase in cost of consumables applied in the plantations. As a result, the profit from the plantation operations dropped by 38% or RM1.40 million to RM2.25 million as compared to RM3.65 million for the last year’s corresponding period.

The revenue from milling operations dropped by RM13.28 million or 24% to RM42.99 million mainly due to lower CPO price. The profit from milling operations dropped by RM2.68 million or 69% to RM1.20 million as compared to RM3.88 million achieved for the last year’s corresponding period. The drop in profit is mainly due to the following:

- i) under utilisation, which is less than 40%, of processing capacity of our mill at Keningau, Sabah;
- ii) the increasing trend in CPO price during the last year’s corresponding period that has enabled the CPO stock being realised at a value higher than its carrying amount during that period; and
- iii) lower processing margin at the Kota Tinggi mill as a result of 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 RM1.79 million for the quarter ended 30 April 2005 as compared to RM2.15 million for the preceding quarter ended 31 January 2005 mainly due to lower profit contribution from the plantation operations. The 17% or RM0.36 million drop in PBT is mainly on account of lower FFB production during the current quarter. The drop in FFB production as compared to the first quarter is in line with the seasonal production trend.

#### **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 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 rate of utilization of processing capacity of the mill at Keningau will improve with the increasing FFB production of our estates at Keningau and hence boost the palm oil production quantity for the Group.

Barring unforeseen circumstances and based on the current palm oil prices, the Board expects the Group’s performance to improve in the financial year ending 31 January 2006 as compared to financial year 2005.

**KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

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

This is not applicable

**B5. Income tax**

	Current Quarter 30/04/2005 RM'000	Current Financial Year-to-date 30/04/2005 RM'000
<b>Malaysian Income Tax</b>		
- Current year	512	512
- Overprovision in prior years	-	-
<b>Deferred tax</b>		
- Current year	(31)	(31)
- Underprovision in prior years	-	-
	481	481

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.

**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 30/04/2005 RM'000	Current Financial Year-to-date 30/04/2005 RM'000
Total purchase consideration	724	724
Total sale proceeds	1,440	1,440
Total gain on disposals	100	100

**KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

(b) Total investments in quoted securities as at 30 April 2005:-

	RM'000
At Cost	6,435
Allowance for diminution in value	(444)
At Book Value	<u>5,991</u>
At Market Value	<u>5,676</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 23 June 2005

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

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 names of the relevant subsidiaries.

(B) Renounceable Rights Issue with detachable free warrants

The issuance and quotation of the rights shares on Bursa Securities were completed on 29 April 2005.

The total gross proceeds of RM70,455,000 arising from the Rights Issue were utilised as follows:

	Approved by Securities Commission	Amount utilised	Balance to be utilised
	RM'000	RM'000	RM'000
Repayments of bank borrowings	30,000	26,340	3,660
Property, plant and equipment	27,750	4,089	23,661
Working capital	11,705	5,341	6,364
Estimated expenses relating to the Rights Issue	1,000	1,000	-
Total proceeds from the Rights Issue	<u>70,455</u>	<u>36,770</u>	<u>33,685</u>

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### B9. Group borrowings and debt securities

As at 30 April 2005, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	1,803
Term loans	12,588
	<u>14,391</u>
Long term borrowings :	
Term loans	<u>40,874</u>

There is no interest bearing unsecured borrowings as at 30 April 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

No dividend has been declared or proposed since the end of the previous financial quarter.

### B13. Earnings per share

#### Basic earnings per share ("Basic EPS")

The Basic EPS is calculated by dividing the Group's net profit for the current quarter and the first three months by the weighted average number of ordinary shares in issue during the current quarter and the first three months respectively:

	Current Quarter 30/04/2005	Current Financial Year-to-date 30/04/2005
Net profit for the period	(RM'000) <u>1,737</u>	<u>1,737</u>
Weighted average number of ordinary shares in issue	('000) <u>113,227</u>	<u>113,227</u>
Basic EPS	(sen) <u>1.53</u>	<u>1.53</u>

## KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

### Diluted earnings per share (“Diluted EPS”)

The Diluted EPS is calculated by dividing the Group’s net profit for the current quarter and the first three months by the weighted average number of ordinary shares in issue during the current quarter and the first three months respectively, which has been adjusted for the following:

- (i) the number of ordinary shares that could have been issued under the Company’s Employees’ Share Option Scheme (“ESOS”); and
- (ii) the number of ordinary shares that could have been converted from the warrants issued by the Company.

In calculating the Diluted EPS, the following assumptions are made:

- (i) It is assumed that the share options under ESOS were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Company’s shares during the quarter) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the weighted-average ordinary shares in issue for the purpose of computing the dilution. Shares that are anti-dilutive are ignored in the computation of Diluted EPS. No adjustment was made to the net profit for the quarter.
- (ii) It was assumed that all warrants in issue were exercised into ordinary shares. No adjustment was made to the net profit for the quarter.

		Current Quarter 30/04/2005	Current Financial Year-to-date 30/04/2005
Net profit for the period	(RM’000)	1,737	1,737
Weighted average number of ordinary shares in issue	(’000)	113,227	113,227
Assumed exercise of share option	(’000)	-	-
Assumed exercise of warrants	(’000)	42,700	42,700
Adjusted weighted average number of shares for Diluted EPS	(’000)	155,927	155,927
Diluted EPS	(sen)	1.11	1.11