

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | CURRENT YEAR QUARTER 31/01/2012 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/01/2011 RM'000 | CURRENT YEAR TO-DATE 31/01/2012 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/01/2011 RM'000 |
| Revenue | 177,707 | 156,015 | 768,710 | 563,408 |
| Cost of sales | <u>(132,128)</u> | <u>(126,482)</u> | <u>(574,270)</u> | <u>(451,921)</u> |
| Gross profit | 45,579 | 29,533 | 194,440 | 111,487 |
| Other income | 2,037 | 1,875 | 7,785 | 4,638 |
| Operating expenses | (11,232) | (8,036) | (35,056) | (23,260) |
| Finance costs | <u>(429)</u> | <u>(506)</u> | <u>(1,876)</u> | <u>(2,232)</u> |
| Profit before tax | 35,955 | 22,866 | 165,293 | 90,633 |
| Tax | <u>(8,159)</u> | <u>(2,485)</u> | <u>(40,358)</u> | <u>(19,023)</u> |
| Profit for the period | <u>27,796</u> | <u>20,381</u> | <u>124,935</u> | <u>71,610</u> |
| Other comprehensive income: | | | | |
| Fair value gain on available-for-sale financial assets | - | 3 | - | - |
| Cash flow hedge | (18) | (4,310) | 6,909 | (6,960) |
| Tax relating to other comprehensive income | 4 | 1,740 | (1,728) | 1,740 |
| Other comprehensive income for the period, net of tax | (14) | (2,567) | 5,181 | (5,220) |
| Total comprehensive income for the period | <u>27,782</u> | <u>17,814</u> | <u>130,116</u> | <u>66,390</u> |
| Profit for the period attributable to : | | | | |
| Owners of the Company | 19,967 | 15,824 | 96,756 | 58,256 |
| Non-controlling interests | <u>7,829</u> | <u>4,557</u> | <u>28,179</u> | <u>13,354</u> |
| | <u>27,796</u> | <u>20,381</u> | <u>124,935</u> | <u>71,610</u> |
| Total comprehensive income for the period attributable to : | | | | |
| Owners of the Company | 19,958 | 13,923 | 100,616 | 54,372 |
| Non-controlling interests | <u>7,824</u> | <u>3,891</u> | <u>29,500</u> | <u>12,018</u> |
| | <u>27,782</u> | <u>17,814</u> | <u>130,116</u> | <u>66,390</u> |
| Earnings per share (sen) : | | | | |
| - Basic | 6.52 | 5.18 | 31.62 | 19.12 |
| - Diluted | 6.49 | 5.15 | 31.52 | 19.01 |
| Dividends per share (sen) | 10.00 | 7.00 | 16.00 | 12.00 |

(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 2011)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AS AT CURRENT FINANCIAL YEAR ENDED 31/01/2012 RM'000 | AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2011 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 366,298 | 369,162 |
| Biological assets | 73,464 | 72,933 |
| Land use rights | 2,707 | 2,822 |
| Intangible assets | 66 | 4,634 |
| Deferred tax assets | 8,540 | 5,853 |
| | 451,075 | 455,404 |
| Current assets | | |
| Inventories | 43,271 | 28,751 |
| Receivables | 24,732 | 17,342 |
| Prepayments | 8,947 | 4,070 |
| Tax recoverable | 946 | 1,070 |
| Deposits with licensed banks and other financial institution | 130,978 | 83,910 |
| Cash and bank balances | 57,060 | 31,197 |
| | 265,934 | 166,340 |
| TOTAL ASSETS | 717,009 | 621,744 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 306,555 | 305,287 |
| Reserves | 201,007 | 139,856 |
| Treasury shares | (23) | - |
| | 507,539 | 445,143 |
| Non-controlling interests | 71,182 | 46,480 |
| Total equity | 578,721 | 491,623 |
| Non-current liabilities | | |
| Interest bearing borrowings (secured) | 26,466 | 21,190 |
| Other payables | 2,996 | 11,218 |
| Deferred tax liabilities | 47,504 | 45,388 |
| | 76,966 | 77,796 |
| Current liabilities | | |
| Payables and accruals | 40,508 | 27,952 |
| Interest bearing borrowings (secured) | 12,588 | 14,376 |
| Derivative financial liability | 51 | 6,960 |
| Tax payable | 8,175 | 3,037 |
| | 61,322 | 52,325 |
| Total liabilities | 138,288 | 130,121 |
| TOTAL EQUITY AND LIABILITIES | 717,009 | 621,744 |
| Net assets per share (RM) | 1.66 | 1.46 |

(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 2011)

KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity | |
|---|---------------------------------------|---------------|---------------------|-----------------|---------------|------------------|-----------------|---------------------------|---------------|----------------|
| | Non-distributable | | | | | Distributable | | | | |
| | Share capital | Share premium | Revaluation reserve | Hedging reserve | Other reserve | Retained profits | Treasury shares | | | Total |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| Year ended | | | | | | | | | | |
| <u>31 January 2012</u> | | | | | | | | | | |
| Balance as at 1 February 2011 | 305,287 | 1,355 | 42,870 | (3,884) | 130 | 99,385 | - | 445,143 | 46,480 | 491,623 |
| Realisation of revaluation reserve to retained earnings | - | - | (826) | - | - | 826 | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 3,860 | - | 96,756 | - | 100,616 | 29,500 | 130,116 |
| Transactions with owners: | | | | | | | | | | |
| Dividends | - | - | - | - | - | (39,754) | - | (39,754) | (4,800) | (44,554) |
| Share-based payment under ESOS | - | - | - | - | 236 | - | - | 236 | - | 236 |
| Transfer of reserve arising from exercise of ESOS | - | 41 | - | - | (41) | - | - | - | - | - |
| Issuance of shares pursuant to: | | | | | | | | | | |
| - exercise of ESOS | 145 | 71 | - | - | - | - | - | 216 | - | 216 |
| - exercise of Warrants | 1,123 | - | - | - | - | - | - | 1,123 | - | 1,123 |
| Buy-back of shares | - | - | - | - | - | - | (23) | (23) | - | (23) |
| Expenses in relation to issuance of shares | - | (18) | - | - | - | - | - | (18) | - | (18) |
| Non-controlling interests' share of loss set off against their advances | - | - | - | - | - | - | - | - | 2 | 2 |
| | 1,268 | 94 | - | - | 195 | (39,754) | (23) | (38,220) | (4,798) | (43,018) |
| Balance as at 31 January 2012 | 306,555 | 1,449 | 42,044 | (24) | 325 | 157,213 | (23) | 507,539 | 71,182 | 578,721 |

KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity | |
|---|---------------------------------------|---------------|---------------------|-----------------|---------------|------------------|-----------------|---------------------------|---------------|----------------|
| | Non-distributable | | | | | Distributable | | | | |
| | Share capital | Share premium | Revaluation reserve | Hedging reserve | Other reserve | Retained profits | Treasury shares | | | Total |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| Year ended | | | | | | | | | | |
| <u>31 January 2011</u> | | | | | | | | | | |
| Balance as at 1 February 2010 | | | | | | | | | | |
| As previously stated | 304,237 | 787 | 43,695 | - | 160 | 73,090 | - | 421,969 | 37,787 | 459,756 |
| Effects of adopting FRS 139 | - | - | - | - | - | 740 | - | 740 | 264 | 1,004 |
| As restated | 304,237 | 787 | 43,695 | - | 160 | 73,830 | - | 422,709 | 38,051 | 460,760 |
| Realisation of revaluation reserve to retained earnings | - | - | (825) | - | - | 825 | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (3,884) | - | 58,256 | - | 54,372 | 12,018 | 66,390 |
| Transactions with owners: | | | | | | | | | | |
| Dividends | - | - | - | - | - | (33,526) | - | (33,526) | (3,900) | (37,426) |
| Share-based payment under ESOS | - | - | - | - | 164 | - | - | 164 | - | 164 |
| Transfer of reserve arising from exercise of ESOS | - | 194 | - | - | (194) | - | - | - | - | - |
| Issuance of shares pursuant to: | | | | | | | | | | |
| - exercise of ESOS | 621 | 402 | - | - | - | - | - | 1,023 | - | 1,023 |
| - exercise of Warrants | 429 | - | - | - | - | - | - | 429 | - | 429 |
| Issuance of shares to minority interests of subsidiary company | - | - | - | - | - | - | - | - | 300 | 300 |
| Expenses in relation to issuance of shares | - | (28) | - | - | - | - | - | (28) | - | (28) |
| Non-controlling interests' share of loss set off against their advances | - | - | - | - | - | - | - | - | 11 | 11 |
| | 1,050 | 568 | - | - | (30) | (33,526) | - | (31,938) | (3,589) | (35,527) |
| Balance as at 31 January 2011 | 305,287 | 1,355 | 42,870 | (3,884) | 130 | 99,385 | - | 445,143 | 46,480 | 491,623 |

(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 2011)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Year ended 31/01/2012 RM'000 | Year ended 31/01/2011 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Cash receipts from customers | 763,457 | 568,117 |
| Rental received | 42 | 56 |
| Interest received | 4,660 | 2,622 |
| Dividend received | - | 1 |
| Cash paid to suppliers and employees | (580,014) | (453,311) |
| Cash generated from operations | 188,145 | 117,485 |
| Interest paid | (1,617) | (1,969) |
| Tax paid | (37,393) | (18,525) |
| Net cash from operating activities | 149,135 | 96,991 |
| Cash flows from investing activities | | |
| Development expenditure | (982) | (661) |
| Additional investment in existing subsidiary companies | - | (5) |
| Proceeds from disposal of quoted investments | - | 43 |
| Proceeds from disposal of property, plant and equipment | 2,092 | 525 |
| Acquisition of biological assets and property, plant and equipment | (29,517) | (31,058) |
| Interest paid | (419) | - |
| Net cash used in investing activities | (28,826) | (31,156) |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 1,339 | 1,452 |
| Proceeds from issuance of share to non-controlling interests (NCI) | - | 300 |
| Expenses paid in relation to issuance of shares | (18) | (28) |
| Drawdown of bank borrowings | 25,000 | 2,500 |
| Repayments of bank borrowings | (23,549) | (11,197) |
| Other borrowings | (7,610) | - |
| Dividend paid to shareholders of the Company | (39,754) | (33,526) |
| Dividend paid to NCI in subsidiary company | (4,800) | (3,900) |
| Purchase of treasury shares | (23) | - |
| Net cash used in financing activities | (49,415) | (44,399) |
| Net increase in cash and cash equivalents | 70,894 | 21,436 |
| Cash and cash equivalents at beginning of year | 114,288 | 92,852 |
| Cash and cash equivalents at end of period (Note a) | <u>185,182</u> | <u>114,288</u> |
| Note a : Cash and cash equivalents at end of year | | |
| Cash and bank balances | 57,060 | 31,197 |
| Deposits with licensed banks and other financial institution | 130,978 | 83,910 |
| Bank overdrafts | (2,856) | (819) |
| | <u>185,182</u> | <u>114,288</u> |

(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 2011)

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

EXPLANATORY NOTES

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 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 2011. 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 2011.

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 2011 except for the adoption of the new and revised FRSs, Amendment to FRSs and IC Interpretations which are relevant to the Group’s operations with effect from 1 February 2011 as set out below:

| | |
|-------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (Revised) |
| | Amendments to FRS 2 Share-based Payment |
| | Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations |
| | Amendments to FRS 127 Consolidated and Separate Financial Statements |
| | Amendments to FRS 138 Intangible Assets |
| | Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives |
| | Amendments to FRS 132 Classification of Rights Issues |
| | Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| | Amendments to FRS 7 Improving Disclosures about Financial Instruments |
| | Improvements of FRSs (2010) |
| | Additional Exemptions for First-time Adopters (Amendments to FRS 1) |
| | Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2) |

The Directors do not expect any material impact on the financial statements arising from adoption of the above standards and interpretations.

The Group has not elected for early adoption of the following new and amended FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ended 31 January 2012:

| | Effective for financial periods beginning on or after |
|--|---|
| FRS 124 Related Party Disclosures | 1 January 2012 |
| Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| Amendments to FRS 7 Disclosures – Transfer of Financial Assets | 1 January 2012 |
| Amendments to FRS 112 Deferred Tax : Recovery of Underlying Assets | 1 January 2012 |

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

| | |
|---|----------------|
| Amendments to FRS 101 Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| FRS 9 Financial Instruments | 1 January 2015 |
| FRS 10 Consolidated Financial Statements | 1 January 2013 |
| FRS 12 Disclosures of Interests in Other Entities | 1 January 2013 |
| FRS 13 Fair Value Measurement | 1 January 2013 |
| FRS 119 Employee Benefits | 1 January 2013 |
| FRS 127 Separate Financial Statements | 1 January 2013 |
| FRS 128 Investment in Associates and Joint Ventures | 1 January 2013 |
| Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |

The Malaysian Accounting Standards Board, in furtherance of its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards, announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (“MFRS”). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, Agriculture and/or IC Interpretation 15, Agreement for the Construction of Real Estate.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 may continue to apply Financial Reporting Standards (“FRS”) as its financial reporting framework for annual reporting periods beginning on or after 1 January 2012. This has further extended to their parent company that either consolidates or equity accounts or proportionately consolidates the entity that has chosen to apply FRSs as its financial reporting framework may itself choose to apply FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. All of these entities shall comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

The Group is currently assessing the impact of MFRSs, in particular MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, on the financial statements of the Group and of its subsidiaries. With the exemption given to the entity subject to the application of MFRS 141, the Company will adopt MFRSs to prepare consolidated financial statements from the financial year ending 31 January 2014.

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 and will rise in the second quarter, peak in the third quarter and then slowly decline in the fourth quarter. The production of FFB for the current quarter was broadly in line with the FFB yield trend.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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 material effects 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 ended 31 January 2012 except for the following:

- (a) issuance of 145,400 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS");
- (b) issuance of 1,122,517 new ordinary shares of RM1 each pursuant to the exercise of 1,122,517 Warrants; and
- (c) repurchase of 10,000 ordinary shares of RM1 each of its issued share capital from the open market for a total consideration of RM23,471 at an average cost of RM2.35 per share.

A7. Dividends paid

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

- (a) A final single tier tax exempt dividend of 7 sen per ordinary share in respect of the financial year 2011 was paid on 26 August 2011.
- (b) An interim single tier tax exempt dividend of 6 sen per ordinary share in respect of the financial year 2012 was paid on 18 November 2011.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

A8. Segmental information

Major segments by activity:-

| | Revenue | | Results | |
|----------------------------|------------|------------|------------|------------|
| | Year ended | | Year ended | |
| | 31/01/2012 | 31/01/2011 | 31/01/2012 | 31/01/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Plantation operations | 197,299 | 126,283 | 134,841 | 66,228 |
| Milling operations | 767,286 | 561,757 | 35,952 | 27,053 |
| | 964,585 | 688,040 | 170,793 | 93,281 |
| Less: | | | | |
| Inter-segment eliminations | (195,875) | (124,632) | (4,535) | 1,112 |
| | 768,710 | 563,408 | 166,258 | 94,393 |
| Less: | | | | |
| Unallocated expenses | | | (3,808) | (4,170) |
| Finance income | | | 4,719 | 2,641 |
| Finance costs | | | (1,876) | (2,232) |
| Other investment income | | | - | 1 |
| Profit before tax | | | 165,293 | 90,633 |
| Tax expenses | | | (40,358) | (19,023) |
| Profit for the year | | | 124,935 | 71,610 |

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 year that have not been reflected in the financial statements for the current financial period up to 26 March 2012.

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

As at 26 March 2012, there were no material changes in contingent liabilities or contingent assets at Group level since the end of last annual reporting period at 31 January 2011. Save for disclosed in Note B10, there were no contingent liabilities or contingent assets, which upon becoming enforceable, may have material effect on the net assets, profits or financial position of our Group.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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 were higher at RM768.71 million and RM165.29 million respectively for the financial year ended 31 January 2012, as compared to RM563.41 million and RM90.63 million respectively for the last financial year.

The 36% and 82% increases in revenue and PBT respectively were mainly due to higher production as well as the higher crude palm oil (“CPO”) and palm kernel oil (“PKO”) prices which were about 14% and 16% respectively higher than the last financial year.

Performance analysis by segments:

| | Revenue | | | |
|-----------------------|----------------|----------------|--------------------|----------------|
| | Quarter ended | | Year-to-date ended | |
| | 31/01/2012 | 31/01/2011 | 31/01/2012 | 31/01/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Plantation operations | 47,154 | 35,112 | 197,299 | 126,283 |
| Milling operations | 177,968 | 157,330 | 767,286 | 561,757 |
| | <u>225,122</u> | <u>192,442</u> | <u>964,585</u> | <u>688,040</u> |

| | Results | | | |
|-----------------------|---------------|---------------|--------------------|---------------|
| | Quarter ended | | Year-to-date ended | |
| | 31/01/2012 | 31/01/2011 | 31/01/2012 | 31/01/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Plantation operations | 29,067 | 20,166 | 134,841 | 66,228 |
| Milling operations | 9,120 | 5,690 | 35,952 | 27,053 |
| | <u>38,187</u> | <u>25,856</u> | <u>170,793</u> | <u>93,281</u> |

Plantation operations

The revenue from plantation operations increased by 34% and 56% for the current quarter and year-to-date respectively as compared to the corresponding periods in last year. In terms of profit, the plantation operation recorded RM29.07 million and RM134.84 million for the current quarter and year-to-date respectively, representing increases of 44% and 104% respectively as compared to the corresponding periods in last year. The significant increases in revenue and profit were contributed by both higher palm oil prices and FFB production. The FFB production for the current quarter and year-to-date were 77,200MT and 313,000 MT respectively, which were 51% and 38% higher than production achieved in the corresponding periods in last year. The increase in production was mainly from our estates in Keningau region which had recovered from the exceptional low yield last year.

The plantation operations did not face problem in selling its FFB production as most of the produce was supplied to mills within the Group. FFB price was 11% lower for the current quarter and 16% higher for the year-to-date as compared to the respective corresponding periods in last year.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

Palm oil milling operations

The revenue the milling operations increased by 13% and 37% for the current quarter and year-to-date respectively compared to the corresponding periods in last year. The profit also increased to RM9.12 million and RM35.95 million for the current quarter and year-to-date respectively, representing increase of 60% and 33% respectively as compared to the corresponding period in last year. The profit of RM35.95 million for the year-to-date period was after write-off of development expenditure of RM6.37 million due to change of technology at Palm Nutraceuticals Sdn. Bhd.. The higher revenue and profit were contributed by higher palm oil prices and production. Total CPO production for the current quarter and year-to-date were 49,400MT and 210,800 MT respectively, which was 30% and 28% higher than production recorded in the corresponding period in last year.

The market condition and demand for the Group's milling products has been good and steady for the current quarter and year-to-date. The sale of CPO, the main product, for the current quarter and year-to-date increased by 38% and 18% compared to the respective corresponding periods in last year.

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

The PBT for the current quarter was RM35.96 million which was 11% lower than RM40.30 million achieved in the preceding quarter ended 31 October 2011. The drop in PBT was mainly due to drop in production. The FFB production for the current quarter dropped by 6% to 77,200 MT as compared to 81,800 MT achieved in the preceding quarter. As for the milling operations, FFB intake during the current quarter dropped by 14% as compared to the preceding quarter. However, the impact of drop in production has been cushioned by better palm oil prices. The average prices for CPO and PKO for the current quarter increased by 3% and 11% respectively compared to preceding quarter.

B3. Current financial year prospects

For the financial year ending 31 January 2013, we expect the Group to perform well based on the current good palm oil prices and no significant drop in FFB production in the year.

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

This is not applicable.

B5. Income tax

| | Current Quarter Ended 31/01/2012 RM'000 | Financial Year-to-date Ended 31/01/2012 RM'000 |
|--|---|--|
| Malaysian Income Tax | | |
| - Current year | 8,497 | 42,666 |
| - over provision in prior year | (22) | (10) |
| | 8,475 | 42,656 |
| Deferred tax | | |
| - Current year | 1,818 | 253 |
| - Realisation of revaluation surplus on land | (72) | (289) |
| - over provision in prior year | (2,062) | (2,262) |
| | (316) | (2,298) |
| | <u>8,159</u> | <u>40,358</u> |

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B6. Status of corporate proposals

As one of the conditions set by the Securities Commission (“SC”) upon approval in respect of the issuance of the Company’s Prospectus vide their letter dated 17 July 2000, the Company was requested to report in its quarterly announcement the status of the application for the registration of separate land titles of two pieces of plantation land until completion (“Subdivision”). The status of the Subdivision is as follow:

Three (3) subdivided land titles have been registered under the name of two subsidiary companies on 5 March 2012 and 7 March 2012. In view of this, KLR has fully complied with the outstanding conditions imposed by the SC.

There is no outstanding corporate proposal as at 26 March 2012.

B7. Group borrowings and debt securities

As at 31 January 2012, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

| | RM’000 |
|-------------------------|---------------|
| Short term borrowings : | |
| Overdrafts | 2,856 |
| Revolving credit | 7,500 |
| Term loans | 2,232 |
| | <u>12,588</u> |
| Long term borrowings : | |
| Term loans | <u>26,466</u> |

There were no unsecured interest bearing borrowings as at 31 January 2012.

B8. Gains and losses arising from fair value changes of financial liabilities

The Group has no financial liabilities measured at fair value through profit or loss for the current quarter and current year-to-date.

B9. Breakdown of realised and unrealised profits or losses of the Group

The breakdown of the retained profits of the Group is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | At as 31/01/2012 RM’000 | At as 31/01/2011 RM’000 |
|---|-------------------------------|-------------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 252,121 | 184,617 |
| - Unrealised | <u>(20,782)</u> | <u>(21,353)</u> |
| | 231,339 | 163,264 |
| Less: Consolidation adjustments | <u>(74,126)</u> | <u>(63,879)</u> |
| Retained earnings as per consolidated accounts | <u>157,213</u> | <u>99,385</u> |

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B10. Material litigation

As at 26 March 2012, there were no material litigations against the Group except the following which has been announced on 27 June 2011:

Prior to the acquisition of the subsidiary company, Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), announced by the Company on 1 December 2009, there were several legal claims made against that subsidiary company by natives for customary rights to land belonging to that subsidiary company.

On 18 February 2011, the following Judgment for the High Court Civil Suit No. 22-10-2005-I (SG) was delivered at Kuching High Court, which had been announced to Bursa Securities on 22 February 2011:

1. the Plaintiffs are entitled to their claim to land under native customary rights in the Sg. Tenggang Native Customary Rights Development area at Pantu;
2. the destruction of the Plaintiffs' respective native customary rights land by the first 3 Defendants, namely Lembaga Pembangunan dan Lindungan (Land Custody and Development Authority), Pelita Holdings Sdn. Bhd. and Tetangga Akrab Pelita (Pantu) Sdn. Bhd. (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), was unlawful and damages to be assessed by the Deputy Registrar be paid by the first 3 Defendants with interest at 4% per annum from the date hereof until settlement;
3. the first 3 Defendants forthwith give vacant possession of the Plaintiffs' native customary rights land;
4. the first 3 Defendants and their servants, agents, assignees and successors are restrained from entering, occupying, clearing, harvesting or in any way howsoever carrying out works in the Plaintiffs' native customary rights land; and
5. Costs to the Plaintiffs to be paid by the first 3 Defendants to be taxed unless agreed. No order as to costs against the 4th Defendant, namely State Government of Sarawak, as it is a nominal Defendant.

On 9 March 2011, the Court of Appeal had granted a stay of execution of the Judgment delivered by the High Court.

The Group has filed our Memorandum and record of Appeal on 11 April 2011. No date has been fixed for the hearing of the Appeal.

B11. Dividend

The Board is pleased to propose a final single tier tax exempt dividend of 10 sen per share in respect of the financial year ended 31 January 2012.

- (a) (i) amount per share: 10 sen;
 - (ii) previous corresponding period: 7 sen;
 - (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: 16 sen single tier per share.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B12. 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:

| | | Current Quarter Ended 31/01/2012 | Financial Year-to-date Ended 31/01/2012 |
|--|----------|---|--|
| Net profit for the period/year | (RM'000) | 19,967 | 96,756 |
| Weighted average number of ordinary shares in issue | ('000) | 306,393 | 305,982 |
| Basic EPS | (sen) | 6.52 | 31.62 |

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 following:

- (i) the number of ordinary shares that could have been issued under the Company's ESOS; and
- (ii) 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 31/01/2012 | Financial Year-to-date Ended 31/01/2012 |
|--|----------|---|--|
| Net profit for the period/year | (RM'000) | 19,967 | 96,756 |
| Weighted average number of ordinary shares in issue | ('000) | 306,393 | 305,982 |
| Adjustment for dilutive effect of unexercised share options | ('000) | 152 | 132 |
| Adjustment for dilutive effect of warrants | ('000) | 912 | 887 |
| Adjusted weighted average number of shares for Diluted EPS | ('000) | 307,457 | 307,001 |
| Diluted EPS | (sen) | 6.49 | 31.52 |

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B13. Profit before tax

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

| | Current Quarter Ended 31/01/2012 RM'000 | Financial Year-to-date Ended 31/01/2012 RM'000 |
|---|---|--|
| (a) Interest income | (1,398) | (4,719) |
| (b) Other income including investment income | (639) | (1,474) |
| (c) Interest expense | 429 | 1,876 |
| (d) Depreciation and amortization | 5,715 | 22,679 |
| (e) Provision for and write off of receivables | 13 | 61 |
| (f) Provision for and write off of inventories | 3 | 22 |
| (g) Gain or loss on disposal of quoted or unquoted investment or properties | - | - |
| (h) Impairment of assets | - | - |
| (i) Foreign exchange gain or loss | - | - |
| (j) Gain or loss on derivatives | - | (1,592) |
| (k) Development expenditure written off | 707 | 6,372 |
| (l) Exceptional items | - | - |
