

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2008 RM'000	CURRENT YEAR TO-DATE 30/04/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2008 RM'000
Revenue	98,976	136,286	98,976	136,286
Cost of sales	<u>(78,784)</u>	<u>(98,996)</u>	<u>(78,784)</u>	<u>(98,996)</u>
Gross profit	20,192	37,290	20,192	37,290
Other income	503	823	503	823
Operating expenses	(4,776)	(4,731)	(4,776)	(4,731)
Finance costs	<u>(321)</u>	<u>(184)</u>	<u>(321)</u>	<u>(184)</u>
Profit before tax	15,598	33,198	15,598	33,198
Tax expenses	<u>(3,875)</u>	<u>(7,626)</u>	<u>(3,875)</u>	<u>(7,626)</u>
Profit for the period	<u><u>11,723</u></u>	<u><u>25,572</u></u>	<u><u>11,723</u></u>	<u><u>25,572</u></u>
Attributable to :				
Equity holders of the Company	8,852	21,002	8,852	21,002
Minority interests	<u>2,871</u>	<u>4,570</u>	<u>2,871</u>	<u>4,570</u>
	<u><u>11,723</u></u>	<u><u>25,572</u></u>	<u><u>11,723</u></u>	<u><u>25,572</u></u>
Earnings per share (sen) :				
- Basic	2.93	7.12 ^	2.93	7.12 ^
- Diluted	2.91	6.94 ^	2.91	6.94 ^
Dividends per share (sen)	-	-	-	-

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2009)

^ These earnings per share have been adjusted accordingly pursuant to the completion of Bonus Issue in the financial year 2009 which was on the basis of two new ordinary shares for every five existing ordinary shares.

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT CURRENT QUARTER ENDED 30/04/2009 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	173,353	169,515
Biological assets	65,162	65,330
Prepaid land lease payments	164,053	164,647
Quoted investments	13	13
Development expenditure	1,905	1,453
Deferred tax assets	3,621	3,359
	408,107	404,317
Current assets		
Inventories	17,174	24,287
Receivables	22,961	26,319
Tax recoverable	2,572	1,177
Deposits with licensed banks and other financial institution	78,456	67,320
Cash and bank balances	13,940	9,059
	135,103	128,162
TOTAL ASSETS	<u>543,210</u>	<u>532,479</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	302,707	302,253
Share premium	688	623
Revaluation reserve	44,315	44,521
Other reserve	285	218
Retained profits	52,541	43,483
	400,536	391,098
Minority interests	30,598	27,729
Total equity	431,134	418,827
Non-current liabilities		
Interest bearing borrowings (secured)	20,333	22,323
Other borrowings	13,674	13,672
Deferred tax liabilities	42,641	42,348
	76,648	78,343
Current liabilities		
Payables	25,300	23,376
Interest bearing borrowings (secured)	6,194	9,315
Tax payable	3,934	2,618
	35,428	35,309
Total liabilities	112,076	113,652
TOTAL EQUITY AND LIABILITIES	<u>543,210</u>	<u>532,479</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.32	1.29

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2009)

KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Minority interests	Total equity
	Non-distributable			Distributable				
	Share capital	Share premium	Revaluation reserve	Other reserve	Retained profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended								
30 April 2009								
Balance as at 1 February 2009	302,253	623	44,521	218	43,483	391,098	27,729	418,827
Realisation of revaluation surplus, net of tax	-	-	(206)	-	206	-	-	-
Income and expenses recognised directly in equity	-	-	(206)	-	206	-	-	-
Profit for the year	-	-	-	-	8,852	8,852	2,871	11,723
Total recognised income and expenses for the period	-	-	(206)	-	9,058	8,852	2,871	11,723
Dividends	-	-	-	-	-	-	-	-
Share-based payment under ESOS	-	-	-	113	-	113	-	113
Transfer of reserve arising from exercise of ESOS	-	46	-	(46)	-	-	-	-
Issuance of shares pursuant to:								
- exercise of ESOS	413	19	-	-	-	432	-	432
- exercise of Warrant	41	-	-	-	-	41	-	41
Reversal of minority interests' share of losses previously set off against their advances	-	-	-	-	-	-	(2)	(2)
Balance as at 30 April 2009	302,707	688	44,315	285	52,541	400,536	30,598	431,134

KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Minority interests	Total equity	
	Non-distributable			Distributable				
	Share capital	Share premium	Revaluation reserve	Other reserve	Retained profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended								
30 April 2008								
Balance as at 1 February 2008								
As previously stated	209,957	36,263	44,785	-	92,947	383,952	15,222	399,174
Prior year adjustments :								
Effects of adopting FRS 112 on deferred tax	-	-	-	-	1,971	1,971	844	2,815
As restated	209,957	36,263	44,785	-	94,918	385,923	16,066	401,989
Realisation of revaluation surplus, net of tax	-	-	(204)	-	204	-	-	-
Reduction in deferred tax arising from change in tax rate	-	-	402	-	-	402	66	468
Income and expenses recognised directly in equity	-	-	198	-	204	402	66	468
Profit for the period	-	-	-	-	21,002	21,002	4,570	25,572
Total recognised income and expenses for the period	-	-	198	-	21,206	21,404	4,636	26,040
Dividends	-	-	-	-	-	-	(600)	(600)
Share-based payment under ESOS	-	-	-	85	-	85	-	85
Transfer of reserve arising from exercise of ESOS	-	85	-	(85)	-	-	-	-
Issuance of shares	2,087	154	-	-	-	2,241	-	2,241
Reversal of minority interests' share of losses previously set off against their advances	-	-	-	-	-	-	(1,944)	(1,944)
Balance as at 30 April 2008	212,044	36,502	44,983	-	116,124	409,653	18,158	427,811

(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 2009)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 30/04/2009 RM'000	3 months ended 30/04/2008 RM'000
Net cash from operating activities	29,268	24,560
Net cash used in investing activities	(8,779)	(12,699)
Net cash (used in)/from financing activities	(4,304)	412
Net increase in cash and cash equivalents	16,185	12,273
Cash and cash equivalents at beginning of period	75,278	100,123
Cash and cash equivalents at end of period (Note a)	<u>91,463</u>	<u>112,396</u>
<u>Note a : Cash and cash equivalents at end of period</u>		
Cash and bank balances	13,940	11,951
Deposits with licensed banks and other financial institution	78,456	101,720
Bank overdrafts	(933)	(1,275)
	<u>91,463</u>	<u>112,396</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 2009)

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 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 2009. 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 2009.

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 2009.

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 current quarter production of FFB was broadly 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

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A6. Debt and equity securities

The Company's issued and paid-up capital increased from RM302,252,972 as at 31 January 2009 to RM302,706,872 as at 30 April 2009 as a result of:

- (a) issuance of 412,900 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS"); and
- (b) issuance of 41,000 new ordinary shares of RM1 each pursuant to the exercise of 41,000 Warrants.

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:-

	Revenue		Results	
	3 months ended		3 months ended	
	30/04/2009	30/04/2008	30/04/2009	30/04/2008
	RM'000	RM'000	RM'000	RM'000
Plantation operations	21,966	38,590	8,429	25,678
Milling operations	94,024	121,356	7,639	8,100
	115,990	159,946	16,068	33,778
Less:				
Inter-segment eliminations	(17,014)	(23,660)	228	(423)
	98,976	136,286	16,296	33,355
Less:				
Unallocated expenses			(777)	(679)
Finance income			400	706
Finance costs			(321)	(184)
Profit before tax			15,598	33,198
Tax expenses			(3,875)	(7,626)
Profit for the period			11,723	25,572

KIM LOONG RESOURCES BERHAD

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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 24 June 2009.

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 2009.

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 were RM98.98 million and RM15.60 million respectively for the current quarter ended 30 April 2009, as compared to RM136.29 million and RM33.20 million respectively for last year’s corresponding period.

The 27% and 53% drop in revenue and PBT respectively were mainly due to lower crude palm oil price which was about 40% less than last year’s corresponding period.

The profit from plantation operation for the current quarter was RM8.43 million which was RM17.25 million or 67% lower than RM25.68 million recorded for last year’s corresponding period. The drop in profit was mainly due to lower FFB price while the FFB production maintained at the level of 59,000 MT which was 1,000 MT more as compared to last year’s corresponding period.

As for the milling operation, the profit only dropped by 6% or RM0.46 million to RM7.64 million due to higher milling throughput and efficiency. Total CPO production for the current quarter was 35,317 MT which was a 9% increase as compared to 32,428 MT recorded in last year’s corresponding period.

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

The PBT for the current quarter was RM15.60 million which was 19% higher than RM13.13 million achieved in the last quarter ended 31 January 2009. The increase in PBT was mainly due to better performance of milling operations as well as better palm oil prices. As a result of drop in FFB production by 10,900 MT, plantation operations only contributed about 52% of the PBT in the current quarter.

B3. Current financial year prospects

For the financial year ending 31 January 2010, we expect further increase in the production from both the plantation and milling operations as compared to financial year 2009.

In view of the current economic downturn and volatile commodity price, the Group will continue to take measures to mitigate the exposure to any unexpected loss due to sudden drop in CPO price.

Based on the above and barring any unforeseen circumstances, the Board expects the Group’s performance to be good in the financial year 2010.

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 30/04/2009 RM'000	Current Financial Year-to-date 30/04/2009 RM'000
Malaysian Income Tax		
- Current year	3,845	3,845
Deferred tax		
- Current year	102	102
- Realisation of revaluation surplus on land	(72)	(72)
	30	30
	<u>3,875</u>	<u>3,875</u>

The effective tax rate is lower than the statutory tax rate for the current quarter and current financial year-to-date mainly due to certain income which are not taxable.

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) There is no purchase or disposal of quoted securities during the current quarter and financial year-to-date.
- (b) Total investments in quoted securities as at 30 April 2009:-

	RM'000
At Cost	362
Allowance for diminution in value	(349)
At Book Value	<u>13</u>
At Market Value	<u>15</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.

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B8. Status of corporate proposals

Status of corporate proposal not completed as at 24 June 2009:

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.

On 11 August 2008, the Group received a letter from Desa Cattle (Sabah) Sdn. Bhd. informing us that the subdivided draft land titles together with the Memorandum of Payment have been issued by Lands and Surveys Department. The issuance of subdivided land titles is currently pending acceptance and payment of the balance land premium by the respective beneficial owners.

B9. Group borrowings and debt securities

As at 30 April 2009, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	933
Revolving credit	3,000
Term loans	2,261
	<hr/>
	6,194
	<hr/>
Long term borrowings :	
Term loans	20,333
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There was no unsecured interest bearing borrowing as at 30 April 2009.

B10. Financial instruments with off balance sheet risks

There were no financial instruments with off balance sheet risks as at 24 June 2009.

B11. Material litigation

As at 24 June 2009, there was no material litigation against the Group.

B12. Dividend

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

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B13. Earnings per share**Basic earnings per share (“Basic EPS”)**

The Basic EPS is calculated by dividing the profit attributable to the equity holders 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:

		Current Quarter 30/04/2009	Current Financial Year-to-date 30/04/2009
Net profit for the period	(RM'000)	<u>8,852</u>	<u>8,852</u>
Weighted average number of ordinary shares in issue	('000)	<u>302,373</u>	<u>302,373</u>
Basic EPS	(sen)	<u>2.93</u>	<u>2.93</u>

Diluted earnings per share (“Diluted EPS”)

The Diluted EPS is calculated by dividing the profit attributable to the equity holders 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 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 30/04/2009	Current Financial Year-to-date 30/04/2009
Net profit for the period	(RM'000)	<u>8,852</u>	<u>8,852</u>
Weighted average number of ordinary shares in issue	('000)	<u>302,373</u>	<u>302,373</u>
Adjustment for dilutive effect of unexercised share options	('000)	<u>364</u>	<u>364</u>
Adjustment for dilutive effect of warrants	('000)	<u>1,870</u>	<u>1,870</u>
Adjusted weighted average number of shares for Diluted EPS	('000)	<u>304,607</u>	<u>304,607</u>
Diluted EPS	(sen)	<u>2.91</u>	<u>2.91</u>