

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2008 RM'000	30/04/2007 RM'000	30/04/2008 RM'000	30/04/2007 RM'000
Revenue	136,286	67,964	136,286	67,964
Cost of sales	<u>(98,996)</u>	<u>(59,353)</u>	<u>(98,996)</u>	<u>(59,353)</u>
Gross profit	37,290	8,611	37,290	8,611
Other income	823	402	823	402
Operating expenses	(4,731)	(3,035)	(4,731)	(3,035)
Finance costs	<u>(184)</u>	<u>(240)</u>	<u>(184)</u>	<u>(240)</u>
Profit before tax	33,198	5,738	33,198	5,738
Tax expenses	<u>(7,626)</u>	<u>(1,223)</u>	<u>(7,626)</u>	<u>(1,223)</u>
Profit for the period	<u>25,572</u>	<u>4,515</u>	<u>25,572</u>	<u>4,515</u>
Attributable to :				
Equity holders of the Company	21,002	4,550	21,002	4,550
Minority interests	<u>4,570</u>	<u>(35)</u>	<u>4,570</u>	<u>(35)</u>
	<u>25,572</u>	<u>4,515</u>	<u>25,572</u>	<u>4,515</u>
Earnings per share (sen) :				
- Basic	9.97	2.65	9.97	2.65
- Diluted	9.72	2.11	9.72	2.11
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 2008)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT CURRENT QUARTER ENDED 30/04/2008 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2008 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	125,468	121,916
Biological assets	65,130	64,929
Prepaid land lease payments	166,029	166,622
Quoted investments	56	56
Development expenditure	1,454	1,532
Deferred tax assets	1,045	927
	359,182	355,982
Current assets		
Inventories	27,483	15,218
Receivables	34,865	29,263
Tax recoverable	65	225
Deposits with licensed banks and other financial institution	101,720	82,949
Cash and bank balances	11,951	18,694
	176,084	146,349
TOTAL ASSETS	535,266	502,331
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	212,044	209,957
Share premium	36,502	36,263
Revaluation reserve	44,983	44,785
Retained profits	116,124	94,918
	409,653	385,923
Minority interests	18,158	16,066
Total equity	427,811	401,989
Non-current liabilities		
Interest bearing borrowings (secured)	6,318	7,538
Other borrowings	14,088	12,144
Deferred tax liabilities	39,493	38,541
	59,899	58,223
Current liabilities		
Payables	30,388	28,309
Interest bearing borrowings (secured)	9,407	9,651
Tax payable	7,761	4,159
	47,556	42,119
Total liabilities	107,455	100,342
TOTAL EQUITY AND LIABILITIES	535,266	502,331
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.93	1.84

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2008)

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								
<u>30 April 2008</u>								
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

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								
<u>30 April 2007</u>								
Balance as at 1 February 2007								
As previously stated	171,459	35,284	45,197	64	61,883	313,887	10,151	324,038
Prior year adjustments :								
Effects of adopting FRS 112 on deferred tax	-	-	-	-	2,704	2,704	1,159	3,863
As restated	171,459	35,284	45,197	64	64,587	316,591	11,310	327,901
Realisation of revaluation surplus, net of tax	-	-	(203)	-	203	-	-	-
Prior year over provision of deferred tax on revaluation surplus	-	-	326	-	-	326	-	326
Income and expenses recognised directly in equity	-	-	123	-	203	326	-	326
Profit/(loss) for the period	-	-	-	-	4,550	4,550	(35)	4,515
Total recognised income and expenses for the period	-	-	123	-	4,753	4,876	(35)	4,841
Share-based payment under ESOS	-	-	-	54	-	54	-	54
Transfer of reserve arising from exercise of ESOS	-	118	-	(118)	-	-	-	-
Issuance of shares	1,587	232	-	-	-	1,819	-	1,819
Minority interests' share of loss set off against their advances	-	-	-	-	-	-	621	621
Balance as at 30 April 2007	173,046	35,634	45,320	-	69,340	323,340	11,896	335,236

(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 2008)

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 30/04/2008 RM'000	3 months ended 30/04/2007 RM'000
Net cash from operating activities	24,560	5,866
Net cash used in investing activities	(12,699)	(4,278)
Net cash from/(used in) financing activities	412	(1,774)
Net increase/(decrease) in cash and cash equivalents	12,273	(186)
Cash and cash equivalents at beginning of period	100,123	38,750
Cash and cash equivalents at end of period (Note a)	<u>112,396</u>	<u>38,564</u>

Note a : Cash and cash equivalents at end of period

Cash and bank balances	11,951	9,758
Deposits with licensed banks and other financial institution	101,720	31,541
Bank overdrafts	(1,275)	(2,735)
	<u>112,396</u>	<u>38,564</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 2008)

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 2008. 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 2008.

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 2008 except for the adoption of the following FRSs effective for the annual periods beginning on or after 1 July 2007 which are relevant to its operations:

FRS 102	Cash Flows Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 137	Provision, Contingent Liabilities and Contingent Assets

The initial application of the above FRSs and amendments to FRSs does not have any material impact on the financial statements of the Group except for:

FRS 112 Income Taxes

The revised FRS 112 requires that entities with unused reinvestment or other similar allowance in excess of the normal capital allowance to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unused reinvestment or other similar allowance can be utilised.

The financial impacts have been accounted for retrospectively and certain comparatives are restated as follows:

	As previously stated RM'000	Effects on adoption of FRS 112 RM'000	As restated RM'000
As at 1 February 2007			
Deferred tax assets	270	2,720	2,990
Retained profits	61,883	2,704	64,587
Minority interests	10,151	1,159	11,310
Deferred tax liabilities	33,935	(1,143)	32,792

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

	As previously stated RM'000	Effects on adoption of FRS 112 RM'000	As restated RM'000
Year ended 31 January 2008			
Tax expenses	23,535	1,048	24,583
Net profit for the year	72,511	(1,048)	71,463
Net profit attributable to equity holders of the Company	59,251	(733)	58,518
Net profit attributable to minority interests	13,260	(315)	12,945
As at 31 January 2008			
Retained profits	92,947	1,971	94,918
Minority interests	15,222	844	16,066
Deferred tax liabilities	41,356	(2,815)	38,541

The adoption of FRS 112 does not have financial impact on the financial results for the preceding year corresponding quarter ended 30 April 2007.

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

(Company Number: 22703-K)

A6. Debt and equity securities

The Company's issued and paid up capital increased from RM209,956,695 as at 31 January 2008 to RM212,043,994 as at 30 April 2008 as a result of:

- (a) issuance of 779,100 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS"); and
- (b) issuance of 1,308,199 new ordinary shares of RM1 each pursuant to the exercise of 1,308,199 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	
	30/04/2008	30/04/2007	30/04/2008	30/04/2007
	RM'000	RM'000	RM'000	RM'000
Plantation operations	38,590	15,696	25,678	4,796
Milling operations	121,356	59,799	8,100	1,733
	159,946	75,495	33,778	6,529
Less:				
Inter-segment eliminations	(23,660)	(7,531)	(423)	(230)
	<u>136,286</u>	<u>67,964</u>	33,355	6,299
Less:				
Unallocated expenses			(679)	(519)
Finance income			706	198
Finance costs			(184)	(240)
Profit before tax			<u>33,198</u>	<u>5,738</u>
Tax expenses			(7,626)	(1,223)
Profit for the period			<u>25,572</u>	<u>4,515</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.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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 2008.

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 2008.

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 Group continued to benefit from the high palm oil prices and achieved another quarter of good result with a 100% increase in revenue and 478% increase in profit before tax (“PBT”) for the current quarter ended 30 April 2008, as compared to RM67.96 million and RM5.74 million respectively for last year’s corresponding period.

The high revenue and PBT of RM136.29 million and RM33.20 million respectively were mainly contributed by higher Crude Palm Oil (“CPO”) price which was 76% more than last year’s corresponding period as well as higher production.

The profit from plantation operation for the period under review recorded a significant jump of 435% or RM20.88 million to RM25.68 million as a result of the good palm oil prices and 42% increase in FFB production by 17,400 MT as compared to last year’s corresponding period.

As for the milling operation, the profit also increased by 367% or RM6.37 million to RM8.10 million mainly contributed by improved margins of the mills and better capacity utilisation rate of our Keningau mill.

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

The PBT for the current quarter was RM33.20 million which was RM7.52 million or 18% lower than RM40.72 million achieved last quarter ended 31 January 2008. The lower PBT was mainly due to 22,800MT drop in FFB production as the first quarter is normally a low crop season despite 20% increase in CPO price.

B3. Current financial year prospects

For the financial year ending 31 January 2009, we expect an increase in the production from both the plantation and milling operations by more than 10% as compared to financial year 2008. Furthermore, the Group expects additional revenue and profit contribution from downstream activities such as sales of carbon credits, bio-fertilizers and palm fibre oil.

The Board expects the outlook for the current year prospects to continue to be good and foresees the CPO price to remain high. Barring any unforeseen circumstances, the Group will achieve another year of significant earning growth.

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

This is not applicable.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B5. Income tax

	Current Quarter 30/04/2008 RM'000	Current Financial Year-to-date 30/04/2008 RM'000
Malaysian Income Tax		
- Current year	6,326	6,326
Deferred tax		
- Current year	2,091	2,091
- Realisation of revaluation surplus on land	(76)	(76)
- Reduction in tax rate	(715)	(715)
	1,300	1,300
	<u>7,626</u>	<u>7,626</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 adjustments on reduction in tax rate and certain income which is 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 2008:-

	RM'000
At Cost	362
Allowance for diminution in value	(306)
At Book Value	<u>56</u>
At Market Value	<u>40</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.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B8. Status of corporate proposals

Status of corporate proposals not completed as at 24 June 2008:

(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 submitted the master title of the land to the relevant authority on 29 November 2007 to procure the subdivision and registration of the two pieces of land into the names of the respective subsidiaries.

(B) Proposed Bonus Issue

The Company has proposed to carry out a bonus issue of up to 87,922,680 ordinary shares of RM1 each in the Company to be credited as fully paid-up on the basis of two (2) new ordinary shares for every five (5) existing ordinary shares held on an entitlement date to be determined later ("Proposed Bonus Issue").

The Proposed Bonus Issue is subject to the shareholders' approval at an Extraordinary General Meeting to be convened.

B9. Group borrowings and debt securities

As at 30 April 2008, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	1,275
Revolving credit	3,000
Term loans	5,132
	<u>9,407</u>
Long term borrowings :	
Term loans	<u>6,318</u>

There was no unsecured interest bearing borrowing as at 30 April 2008.

B10. Financial instruments with off balance sheet risks

There were no financial instruments with off balance sheet risks as at 24 June 2008.

B11. Material litigation

As at 24 June 2008, there was no material litigation against the Group.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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 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 current year-to-date respectively:

		Current Quarter 30/04/2008	Current Financial Year-to-date 30/04/2008
Net profit for the period	(RM'000)	21,002	21,002
Weighted average number of ordinary shares in issue	('000)	210,681	210,681
Basic EPS	(sen)	9.97	9.97

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 current year-to-date 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 30/04/2008	Current Financial Year-to-date 30/04/2008
Net profit for the period	(RM'000)	21,002	21,002
Weighted average number of ordinary shares in issue	('000)	210,681	210,681
Adjustment for dilutive effect of unexercised share options	('000)	855	855
Adjustment for dilutive effect of warrants	('000)	4,589	4,589
Adjusted weighted average number of shares for Diluted EPS	('000)	216,125	216,125
Diluted EPS	(sen)	9.72	9.72