

**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
	31/01/2008 RM'000	31/01/2007 RM'000	31/01/2008 RM'000	31/01/2007 RM'000
Revenue	150,357	77,821	469,876	263,063
Cost of sales	<u>(104,110)</u>	<u>(62,620)</u>	<u>(358,609)</u>	<u>(218,945)</u>
Gross profit	46,247	15,201	111,267	44,118
Other income	899	465	3,130	3,223
Operating expenses	(5,935)	(4,397)	(17,189)	(15,800)
Gain on disposal of subsidiary company	-	-	-	75
Impairment loss of assets	(122)	(73)	(122)	(73)
(Diminution)/Reversal of diminution in value of quoted securities	(7)	286	(7)	286
Finance costs	<u>(196)</u>	<u>(284)</u>	<u>(880)</u>	<u>(1,386)</u>
<b>Profit before tax</b>	40,886	11,198	96,199	30,443
Tax expenses	<u>(10,572)</u>	<u>(3,290)</u>	<u>(24,036)</u>	<u>(7,769)</u>
<b>Profit for the period</b>	<u><u>30,314</u></u>	<u><u>7,908</u></u>	<u><u>72,163</u></u>	<u><u>22,674</u></u>
Attributable to :				
Equity holders of the Company	23,597	7,414	58,903	22,449
Minority interests	<u>6,717</u>	<u>494</u>	<u>13,260</u>	<u>225</u>
	<u><u>30,314</u></u>	<u><u>7,908</u></u>	<u><u>72,163</u></u>	<u><u>22,674</u></u>
<b>Earnings per share (sen) :</b>				
- Basic	11.36	4.33	31.15	13.13
- Diluted	11.01	3.44	30.21	10.44
<b>Dividends per share (sen)</b>	5.00	7.00	18.00	10.00

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2007)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AS AT CURRENT QUARTER ENDED 31/01/2008 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2007 RM'000 (Restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	121,889	103,601
Biological assets	64,929	65,360
Prepaid land lease payments	166,622	168,994
Quoted investments	56	2,212
Development expenditure	1,532	1,031
Deferred tax assets	457	270
	355,485	341,468
<b>Current assets</b>		
Inventories	15,257	10,663
Receivables	29,289	13,634
Tax recoverable	225	638
Deposits with licensed banks and other financial institution	82,949	27,325
Cash and bank balances	18,694	12,504
	146,414	64,764
<b>TOTAL ASSETS</b>	501,899	406,232
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	209,957	171,459
Share premium	36,263	35,284
Revaluation reserve	45,111	45,197
Other reserve	-	64
Retained profits	92,599	61,883
	383,930	313,887
Minority interests	15,222	10,151
<b>Total equity</b>	399,152	324,038
<b>Non-current liabilities</b>		
Interest bearing borrowings (secured)	7,538	12,669
Other borrowings	12,144	7,575
Deferred tax liabilities	41,030	33,935
	60,712	54,179
<b>Current liabilities</b>		
Payables	28,185	18,018
Interest bearing borrowings (secured)	9,651	8,833
Tax payable	4,199	1,164
	42,035	28,015
<b>Total liabilities</b>	102,747	82,194
<b>TOTAL EQUITY AND LIABILITIES</b>	501,899	406,232
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	1.83	1.83

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 January 2007)

**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	Reserve on consolidation	Revaluation reserve	Other reserve	Retained profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Year ended</b> <b>31 January 2008</b>									
<b>Balance as at 1 February 2007</b>	171,459	35,284	-	45,197	64	61,883	313,887	10,151	324,038
Realisation of revaluation surplus, net of tax	-	-	-	(818)	-	818	-	-	-
Prior year over provision of deferred tax on revaluation surplus	-	-	-	163	-	-	163	-	163
Reduction in deferred tax arising from change in tax rate	-	-	-	569	-	-	569	104	673
Share-based payment under ESOS	-	-	-	-	279	-	279	-	279
Transfer of reserve arising from exercise of ESOS	-	343	-	-	(343)	-	-	-	-
Income and expenses recognised directly in equity	-	343	-	(86)	(64)	818	1,011	104	1,115
Profit for the period	-	-	-	-	-	58,903	58,903	13,260	72,163
Total recognised income and expenses for the period	-	343	-	(86)	(64)	59,721	59,914	13,364	73,278
Dividends distributed to equity holders	-	-	-	-	-	(29,005)	(29,005)	(3,324)	(32,329)
Issuance of shares	38,498	636	-	-	-	-	39,134	-	39,134
Reversal of minority interests' share of losses previously set off against their advances	-	-	-	-	-	-	-	(4,969)	(4,969)
<b>Balance as at 31 January 2008</b>	<b>209,957</b>	<b>36,263</b>	<b>-</b>	<b>45,111</b>	<b>-</b>	<b>92,599</b>	<b>383,930</b>	<b>15,222</b>	<b>399,152</b>

**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	Reserve on consolidation	Revaluation reserve	Other reserve	Retained profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Year ended</b>									
<b>31 January 2007</b>									
<b>Balance as at 1 February 2006</b>	170,864	35,154	11,352	45,981	-	35,381	298,732	8,779	307,511
Prior year adjustments :									
Effects of adopting FRS 3 on goodwill on consolidation	-	-	-	-	-	(470)	(470)	-	(470)
As restated	170,864	35,154	11,352	45,981	-	34,911	298,262	8,779	307,041
Effect of adopting FRS 3 on reserve on consolidation	-	-	(11,352)	-	-	11,352	-	-	-
Realisation of revaluation surplus, net of tax	-	-	-	(1,791)	-	1,791	-	-	-
Reduction in deferred tax arising from change in tax rate	-	-	-	1,007	-	-	1,007	106	1,113
Share-based payment under ESOS	-	-	-	-	110	-	110	-	110
Transfer of reserve arising from exercise of ESOS	-	46	-	-	(46)	-	-	-	-
Income and expenses recognised directly in equity	-	46	-	(784)	64	1,791	1,117	106	1,223
Profit for the period	-	-	-	-	-	22,449	22,449	225	22,674
Total recognised income and expenses for the period	-	46	-	(784)	64	24,240	23,566	331	23,897
Dividends distributed to equity holders	-	-	-	-	-	(8,620)	(8,620)	(654)	(9,274)
Issuance of shares	595	84	-	-	-	-	679	-	679
Issue of shares to minority interests	-	-	-	-	-	-	-	80	80
Minority interests' share of loss set off against their advances	-	-	-	-	-	-	-	1,925	1,925
Acquisition of additional interests in subsidiary company	-	-	-	-	-	-	-	(310)	(310)
<b>Balance as at 31 January 2007</b>	<b>171,459</b>	<b>35,284</b>	<b>-</b>	<b>45,197</b>	<b>64</b>	<b>61,883</b>	<b>313,887</b>	<b>10,151</b>	<b>324,038</b>

(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 2007)

**KIM LOONG RESOURCES BERHAD**

(Company Number : 22703-K)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Year ended 31/01/2008 RM'000	Year ended 31/01/2007 RM'000
Net cash from operating activities	87,044	39,418
Net cash used in investing activities	(27,699)	(13,738)
Net cash from/(used in) financing activities	2,028	(17,659)
Net increase in cash and cash equivalents	61,373	8,021
Cash and cash equivalents at beginning of year	38,750	30,729
Cash and cash equivalents at end of year (Note a)	<u>100,123</u>	<u>38,750</u>
<b>Note a : Cash and cash equivalents at end of year</b>		
Cash and bank balances	18,694	12,504
Deposits with licensed banks and other financial institution	82,949	27,325
Bank overdrafts	(1,520)	(1,079)
	<u>100,123</u>	<u>38,750</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 2007)

# 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 2007. 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 2007.

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 2007 except for the adoption of the following amended FRSs effective for the financial period which are relevant to its operations:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS 124 does not have significant financial impact on the Group.

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated amortization and impairment loss, if any. The adoption of the revised FRS 117 has resulted in the change in the accounting policy relating to the classification of leases of land. Leasehold land held for own use is now classified as operating lease and where necessary the minimum lease payments or the up-front payments made are allocated between land and the building elements in proportion to the fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and are amortised on a straight line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The classification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparatives are restated as follows:

	As previously stated RM'000	Effects on adoption of FRS 117 RM'000	As restated RM'000
<b>As at 31 January 2007</b>			
Property, plant and equipment	272,595	(168,994)	103,601
Prepaid land lease payments	-	168,994	168,994

## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

### **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 not in line with the above trend as the FFB production peak was delayed to the fourth quarter instead of the third quarter which was in line with Sabah state production trend.

### **A4. Unusual items**

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

### **A5. Material changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter.

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

The Company's issued and paid up capital increased from RM171,458,700 as at 31 January 2007 to RM209,956,695 as at 31 January 2008 as a result of:

- (a) issuance of 3,575,400 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS"); and
- (b) issuance of 34,922,595 new ordinary shares of RM1 each pursuant to the exercise of 34,922,595 Warrants.

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

### **A7. Dividends paid**

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

- (a) A final dividend of 4 sen per ordinary share less tax and a special dividend of 3 sen per ordinary share less tax in respect of the financial year 2007 were paid on 16 August 2007.
- (b) An interim dividend of 3 sen per ordinary share less tax in respect of the financial year 2008 was paid on 21 December 2007.
- (c) A special dividend of 10 sen per ordinary share less tax in respect of the financial year 2008 was paid on 28 January 2008.

**KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

**A8. Segmental information**

Major segments by activity:-

	<b>Revenue</b>		<b>Results</b>	
	Year ended		Year ended	
	31/01/2008	31/01/2007	31/01/2008	31/01/2007
	RM'000	RM'000	RM'000	RM'000
Plantation operations	124,183	63,976	74,007	22,750
Milling operations	411,776	230,681	23,790	8,461
	535,959	294,657	97,797	31,211
Less:				
Inter-segment eliminations	(66,083)	(31,594)	-	-
	<u>469,876</u>	<u>263,063</u>	97,797	31,211
Less:				
Unallocated expenses			(3,327)	(2,736)
Finance income			1,954	735
Finance costs			(880)	(1,386)
Other investment income			655	2,619
Profit before tax			96,199	30,443
Tax expenses			(24,036)	(7,769)
Profit for the year			<u>72,163</u>	<u>22,674</u>

**A9. Valuation of property, plant and equipment**

The valuations of property, plant and equipment stated in the previous annual financial statements have been brought forward without amendment.

**A10. Material subsequent events**

There are no material events subsequent to the end of the current financial year that have not been reflected in the financial statements for the current financial period up to 24 March 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 2007.



## **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 an impressive 78% increase in revenue and 216% increase in profit before tax (“PBT”) for the current financial year ended 31 January 2008, as compared to RM263.06 million and RM30.44 million respectively for the last financial year.

The record-high RM469.88 million revenue and RM96.20 million PBT were mainly contributed by the higher Crude Palm Oil (“CPO”) price which was 65% more than last year’s corresponding period.

The profit from plantation operation for the period under review registered a significant jump of 225% or RM51.26 million to RM74.01 million as a result of the good palm oil prices and increase in FFB production by 27,000 MT.

As for the milling operation, the profit also increased by 181% or RM15.33 million to RM23.79 million mainly contributed by good performance 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 RM40.89 million which is RM9.84 million or 32% higher than RM31.05 million achieved last quarter ended 31 October 2007. The higher PBT was mainly contributed by 9% increase in FFB production and 16% increase in CPO price. In addition, the improved rate of utilisation of capacity of our mills also resulted in better profit contribution in the current quarter.

#### **B3. Current financial year prospects**

For the financial year ending 31 January 2009, we expect a continued increase in the production from both the plantation and milling operations as compared to financial year 2008. Furthermore, the Group expects additional revenue and profit contribution from the third mill near Telupid, the sales of carbon credits, palm fibre oil and palm kernel shell.

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 31/01/2008 RM'000	Current Financial Year-to-date 31/01/2008 RM'000
<b>Malaysian Income Tax</b>		
- Current year	6,856	16,263
- Overprovision in prior years	-	(17)
	6,856	16,246
<b>Malaysian Real Property Gains Tax</b>		
- Underprovision in prior year	47	47
<b>Deferred tax</b>		
- Current year	3,664	8,638
- Overprovision in prior years	(24)	(348)
- Realisation of revaluation surplus on land	(72)	(301)
- Reduction in tax rate	101	(246)
	3,669	7,743
	<u>10,572</u>	<u>24,036</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 overprovision of deferred tax in prior years, 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) Total purchase consideration and sale proceeds of quoted securities for the current quarter and financial year-to-date are as follows:-

	Current Quarter 31/01/2008 RM'000	Current Financial Year-to-date 31/01/2008 RM'000
Total purchase consideration	-	-
Total sale proceeds	-	2,762
Total gain on disposals	-	613

## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

(b) Total investments in quoted securities as at 31 January 2008:-

	RM'000
At Cost	362
Allowance for diminution in value	(306)
At Book Value	<u>56</u>
At Market Value	<u>56</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 24 March 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

On 2 January 2008, the Company announced a proposed bonus issue of up to 88,007,120 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").

Subsequently, the Company had on 28 March 2008 announced that the Proposed Bonus Issue will be implemented after the release of the Company's audited financial statements for the financial year ended 31 January 2008, and that an updated announcement and a Circular to shareholders will be issued in due course.

### **B9. Group borrowings and debt securities**

As at 31 January 2008, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	1,520
Revolving credit	3,000
Term loans	<u>5,131</u>
	<u>9,651</u>
Long term borrowings :	
Term loans	<u>7,538</u>

There was no unsecured interest bearing borrowing as at 31 January 2008.

## **KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

### **B10. Financial instruments with off balance sheet risks**

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

### **B11. Material litigation**

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

### **B12. Dividend**

The Board is pleased to propose a final dividend of 5 sen per share less income tax of 25% in respect of the financial year ended 31 January 2008.

- (a) (i) amount per share: 5 sen less income tax of 25%;
  - (ii) previous corresponding period: 7 sen less income tax of 27%;
  - (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: 13 sen per share less income tax of 26% and 5 sen per share less income tax of 25%.

### **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 current year-to-date by the weighted average number of ordinary shares in issue during the current quarter and the current year-to-date respectively:

		Current Quarter 31/01/2008	Current Financial Year-to-date 31/01/2008
Net profit for the period	(RM'000)	<u>23,597</u>	<u>58,903</u>
Weighted average number of ordinary shares in issue	('000)	<u>207,711</u>	<u>189,101</u>
Basic EPS	(sen)	<u>11.36</u>	<u>31.15</u>

**KIM LOONG RESOURCES BERHAD**

(Company Number: 22703-K)

**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 current year-to-date 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 31/01/2008	Current Financial Year-to-date 31/01/2008
Net profit for the period	(RM'000)	<u>23,597</u>	<u>58,903</u>
Weighted average number of ordinary shares in issue	('000)	207,711	189,101
Adjustment for dilutive effect of unexercised share options	('000)	1,296	1,051
Adjustment for dilutive effect of warrants	('000)	5,399	4,809
Adjusted weighted average number of shares for Diluted EPS	('000)	<u>214,406</u>	<u>194,961</u>
Diluted EPS	(sen)	<u>11.01</u>	<u>30.21</u>