

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
	31/01/2006 RM'000	31/01/2005 RM'000	31/01/2006 RM'000	31/01/2005 RM'000
Revenue	<u>52,377</u>	<u>48,444</u>	<u>218,679</u>	<u>230,706</u>
Gross profit	5,700	6,181	27,171	29,562
Other operating income	532	176	1,877	660
Operating expenses	(3,468)	(3,455)	(12,016)	(10,491)
Impairment loss of assets	(226)	-	(226)	-
Reversal of diminution in value of quoted securities	<u>143</u>	<u>348</u>	<u>143</u>	<u>348</u>
Profit from operations	2,681	3,250	16,949	20,079
Finance costs	<u>(448)</u>	<u>(1,105)</u>	<u>(2,698)</u>	<u>(3,677)</u>
Profit before tax	2,233	2,145	14,251	16,402
Tax	<u>(791)</u>	<u>(667)</u>	<u>(4,253)</u>	<u>(4,851)</u>
Profit after tax	1,442	1,478	9,998	11,551
Minority interests	<u>804</u>	<u>835</u>	<u>1,431</u>	<u>1,700</u>
Net profit for the period/year	<u><u>2,246</u></u>	<u><u>2,313</u></u>	<u><u>11,429</u></u>	<u><u>13,251</u></u>
Earnings per share (sen) :				
- Basic	1.31	2.17	7.29	12.41
- Diluted	1.05	N/A	5.73	N/A
Dividends per share (sen)	4.00	4.00	7.00	7.00

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

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT CURRENT FINANCIAL YEAR ENDED 31/01/2006 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/01/2005 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	332,506	328,987
Quoted investments	6,134	6,607
Development expenditure	531	162
Goodwill on consolidation	1,624	1,624
Deferred tax assets	202	-
	340,997	337,380
CURRENT ASSETS		
Inventories	9,071	8,591
Receivables	10,831	10,926
Tax recoverable	1,245	1,015
Cash and bank balances	32,727	7,309
	53,874	27,841
CURRENT LIABILITIES		
Payables	11,279	13,469
Interest bearing borrowings (secured)	14,116	17,722
Dividend payable	-	-
Tax payable	193	1,110
	25,588	32,301
Net Current Assets/(Liabilities)	28,286	(4,460)
NON-CURRENT LIABILITIES		
Interest bearing borrowings (secured)	16,923	53,021
Other borrowings	9,900	12,916
Deferred tax	34,889	34,905
	61,712	100,842
	307,571	232,078
CAPITAL AND RESERVES		
Share capital	170,864	106,750
Reserves	127,917	117,843
	298,781	224,593
Minority interests	8,790	7,485
	307,571	232,078
Net assets per share (RM)	1.80	2.17

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

KIM LOONG RESOURCES BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 January 2006	Share capital RM'000	Non-distributable reserves RM'000	Distributable reserve RM'000	Total RM'000
Balance as at 1 February 2005	106,750	87,888	29,955	224,593
Movements during the year	64,114	5,412	11,429	80,955
Transfer among reserves	-	(812)	812	-
Dividends	-	-	(6,767)	(6,767)
Balance as at 31 January 2006	<u>170,864</u>	<u>92,487</u>	<u>35,429</u>	<u>298,781</u>
Year ended 31 January 2005				
Balance as at 1 February 2004	106,750	88,610	21,427	216,787
Movements during the year	-	(65)	13,251	13,186
Transfer among reserves	-	(657)	657	-
Dividends	-	-	(5,380)	(5,380)
Balance as at 31 January 2005	<u>106,750</u>	<u>87,888</u>	<u>29,955</u>	<u>224,593</u>

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

KIM LOONG RESOURCES BERHAD

(Company Number : 22703-K)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31/01/2006 RM'000	Year ended 31/01/2005 RM'000
Net cash generated from operating activities	19,981	24,174
Net cash used in investing activities	(16,348)	(20,827)
Net cash from/(used in) financing activities	25,128	(1,954)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	28,761	1,393
Cash and cash equivalents at beginning of year	1,948	555
Cash and cash equivalents at end of year (Note a)	<hr/> <u>30,709</u>	<hr/> <u>1,948</u>
<u>Note a : Cash and cash equivalents at end of year</u>		
Cash and bank balances	32,727	7,309
Bank overdrafts	(2,018)	(5,361)
	<hr/> <u>30,709</u>	<hr/> <u>1,948</u>

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

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

EXPLANATORY NOTES

A1. Basis of preparation

These interim financial statements, which are unaudited, have been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2005.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2005.

A2. Audit qualification

The auditors’ report of the preceding annual financial statements of the Group did not contain any qualification.

A3. Seasonal or cyclical factors

The production of Fresh Fruit Bunches (“FFB”) from the estates and palm oil from the mill is normally low during the first quarter of each year. The production will rise in the second quarter, peak in the third quarter and slowly decline in the fourth quarter. The current quarter production of FFB is 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 RM106,750,000 as at 31 January 2005 to RM170,863,600 as at 31 January 2006 as a result of the following:

- (a) issuance of 64,050,000 new ordinary shares of RM1 each to the shareholders pursuant to a renounceable rights issue with 42,700,000 detachable free warrants on the basis of three (3) new ordinary shares with two (2) detachable free warrants for every five (5) existing ordinary shares.
- (b) issuance of 63,600 new ordinary shares of RM1 each under the Company's Employees' Share Option Scheme ("ESOS")

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, in respect of the financial year 2005 was paid on 15 August 2005.
- (b) An interim dividend of 3 sen per ordinary share, less tax, in respect of the financial year 2006 was paid on 12 December 2005.

A8. Segmental information

Major segments by activity:-

	Revenue		Results	
	Year ended		Year ended	
	31/01/2006	31/01/2005	31/01/2006	31/01/2005
	RM'000	RM'000	RM'000	RM'000
Plantation operations	49,699	47,240	15,691	16,939
Milling operations	190,223	198,926	3,988	5,882
	239,922	246,166	19,679	22,821
Less:				
Inter-segment eliminations	(21,245)	(15,460)	(102)	(120)
	218,677	230,706	19,577	22,701
Less:				
Unallocated expenses			(2,628)	(2,622)
Profit from operations			16,949	20,079

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 period that have not been reflected in the financial statements for the current financial period up to 24 March 2006.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except for on 5 December 2005, the Company's 90% owned subsidiary, Okidville Jaya Sdn. Bhd., has procured the incorporation of a wholly owned subsidiary company, Sepulut Plantations Sdn. Bhd. ("SPSB"). Currently, the paid-up capital of SPSB is RM2 divided into 2 ordinary shares of RM1 each fully paid and has not commenced operations.

A12. Contingent liabilities or Contingent assets

There were no material changes in contingent liabilities at group level since the last annual balance sheet as at 31 January 2005.

KIM LOONG RESOURCES BERHAD

(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 was RM218.68 million and RM14.25 million respectively for the current financial year ended 31 January 2006, as compared to RM230.71 million and RM16.40 million respectively for the preceding year.

The 5% drop in revenue of RM12.03 million is mainly due to drop in Crude Palm Oil (“CPO”) price by 13% which affected both the plantation and milling operations.

Despite the lower CPO prices, the revenue of the plantation operations increased by RM2.46 million to RM49.70 million as compared to RM47.24 million achieved for the preceding year on the account of increase in FFB production by 31,000 MT or 21%. The increase in FFB production is due to a more productive age profile of the palms.

The decline in profit is due to lower CPO price and increase in cost of consumables utilized in the plantations. As a result, the profit from the plantation operations dropped by 7% or RM1.25 million to RM15.69 million as compared to RM16.94 million for the preceding year.

The revenue from milling operations dropped by RM8.70 million or 4% to RM190.22 million mainly due to lower CPO price. The profit from milling operations dropped by RM1.89 million or 32% to RM3.99 million as compared to RM5.88 million achieved for the preceding year. The drop in profit is mainly due to lower processing margin at the Kota Tinggi mill as a result of competition for FFB supplies from surrounding mills.

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

The Group recorded a PBT of RM2.23 million for the quarter ended 31 January 2006 as compared to RM7.36 million for the preceding quarter ended 31 October 2005 mainly due to lower profit contribution from both milling and plantation operations. The 70% or RM5.13 million drop in PBT is mainly on account of lower FFB and palm oil production during the current quarter. The decrease in FFB production as compared to the third quarter is broadly in line with the seasonal production trend.

B3. Current financial year prospects

For the financial year ending 31 January 2007, the production quantity for both the plantation and milling operations is expected to be higher than the financial year 2006. The increase in production for the plantation operations is expected to be about 30% due to the increased mature acreage and a more productive age profile of the palms. For the milling operations, the rate of utilization of processing capacity of the mill at Keningau will improve with the increasing FFB production of our estates at Keningau and hence boost the palm oil production quantity for the Group.

Barring unforeseen circumstances and based on the current palm oil prices, the Board expects the Group’s profit to improve for the financial year ending 31 January 2007.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

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

This is not applicable

B5. Income tax

	Current Quarter 31/01/2006 RM'000	Current Financial Year-to-date 31/01/2006 RM'000
Malaysian Income Tax		
- Current year	1,204	4,459
- (Over)/Underprovision in prior years	(3)	12
Deferred tax		
- Current year	(333)	(141)
- Overprovision in prior years	(77)	(77)
	791	4,253

The effective tax rate is higher than the statutory tax rate for the current financial quarter and financial year-to-date mainly due to certain expenditure which is not tax deductible.

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 31/01/2006 RM'000	Current Financial Year-to-date 31/01/2006 RM'000
Total purchase consideration	-	724
Total sale proceeds	-	1,440
Total gain on disposals	-	100

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

(b) Total investments in quoted securities as at 31 January 2006:-

	RM'000
At Cost	6,435
Allowance for diminution in value	(301)
At Book Value	<u>6,134</u>
At Market Value	<u><u>6,134</u></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 proposalsStatus of corporate proposals not completed as at 24 March 2006

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

The two pieces of the land are registered in favour of two subsidiary companies as the owners of 10,781/12,881 undivided share and 100/12,881 undivided share. The Group has taken steps to procure the subdivision and registration of the two pieces of land into the names of the relevant subsidiaries.

(B) Renounceable Rights Issue with detachable free warrants

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

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

	Approved by Securities Commission	Amount utilised	Balance to be utilised
	RM'000	RM'000	RM'000
Repayments of bank borrowings	30,000	30,000	-
Property, plant and equipment	24,250	12,990	11,260
Working capital	15,205	15,205	-
Estimated expenses relating to the Rights Issue	1,000	1,000	-
Total proceeds from the Rights Issue	<u>70,455</u>	<u>59,195</u>	<u>11,260</u>

As a result of the disposal of a subsidiary company, Arab-Malaysian Agricultural Sdn. Bhd. ("AMASB"), which was completed on 10 February 2006, the Company announced to Bursa Malaysia on 27 February 2006 that the RM3,500,000 of the proceeds raised from the Rights Issue which was originally intended for the development of 990 acres of land owned by AMASB will now be utilized for the general working capital purposes of the Company.

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B9. Group borrowings and debt securities

As at 31 January 2006, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	RM'000
Short term borrowings :	
Overdrafts	2,018
Term loans	<u>12,098</u>
	<u>14,116</u>
Long term borrowings :	
Term loans	<u>16,923</u>

There is no interest bearing unsecured borrowings as at 31 January 2006.

B10. Financial instruments with off balance sheet risks

There were no financial instruments with off balance sheet risks for the current financial year-to-date.

B11. Material litigation

The Group is not engaged in any material litigation for the current financial year-to-date.

B12. Dividend

The Board is pleased to propose a final dividend of 4% less income tax of 28% in respect of the financial year ended 31 January 2006.

- (a) (i) Amount per share: 4 sen less income tax of 28%;
 - (ii) Previous corresponding period: 4 sen less income tax of 28%;
 - (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: 7 sen less income tax of 28%

KIM LOONG RESOURCES BERHAD

(Company Number: 22703-K)

B13. Earnings per share

Basic earnings per share (“Basic EPS”)

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

		Current Quarter 31/01/2006	Current Financial Year-to-date 31/01/2006
Net profit for the period	(RM’000)	2,246	11,429
Weighted average number of ordinary shares in issue	(’000)	170,864	156,809
Basic EPS	(sen)	1.31	7.29

Diluted earnings per share (“Diluted EPS”)

The Diluted EPS is calculated by dividing the Group’s net profit for the current quarter and the current financial year by the weighted average number of ordinary shares in issue during the current quarter and the current 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 31/01/2006	Current Financial Year-to-date 31/01/2006
Net profit for the period	(RM’000)	2,246	11,429
Weighted average number of ordinary shares in issue	(’000)	170,864	156,809
Impact on shares under option that would have been issued at fair value	(’000)	-	-
Assumed exercise of warrants	(’000)	42,700	42,700
Adjusted weighted average number of shares for Diluted EPS	(’000)	213,564	199,509
Diluted EPS	(sen)	1.05	5.73