



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司

OPTIMISING PRODUCTIVITY

• annual report 2019



The principal activities of the KLR Group are divided into two main areas: plantation operations and milling operations. Years of experience and expertise of the Board and the management have propelled the KLR Group to mature and excel in both activities.



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Form of Proxy



CORPORATE MILESTONES

1967



Sharikat Kim Loong Sendirian Berhad ("SKL"), holding company of Kim Loong Resources Berhad commenced business with 1,000-acre rubber plantation at Ulu Tiram, Johor. (The first planting of oil palm started in 1968).

1977

Incorporation of Kim Loong Palm Oil Sdn. Bhd. (currently a subsidiary of Kim Loong Resources Berhad) by SKL to undertake the milling operation and relocation of palm oil mill to Kota Tinggi, Johor under Kim Loong Palm Oil Mills Sdn. Bhd. which commenced operations in 1996.

1981

SKL expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah. Cocoa was first planted on the land followed by oil palm.



1997

Incorporation of Desa Kim Loong Plantations Sdn. Bhd. (currently known as Kim Loong - KPD Plantations Sdn. Bhd.) to enter into a JV with Korporasi Pembangunan Desa to develop 4,000 acres of land in Telupid, Sandakan, Sabah into an oil palm plantation. Restructuring exercise to transfer all Sabah plantation operations to Kim Loong Resources Berhad.

2003

Kim Loong Resources Berhad expanded its downstream diversification by entering into a Supply and Installation Contract and a Joint Venture Agreement in 2004 to undertake projects to extract CPO from wet palm fibre and extract tocotrienol concentrates from CPO under Kim Loong Technologies Sdn. Bhd. and Palm Nutraceuticals Sdn. Bhd. respectively.

2004

The Group entered into a Development cum Joint Venture with Al-Yatama Berhad to develop 2,702 acres of land in Kota Tinggi, Johor. Capacity of our Keningau Mill was successfully expanded to 45 MT of FFB per hour.



2005

Keningau Mill was awarded by MPOB for achieving OER exceeding 25%.

The Group undertook a biogas plant in our Kota Tinggi mill as a Clean Development Mechanism ("CDM") project under the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("UNFCCC").

2006

2007

Keningau Mill was awarded by MPOB as the highest OER mill in Malaysia in year 2007. The Group undertook another CDM project in our Keningau mill.



CORPORATE MILESTONES

(cont'd)

1998



Incorporation of Kim Loong Corporation Sdn. Bhd. ("KLC") by SKL to enter into a JV with Desa Cattle (S) Sdn. Bhd. to develop 17,731 acres of land into oil palm plantation and to erect new palm oil mill in Sook, Keningau, Sabah. Kota Tinggi Mill was ranked the largest commercial mill in Malaysia in terms of its CPO Production.

1999

As part of the listing restructuring exercise, KLPO group (milling operations at Kota Tinggi, Johor) and KLC (the plantation and milling operations at Sook, Keningau, Sabah) were transferred to Kim Loong Resources Berhad.

2000

Kim Loong Resources Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).



2002

Construction of the Keningau Mill which commenced operations in February 2003. Kota Tinggi Mill won the most innovative mill award by MPOB.



Commissioned the 3rd palm oil mill at Telupid, Sabah. Commissioned our first CDM project at Kota Tinggi in August 2008. Kim Loong Resources Berhad received an award from Malaysia Cocoa Board under cocoa estate category.

Kim Loong Resources Berhad received the shareholder value award (Agriculture & Fisheries sector) from KPMG.

Commissioned the second palm pressed fibre oil extraction plant.

The Group expanded into Sarawak by acquiring Tetangga Akrib Pelita (Pantu) Sdn Bhd (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), a joint venture company with Pelita Holdings Sdn. Bhd. to develop Native Customary Rights Land ("NCR Land") with estimated plantable area of 6,300 Ha in Sri Aman Division.

Telupid Mill was awarded by MPOB for achieving the highest OER (External FFB Source) in Malaysia.

2013 / 2014

Kim Loong Resources Berhad was awarded by The Edge in year 2016 as the highest returns to shareholders over three years in Malaysia (Plantation).

Kim Loong Resources Berhad was awarded by The Edge in year 2018 as the highest returns to shareholders over three years in Malaysia (Plantation).

The Company had successfully implemented Corporate Exercises involving Share Split (1 existing ordinary share to 3 Subdivided Shares) and Bonus Issue of Warrants (1 Warrant for every 20 Subdivided Shares) in April 2018.

Keningau mill was awarded by MPOB as the best palm oil mill (External FFB source in Sabah/Sarawak).

2008

2010

2016 / 2017

2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-fourth Annual General Meeting of Kim Loong Resources Berhad will be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 25 July 2019 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2019 together with the Auditors' Report thereon. (Ordinary Resolution 1)
2. To declare a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019. (Ordinary Resolution 2)
3. To approve the following payment to Directors:-
 - (a) Fees totalling RM288,000 for the financial year ended 31 January 2019. (Ordinary Resolution 3)
 - (b) Benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company. (Ordinary Resolution 4)
4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association (Constitution) of the Company:-
 - (a) Mr Gooi Seong Lim (Ordinary Resolution 5)
 - (b) Mr Gooi Seong Gum (Ordinary Resolution 6)
5. To re-appoint M/s. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

As Special Business, to consider and if thought fit, to pass the following resolutions:-

6. AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT subject always to the Companies Act, 2016, the Articles of Association (Constitution) of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(Ordinary Resolution 8)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 ("the Act"), the provisions of the Company's Memorandum and Articles of Association (Constitution) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following:-

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

- (a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 93,541,333 representing 10% of the total number of issued shares of the Company as at 23 April 2019;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2019 of RM114,809,485;
- (c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 9)

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

(Ordinary Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Proposed Shareholders' Mandate for the Company and/or its subsidiaries to enter into and give effect to the category of the recurrent related party transactions of a revenue or trading nature with the related parties, as specified in Section 2.3 of the Circular to Shareholders dated 30 May 2019 provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- (b) disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company,

and such authority shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the said Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Ordinary Resolution 11)

10. PROPOSED ALTERATION OF THE WHOLE OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION

"THAT the existing Memorandum and Articles of Association of the Company be and are hereby altered by deleting the same in their entirety and replaced with a new Constitution of the Company marked as Appendix I to the Circular to Shareholders dated 30 May 2019 **AND THAT** the Board of Directors of the Company be and is hereby authorised to sign and execute all documents, do all acts and things as may be required to give full effect to the new Constitution of the Company with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all steps and do all acts and things in such manner as may deem fit, expedient and in the best interest of the Company, to implement, finalise and give full effect to the new Constitution of the Company."

(Special Resolution 1)

- 11. To consider any other business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Forty-fourth Annual General Meeting, the final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019 will be paid on 29 August 2019 to depositors registered in the Record of Depositors on 9 August 2019.

A depositor shall qualify for entitlement only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 9 August 2019 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

CHONG FOOK SIN (MACS 00681)
KAN CHEE JING (MAICSA 7019764)
CHUA YOKE BEE (MAICSA 7014578)
 Company Secretaries

Petaling Jaya
 30 May 2019

NOTES:

- (1) A member whose name appears in the Record of Depositors as at 18 July 2019 shall be regarded as a member entitled to attend, speak and vote at the meeting.

(2) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) Ordinary Resolution 4 -

The Directors' benefits comprise the following -

- (a) Meeting allowance of RM500 per meeting day; and
- (b) Training benefits.

(4) Ordinary Resolution 8 -

This resolution, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting.

The approval is a renewed general mandate and is sought to provide flexibility and to avoid delay and cost in convening a general meeting for such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last annual general meeting held on 25 July 2018 and which will lapse at the conclusion of the Forty-fourth Annual General Meeting.

Should there be a decision to issue new shares after the authority is sought, the Company will make an announcement of the actual purpose and utilization of proceeds arising from such issuance of shares.

(5) Ordinary Resolution 9 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 30 May 2019 which is enclosed together with this Annual Report.

(6) Ordinary Resolution 10 -

Both the Nominating Committee and the Board have assessed the independence of Mr Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, and recommended him to be retained as an Independent Non-Executive Director of the Company based on the following justifications:-

- (a) He has fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, he would be able to provide independent judgement, objectivity and check and balance to the Board.
- (b) He performs his duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management.
- (c) His in-depth knowledge of the Group's businesses and his extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board.
- (d) He, having been with the Company for more than 12 years, is familiar with the Group's business operations and has devoted sufficient time and attention to his professional obligations and attended the Board and Committee meetings for an informed and balanced decision making.
- (e) He is independent as he has shown great integrity and has not entered into any related party transaction with the Group.
- (f) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Shareholders' approval for Ordinary Resolution 10 will be sought on a single tier voting basis.

(7) Ordinary Resolution 11 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 30 May 2019 which is enclosed together with this Annual Report.

(8) Special Resolution 1 -

The detailed text on this resolution on the Proposed Alteration of the whole of the existing Memorandum and Articles of Association by replacing with a new Constitution is included in the Circular to Shareholders dated 30 May 2019 which is enclosed together with this Annual Report.

This resolution, if approved, will bring the Constitution of the Company to be in line with the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD

- (1) The following Directors are standing for re-election pursuant to Article 77 of the Articles of Association (Constitution) of the Company at the Forty-fourth Annual General Meeting:-

- (a) Mr Gooi Seong Lim
- (b) Mr Gooi Seong Gum

The profiles of the Directors standing for re-election as mentioned in paragraph above at the Forty-fourth Annual General Meeting are set out on pages 12 and 13 of this Annual Report.

- (2) The statement relating to the general mandate for authority to allot and issue shares is set out in the Notes to the Notice of the Forty-fourth Annual General Meeting on page 7 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Gooi Seong Lim
Executive Chairman

Gooi Khai Chien
*Alternate Director to
Mr Gooi Seong Lim*

Gooi Seong Heen
Managing Director

Gooi Chuen Kang
*Alternate Director to
Mr Gooi Seong Heen*

Gooi Seong Chneh
Executive Director

Gooi Seong Gum
Executive Director

Gan Kim Guan
*Senior Independent
Non-Executive Director*

Chan Weng Hoong
*Independent
Non-Executive Director*

Cheang Kwan Chow
*Independent
Non-Executive Director*

AUDIT COMMITTEE

Gan Kim Guan
Chairman
Chan Weng Hoong
Cheang Kwan Chow

COMPANY SECRETARIES

Chong Fook Sin (MACS 00681)
Kan Chee Jing (MAICSA 7019764)
Chua Yoke Bee (MAICSA 7014578)

REGISTERED OFFICE

Unit 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

REGISTRAR

Tacs Corporate Services Sdn. Bhd.
(231621-U)
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

AUDITORS

Ernst & Young (Firm No. AF 0039)
B-15, Medini 9,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri,
Johor.

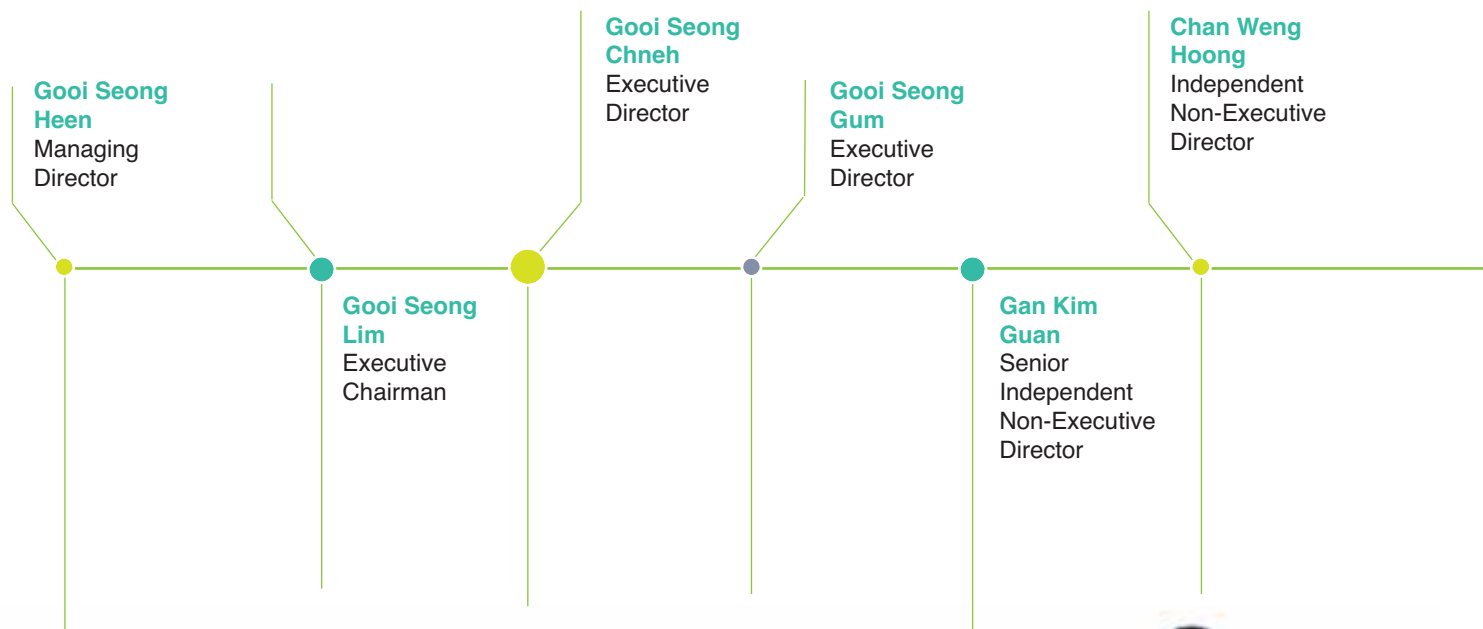
PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad (295400-W)
AmBank (M) Berhad (8515-D)
Malayan Banking Berhad (3813-K)
Public Bank Berhad (6463-H)
HSBC Bank Malaysia Berhad (127776-V)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Short Name : KMLOONG
Stock Code : 5027

BOARD OF DIRECTORS



BOARD OF DIRECTORS

(cont'd)

Cheang Kwan Chow
Independent
Non-Executive
Director

Gooi Chuen Kang
Alternate
Director to
Mr Gooi Seong
Heen

Gooi Khai Chien
Alternate Director
to Mr Gooi Seong
Lim

Chong Fook Sin
Company
Secretary

Chua Yoke Bee
Company
Secretary

Kan Chee Jing
Company
Secretary



PROFILE OF DIRECTORS



GOOI SEONG LIM

- EXECUTIVE CHAIRMAN
- 70
- Male
- Malaysian

Gooi Seong Lim, male, aged 70, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He was also a member of the Remuneration Committee with effect from 27 March 2002 until 30 January 2018. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1975. From 1975 until today, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"). CCB is a public company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



GOOI SEONG HEEN

- MANAGING DIRECTOR
- 68
- Male
- Malaysian

Gooi Seong Heen, male, aged 68, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) out of five (5) Board meetings held during the financial year 2019.

PROFILE OF DIRECTORS

(cont'd)



GOOI SEONG CHNEH

- Executive Director
- 64
- Male
- Malaysian

Gooi Seong Chneh, male, aged 64, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. He has been responsible for the development and management of oil palm and cocoa estates in Johor, Sabah and Sarawak since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



GOOI SEONG GUM

- Executive Director
- 63
- Male
- Malaysian

Gooi Seong Gum, male, aged 63, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) out of five (5) Board meetings held during the financial year 2019.

PROFILE OF DIRECTORS

(cont'd)



GAN KIM GUAN

- Senior Independent Non-Executive Director
- 56
- Male
- Malaysian

Gan Kim Guan, male, aged 56, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 28 March 2001. He is currently the Senior Independent Non-executive Director of KLR. He was appointed as a member of the Audit Committee on 28 March 2001 and currently, he is the Chairman of the Audit Committee. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He was appointed as the Chairman of the Nominating Committee and Remuneration Committee with effect from 31 December 2012 and 28 March 2013 respectively. He is a Chartered Accountant and has experience in accounting and financing related work. He is also a director of CCB.

Mr Gan is a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



CHAN WENG HOONG

- Independent Non-Executive Director
- 70
- Male
- Malaysian

Chan Weng Hoong, male, aged 70, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 24 March 2011. He is a member of the Audit Committee of KLR with effect from 24 March 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 24 March 2011. He graduated with a Bachelor of Agricultural Science (Hon) from the University of Malaya in 1973. Since graduation, he has worked as an agronomist throughout his career. He retired from Applied Agricultural Resources Sdn. Bhd. (AARSB) in 2004 as Principal Research Officer and Head of Oil Palm and Rubber Advisory Divisions and was on job extension as Agronomist/Consultant Agronomist until March 2015 when he fully retired from AARSB. He is well versed in both rubber and oil palm and continues to work as a freelance Consultant Agronomist. He has presented or published numerous papers on rubber at national and international conferences.

Mr Chan has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) out of five (5) Board meetings held during the financial year 2019.

PROFILE OF DIRECTORS

(cont'd)



CHEANG KWAN CHOW

- Independent Non-Executive Director
- 66
- Male
- Malaysian

Cheang Kwan Chow, male, aged 66, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 20 October 2011. He is a member of the Audit Committee of KLR with effect from 20 October 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 20 October 2011. He has a Diploma in Marketing from Redditch College, Worcestershire, England and a Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, Buckinghamshire, England. He graduated with a Master of Arts Communications Management from University of South Australia and a Master of Leadership in Organisational Learning from Monash University. He joined the Kuok Group of companies in 1980 and had over the years, held various senior management positions in various companies within the Kuok Group. He was appointed as Deputy Managing Director of PGEO Group Sdn. Bhd. and PGEO Marketing Sdn. Bhd. in July 2002, the position which he held until December 2007. He also sat on the board of PPB Group Berhad until May 2011. He is currently a Member of the Chartered Institute of Arbitrators, London, United Kingdom and sits on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia.

Mr Cheang has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



GOOI KHAI CHIEN

- Alternate Director to Mr Gooi Seong Lim
- 27
- Male
- Malaysian

Gooi Khai Chien, male, aged 27, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr Gooi Seong Lim on 31 March 2016. He graduated with a Bachelor's Degree in Chemical Engineering in 2014 and a Master's Degree in Investments and Wealth Management in 2015. Since 2016, he has been involved in the business operations of KLR Group.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Lim. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

PROFILE OF DIRECTORS

(cont'd)



GOOI CHUEN KANG

- Alternate Director to Mr Gooi Seong Heen
- 33
- Male
- Malaysian

Gooi Chuen Kang, male, aged 33, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr Gooi Seong Heen on 31 March 2016. He graduated with a Bachelor of Engineering (Chemical and Biomolecular Engineering) from the University of Melbourne in 2008. He worked as an analyst attached with Accenture Kuala Lumpur from 2010 to 2014. Since then, he has been involved in the business operations of KLR Group.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

Family Relationships

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are brothers.

Gooi Seong Lim is father of Gooi Khai Chien.

Gooi Seong Heen is father of Gooi Chuen Howe and Gooi Chuen Kang.

Save for the above, none of the other Directors are related.

PROFILE OF KEY SENIOR MANAGEMENT

The executive function in the Group is spearheaded by the Executive Chairman and Managing Director, namely Mr Gooi Seong Lim and Mr Gooi Seong Heen, whose profiles are included under the section on Directors' profile on page 12 of this Annual Report. The following Directors assist them with day to day running of the various operations of the Group.

Mr Gooi Seong Chneh - Executive Director
(Profile on Page 13 of this Annual Report)

Mr Gooi Seong Gum - Executive Director
(Profile on Page 13 of this Annual Report)

Mr Gooi Chuen Kang - Plantation Director
(Profile on Page 16 of this Annual Report)

The profiles of the other Key Senior Management members are set out below:



CHOW KOK HIANG

● Finance Director



GOOI CHUEN HOWE

● Marketing Director

Chow Kok Hiang, male, aged 52, a Malaysian, is currently the Finance Director of KLR and has vast experience in the Audit and Business Advisory Services, having served as Assistant Manager of Price Waterhouse (Currently known as PricewaterhouseCoopers) before joining Crescendo Corporation Berhad in 1997 as Group Accountant. He was transferred to KLR in 1999 to head the Finance Department of KLR Group. Mr Chow is a Chartered Accountant with the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He also sits on the board of several private companies involved in property development, construction, educational services, trading and manufacturing.

Mr Chow has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2019.

Gooi Chuen Howe, male, aged 35, a Malaysian, was appointed as Marketing Director in March 2019. He holds a Master of Business Administration from London Business School and a Master of Science degree in Applied Finance from the Singapore Management University. He started his career as an investment analyst in asset management companies from 2008 to 2009. Subsequently, he worked as an investment manager in Primevest Holdings Private Limited from 2010 to 2015. He has been the alternate director to Mr Gooi Seong Heen in CCB since 31 March 2016.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

PROFILE OF KEY SENIOR MANAGEMENT

(cont'd)



CHANG CHEE CHIONG

● General Manager



CHANG CHOW SWAN

● General Manager



GAN LIONG HOE

● Deputy General Manager

Chang Chee Chiong, male, aged 57, a Malaysian, is currently the General Manager of KLR in charge of the Group's estates in Sabah and Sarawak. He obtained the Licentiate Diploma from the Incorporated Society of Planters and with more than 30 years of working experience, he has vast experience in oil palm cultivation and plantation management. He was in the position of Deputy General Manager since 2010 before being promoted to the position of General Manager in 2014.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2019.

Chang Chow Swan, male, aged 65, a Malaysian, is currently the General Manager of Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPO"), a subsidiary of KLR. He graduated with a Bachelor degree in Chemical Engineering from National Taiwan University in 1978. A First Grade Steam Engineer with more than 38 years of hands-on experience for multiple breakthroughs in palm oil milling waste, biogas, biomass and downstream treatment. He is currently leading a group of engineers to initiate ideas to convert mill waste into higher value products, bring up KLPO Complex as a pioneer of waste minimization in palm oil industry in Malaysia, and benefiting the milling operation of KLR Group. He is currently a member of PAC under Malaysia Palm Oil Board ("MPOB") and Committee Member of Malaysia Palm Oil Millers Association ("POMA"). He also sits on the board of one subsidiary company of KLR Group involved in palm oil milling business.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2019.

Gan Liong Hoe, male, aged 45, a Malaysian, is currently the Deputy General Manager of KLR. He graduated with a Bachelor of Engineering (Mechanical) from Queensland University of Technology in 1997. Mr Gan started his career as an engineer in IOI Corporation Berhad in 1998 and later joined TSH Resources Berhad in 2001 as engineer until 2007 before joining Desa Kim Loong Palm Oil Sdn. Bhd. ("DKLPO"), a subsidiary of KLR as a Senior Mill Manager, in November 2007. He was transferred to KLR and promoted to the position of Deputy General Manager in 2013 for Group's milling operations in Sabah. Mr Gan is a First Grade Steam Engineer and Second Grade Internal Combustion Engine Engineer with the Department of Occupational Safety and Health. He also sits on the board of two subsidiary companies of KLR Group involved in palm oil milling business.

Mr Gan has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2019.

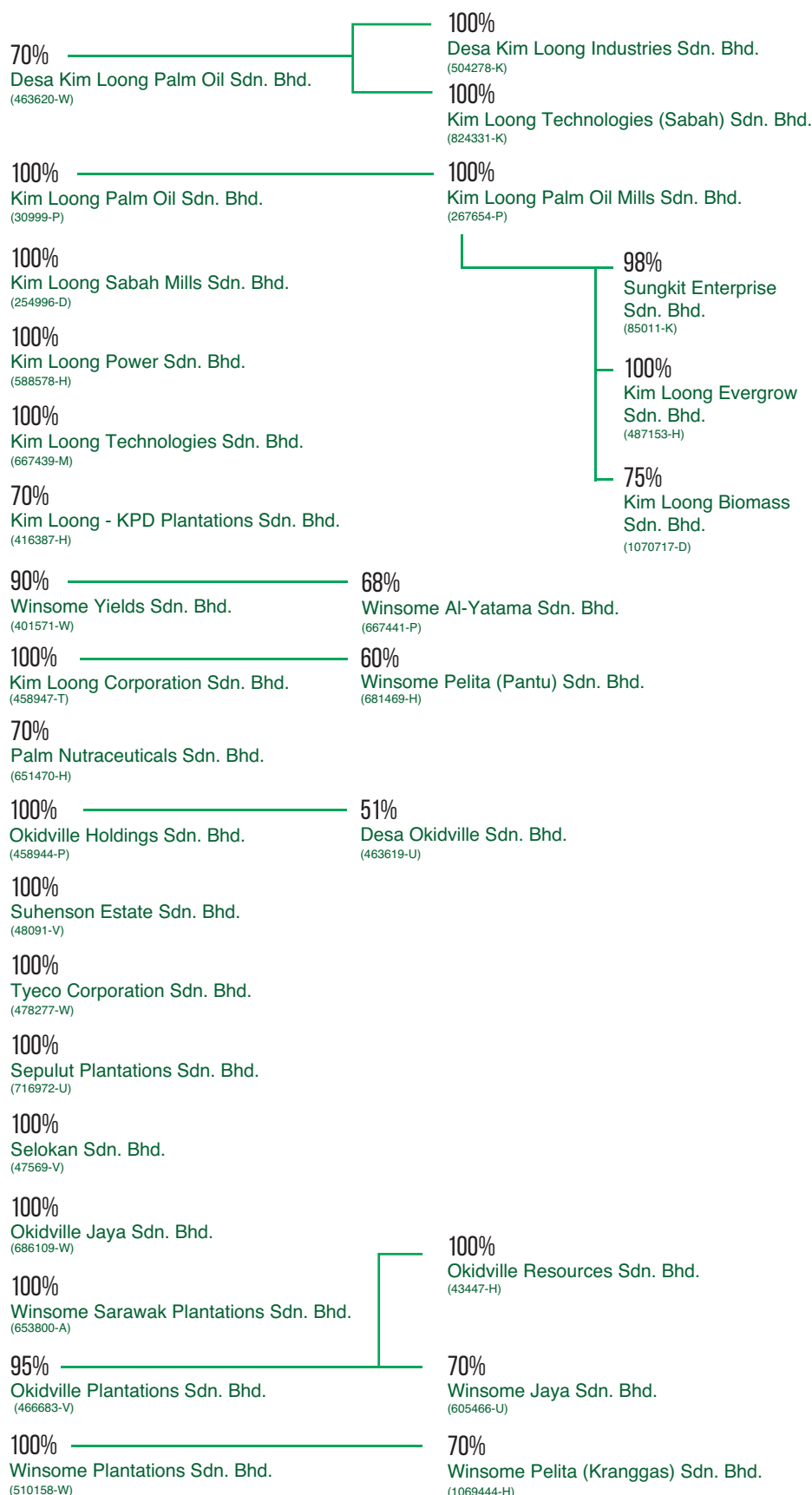
GROUP STRUCTURE

AS AT 31 JANUARY 2019



KIM LOONG
RESOURCES BERHAD
(22703-K)

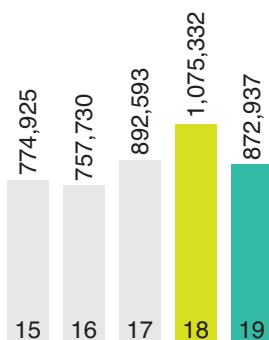
錦隆資源有限公司



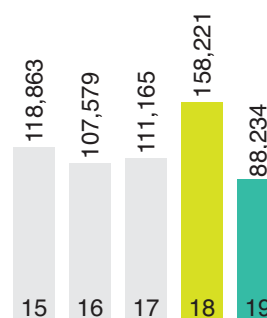
GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME (RM'000)

Revenue

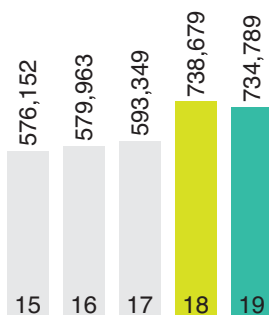


Profit Before Tax

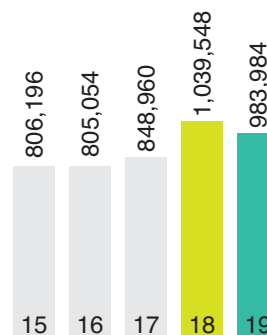


STATEMENT OF FINANCIAL POSITION (RM'000)

Equity Attributable To Owners of The Company

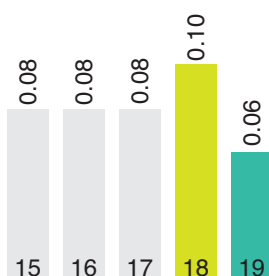


Total Assets

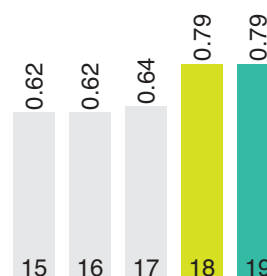


PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)

Earnings



Net Assets



GROUP FINANCIAL HIGHLIGHTS

(cont'd)

	2015	2016	2017	2018	2019
STATEMENT OF COMPREHENSIVE INCOME (RM'000)					
Revenue	774,925	757,730	892,593	1,075,332	872,937
EBITDA	149,031	137,778	143,431	193,270 ~	123,495
Profit before tax	118,863	107,579	111,165	158,221 ~	88,234
Profit after tax	89,689	85,664	85,688	121,785 ~	59,690
Net profit attributable to owners of the Company	75,279	73,783	71,118	96,545 ~	52,123

STATEMENT OF FINANCIAL POSITION (RM'000)

Paid-up share capital	311,109	311,804	311,804	318,430	318,433
Total shareholders' equity	650,021	654,213	673,446	829,975 ~	825,852
Equity attributable to owners of the Company	576,152	579,963	593,349	738,679 ~	734,789
Total assets	806,196	805,054	848,960	1,039,548 ~	983,984

PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)

Earnings	0.08 *	0.08 *	0.08 *	0.10 * ~	0.06
Net Assets	0.62 *	0.62 *	0.64 *	0.79 * ~	0.79
Gross Dividend	0.04 *	0.08 *	0.07 *	0.08 *	0.06
Share Price at Year End	0.92 *	1.01 *	1.14 *	1.39 *	1.25
Weighted Average Number of Share in Issue ('000)	929,065 *	933,482 *	933,605 *	933,605 *	933,606

FINANCIAL INDICATORS

Return on Equity (%)	13.80	13.09	12.72	14.67 ~	7.23
Return on Total Assets (%)	11.12	10.64	10.09	11.72 ~	6.07
Gearing Ratio (times)	0.08	0.07	0.05	0.03 ~	0.02
Price-Earnings Ratio (times)	11.50	12.67	14.91	13.48 ~	22.40
Interest Coverage Ratio (times)	51.63	47.88	60.75	113.45 ~	83.00
Gross Dividend Yield (%)	4.71	7.57	5.83	5.74	4.80

* Adjusted for subdivision of every 1 existing ordinary share into 3 ordinary shares ("Share Split") completed in April 2018.

~ Adjusted for effects of transition to MFRS.

STATISTICS

PLANTATIONS

Plantation Area (Ha)					
Oil palm					
Mature	13,581	13,794	14,256	14,255	13,943
Immature	1,320	1,172	700	691	1,003
Unplanted land	461	411	408	448	328
Total plantable area	15,362	15,377	15,364	15,394	15,274
Infrastructure and unplantable land	548	528	555	552	552
Total land area	15,910	15,905	15,919	15,946	15,826

Production and Yield (MT)					
Fresh fruit bunches ("FFB")	304,732	299,455	251,926	340,410	310,082
Yield per mature hectare	22.49	21.56	17.66	23.88	21.78

MILLS

Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	264,983	297,231	250,197	322,407	316,268
Oil extraction rate (% of FFB)	22.39	22.28	21.67	21.32	21.35
Palm kernel ("PK") (MT)	60,245	66,931	56,689	73,382	75,336
Kernel extraction rate (% of FFB)	5.09	5.02	4.91	4.85	5.08

AVERAGE SELLING PRICE [RM/MT]

CPO	2,352	2,139	2,682	2,718	2,169
PK	1,673	1,587	2,638	2,398	1,656

CHAIRMAN'S STATEMENT



**ON BEHALF OF THE BOARD
OF DIRECTORS OF KIM
LOONG RESOURCES BERHAD
("KLR"), I AM PLEASED TO
PRESENT TO YOU THE
ANNUAL REPORT AND
AUDITED FINANCIAL
STATEMENTS FOR THE
FINANCIAL YEAR ENDED
31 JANUARY 2019.**

GOOI SEONG LIM
Executive Chairman

FINANCIAL HIGHLIGHTS

RESULTS

The revenue and profit before tax ("PBT") of the Group were RM872.94 million and RM88.23 million respectively for the financial year 2019 ("FY2019") compared to RM1,075.33 million and RM158.22 million respectively for the financial year 2018 ("FY2018").

The drop in performance was mainly due to lower palm oil prices and FFB production. The average selling prices for FFB and CPO for the current financial year have recorded significant drop of 26% and 20% respectively.

The production of FFB dropped by 9% or 30,300 MT to 310,100 MT in FY2018. The lower FFB production for the current financial year was mainly attributable to the Group's estates in Sabah which had shown a lower production over the relatively high production last year when a strong recovery of FFB production was recorded. Nevertheless, the Group's estates in Sabah have performed well in terms of achieving the FFB production target set.

The drops in FFB production and price have greatly impacted the revenue and profit of plantation operations. The revenue from plantation has dropped by 33% to RM128.9 million whilst the profit dropped by 60% to RM43.2 million.

The performance of milling operations was also affected by the lower palm oil prices. During the year, the processing capacity utilisation has remained optimum and the Group's mills processed nearly 1.5 million MT of FFB with a total CPO production of 316,300MT which was just marginally lower than last year. Despite the fact that the quantity of CPO sold was 5% higher, lower palm oil prices have caused a 18% drop in revenue to RM854.6 million.

The profit from milling operations for the current financial year dropped by 15% or RM7.5 million to RM43.4 million mainly due to competitions for crops in Sandakan region resulting in a squeeze in processing margin.

As a result, the Group's Return on Equity (after tax) has dropped to 7.2% compared to 14.7% in FY2018.

CHAIRMAN'S STATEMENT

(cont'd)

DIVIDEND

The Board has recommended a final single tier dividend of 3 sen per share (FY2018: 3 sen per share) for the FY2019 making a total single tier dividend of 6 sen per share (FY2018: 8 sen per share).

The dividend payout represents approximately 107% of the annual profit attributable to owners of the Company.

CORPORATE EXERCISES

In the FY2018, the Company undertook the followings:

- (I) Share split involving the subdivision of every 1 existing ordinary share in KLR into 3 ordinary shares in KLR ("Subdivided Share(s)"); and
- (II) Bonus issue of up to 46,770,535 free warrants in KLR ("Warrant(s)") on the basis of 1 warrant for every 20 Subdivided Shares held after the Proposed Share Split.

(Collectively, referred to as the "Corporate Exercises")

The Corporate Exercises have been completed following the listing of and quotation for 935,410,707 Subdivided Shares and 46,680,235 Warrants on 5 April 2018 and 16 April 2018 respectively, on the Main Market of Bursa Securities.

DEVELOPMENT AND PROSPECTS

The Group will continue its replanting programme to replant the old palms which are unable to meet the expectation of high FFB yield. We expect to replant about 1,000 Ha in the financial year 2020.

The Group has also been sourcing for additional plantation land in Johor, Pahang, Sabah and Sarawak. However, Roundtable on Sustainable Palm Oil ("RSPO") restriction is a major constraint. To support our plantation operation in Sarawak, we have been actively looking into the possibility of setting up a palm oil mill in Sarawak.

For the financial year ending 31 January 2020, we foresee the FFB production to have no material difference as compared to FY2019 after taking into consideration the drop in production from oil palm areas due to replanting programs which will be cushioned by increasing yield from young mature areas.

For milling operations, the Group has achieved another year of high processing quantity at 1.5 million MT of FFB in FY2019. The management is optimistic that the 3 mills in the Group can continue to maintain high utilisation rate of processing capacity in the next financial year.

On the projects to supply power to the grid using biogas engine, we have secured Sustainable Energy Development Authority ("SEDA") approval for 1.8 megawatt for Kota Tinggi mill and 2.0 megawatt for Keningau mill. We have completed the installation for the Kota Tinggi biogas plant and it is expected to commence operation by first half of 2019. We are also taking step to apply for approval of 1.2 megawatt quota from SEDA for our mill at Telupid, Sabah.

With the recent decision by the European Union (EU) to ban the usage of palm oil as an additive for fuel in future, the export of CPO and its price could be under pressure. Although the Group does not have direct exposure to the EU market as we sell our oil palm products to local refineries, we will be affected indirectly if local refineries face challenges arising from the EU's decision. We believe our Government would be taking steps such as enhancing marketing strategy with other palm oil importing countries, establishing new markets, promoting local use of biodiesel, etc. to cushion the impact on the industry as a whole.

In near terms, we are of the view that CPO price could be moving higher from the current level of RM2,000 per MT considering production trend would be entering low yield cycle in the first half of 2019. However, CPO price is generally susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries as well as weather in major oil seed producing countries.

Based on the above, we foresee the Group would still be able to perform satisfactorily for the financial year 2020.

APPRECIATION

I would like to take this opportunity to express my appreciation to the management and staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor
Date: 15 May 2019

MANAGEMENT DISCUSSION & ANALYSIS

DESCRIPTION OF OUR GROUP'S BUSINESS AND STRATEGIES

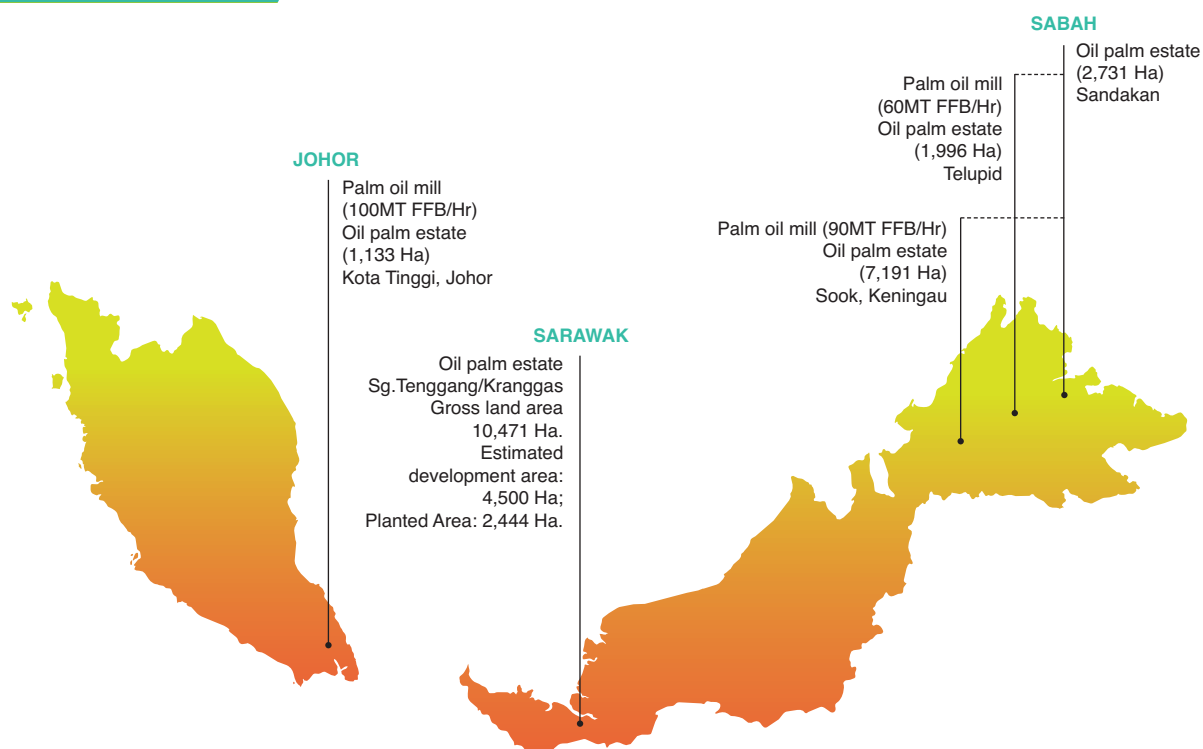
Kim Loong Resources Berhad and its subsidiaries (the “Group” or “KLRB Group”) are principally involved in investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation.

The principal activities of the Group can be divided into two main segments, namely plantation operations and palm oil milling operations.

As at 31 January 2019, the Group's total plantation land holdings stood at 15,826 hectares (“Ha”) of which 94% are fully planted with oil palms. Out of the total planted area, approximately 86% are mature above 6 years old, 7% are young mature below 6 years old while the remaining 7% are at immature stage. Our plantations are located in the states of Johor, Sabah and Sarawak.

The Group also owns and operates three (3) palm oil mills which are strategically located within the vicinity of our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. Our palm oil mills have a total FFB processing capacity of 1.5 million MT per annum.

LOCATIONS OF OPERATIONS



In order to facilitate the Group's progress and development in Sarawak, the Group has been looking into the possibility of setting up a palm oil mill in Sarawak and will continue to source for additional plantation land in Johor, Pahang, Sabah and Sarawak for expansion.

The Group remains committed in its effort to improve efficiency and at the same time generating income from palm oil mill wastes through new innovation and technology.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

FINANCIAL REVIEW

Revenue

The revenue of the Group were RM872.94 million for the financial year 2019 ("FY2019") compared to RM1.075 billion recorded for the financial year 2018 ("FY2018").

The drop of 19% in revenue was primarily attributable to lower palm oil prices as compared to the last financial year. Before inter-segments adjustments and eliminations, revenue from plantation operations has dropped by 33% whilst the revenue from milling operation also dropped by 18% compared to the last financial year.

The average selling prices and production of Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB") for FY2019 and FY 2018 of the Group are as follows:

Average selling price per metric ton ("MT"):-

	FY2019 (RM)	FY2018 (RM)	Change (%)
CPO	2,169	2,718	(20.20%)
PK	1,656	2,398	(30.94%)
FFB	416	562	(25.98%)

Sales quantity:-

Main palm oil milling products:	FY2019 (MT)	FY2018 (MT)	Change (%)
CPO	329,489	313,486	5.10%
PK	74,257	70,170	5.82%

Plantation produce:

FFB :			
to own mills	259,690	283,116	(8.27%)
to external parties	50,392	57,294	(12.05%)
Total	310,082	340,410	(8.91%)

Other Income

Other income for the year was RM12.20 million which was RM1.96 million lower as compared to FY2018 and consist mainly of interest income which was 72% (2018 : 68%). In the previous financial year, the other income included the reversal of impairment loss on property, plant and equipment and bearer plants amounting to RM2.92 million previously recognised, because the Federal Court had allowed a subsidiary of the Group, Winsome Pelita (Pantu) Sdn. Bhd.'s appeal on legal claims and set aside the judgments of the High Court and the Court of Appeal.

Cost of Sales

Generally, the production of major products by the Group during the year has decreased between 2% to 9% except for PK which has marginally increased by 3%. The summary of production of major products by the Group as tabulated below:-

	FY2019 (RM)	FY2018 (RM)	Change (%)
CPO	316,268	322,407	(1.90%)
PK	75,336	73,382	2.66%
FFB	310,082	340,410	(8.91%)

In order to meet sales contracts committed, the Group has purchased 14,400 MT of CPO from external parties at prevailing market price during the year.

In view of lower production from both plantation and milling operations, the cost of sales decreased by 16% or RM138.31 million to RM742.32 million, mainly due to lower cost of FFB purchased in milling operations resulting from lower palm oil prices.

Unit Cost of Production of CPO

The cost of production (excluding raw materials) of CPO has increased by 11% to RM210 per MT of CPO. The total cost of production of CPO has also increased by 13% to RM1,330 per MT of CPO. The increase in costs was mainly caused by:

- (i) lower FFB production yield;
- (ii) increase in upkeep and maintenance for buildings and machineries; and
- (iii) increase in labour cost partly caused by shortage of worker in plantation industry.

Finance Cost

Finance cost recognised in profit or loss has decreased by 23% or RM330,000 to RM1.08 million as compared to FY2018 due to repayment of bank borrowings.

Profit before Tax ("PBT")

The Group's PBT of RM88.23 million for the FY2019 was lower than RM158.22 million for the FY2018.

The Group's PBT has dropped by nearly RM70 million or 44%, of which RM65 million was attributable to the plantation operations. The drop in PBT was mainly due to lower palm oil prices and FFB production. The average selling prices for FFB and CPO for the current financial year have recorded significant drop of 26% and 20% respectively.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

Taxation

The effective tax rate for FY2019 of 23.27% was slightly lower than statutory tax rate. This was mainly due to utilisation of tax incentive and certain income not being subject to tax. Due to change in tax legislation that unabsorbed business losses shall be deductible for a maximum period of 7 years, deferred tax assets of RM7.6 million in respect of unabsorbed business losses is derecognised in the current financial year as there is uncertainty that sufficient profit will be generated within 7 years for utilisation of unabsorbed business losses brought forward.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group decreased significantly by 46% year-on-year to RM52.12 million and 5.58 sen respectively as compared to RM96.55 million and 10.34 sen recorded for the preceding financial year.

Cash Flows

During the financial year, the Group adopted the policy that investments in short term funds are excluded from cash and cash equivalents for the purpose of presentation of Statement of Cash Flows.

The Group's short term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to known amount of cash with insignificant changes in value.

Excluding short term funds, the Group's cash and cash equivalents decreased by 18% or RM42.14 million to RM191.84 million mainly due to the following:

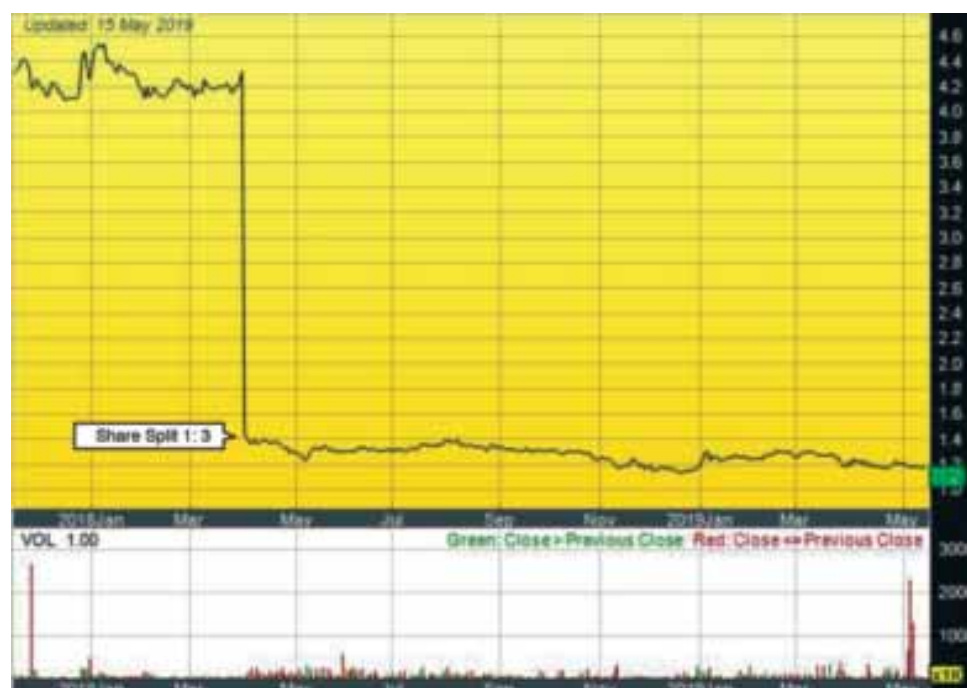
- (i) less cash generated from operating activities due to lower selling prices for FFB and CPO; and
- (ii) more investment in short term funds with expectation of higher tax-exempt return as compared to conventional deposits with bank.

The Group's investment in short term funds has increased by 26% or RM15.95 million to RM78.44 million as compared to FY2018.

It is the Group's practice to include short term funds as an important instrument in its cash flows and liquidity management. As at the end of the financial year, total short term funds and cash and cash equivalents was RM270.28 million.

Share Price Performance

Our Company's share price performance for the period from January 2018 till 15 May 2019:



During the financial year, the share price was in range of RM1.13 to RM1.52 and closed at RM1.25 at end of the financial year.

In April 2018, the share price was adjusted as a result of completion of the corporate exercise involving the subdivision of every 1 existing ordinary share into 3 ordinary shares ("Share Split").

Source: Bursa Malaysia

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

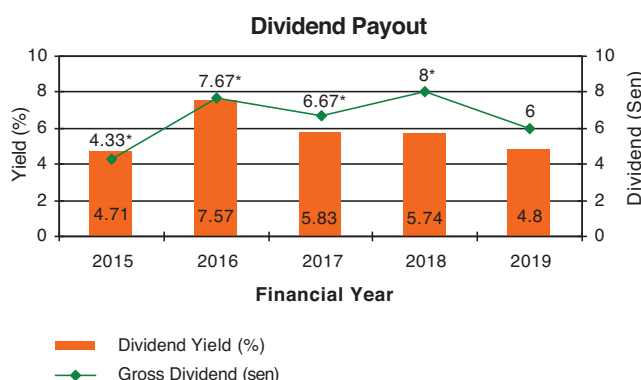
Dividend

The Board has recommended a final single tier dividend of 3 sen per share (FY2018: 3 sen per share) for the FY2019 making a total single tier dividend of 6 sen per share (FY2018: 8 sen per share).

The dividend payout represents approximately 107% of the annual profit attributable to owners of the Company.

Out of the 6 sen dividend declared for the FY2019, the first interim dividend of 3 sen has been paid on 22 November 2018.

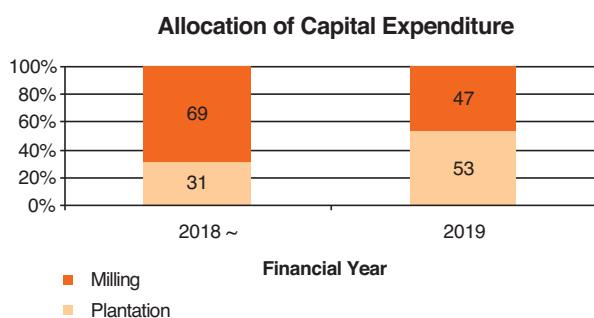
In the past five (5) years, the Group has achieved gross dividend yields that are more attractive than return from conventional deposits with bank.



* Adjusted for subdivision of every 1 existing ordinary share into 3 ordinary shares ("Share Split") completed in April 2018.

CAPITAL EXPENDITURE

The Group spent RM26.65 million for capital expenditure in FY2019 as compared to RM28.18 million for FY2018. The capital expenditure spent for the plantation operations has increased from RM8.79 million to RM14.17 million due to more area being replanted during the current financial year.



~ Adjusted for effects of transition to MFRS.

REVIEW OF OPERATING ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations decreased by 15% or RM7.53 million to RM43.37 million as compared to RM50.90 million recorded for the last financial year. The lower profit was due to substantial drop in CPO selling price despite a higher sales quantity recorded.

Despite a marginal increase in the CPO extraction rate to 21.35%, the operations has achieved lower processing margin which was mainly caused by competitions for crops in Sandakan region resulting in a squeeze in processing margin, and lower CPO price in the current financial year. During the year, the Group's mills processed a total FFB quantity of 1.48 million MT as compared to 1.50 million MT in the last financial year.

Total CPO production for the year under review was 316,268 MT, which was about 2% lower than 322,407 MT recorded in the last financial year. The market condition and demand for the Group's main milling products has been good and steady for the financial year. Despite the fact that the production has decreased by 2%, the sale of CPO, the main product, increased by 5% to 329,489 MT compared to 313,486 MT in the last financial year due to the Group's purchase of 14,400 MT of CPO from external parties in order to meet sales contracts committed. As at 31 January 2019, the CPO inventory level stood at 22,000 MT which was higher than normal level, partly due to a slowdown in taking delivery of CPO by refineries in the 4th quarter affected by sharp drop in CPO price in that period.

The average selling price of CPO of the Group for the current financial year was RM2,169 per MT which was significantly lower than RM2,718 per MT in the last financial year.

The extraction rate for CPO and PK for FY2019 and FY 2018 can be analysed as follow:

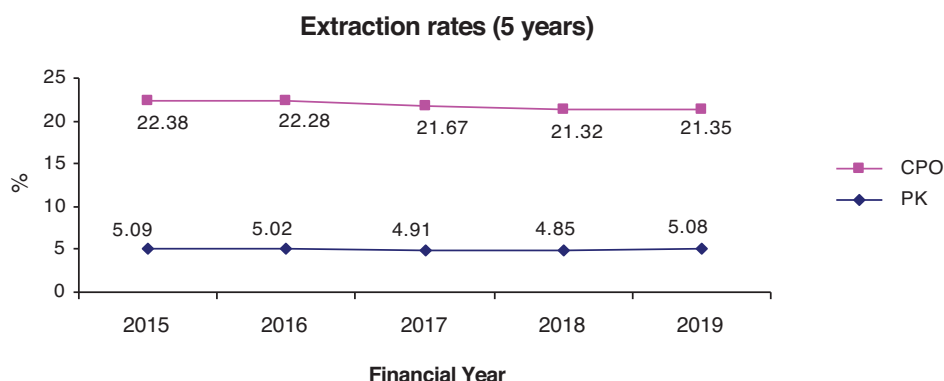
	FY2019	FY2018	Change (%)
CPO:			
KLRB Group CPO extraction rate (%)	21.35	21.32	0.14%
Malaysia National CPO extraction rate* (%)	19.95	19.72	1.17%
PK:			
KLRB Group PK extraction rate (%)	5.08	4.85	4.74%
Malaysia National PK extraction rate* (%)	4.97	4.90	1.43%

* The statistics for Malaysia National CPO and PK extraction rates are extracted from MPOB web-site based on calendar year 2018 and 2017 whilst the figures from KLRB Group are based on its financial year (Feb - Jan).

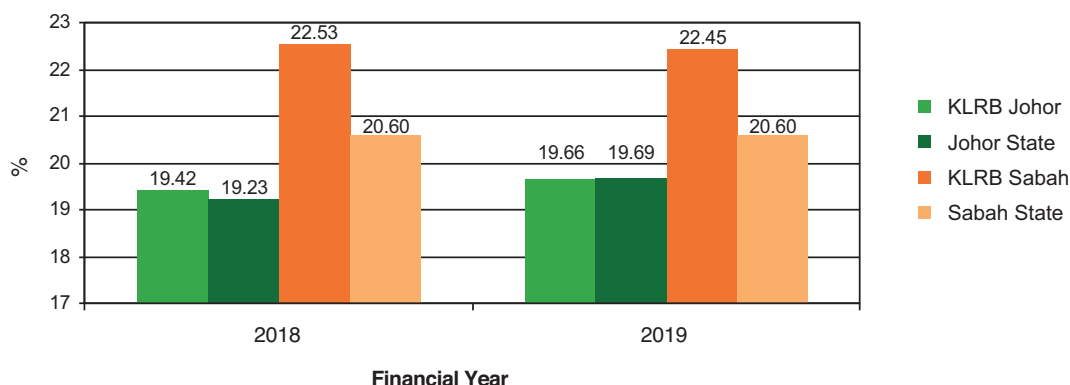
MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

The Group's performance in terms of extraction rates is broadly consistent with the previous year except for the increase in PK extraction rate which might have adversely affected the performance of CPO extraction. The extraction rates performance of the Group's milling operations have not varied significantly for the past five (5) years as shown below:



To further zoom in operations by State, the CPO extraction rate performance of mills within our Group has outperformed Sabah State average while it is very close to Johor State for the past two years as tabulated below:



* The statistics for Johor and Sabah State CPO extraction rates are extracted from MPOB web-site based on calendar year 2018 and 2017 whilst the figures from KLRB Group are based on its financial year (Feb - Jan).

Currently, all our three (3) palm oil mills have methane capturing facilities to reduce greenhouse gas emission into atmosphere. With the project of capturing methane gas implemented, the Group has successfully commissioned the utilisation of the biogas in gas engines with total installed capacity of 3.5 megawatts which has supplemented the power needs by operations and together with better efficiency boiler/turbine, we managed to reduce usage of diesel consumed by gen-set at mills by at least 60% and also reduce the burning of palm kernel shell.

On the projects to supply power to the grid using biogas engine, the Group has secured Sustainable Energy Development Authority ("SEDA") approval for 1.8 megawatt for Kota Tinggi mill and 2.0 megawatt for Keningau mill. We have completed the installation for the Kota Tinggi biogas plant and it is expected to commence operation by first half of 2019. We are also taking step to apply for approval of 1.2 megawatt quota from SEDA for our mill at Telupid, Sabah.

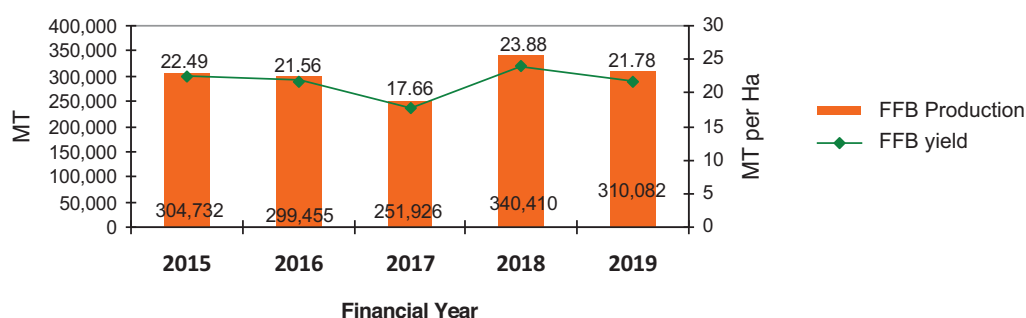
MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

PLANTATION OPERATIONS

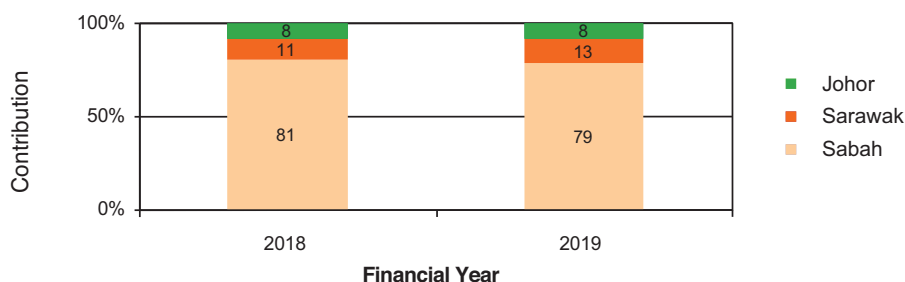
The profit from the plantation operations decreased by 60% or RM65.10 million to RM43.15 million as compared to RM108.25 million recorded for the last financial year. The decrease in profit was mainly due to lower FFB production and average selling price for FFB. The FFB production for the year under review was 310,082 MT which was 9% lower than 340,410 MT achieved in the last financial year. The lower FFB production for the current year as compared to last year was mainly attributable to the estates in Sabah which had shown a lower production over the relatively high production records in last year. A strong recovery of FFB production was recorded in the FY2018. Nevertheless, the Group's estates in Sabah have performed well in terms of achieving the FFB production target set. The plantation operations did not face problems in selling its FFB production as most of the produce was supplied to mills within the Group. Average FFB selling price was 26% lower compared to the last financial year. Tabulated below is the Group's FFB production and yield per Ha for the past five (5) years:

FFB Production and Yield (5 years)

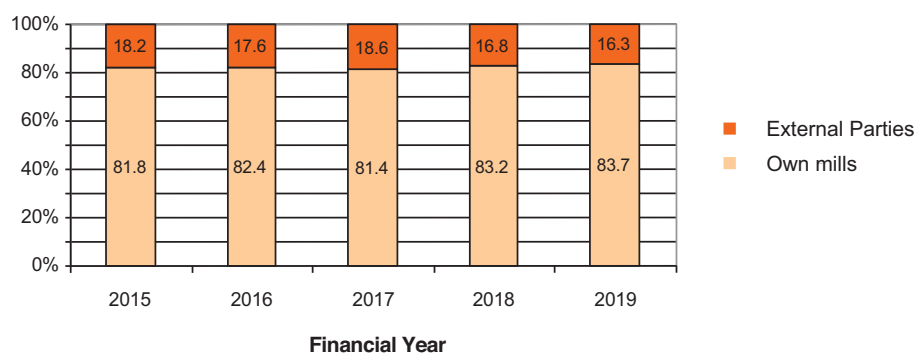


Most of the FFB produce is supplied to our own mills located nearby the estates while the FFB produce from our estates in Sarawak has to be sold to third party mill as we do not have palm oil mill in Sarawak at the moment. Analysis of production and sales of FFB is tabulated below:

Group's FFB Production by estates location (by State)



Sales of FFB



MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

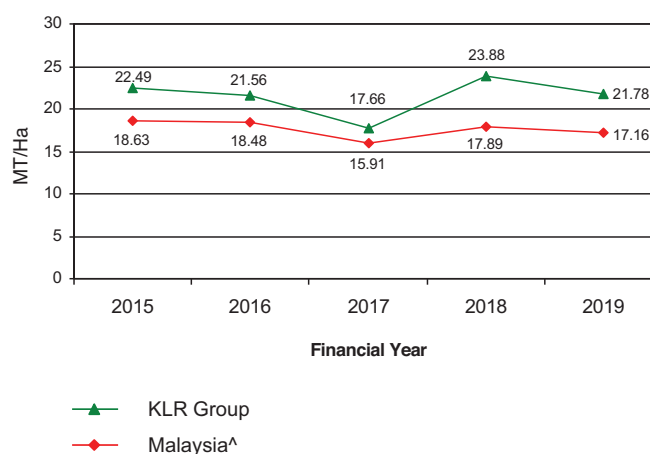
Our average oil yield per Ha for Sabah estates has decreased to 5.13 MT per Ha in FY2019 compared to 5.74 MT per Ha in FY2018 mainly due to the estates in Sabah which had shown a lower production over the relatively high production records in last year. Our overall Group average oil yield has decreased to 4.77 MT per Ha compared to 5.26 MT per Ha in FY2018.

The yield per Ha analysis for FY2019 and FY2018 can be analysed as follow:

	FY2019	FY2018	Change (%)
FFB Yield:			
KLRB Group			
FFB Yield (MT per Ha)	21.78	23.88	(8.79%)
Malaysia National			
FFB Yield* (MT per Ha)	17.16	17.89	(4.08%)
CPO Yield:			
KLRB Group			
Oil Yield (MT per Ha)	4.77	5.26	(9.32%)
Malaysia National			
Oil Yield* (MT per Ha)	3.42	3.53	(3.12%)

* The statistics for Malaysia National FFB and CPO yield per Ha are extracted from MPOB web-site based on calendar year 2018 and 2017 whilst the figures from KLRB Group are based on its financial year (Feb - Jan).

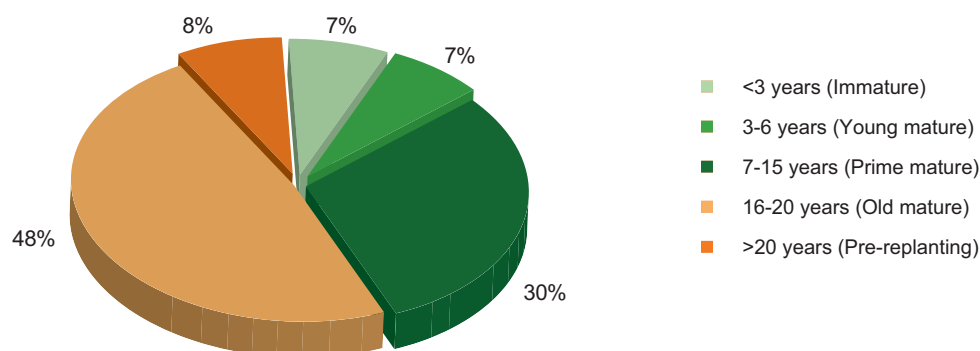
The Group's five (5) year FFB yield performance comparison with the Malaysia National performance is tabulated below:



^ The statistics for Malaysia National FFB yield per Ha are extracted from MPOB web-site based on calendar year 2014 to 2018 whilst the figures from KLRB Group are based on its financial year (Feb - Jan).

As at 31 January 2019, the Group's total planted area is 14,946 hectares. In terms of age profiles of the Group's oil palm plantations, most of the planted areas are with palm age between 7 to 20 years old.

AGE PROFILE OF PALMS (AS AT 31 January 2019)



The Group has continual replanting programme of approximately 1,000 hectares per year for old palms from 2019 to 2026.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

RISKS EXPOSURE AND MITIGATION

The Group's business operations are within the plantation industry that is generally subject to the following major risks that may have a material effect on the Group's operations, performance, financial condition and liquidity:

- a) Volatility in palm oil commodity prices as well as foreign currency exchange rate;
- b) Fluctuation in production of FFB due to seasonal cyclical as well as weather factors such as El Nino phenomenon.
- c) Demand in palm oil products that may be adversely affected by alternative supply of oils and fats worldwide;
- d) Import policies of major importing countries;
- e) Shortage in skilled labour in plantation sector; and
- f) Increase in operation cost partly caused by up-going trend of minimum wages as well as increased recruitment cost for foreign workers.

There have been no significant changes in the above-mentioned risks since the previous financial year.

The Management constantly monitors the movements in palm oil commodity prices and may take steps to mitigate unfavourable movement in commodity prices, where necessary, to reduce impact on the Group's financial performance. To achieve this, the Group may use derivatives such as Futures and Swap contract to hedge against cash flow risks faced by the Group arising from its forecasted probable production.

Considering plantation is still a labour intensive industry, it is unlikely to operate without manual labour, therefore the Group has been putting its best efforts to manage its operations with limited labour force and where possible, to invest in mechanization and automation in its plantations as well as palm oil milling operations to reduce dependency on labour.

The Group also observes best practices in managing its plantation and milling operations such as adhering to manuring programmes recommended by Agronomists, strict control to minimize oil loss, so as to achieve optimal operation efficiency in terms of both production quantity and quality.

PROSPECTS

For the financial year ending 31 January 2020, we foresee the FFB production to have no material difference as compared to FY2019 after taking into consideration the drop in production from oil palm areas due to replanting programs which will be cushioned by increasing yield from young mature areas.

For milling operations, the Group has achieved another year of high processing quantity at 1.48 million MT of FFB in FY2019. The management is optimistic that the 3 mills in the Group can continue to maintain high utilisation rate of processing capacity in the next financial year.

As of to date, our two palm oil mills in Sabah have achieved Malaysian Sustainable Palm Oil ("MSPO") Certification. The estates at Keningau and mill at Kota Tinggi have completed the Stage 2 audit and are expecting to obtain the certification soon. As for our estates at Sandakan and Telupid, we have completed the Stage 1 audit and will be audited for Stage 2 by end of May 2019. Meanwhile, MSPO preparation work has begun for our plantations in Johor and Sarawak based on our earlier experiences.

We expect revenue contribution from biogas produced upon commencement of supplying power to grid under SEDA Feed-in Tariff ("FiT") projects in stages. Hopefully, we will receive contribution from our Kota Tinggi FiT project of 1.8 MW from June 2019 onwards. Thereafter, we look forward to revenue from our Keningau FiT project of 2.0 MW by end of 2019.

With the recent decision by the European Union (EU) to ban the usage of palm oil as an additive for fuel in future, the export of CPO and its price could be under pressure. Although the Group does not have direct exposure to the EU market as we sell our oil palm products to local refineries, we will be affected indirectly if local refineries face challenges arising from the EU's decision. We believe our Government would be taking steps such as enhancing marketing strategy with other palm oil importing countries, establishing new markets, promoting local use of biodiesel, etc. to cushion the impact on the industry as a whole.

In near terms, we are of the view that CPO price could be moving higher from the current level of RM2,000 per MT considering production trend would be entering low yield cycle in the first half of 2019. However, CPO price is generally susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries as well as weather in major oil seed producing countries.

Based on the above, we foresee the Group would still be able to perform satisfactorily for the financial year 2020.

SUSTAINABILITY STATEMENT

The Group's principal activities, which remained largely unchanged during the financial year ended 31 January 2019, comprise investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation. These businesses are streamlined into two (2) main segments, namely plantation operations and palm oil milling operations. As a responsible corporate citizen, the Company, via its Board of Directors ("Board"), is mindful of the need to have, and supports a growth strategy that incorporates sustainable development and management of economic, environmental and social risks and opportunities, based on a foundation of considering the impact of the Group's business endeavours on the economic conditions of its stakeholders ("Economic"), on living and non-living natural systems ("Environmental") and on the social system ("Social"), taking into consideration the salient concerns of the Group's key stakeholders.

This Sustainability Statement ("Statement"), which is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters ("MSMs"), that impact the way the Group's operations are carried out as well as how such MSMs are managed to achieve the strategic objectives of the Group. This Statement also explains the governance structure of the Group in overseeing sustainability matters and how measures are being deployed to achieve their desired results. The contents of this Statement encompass the entire Group's operations. In preparing this Statement, the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa Securities.

Our Sustainability Governance Structure

The Group has established a Risk Management and Sustainability Committee ("RMSC"), helmed by the Board Chairman with the Managing Director and other Executive Directors of the Company as well as Heads of Business Unit of the Group as Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Managing Director and other Executive Directors, Heads of Business Unit and key Management staff. The working group is involved in the identification of MSMs, including how MSMs are managed, which are deliberated at the RMSC, monitored and the outcome thereof disseminated to the Board for notification and comments, as the case may be.

Our Stakeholder Engagement and Prioritisation

The Group's stakeholder identification process is based on an exercise of identifying key external and internal groups which have a substantial impact on the Group or upon which the Group has a substantial impact. The Group's businesses have a relatively wide reach and affect not only commercial stakeholders but also communities and other entities who have non-financial interest in the impact of the Group's activities.

Continuous and meaningful engagement with our key stakeholders is integral towards understanding and fulfilling their expectation. This ensure the Group's business continuity and sustainability. The stakeholder identification and prioritisation process were carried out by the RMSC and key Management personnel.

The Group utilises different approaches to engage with our key stakeholders. Outlined below is an overview of the Group's engagement with key stakeholders as well as concerns raised throughout FY2019 and our response to these concerns.

SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder group	Method of engagement	Key topics and concerns raised	Group's response
Employees (including field workers)	<ul style="list-style-type: none"> • Roll call/daily muster • Annual appraisal • Internal portal • Circular of internal policies • Sports and recreation activities • Committee meetings (gender, Occupational, Safety and Health (OSH) etc) • Informal gathering to enhance bonding • Internal training • Stakeholder meetings 	<ul style="list-style-type: none"> • Operational concerns • Occupational, Safety and Health (OSH) issues • Other organisation - wide issues 	<ul style="list-style-type: none"> • Enhance better understanding and awareness among employees on Group Policies, sustainability requirements and compliance • Improve mechanism for complaints and grievances • Stricter enforcement on Safety Policy and more OSH and relevant Safe Operating Procedures training
Board of Directors	<ul style="list-style-type: none"> • Board meetings • Site visits 	<ul style="list-style-type: none"> • Progress of sustainability matters • Group's performance • Strategic planning 	<ul style="list-style-type: none"> • Better understanding of Group's sustainability progress and initiatives
Customers	<ul style="list-style-type: none"> • Meetings with the management • Site visits • One-to-one meeting • Contract negotiation 	<ul style="list-style-type: none"> • Greenhouse gas ('GHG') emissions, discharges and waste management, high carbon stock, peat development • Human and workers rights, social welfare, and OSH • Sustainability certifications 	<ul style="list-style-type: none"> • Create awareness of the Group's commitment to sustainability and better understanding of our policies, cultures and values.
Suppliers and contractors	<ul style="list-style-type: none"> • Meeting with the management • Visits to estates and mills • Contract negotiation • One-to-one meeting • Stakeholders meeting 	<ul style="list-style-type: none"> • Biodiversity & conservation, GHG emissions, discharges and waste management • Deforestation, high carbon stock, peat development • Workers rights, social welfare and OSH • Product quality 	<ul style="list-style-type: none"> • Raised awareness of the Group's commitment to sustainability • Better understanding of the Group's business activities • Payment terms and timeliness • Work ethics

SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder group	Method of engagement	Key topics and concerns raised	Group's response
Shareholders and Investors	<ul style="list-style-type: none"> Meetings with shareholders (Annual General Meetings) Announcements to Bursa Securities, details of which may be accessed by shareholders Company's corporate website 	<ul style="list-style-type: none"> Free Prior and Informed Consent (FPIC) and product quality 	<ul style="list-style-type: none"> Maintain good relationship and positive reputation amongst investors constructive feedback
Government agencies and regulatory bodies	<ul style="list-style-type: none"> Inspections by the agencies Attends workshops and trainings Meeting with the regulators Correspondences with regulators on requirements Stakeholders meeting 	<ul style="list-style-type: none"> Compliance with legal requirements Human and workers' rights, social welfare, OSH, equal treatment, code of ethics and governance Product quality, supply chain and evaluation of supplier/contractors' sustainability commitment 	<ul style="list-style-type: none"> Support and contribute to the development of national sustainability standards
Small holders and local communities	<ul style="list-style-type: none"> Awareness briefing Meetings Circulars/Notices Dialogue session One-to-one communications Stakeholders meeting Community out-reach activities and development program 	<ul style="list-style-type: none"> Job opportunities in KLR for the locals Donations to local schools Road maintenance for local accessibility 	<ul style="list-style-type: none"> Conduct social impact assessment Established human rights policy Amicable solutions on conflicts and grievances Give priority to employing qualified and eligible local Contribute to community development Improved road access

The feedback from engagement with key stakeholders is considered in evaluating whether a sustainability risk and opportunity is considered material to enable pertinent responses to be factored in the Group's strategies.

SUSTAINABILITY STATEMENT

(cont'd)

Our Materiality Assessment Process

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the Sustainability Reporting Guide provided by Bursa Securities, where material issues are defined as such if they:

- reflect an organisation's significant Economic, Environmental and Social impacts; or
- substantively influence the assessment and decisions of stakeholders.

Some of the activities and achievements are summarised as follows:

- The Group has intensified effort to obtain full Malaysian Sustainable Palm Oil ("MSPO") certification for its operation by the end of 2019. The Group has formalised a MSPO Implementation and Commitment Policy to guide all certification initiatives and plans. The progress is as follows:
 - i) Both our mills in Sabah have obtained full MSPO certification.
 - ii) Our Estates at Keningau, Sabah and our mill at Kota Tinggi, Johor have completed the Stage 2 audit and are expecting to obtain their certification soon.
 - iii) Our Estates at Sandakan and Telupid, Sabah have completed the Stage 1 audit and will be audited for Stage 2 by end of May 2019.
 - iv) MSPO preparation work has begun for our plantations in Johor and Sarawak based on our earlier experiences.
- Several stakeholder meetings were carried out during the financial year.
- All our three (3) palm oil mills have installed methane capturing facilities to reduce greenhouse gas ("GHG") emission. The GHG captured is used for power generation using biogas engines.
- We also carried out some social activities as mentioned in page 40.

Economic

Performance and achievement

On the back of a revenue amounting to RM872.94 million for the financial year 2019 as compared to RM1.075 billion recorded in the preceding financial year, the Group recorded a pre-tax profit of RM88.23 million for FY2019, which was 44% lower than RM158.22 million for FY2018.

The Group recognises the importance of, and is committed to provide, quality products and services in meeting prevailing standards and expectations of the market and our customers through our available resources. Accordingly, we believe that the results for FY2019 stemmed largely from, inter-alia, the Group's continuing emphasis on human capital development and retention, sustainable environmental practices and focus on community development, which have been identified as the Group's Material Sustainability Matters.

Human capital management

Due to the intense competition amongst plantation companies in recruiting estate employees and workers, our Group offers attractive and fair recruitment packages.

SUSTAINABILITY STATEMENT

(cont'd)



Human capital development and retention, including safety and health at workplace

The Group is aware that the quality of its people is crucial to deliver its strategy and ensure its future success and, therefore, aims to create a positive work culture in the workplace where employees are able to constantly learn new skills and improve their efficiency in carrying out their tasks, with the intent of improving their quality of living as an individual. The Group has a total workforce of 1,450 at 31 January 2019 (2018: 1,600) of which about 54% (2018: 46%) is Malaysian.

The Group continues to place high emphasis on developing its human capital, the organisation's most valuable asset as it is a significant resource in the labour-intensive agriculture sector. All the more so as the sector has over recent years been experiencing severe labour shortages.

In view of this, the Group has invested heavily on employee housing, provision of free/subsidised electricity and free water supplies to the employees in the estates and mills with the objective of alleviating the living conditions of residents. In addition, the Board has emphasised on talent development, motivation and retention measures, including safety and health imperatives. The measures undertaken by the Group comprise the following:

- *Human capital development - equipping and learning culture*

The Group inculcates a learning culture in the organization so that employees at all levels are equipped with the necessary knowledge, skills and exposure, and that not only could they be fully effective in their current jobs but also prepared for their career progression and future assignments in support of the Group's objectives and business plan. With this in mind, we have



established our own Plantation Training Centre in Keningau, Sabah to provide different levels and areas of training to our plantation staff and workers to boost their productivity and to improve their efficiency and work performance.

The Group also engaged experts to share knowledge on a variety of issues that could benefit the employees on a personal and professional level, as well as conducted in-house training for staff on human capital, safety, accounting, technical issues and management skills. Where specialist training was required, the staff were sent for external training;

- *Improving the quality of life*

The Group has carried out the following activities to improve the quality of life and foster a sense of belonging in the Group:

- Various staff activities, including festival celebrations and sporting events through the In-house Sports Club;
- Employees were encouraged to cultivate their own vegetables for food production in designated areas within the estate/mill to enhance food sufficiency by providing seeds and young plants, including fruit tree planting within the housing compound. These initiatives were supported through the provision of planting materials, agro-fertilisers and bio-mass inputs. The produce was then distributed among employees;
- Retail prices for essential food items at the grocery shops in the estates were monitored to ensure that those items were reasonably priced; and
- At the estate/mill level, family day, sports day, annual 'kenduri' and dinners were conducted to foster better relations between the staff and workers and promote healthy lifestyle;

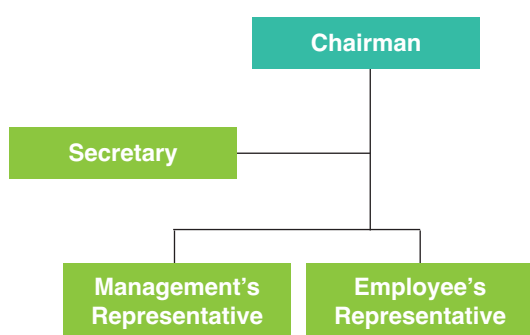
SUSTAINABILITY STATEMENT

(cont'd)

• *Safety and health at the workplace*

The safety and health of our employees is of utmost important to us. The Group is committed to create a culture of safety and health within the organisation in which employees are trained to be aware of and adopt safe practices and healthy lifestyle.

A safety and health committee is established at each business unit in line with the requirements of the Occupational Safety and Health Act, 1994.



Safety and Health Committee Responsibilities:

- Assist in the development of health and safety rules and a safe working system;
- Review the effectiveness of safety and health programmes;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Report any unsafe or unhealthy work conditions or practices at the workplace to the management together with recommendations for corrective actions;
- Conduct workplace inspections at least once every three months;
- Conduct investigations on accidents occurring at the workplace; and
- Promote and conduct OSH activities such as health and safety campaigns, competitions, and promotions.

In addition, the following measures were carried out by the Group to address health and safety at the workplace:

- Equipped and replenished appropriate Personal Protective Equipment for workers;
- Conducted safety programmes that included fire prevention, fire-fighting and rescue training;
- Safe Operations Procedures;
- Occupational First Aid and Cardio-Pulmonary Resuscitation (CPR);
- In line with the Use and Standards of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000, the Group has appointed a certified assessor to conduct Chemical Health Risk Assessment (CHRA), for all chemicals utilized in the respective plantations and oil mills. This is reviewed every 5 years by the appointed assessor as stipulated in the Regulations and annual medical health surveillance is conducted on all employees engaged in handling pesticide and other chemicals. In this context, training programmes in the use of personal protective equipment for workers exposed to hazardous compounds are regularly conducted;
- Audiometric tests for employees working at high risk areas are also conducted annually;
- Provided medical supplies for the Group's medical clinic at the mills and employs Hospital Assistants. In addition to the regular duties, the Hospital Assistant carries out regular inspections of the employees' housing to ensure that sanitation, health and drainage standards are properly maintained according to the Company's policies; and
- 'Gotong-royong' and cleaning up activities were conducted to step up the hygiene condition and eradication of mosquitoes at housing areas of the Group's estates/mills;

Whilst no fatality was suffered by the Group during the FY2019, there were less than 20 cases of major and minor injuries to employees at the workplace.

SUSTAINABILITY STATEMENT

(cont'd)

Environmental

Being cognizant of the impact its operations may have on the environment, the Group has undertaken the following salient sustainable practices throughout the financial year under review:

- *Zero burning in land clearing*

The Group adheres strictly to the policy of zero burning in both new planting and replanting of oil palm. Zero burning not only keeps the air smoke-free but yields several benefits as well. The remnant debris, comprising bushes or small trees which are felled, are shredded and spread in the field to biodegrade, releasing nutrients slowly, adds valuable organic matter to the soils, reducing the use of fertilisers during the immature period. This policy is incorporated in the land clearing contract in which external contractors are engaged;

- *Water and soil conservation*

To minimise soil erosion, the Group plants leguminous cover crops in new planting and replanted areas. The fast-growing plants provide cover to protect the soil and build up nutrients in the topsoil. In-house produced bio-compost and empty fruit bunches are applied in fields, especially at marginal soil areas;

- *Fertilizer and pest management program*

The Group's fertilizer programs are based on the leaf nutrient levels, yield performance profile of the palm tree and recommendation from Planting Advisor in line with Good Agricultural Practices to improve soil fertility and productivity. To reduce environmental impact, the Group adopts an integrated pest management approach which emphasises on cultural control, biological control, and monitoring and census system. The use of safe and approved pesticides is kept to a minimum. Treatment is only carried out when the damage exceeds established critical thresholds. Prior to this, the census gangs are deployed to survey the extent of pest infestation.

Beneficial plants such as *Cassia cobanensis*, *Antigonon leptopus* and *Turnera subulata* are planted extensively on our Group's estates as they serve to attract the predators of the pests as biocontrol agents;

- *Soil enrichment and conservation*

The Group routinely carries out mulching with recycled organic materials, such as empty fruit bunches, oil palm fronds and palm oil mill wastes, the process of which replenishes organic matter to the soil and improves soil properties.

Other soil conservation initiatives include the planting of leguminous cover crops to reduce soil erosion and improve soil physical properties, terracing and construction of silt pits and bunds, maintenance of soft grasses in palm avenues and prohibiting cultivation or development at slope sites with a gradient of 25 degrees or more for new developments;

- *Monitoring with Geographic Information System ("GIS") / Global Positioning System ("GPS") Data*

With drones becoming more affordable and widely available, we have started to perform census of our Group's palm inventory with this technology. This project will provide a realistic overview of our plantation assets and landbank status incorporating GIS and GPS information. This will enable more accurate data collection of our Group's total palm stand to facilitate more effective management planning, utilisation of resources and the correct dosage of fertiliser application;

- *Encourage use of renewables*

By-products such as palm kernel shells and palm fibres are used as feedstock for cogeneration plants to produce steam and electricity;

- *Efficient water use*

This includes incorporating an efficient land application of palm oil mill effluent system, minimising the use of water in mills and harvesting fresh water and rainfall;

- *Waste treatment*

All processing plants have waste treatment equipment and system in place. Internal environmental personnel monitor compliance with environmental standards and identify opportunities for continuous improvement;

SUSTAINABILITY STATEMENT

(cont'd)



- *Reduction of greenhouse gas emission*

The Group has successfully implemented three (3) methane capture and power generation projects at its three (3) mills which reduce greenhouse gas emissions as well as supply low cost steam and electricity for milling operations and other downstream activities of the Group. The project implemented in our Kota Tinggi mill was the first project on biogas generated from palm oil mill effluent that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change. As a result, better utilisation of energy from waste material and biomass contributes towards reducing the environmental impact and improve sustainability of the palm oil industry;

- *Recycle paper usage at workplace*

The Group encourages its employees to play a part in protecting the environment by promoting recycle paper usage in workplace and to promote recycling habits to shape the mindset to go green and make recycling as an integral part of our everyday life. Electronic reporting via internet and emails from the estates/mills are acceptable forms of reporting; and

- *Electronic publications*

To reduce the consumption of paper, the Annual Report of the Company is published in CD-ROM format and posted on the Company's website for access by shareholders and investors.

High Conservation Value (HCV) Assessment in Kim Loong Resources Group estates

Background

High Conservation Value (HCV) assessment was conducted in KLR estates this year as part of the MSPO requirements.

This assessment reports on the status of KLR's site's biodiversity. It also provides recommendations on reducing or avoiding negative effect to biodiversity and HCV areas. In FY2019, KLR assessed the HCV areas of our estates.

Findings

The Group is in the process of carrying out survey of the riparian reserve to identify HCV areas that are classified as HCV-4. The HCV-4 provides basic services of nature, in particular:

- Water catchment area with a significant conservation value for daily basic requirements or emergency water use.
- This water catchment area provides water for domestic use at workers' houses
- The river, tributaries, and streams, where the areas comply with the Department of Irrigation and Drainage (DID) permits and guidelines which prevent bank erosion.

SUSTAINABILITY STATEMENT

(cont'd)

Potential threats to HCV areas were subsequently identified through observations in the field and consultations with stakeholders. During the identification process, the extent of the impacted area as well as the severity and duration of the impact was considered. Among possible threats the Group's HCV-4 area are:

- Vegetation clearing
- Riverbanks erosion
- Sedimentation
- Eutrophication and vegetation overgrowth of the aquatic environment
- Interruption of aquatic biological health
- Degradation of catchment area

Action Plan

Marking river reserve (erosion prone area) on the map and in the field

- On map: highlighted area
- Put up signboards in the estates for buffer zone area

Water sampling and analysis

- Analysing natural waterways: to determine the water quality at reference points areas
- Analysing drinking water: to determine whether it is safe for human consumption

HCV related briefing and training

- Briefing and training workers: Buffer Zone Training, Policy Briefing (Slope & River Protection Policy)

Social

Community development

The Company strongly believes that in playing its role as a socially responsible corporate citizen, it creates business sustainability and enhances value for all its stakeholders. We strive to make a positive difference to the communities in which we live and operate.

The Group has over the years placed great emphasis on enhancing living conditions of the communities where we operate. This is evidenced by the Group's contributions in areas of education, infrastructure, cultural and social development initiatives. It is the Group's practice to create and offer priority in job opportunities to local villagers, either by way of direct employment, internship or through the award of contract works. This approach has proven effective in improving their living standards.

The Group is involved in the development of land belonging to an orphanage into an oil palm estate under a joint venture agreement, providing good long-term income and development fund to Al Yatama Berhad, an organisation involved in charity work (running an orphanage).

The Group has undertaken the development of oil palm plantations on Native Customary Rights ("NCR") land in Sarawak. The aim of this project is to bring social and economic benefits to landowners who are from the indigenous community of Malaysia. The Group now manages 2,774 Ha as at 31 January 2019 (2018: 2,895 Ha) under this NCR project of which 2,444 Ha (2018: 2,444 Ha) have been planted. The Group's involvement in developing NCR land has enabled sustainable income to be provided for about 700 local land owners, a major effort contributing to poverty alleviation in the rural areas.

During the year, the Group has assisted trainees from various universities, institutes of higher learning and training centres to undergo their practical training. Suitable candidates have been identified for employment after they have completed their training.

The Group also made several contributions and donations amounting to approximately RM36,000 to governmental and non-governmental organisations to support their sports, cultural and welfare activities. Donations were also made to schools for their building funds, sports day and Parents and Teachers Associations in Johor, Sabah and Sarawak.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 15 May 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and it is to be read together with the Corporate Governance Report 2019 of the Company (“CG Report”) which is available on the Company’s website: www.kimloong.com.my. The explanation for departure is further disclosed in the CG Report.

The Board of Directors of Kim Loong Resources Berhad acknowledges the importance of good corporate governance (“CG”) in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, intended outcomes and best practices set out in the Malaysian Code on Corporate Governance (“MCCG” or the “Code”) issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies (“Group”), so as to safeguard and enhance shareholder’s value, which includes protecting the interests of all stakeholders.

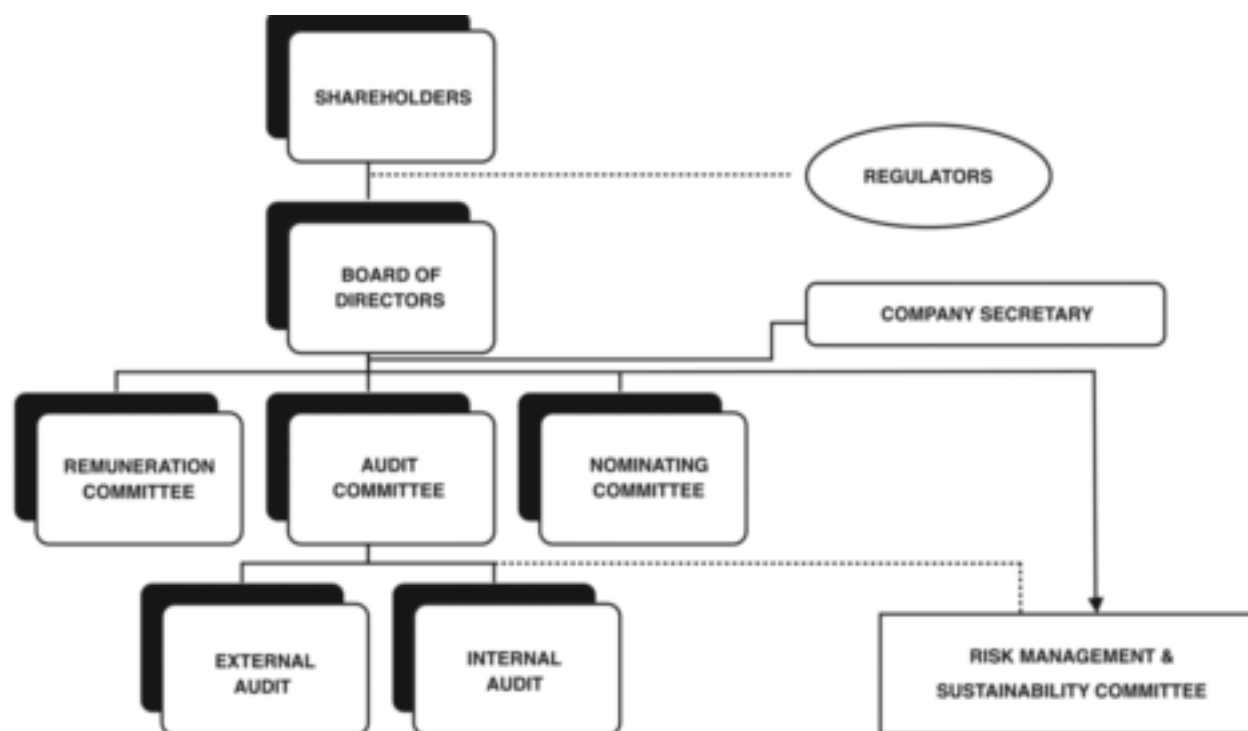
The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group’s business direction and strategy.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities that have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year ended 31 January 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and long-term sustainability.



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1.1 Roles of the Board

The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plan developed by Management for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
- Serving as the ultimate approving authority for all significant financial expenditure;
- Developing and implementing a shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Approving the remuneration package of both Executive and Non-Executive Directors; and
- Ensuring that the Group adheres to high standards of conducts, ethics and corporate professional behaviour.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Board has delegated specific responsibilities to the following committees: -

- i. Audit Committee
- ii. Nominating Committee
- iii. Remuneration Committee

These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

1.2 Board Corporate Governance Manual

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board has formalised and adopted a Board Corporate Governance Manual ("Board CG Manual") which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations. Extracts of the Board CG Manual is now available at the Company's website at www.kimloong.com.my. The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board CG Manual covers amongst others, the following matters:

- Policies on Corporate Social Responsibilities, Gender Equality and Sustainable
- Board Charter
- Role, Responsibilities and Power of the Board, Individual Directors, Chairman and Managing Director
- Role of Board Committees
- Role of Company Secretary
- Board and General Meetings
- Corporate Disclosure Policy
- Whistle-blowing Policy
- Code of Ethics and Conduct
- Corporate Integrity Policy - Anti Fraud Policy
- Risk Management Policy
- Investor Relations Policy

This Board CG Manual will be regularly reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved by the Board. The Board CG Manual was adopted on 17 May 2018. Extracts of the Board CG Manual is available on the Company's website at www.kimloong.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

1.3 Roles and Responsibilities of the Executive Chairman, Managing Director, Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors.

EXECUTIVE CHAIRMAN	MANAGING DIRECTOR
<ul style="list-style-type: none"> • Ensure that the Board functions effectively, cohesively and independently of Management • Promotes the highest standards of corporate governance • Leads the Board, including presiding over Board meetings and Company meetings and direct Board discussions to effectively use the time available to address the critical issues facing the Company • Promotes constructive and respectful relationship among Board members and between Board members and Management • Ensures that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders 	<ul style="list-style-type: none"> • Develops the strategic direction of the Group • Ensures that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees • Ensures that the objectives and standards of performance are understood by the Management and employees • Ensures that the operational planning and control systems are in place • Monitors performance results against plans • Take remedial action, where necessary
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR
<ul style="list-style-type: none"> • Acts as a sounding board for the Chairman and Executive Directors • Acts as a conduit for the views of other Non-Executive Directors • Conducts the Chairman's annual performance appraisal • Helps to resolve shareholders' concerns 	<ul style="list-style-type: none"> • Under the leadership of the Group Managing Director, makes and implements decisions in all matters affecting the operations, performance and strategy of the Group's business • Provides specialist knowledge and experience to the Board • Charts the overall business direction of the Group • Design, develops and implements strategic plans • Deals with day-to-day operations of the Group
INDEPENDENT NON-EXECUTIVE DIRECTOR	COMPANY SECRETARY
<ul style="list-style-type: none"> • Challenge constructively • Actively participate in Board decision making • Scrutinise management performance • Satisfy themselves on the integrity of financial information • Provide independent judgement, experience and objectivity 	<ul style="list-style-type: none"> • Advises the Board • Ensure accurate and timely information and required support are provided to Directors • Organise Directors' induction and training • Communicates with shareholders as appropriate and ensures due regard is paid to their interests

Office of Executive Chairman

The Company's Chairman is an Executive Director and there are three (3) Independent Non-Executive Directors out of seven (7) board members (excluding the two (2) Alternate Directors).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Nominating Committee has assessed, reviewed and determined that the chairmanship of Mr Gooi Seong Lim remains based on the following justifications/aspects contributed by him, as a member of the Board -

- He has acted and will continue to act in the best interest of shareholders as a whole. Since the Chairman represents shareholders with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests;
- His vast experience in managing the operations of the Group's business activities would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;
- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company;
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board, and
- He has shown tremendous commitment and played an integral role in stewardship.

Under the Code, it recommends that at least half of the Board of Directors comprises independent directors. As of now, the Board is of the opinion that it should not urgently increase independent directors to form at least half of the Board composition because the current number of independent directors is sufficient to ensure effective check and balance of power and authority on the Board.

Segregation of Role and Responsibilities of Executive Chairman and Managing Director

The roles and responsibilities of the Executive Chairman and the Managing Director are held by two different individuals to exercise and clearly separated to enable a balance of power and authority. This is in line with the recommendation of the Code, which requires the Board to establish clear functions reserved for the Board and those delegated to the management.

The Board is led by Mr Gooi Seong Lim, as the Executive Chairman, whilst the executive management is helmed by Mr Gooi Seong Heen, the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group. He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.

The Managing Director has the overall responsibility for the profitability and development of the Group. He is responsible for the stewardship of all the Group's assets, day-to-day running of the business and effective implementation of Board decisions, annual operating plan, budget, policies decisions as approved by the Board. The Managing Director's in-depth and intimate knowledge of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.

The segregation of duties between the Executive Chairman and the Managing Director facilitates an appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.

1.4 Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified Companies Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

The Board is regularly updated and advised by the Company Secretaries on new changes to the legislations and Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

1.5 Access to Information and Advice

The Executive Chairman and the Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

The Board papers prepared for the quarterly scheduled meetings include, among others, the following:

- Minutes of previous Board meeting
- Minutes of the Board Committee's meeting
- Reports on matters arising
- Quarterly financial report
- Report on operations

Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

1.6 Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has placed internal procedures for the application and appointment process for the services.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

1.7 Conflict of Interest and Related Party Transactions

The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Kim Loong Resources Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

II. Board Composition

- 2.1** The Board composition is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or 1/2 of the Board, whichever is higher, must be independent directors and also the recommendation by the MCCG to have at least half of the Board comprises independent directors.

As of now, the Board does not believe that it should urgently increase independent directors to form at least half of the Board composition because the current number of independent directors is sufficient to ensure effective check and balance in the Board. However, the Board will continuously review and evaluate such recommendation.

Details of the current individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 12 to 16 of this Annual Report.

2.2 Independent Non-Executive Directors

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgement and ensure strategies proposed by the management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

i. Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the Nominating Committee performs an evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

ii. Tenure of Independent Director

The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after twelve (12) years, the board should seek annual shareholders' approval through a two-tier voting process.

The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Both the Nominating Committee and the Board have assessed the independence of Mr Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended him to be retained as the Independent Non-Executive Director of the Company based on the following justifications:

- a) He has fulfilled the criteria under the definition of an Independent Director as stated in the MMLR of Bursa Securities, and thus, he would be able to provide independent judgement, objectivity and check and balance to the Board;
- b) He performs his duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management;
- c) His in-depth knowledge of the Group's businesses and his extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;
- d) He, having been with the Company for more than twelve (12) years, is familiar with the Group's business operations and has devoted sufficient time and attention to his professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;
- e) He is independent as he has shown great integrity and he has not entered into any related party transaction with the Group; and
- f) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan and his continued service will serve the interest of the Company and its shareholders.

The Board is unanimous in its opinion that Mr Gan Kim Guan, who has served on the Board as an Independent Director, exceeding a cumulative term of twelve (12) years, continues to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR of Bursa Securities.

In this respect, the Board has approved the continuation of Mr Gan Kim Guan as an Independent Director of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly, the Board strongly recommends retaining Mr Gan Kim Guan as Independent Non-Executive Director and will be tabling an Ordinary Resolution to shareholders at the 44th AGM for the said purpose. Shareholders' approval for the Ordinary Resolution will be sought on a single tier voting process.

iii. Shareholder Approval for Retention of Independent Director

The Board takes cognizance of the recommendation of the Code regarding tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for retention of Independent Director who has served for a cumulative term of more than twelve (12) years. This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds, and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

iv. Independent Directors and Balance of Power

The Code recommends that at least half of the Board comprises Independent Directors. The Board is of the opinion that current number of Independent Directors is sufficient to ensure balance of power and authority on the Board.

The Board is also satisfied with the Board's composition in respect of representation of minority shareholders by the Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

2.3 Board Diversity

The Board acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.

The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.

2.4 Foster Commitment of the Director

Board Meetings

The Board normally meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. Due notice of issue to be discussed, deliberated and conclusions arrived are recorded in discharging its duties and responsibilities.

During the financial year, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters including approving the Group's financial results, strategic and investment decisions as well as financial and operating performance of its subsidiary companies.

The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven (7) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

All proceedings at the Board meetings are recorded by way of minutes and signed by the Chairman of the respective meeting.

Time Commitment and Protocol for Accepting New Directorships

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company as evidenced by their attendance at the respective meetings set out below:

Name of Director	Status of Directorship	Number Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman	5	100
Gooi Seong Heen	Managing Director	4	80
Gooi Seong Chneh	Executive Director	5	100
Gooi Seong Gum	Executive Director	4	80
Gan Kim Guan	Senior Independent Non-Executive Director	5	100
Chan Weng Hoong	Independent Non-Executive Director	4	80
Cheang Kwan Chow	Independent Non-Executive Director	5	100

All Directors have complied with the minimum 50% attendance requirements in respect of board meeting as stipulated by the MMLR.

Under the existing practice, the Directors shall inform the Board before accepting new directorships in other companies and ensure that their number of directorships in public listed companies is in compliance with the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

2.5 Overall Board Effectiveness

The Board reviews its performance and that of the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria on a process that is facilitated by the Nominating Committee. The Nominating Committee will assess the overall Board and Board Committees' performance and effectiveness as a whole.

The Nominating Committee is satisfied that the Board and Board Committees' composition has fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skill as below:

Board Skills and Experience	Core Business
Accounting & Finance	Cultivation of oil palm, palm oil milling and investment holding
Agronomist	
Business Administration	
Chemical Engineering	
Civil Engineering	
Construction Site Management	
Investment and wealth management	
Management	
Marketing	
Palm Oil Mill Management	
Rubber / Oil Palm Estate management	
Plantation and Milling operations	
Property Development	
Mechanical Engineering	

2.6 Directors Training

All Directors including the Alternate Directors have completed the "Mandatory Accreditation Programme for Directors of Public Listed Companies" pursuant to Paragraph 15.08 of the MMLR of Bursa Securities.

During the financial year under review, the Board has discussed training programmes proposed for the Directors' attendance. Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. This is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as Directors.

Directors also receive briefing from Internal and External Auditors on updates in financial reporting and new accounting standards affecting the Group, bankers on available financial instruments and suppliers/contractors on their products. The Executive Directors represent the Group at the Committee of East Malaysia Planters' Association and Malaysian Estate Owners' Association and they are kept informed on new developments affecting the plantation industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

	Gooi Seong Lim	Gooi Seong Heen	Gooi Seong Chneh	Gooi Seong Gum	Gan Kim Guan	Chan Weng Hoong	Cheang Kwan Chow	Gooi Chuen Kang	Gooi Khai Chien
21 August 2018 - Samsung Securities, Samsung Group Asia Conference								●	
12-15 November 2018 - RSPO The 16 th Roundtable on Sustainable Palm Oil Conference							●		
21 November 2018 - BSI Training Academy, Malaysian Sustainable Palm Oil Awareness Training Course	●	●	●	●	●	●	●	●	
4 December 2018 - CTIM, 2019 Budget Seminar				●					
17 January 2019 - Lembaga Minyak Sawit Malaysia, Palm Oil Economic Review and Outlook		●					●		

2.7 Board Committees

In order to assist in the execution of Board's responsibilities for the Group, certain functions have been delegated by the Board to Board Committees. Clearly defined terms of reference have been given to these Committees to enable them to operate effectively. However, these Committees do not have any executive powers. The Chairman of the respective Committees reports to the Board the outcome of the Committee meetings and such reports are incorporated in the Board papers (except the power of the Audit Committee to report to Bursa Securities in circumstances described in the Audit Committee Report).

The Board periodically reviews the Committees' Terms of Reference.

a. Audit Committee

The Audit Committee serves as a focal point of communication between Directors, External Auditors, Internal Auditors and the Senior Management on matters pertaining to financial accounting, reporting and controls. The Committee also assists the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group. It is also the Board's principal agent in ensuring independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

The Committee has full access to the auditors both internal and external, who in turn, have access at all times to the Chairman of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

In line with good corporate governance practices, none of the Executive Directors are members of the Audit Committee. The Terms of Reference of the Audit Committee is available on the Company's website at www.kimloong.com.my and the Report of the Audit Committee is disclosed on pages 71 to 74 of this Annual Report. The works of the Audit Committee during the financial year ended 31 January 2019 are also set out in the Report of the Audit Committee.

b. Remuneration Committee

The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of the Executive Chairman, Managing Director, Executive Directors and senior management, so as to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors and senior management with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors and senior management are linked to their level of responsibilities and contribution to the effective functioning of the Company. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board as a whole determines the remuneration packages of Independent Non-Executive Directors with the Directors concerned abstaining from discussions in respect of their individual remuneration. In deciding on an appropriate level of fees for each Independent Non-Executive Director, the Board has considered the responsibility level and time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers, as well as the number of Board Committees involved.

The Terms of Reference of the Remuneration Committee is available on the Company's website at www.kimloong.com.my and the Report of the Remuneration Committee on page 75 of this Annual Report.

c. Nominating Committee

The Nominating Committee is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The Nominating Committee assesses the effectiveness of the Board as a whole and each of the Board Committees as well as the contribution of each individual Director, including the Independent Non-Executive Directors, Executive Chairman and Managing Director on an annual basis. All assessments and evaluations carried out by the Nominating Committee in discharging its duties are documented in the minutes of meetings.

The objective of the assessment of the effectiveness of the Board as a whole, the Board Committee and the contribution of each Director was to improve the Board and the Committee's effectiveness and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the Nominating Committee and its recommendations to the Board.

The Board, through the Nominating Committee's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by Independent Non-Executive Directors which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment in which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a selection process. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected from them. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made and that legal and regulatory obligations are met.

The Terms of Reference of the Nominating Committee is available on the Company's website at www.kimloong.com.my and the Report of the Nominating Committee on page 76 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

III. Remuneration

3.1 The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and senior management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and senior management, the remuneration will depend on the achievement of goals including targets and personal achievement and is linked to Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties.

a. The level and make up of Remuneration

The remuneration package of the Executive Directors and senior management is reviewed by the Remuneration Committee for consideration of the Board.

The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.

b. Procedure

The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and senior management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.

c. Disclosure

A summary of the remuneration of the Directors of the Group and of the Company for the year ended 31 January 2019, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below:

Group

	Directors' Fees RM	Basic Salary RM	Bonus RM	Benefit -in -kind RM	Other Benefits RM	Meeting Attendance Allowance RM	Total RM
Gooi Seong Lim (Executive Chairman)	80,500	840,000	726,000	7,000	221,537	6,500	1,881,537
Gooi Seong Heen (Managing Director)	80,500	936,000	822,000	31,946	249,376	9,250	2,129,072
Gooi Seong Chneh (Executive Director)	80,500	840,000	726,000	7,000	221,537	9,750	1,884,787
Gooi Seong Gum (Executive Director)	80,500	840,000	726,000	24,400	221,537	8,250	1,900,687
Gan Kim Guan (Senior Independent Non-Executive Director)	100,000	-	-	-	-	2,500	102,500

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Group

	Directors' Fees RM	Basic Salary RM	Bonus RM	Benefit -in-kind RM	Other Benefits RM	Meeting Attendance Allowance RM	Total RM
Chan Weng Hoong (Independent Non-Executive Director)	94,000	-	-	-	-	2,000	96,000
Cheang Kwan Chow (Independent Non-Executive Director)	94,000	-	-	-	-	2,500	96,500
TOTAL	610,000	3,456,000	3,000,000	70,346	913,987	40,750	8,091,083

Company

	Directors' Fees RM	Basic Salary RM	Bonus RM	Benefit -in-kind RM	Other Benefits RM	Meeting Attendance Allowance RM	Total RM
Executive Director:							
Gooi Seong Lim (Executive Chairman)	-	480,000	480,000	7,000	139,793	2,500	1,109,293
Gooi Seong Heen (Managing Director)	-	576,000	576,000	31,946	167,632	2,000	1,353,578
Gooi Seong Chneh (Executive Director)	-	480,000	480,000	7,000	139,793	2,500	1,109,293
Gooi Seong Gum (Executive Director)	-	480,000	480,000	24,400	139,793	2,000	1,126,193
Gan Kim Guan (Senior Independent Non-Executive Director)	100,000	-	-	-	-	2,500	102,500
Chan Weng Hoong (Independent Non-Executive Director)	94,000	-	-	-	-	2,000	96,000
Cheang Kwan Chow (Independent Non-Executive Director)	94,000	-	-	-	-	2,500	96,500
TOTAL	288,000	2,016,000	2,016,000	70,346	587,011	16,000	4,993,357

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

d. Senior Management

The Company has an existing policy whereby the remuneration of employees is classified as confidential. The remuneration details for senior management are not disclosed as the Board is of the view that it would not be in the best interest of the Company to disclose the details given the competitiveness in the market for good senior management. It could also possibly give rise to unnecessary staff rivalry and disillusionment.

The performance of senior management is evaluated on an annual basis and measured against pre-determined targets including responsibilities. The Board will ensure that the remuneration for senior management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4.1 Compliance of Financial Statements with Applicable Financial Reporting Standards

The Audit Committee is tasked with assisting the Board in maintaining a sound system of internal control across the Group. Accurate and reliable financial statements are a key outcome of a sound system of internal control and towards this end, the Audit Committee considers the following on a regular basis:

- Changes in accounting policies, practices and implementation thereof
- Significant adjustment arising from external audit process
- Qualification of the External Auditors' report (if any)
- Going concern assumption
- Adequacy and appropriateness of disclosures

The Audit Committee also meets with the External Auditors without the presence of Management, and this is a forum at which the External Auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

The Finance Director updates the Audit Committee regularly on the Group's financial performance and highlights key issues in connection with the preparation of the results, including the adoption of new accounting standards/policies. The Finance Director is responsible for ensuring that the Group is aware of impending changes to the accounting standards and also the relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

The Company's financial statements are prepared in accordance with the requirements of the Companies Act, 2016 and Malaysian Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

The Board presents a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the quarterly and annual financial statements, Chairman's Statement and Management Discussion & Analysis in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

4.2 External Auditors

The Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Ernst & Young. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Malaysian Financial Reporting Standards in Malaysia. Messrs Ernst & Young report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.

The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence. The External Auditors are required to declare their independence annually.

The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.

The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 January 2019, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2019, the External Auditors were not engaged for any significant services other than the statutory audit.

The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

4.3 Internal Audit Function

The Group's internal audit function adopts a co-sourcing model whereby risk management and specialised audits are performed by the holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group. With effect from 1 January 2019, as part of the business rationalisation process, the Internal Audit team of the holding company was transferred to the Company and all functions previously done by the holding company's Internal Audit team are now being performed by the Company itself. The internal audit team reports to the Head of Internal Audit and the Audit Committee. Meanwhile KPMG Management & Risk Consulting Sdn. Bhd., a professional service firm has been appointed to perform risk-based internal audit where results are directly reported to the Audit Committee.

The main purposes of the Internal Auditors are:

- To review effectiveness of the Group's systems of internal controls;
- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;
- Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- Identify the key business processes within the Group and the Company that Internal Audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Internal Auditors adopts a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements based on an internal audit plan agreed annually with the Audit Committee and report on the systems of financials and operations control to the Audit Committee. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

4.4 Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the Audit Committee on a quarterly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.

4.5 Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.

The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

4.6 Internal Control

The Board acknowledges that it is responsible for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. It involves key management of each business unit to meet the Group's particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.

The review on the systems of internal control is set out under the Statement on Risk Management & Internal Control as set out in pages 63 to 70 of this Annual Report.

The Statement on Risk Management & Internal Control provides an overview of the risk management framework and state of internal control within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

5.1 Corporate Disclosure Policy

The Company's Corporate Disclosure Policy provides a framework for the Board, management and relevant staff to communicate effectively with shareholders, investors, other stakeholders and the public generally. The policy encompasses the following objectives:

- to raise awareness and provide guidance to the Board and employees of the Group on the Company's disclosure obligations and practices;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

- to provide policies and guidelines in disseminating information to, and in dealing with shareholders, financial analysts, media, regulators, the investing community and other stakeholders;
- to ensure compliance with applicable legal and regulatory requirements on disclosure of material information; and
- to build good relations with the investing community to foster trust and confidence.

The Corporate Disclosure policy regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

5.2 Leveraging on Information Technology for Effective Dissemination of Information

The Board recognises the importance of information technology for effective dissemination of information.

The Company's website has become a key communication channel for the Company to reach its shareholders and general public. The website has a number of sections which provide up-to-date information on Group activities, Board Charter, financial results, announcements released to Bursa Securities, annual reports and company profile, corporate presentations and other information on the Company and can be found on the Company's website at www.kimloong.com.my to further enhance investors and shareholders communication.

5.3 Insider Trading

Directors and senior management are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the Listing Requirements and the relevant regulatory provisions.

5.4 Dialogue between the Group and Investors

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

This Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

A press conference is normally held after the AGM and/or Extraordinary General Meeting ('EGM') of the Company to provide the media the opportunity of receiving an update from the Board and to address any queries or areas of interest by the media.

In addition, the Group recognises the need for independent third-party assessment of itself. In this regard, the Executive Chairman, Managing Director and key senior management of the Group also conduct dialogue sessions or briefings with Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. These briefings enable a direct and frank dialogue on the affairs of the Group.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data at Bursa Securities and via the Company's website at www.kimloong.com.my which they can access for information about the Group.

5.5 AGM

The AGM is the principal forum of dialogue with shareholders. In accordance with the Company's Articles of Association (Constitution), Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least twenty-one (21) days prior to the meeting.

Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution. All Directors had attended the AGM held during the financial year. At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Executive Chairman, Managing Director and Board members are available to respond to all shareholders' queries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholders' interests.

Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.

5.6 Poll Voting

The Company has always made the necessary preparation for poll voting for all resolutions tabled at the AGM and EGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting. The Company conducted poll voting in respect of all resolutions put before the shareholders at the last AGM and EGM as required by the Listing Requirements. The poll results of each resolution were announced to Bursa Securities after the AGM and EGM via Bursa Link on the same day.

5.7 Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

The Company's Annual Report can be accessed at the Company's website at www.kimloong.com.my. Bursa Securities also provides facilities for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website at www.bursamalaysia.com.

Compliance Statement

The Company has committed to achieving high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 15 May 2019.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under paragraph 15.26(a) of the Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements. The Directors are required by the Companies Act, 2016 (the Act) to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance with Malaysian Financial Reporting Standards, the requirements of the Act and the Listing Requirements in Malaysia.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of each company and which enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors consider that, in preparing the financial statements of KIM LOONG RESOURCES BERHAD for the financial year ended 31 January 2019, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors also consider that all applicable Malaysian Financial Reporting Standards have been complied with and confirm that the financial statements have been prepared on a going concern basis. The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 15 May 2019.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements, the following information is provided:

Utilisation of Proceeds from Corporate Proposals

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Audit and Non-audit fees

The audit fees paid or payable to the External Auditors, Messrs Ernst & Young, by the Company and the Group during the financial year 2019 were as follows:

Audit Fees	
Group (RM)	Company (RM)
324,000	69,000

Recurrent Related Party Transactions

The details of the recurrent related party transactions of a revenue in nature entered by the Company and/or its subsidiaries with the Related Party, namely Kim Loong Plantations Sdn. Bhd. ("KLP"), during the financial year ended 31 January 2019 pursuant to the shareholders mandate were as follows:

Nature of Transactions	Related Party	Relationship between Related Party and the Company	Value of Transactions during the financial year (RM)
Purchase of oil palm fresh fruit bunches by the Company and/or its subsidiaries from KLP	KLP	<p>KLP is a wholly-owned subsidiary of Sharikat Kim Loong Sendirian Berhad ("SKL"), the holding company of the Company.</p> <p>Gooi Seong Lim, the Executive Chairman and a Major shareholder of the Company, is a director of KLP and SKL and a substantial shareholder of SKL.</p> <p>Gooi Seong Heen, the Managing Director and a Major shareholder of the Company, is a director of KLP and SKL and a substantial shareholder of SKL.</p> <p>Gooi Seong Chneh and Gooi Seong Gum, both are Executive Directors and a Major shareholder of the Company, are directors of KLP and SKL and a substantial shareholder of SKL.</p> <p>Gooi Khai Chien is an Alternate Director to Gooi Seong Lim of the Company.</p> <p>Gooi Chuen Kang is an Alternate Director to Gooi Seong Heen of the Company.</p>	6,948,410

The Company is seeking a shareholders' mandate for recurrent related party transactions of a revenue in nature or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities at the forthcoming AGM.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

The non-audit fees paid or payable to the External Auditors, Messrs Ernst & Young, by the Company and the Group during the financial year 2019 were as follows:

Non-audit Fees	
Group (RM)	Company (RM)
6,000	6,000

Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts for the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous year.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant to the Code and Paragraph 15.26 (b) of the Listing Requirements with regards to the Group's state of internal control.

The Board of Directors ("the Board") of KIM LOONG RESOURCES BERHAD ("KLR" or "the Company") is pleased to present below its Statement on Risk Management & Internal Control as a Group for the financial year under review, prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Companies' ("the Guidelines") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities and taking into consideration the recommendations underlying Principle 6 of the Code.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board's responsibility in relation to the system of risk management & internal control is embedded in all aspects of the Group's activities and encompasses all subsidiaries of the Company.

The Board has received assurance from the Managing Director and Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

However, as there is inherent limitation in any system of risk management and internal control, such system put into effect by Management can only manage but not to eliminate all risk that may impede the achievement of the Group's business objectives.

Therefore, the risk management and internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss. The process to identify, evaluate and manage the significant risks is a concerted and continuing effort throughout the financial year under review.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risks by considering the overall control environment of the organisation and an effective monitoring mechanism. The Managing Director and his management carried out the process of implementation and maintenance of the control systems. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis and managed by the respective Committees within the Group.

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and Management. Significant risk management and internal control matters were brought to the attention of the Audit Committee.

The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

i. Control Environment

• Policies and Procedures

Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

- **Operations Review and Monitoring**

Operations of the Group are constantly monitored with up-to-date reports being presented by the Management, which reviews the performance of the Group against budget and prior year performance on a quarterly basis. Variances are carefully analysed, and corrective actions are taken where necessary. Detailed reports on performance review with steps to be taken are presented to Executive Directors periodically.

General Manager and Executive Directors regularly visit the Group's estates. During the visits, Estate Managers report on the progress and performance, discuss and resolve the estates' operational and key management issues.

Executive Directors also monitor the performance of the business units through reports produced by external Planting Advisors. The roles of the Planting Advisors and Agronomist are to ensure that the technical aspects of all estates under the Group are based on current best practices in plantation management.

The milling operations are regularly visited by the Managing Director, Executive Directors and General Manager. During the visits, they discuss and resolve all operational and key management issues faced by the mill managers.

- **Organisation Structure and Authorisation Procedures**

The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

Specific responsibilities have been delegated to relevant Committees, all of which have formalised terms of reference.

These Committees have the authority to examine all matters within their scope and report to the Executive Chairman, Managing Director and Executive Directors with their recommendations.

- **Human Capital Policy**

Guidelines on employment, performance appraisal, training and retention of employees are in place, to ensure that the Group has a team of employees who are well-trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

Emphasis is being placed on enhancing the quality and ability of employees through training and development.

Employees' competencies are assessed annually through the annual appraisal system and subsequently, further development and training requirements are highlighted for Heads of Departments and business units for follow up.

- **Management Style**

The Board relies on the experience of the Executive Chairman, Managing Director, Executive Directors and the respective business units' management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

The Executive Chairman, Managing Director and management adopt a "hands on" approach in managing the businesses of the Group. This enables timely identification and resolution of any significant issues arising.

- **Quality Control**

Strong emphasis is placed on ensuring that the Group adheres to health, safety and environmental regulations as required by the various authorities.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

• Other Key Elements of Internal Control

Other key elements of procedures established by the Board which provide effective internal control include:

- Centralised functions of finance, treasury administration, human resource, agronomic, marketing and bulk purchases to ensure that uniform policies and procedures are implemented throughout the Group.
- Regular site visits to the operations within the Group by the Executive Chairman, Managing Director and Executive Directors and Senior Management.
- The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiary's records.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
- The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are regularly revised and updated to meet operational needs.
- Proposals for major capital expenditures of the Group are reviewed and approved by the Executive Directors.
- Regular Board and management meetings to assess performance of business units.
- All recurrent related party transactions are dealt with in accordance with the Listing Requirements of Bursa Securities. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.
- Reporting mechanism whereby Executive Directors receive monthly performance and plantation statistic with explanation and justification.

• Code of Business Conduct and other related Policies

In addition, the following Internal Control component have been embedded and defined in the CG Manual to assist the Board in maintaining sound internal control system:

- Code of Ethics and Conduct defines acceptable behaviour for staff in dealing with key stakeholders. The Code is made available to all staff through their respective Head of Department.
- Corporate Integrity Policy - Anti Fraud Policy have been developed to define consistent and clear process focussed on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external parties doing business with employees with the Group.
- Whistle Blowing Policy has been formulated to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which has been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

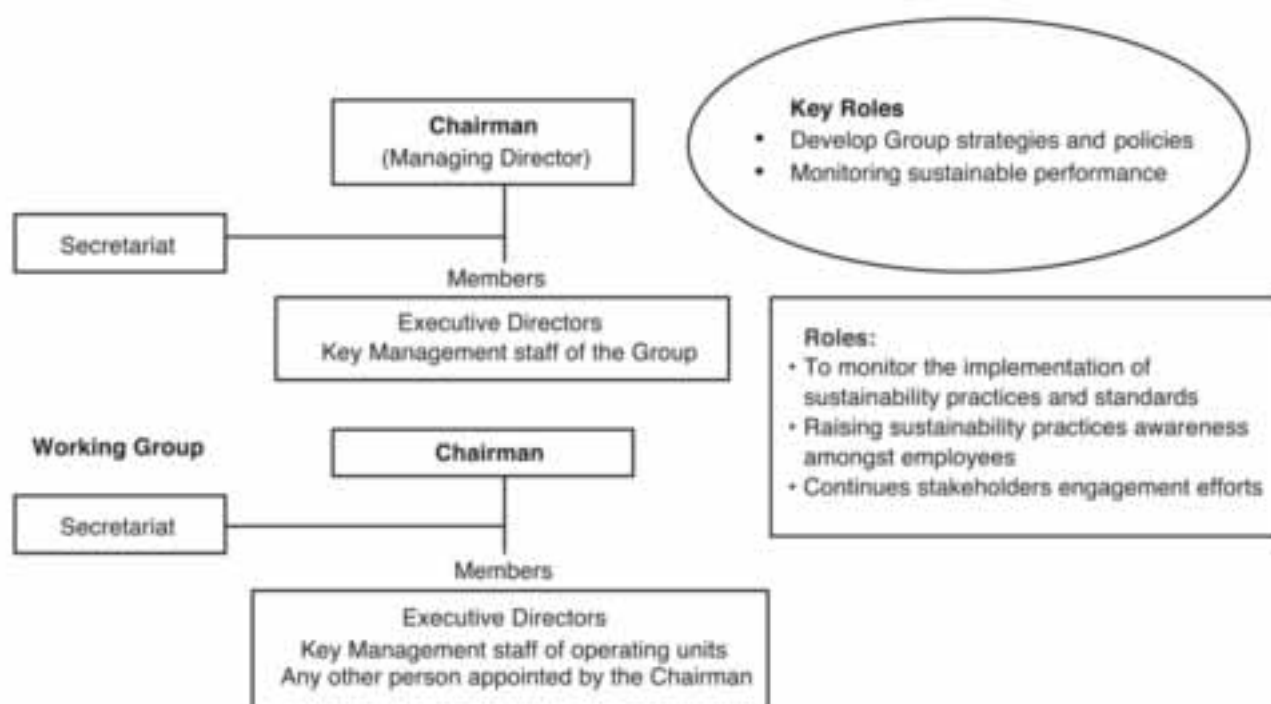
(cont'd)

ii. Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprising the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas, the likelihood of these risks occurring, the consequences if they do occur, and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at management and staff level by members of RMSC.

Risk Management and Sustainability Committee



Note: The Chairman of the Working Group can be a member of the Risk Management and Sustainability Committee or appointed by the Risk Management and Sustainability Committee

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

Our key risks and actions taken are summarised below:

Risk Category	Description & Impact	Mitigation Measures
Operational Risk: Escalating operational costs	<p>Escalating operational costs due to external factors e.g. increasing labour cost, weak Ringgit, increase in inflation and interest rates and also due to increase in the size of the Group and commercial undertakings.</p>	<p>We apply close monitoring and adherence to the approved budget to keep our costs in check.</p> <p>The Group is constantly improving its productivity through efficient management of its labour force, introducing better tools to work with and mechanization in selected operational areas including consolidation and automation of the mills to be more labour efficient.</p>
Operational Risk: Inability to achieve optimum oil yield per hectare due to ageing palm tree profile affecting overall palm oil yield	<p>The factors that influence the yield of Fresh Fruit Bunches (FFB) include the age and maturity of oil palms. Their prime productive period is at year 10 through 20 after planting. Thus, it is advisable for plantation companies to undertake replanting approximately every 25 years to ensure continuous long-term efficient production and sustainable yields.</p> <p>However, newly planted oil palms do not yield FFB until they reach harvestable age, which is about two and half years after planting, and the yield of young trees are significantly lower than the yield of mature trees. Our replanting programme has a short to medium term impact on the FFB production which in turn may affect our revenue and margins.</p>	<p>We structured our replanting programme on a rolling basis to minimize the effect on FFB production in any given year. We have embarked on the programme since year 2009 and will continue until the age profile of our plantation is fully optimized.</p>
Foreign Currency and Commodity Price Risks: Fluctuation of local and international commodity prices affecting prices of FFB, CPO and other palm oil milling products	<p>Fluctuation in exchange rate between USD and Ringgit Malaysia could have adverse effect on palm oil prices.</p> <p>Change in import tariff on palm oil by major importing countries may affect palm oil prices which could impact the Group's revenue and profits. Globally the palm oil competes with other edible oils, such as soybean oil.</p> <p>Our profit may be impacted by the fluctuation of palm oil prices which may result in a lower profit. A prolonged low palm oil prices would have a material adverse effect on the Group's cash flows and profits.</p>	<p>The Management constantly monitor the movement in palm oil commodity prices and may take steps to mitigate unfavourable movement in commodity prices, where necessary, to reduce the impact on the Group's financial performance. To achieve this, the Group may use derivatives such as Futures and Swap contract to hedge against cash flow risks faced by the Group arising from its forecasted probable production.</p>

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

Risk Category	Description & Impact	Mitigation Measures
Environmental Risk: Erratic weather conditions impacting operation	<p>Unfavourable weather such as prolonged dry weather and excessive rainfalls may affect FFB production and evacuation.</p> <p>Dry weather may also affect water supply to employees' quarters.</p>	<p>The Plantation General Manager will specifically look into and address the issue.</p> <p>We have also provided sufficient budget for the maintenance of infrastructure within our estates. Our estates continuously explore new methods and innovation e.g., tube-well systems were introduced to mitigate drought conditions.</p>
Human Resource and Labour Shortage Risks: High dependency on foreign labour	<p>Due to difficulties in securing local labour, our plantation is highly dependent on foreign workers especially from Indonesia and Philippines for its operations. Additionally, policy changes, increased competition and intensified scrutiny of labour may impact our operations, which in turn leads to decrease in revenue and profit.</p>	<p>We have taken several initiatives to improve the relationship with our existing workers so that they can assist in recruitment. Relationship with the local authorities and recruiting agents has been emphasized to assist in the recruitment process.</p>
Organisation Capability Risk: Ensuring Group has a talent pool with right competency and skillsets	<p>Pool of talent with right skill-sets and competency is necessary to ensure continuous growth of the Group.</p>	<p>Apart from external trainings, in-house training programmes are developed for our employees to bridge the competency gap.</p>
Competition Risk: Competition for FFB Supply	<p>The palm oil industry is highly competitive. The Group faces competition for the supply of Fresh Fruit Bunches locally as a large proportion of FFB supply is from external suppliers.</p>	<p>The Group has progressively reviewed and strengthened our marketing strategy and approach.</p>

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit function are described and detailed on pages 73 to 74 under the Report of the Audit Committee in this Annual Report. There were neither major weaknesses in the system identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the Internal Auditors during the period are being addressed.

iv. Information and Communication

Information critical to meeting Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

v. Review and Monitoring Process

The Group's management teams carry out monthly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group.

In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary. The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to Bursa Securities. These are usually reviewed by the Audit Committee before they are tabled to the Board for approval.

CONFIDENTIAL REPORTING

The Group's whistleblowing policy enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal. Details of the policy are set out in the Company's Code of Ethics. The Audit Committee receives reports on whistleblowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported. No major issues have been reported in financial year 2019 (major issues being defined for this purpose as matters having a financial impact greater than RM10,000).

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND FINANCE DIRECTOR

In line with the Guidelines, the Managing Director and Finance Director have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Managing Director and Finance Director have in turn obtained relevant assurance from the business heads in the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2019. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

The External Auditors have opined to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

RPG 5 does not require the External Auditors to and they did not consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees of the Group and to facilitate the expansion of its operations. Additionally, the Board regards the risks faced by the Group are within acceptable levels to the business environment within which the Group operates.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Kim Loong Resources Berhad is pleased to present the Report of the Audit Committee which lays out the activities held throughout the financial year ended 31 January 2019 and in compliance with Paragraph 15.15 (1) of the Listing Requirements of Bursa Securities.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises three (3) Directors of the Board, all of whom are Independent Non-Executive Directors. The members are:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

MEMBERSHIP

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, Mr Gan Kim Guan, is a member of the Malaysian Institute of Accountants (MIA) and has therefore complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

MEETINGS

During the financial year 2019, the Audit Committee held a total of five (5) meetings with the attendance of the Finance Director, Group Financial Controller, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the Internal and External Auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board.

Details of the Audit Committee members' attendance are tabled below:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	5	5
Chan Weng Hoong	5	4
Cheang Kwan Chow	5	5

TERMS OF REFERENCE

The details of the Terms of Reference of the Audit Committee are available at www.kimloong.com.my

REPORT OF THE AUDIT COMMITTEE

(cont'd)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee met at scheduled times with due notices of meetings issued, and with agenda planned and itemised so that issues raised were deliberated and discussed in a focussed and detailed manner.

During the financial year 2019, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

The Chairman of the Committee reported on each meeting to the Board. Detailed audit reports by the External Auditors, Internal Auditors and the respective Management response were circulated to members of the Committee before each meeting.

The main works undertaken by the Audit Committee were as follows:

Financial and Operations Review

- Reviewed and recommended for the Board's approval the quarterly reports for announcement to Bursa Securities in compliance with the Malaysian Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and of the Company. The Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements;
- Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements on the Group; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with the Code in conjunction with the preparation of the Corporate Governance Overview Statement and Statement on Risk Management & Internal Control.

External Audit

- Reviewed the External Auditors' annual audit plan and audit strategy for the financial year ended 31 January 2019 to ensure their scope of work adequately covered the activities of the Group and the Company;
- Discussed with the management and the External Auditors the Malaysian Financial Reporting Standards applicable to the financial statements of the Group and of the Company that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon;
- Inquired of the External Auditors whether they have become aware of any items relating to the detection of material illegal acts or material related party transactions during the course of their procedures;
- Reviewed and evaluated the External Auditors' performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration;
- Held independent meeting (without the presence of Management) with the External Auditors; and
- Reviewed and approved the provision of non-audit services by the external auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants. The amount of audit and non-audit fee incurred for the financial year ended 31 January 2019 were as follows:

Fees Incurred	Audit Fees RM	Non-Audit Fees RM
The Group	324,000	6,000
The Company	69,000	6,000

Internal Audit

- Reviewed and approved the Internal Auditors' plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries;
- Reviewed the internal audit reports presented by the Internal Auditors on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by Management and reported relevant issues to the Board;
- Held independent meeting (without the presence of Management) with the Internal Auditors;
- Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received; and
- Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

REPORT OF THE AUDIT COMMITTEE

(cont'd)

Risk Management

- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and
- Reviewed the Risk Management and Sustainability Committee's reports and assessment.

Related Party Transactions

- The Audit Committee reviewed all significant related party transactions and recurrent related party transaction entered into by the Group and the Company to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

Reporting Responsibilities

- Regularly reported to the Board of Directors about the Committee's activities, issues and related recommendations.
- Provided an open avenue of communication between the Internal Auditors, the External Auditors and the Board of Directors.
- Reports annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by Listing Requirements, including approval of non-audit services.
- Reviewed any other reports the Company issues that relate to the Committee's responsibilities.

Site Visits

The Audit Committee members visited the Winsome Al-Yatama Sdn Bhd and Palm Nutraceuticals Sdn Bhd in Johor to have a better understanding of the Group's business operations.

TRAINING

During the year, Audit Committee members attended various seminars, training programmes and conferences. Kindly refer to the Corporate Governance Overview Statement on page 51 and 52 for further details.

INTERNAL AUDIT FUNCTION

The Group's internal audit function adopts a co-sourcing model whereby risk management, and specialised audits are performed by the Internal Audit Department of the Company's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.

With effect from 1 January 2019, as part of the business rationalisation process, the Internal Audit team of the holding company was transferred to the Company and all functions previously done by the holding company's Internal Audit team are now being performed the Company itself.

KPMG Management & Risk Consulting Sdn. Bhd., a professional services firm has been appointed to perform risk-based internal audit where the results were directly reported to the Audit Committee.

The main purposes of the Internal Auditors are:

- To review effectiveness of the Group's systems of internal controls.
- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement on Risk Management & Internal Control in the Annual Report;
- Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- Identify the key business processes within the Group and the Company that Internal Audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

REPORT OF THE AUDIT COMMITTEE

(cont'd)

The Internal Auditors adopt a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

During the financial year under review, the Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

The Internal Auditors communicate regularly and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The Internal Auditors are also invited to attend all meetings of the Audit Committee. The total cost incurred in respect of the internal audit function during the financial year was approximately RM224,000.

The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group. The Internal Auditors undertook the following works in accordance with the approved Audit Plan:

- i. Carrying out the internal auditing of the Group subsidiaries.
- ii. Facilitating the improvement of business processes within the Group.
- iii. Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
- iv. Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
- v. Conducting investigation audits or special assignment from time to time as requested by Management.

CONCLUSION

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Internal Auditors, External Auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

1) Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist exclusively of Non-Executive Directors, minimum three (3), a majority of whom are Independent Directors.

The members of the Committee shall elect the Chairman from amongst their members who shall be an Independent Director.

The quorum shall be two (2) members, a majority of whom shall be Independent Directors.

The Company Secretaries shall be the Secretaries of the Committee.

2) Frequency of Meetings

Meetings shall be held not less than once a year.

3) Authority

The Committee is authorised to draw advice from outside as and when necessary in forming its recommendation to the Board on the remuneration of the Executive Directors and Senior Management in all its forms. Executive Directors should play no part in deciding their own remuneration and should abstain from discussion of their own remuneration.

4) Duty

The duty of the Committee is to recommend to the Board the structure and level of remuneration of Executive Directors and Senior Management.

5) Reporting Procedures

The Company Secretaries shall circulate the minutes of meetings of the Committee to all members of the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met twice during the financial year 2019. The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	2	2
Chan Weng Hoong	2	1
Cheang Kwan Chow	2	2

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the structure of the remuneration package for each of the Executive Directors and Senior Management; and
- Reviewed the performance bonuses for each of the Executive Directors and Senior Management;.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

REPORT OF THE NOMINATING COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

The details of the Terms of Reference of the Nominating Committee are available on the Company's website at www.kimloong.com.my

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2019.

The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Chan Weng Hoong	1	1
Cheang Kwan Chow	1	1

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the re-election of Directors retiring at the AGM under Articles 77 of the Article of Association (Constitution) of the Company.
- Assessed the independence of Independent Directors;
- Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
- Reviewed the effectiveness of the Board as a whole and the Board Committees and performance of each of the Board members and the Audit Committee members; and
- Reviewed and recommended retention of Independent Director.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

Principal activities

The principal activities of the Company are those of cultivation of oil palm and investment holding.

The principal activities and other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	59,690,225	31,317,297
Profit net of tax attributable to:		
Owners of the Company	52,123,229	31,317,297
Non-controlling interests	7,566,996	-
	59,690,225	31,317,297

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid by the Company since 31 January 2018 were as follows:

	RM
In respect of the financial year ended 31 January 2018 as reported in the directors' report of that year:	
- Final single-tier dividend of 3 sen per share on 933,606,582 ordinary shares, approved on 25 July 2018 and paid on 29 August 2018	28,008,198
In respect of the financial year ended 31 January 2019:	
- Interim single-tier dividend of 3 sen per share on 933,607,332 ordinary shares, declared on 27 September 2018 and paid on 22 November 2018	28,008,220
	56,016,418

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2019 of 3 sen per ordinary share, amounting to a dividend payable of RM28,008,220 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2020.

DIRECTORS' REPORT

(cont'd)

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Gooi Seong Lim *	
Gooi Seong Heen *	
Gooi Seong Chneh *	
Gooi Seong Gum *	
Gan Kim Guan	
Chan Weng Hoong	
Cheang Kwan Chow	
Gooi Khai Chien	(Alternate Director to Gooi Seong Lim)
Gooi Chuen Kang	(Alternate Director to Gooi Seong Heen)

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Dato' Tan Sui Hou	
Razali Bin Zainudin	
Gan Liong Hoe @ Zephyrinus	
Ahmad Khaizurin Bin Shario	
Soh Geok Toh (f)	
Datuk Yusoff @ Hunter Bin Mohamed Kasim	
Zainah Binte Ibrahim (f)	
Quek Sai Luang (f)	
Chang Chow Swan	
Subramaniam A/L V.V. Chellam	
Rizal Shah Bin Abdullah @ Mahadevan A/L Chellam	
Yeo Jon Tian @ Eeyo Jon Thiam	
Dato' Hj Mohd Salleh Bin Hj Tahir	
Datuk Tuan Hj Mohamed Bin Mahmood	
Ahmad Bin Abu Bakar	
Gee Ping Tou	
Lim Chor Lan (f)	
Yap Chee Chin	
Datu Sajeli Bin Kipli	
Kalimin Bin Sahadi	
Honorsius Bosuin	(Appointed on 1 October 2018)
Michael Baduk	(Appointed on 1 October 2018)
Abdul Rashid Bin Abdul Kassim	(Appointed on 1 October 2018)
Ma Eng Yau	(Resigned on 17 April 2018)
Y. Bhg. Datuk Saddi Bin Abdu Rahman	(Resigned on 1 October 2018)
Hajjah Musliati Binti Moslimin (f)	(Resigned on 1 October 2018)
Goh Kee Seng	(Resigned on 29 March 2019)
Atan Bin Ibrahim	(Resigned on 31 March 2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

(cont'd)

Directors' benefits (cont'd)

The Directors' benefits are as follows:

	Group RM	Company RM
Salaries and other emoluments	6,496,750	4,048,000
Fees	610,000	288,000
Defined contribution plan	899,760	584,640
Social security costs	14,227	2,371
Estimated money value of benefit-in-kind	70,346	70,346
	8,091,083	4,993,357

Indemnifying Directors or Officers

No indemnities have been given or insurance premium paid, during or since the end of the year, for any person who is or has been the Director or Officer of the Company.

Directors' interests

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings, interests in shares in the Company and its related corporations as stated below:

	1.2.2018	Number of ordinary shares Share split	Sold	31.1.2019
The Company				
Gooi Seong Lim				
- direct interest	683,552	1,367,104	-	2,050,656
- indirect interest	199,442,101	398,884,202	-	598,326,303
Gooi Seong Heen				
- direct interest	1,767,912	3,535,824	-	5,303,736
- indirect interest	198,106,102	396,212,204	-	594,318,306
Gooi Seong Chneh				
- direct interest	1,627,912	3,255,824	-	4,883,736
- indirect interest	198,106,102	396,212,204	-	594,318,306
Gooi Seong Gum				
- direct interest	132,600	265,200	-	397,800
- indirect interest	198,162,102	396,324,204	-	594,486,306
Gooi Khai Chien				
- indirect interest	999,999	1,999,998	-	2,999,997

DIRECTORS' REPORT

(cont'd)

Directors' interests (cont'd)

	1.2.2018	Number of warrants 2018/2025		31.1.2019
		Bonus issue	Sold	
The Company				
Gooi Seong Lim				
- direct interest	-	102,532	-	102,532
- indirect interest	-	29,916,369	-	29,916,369
Gooi Seong Heen				
- direct interest	-	265,186	-	265,186
- indirect interest	-	29,715,970	-	29,715,970
Gooi Seong Chneh				
- direct interest	-	244,186	-	244,186
- indirect interest	-	29,715,970	-	29,715,970
Gooi Seong Gum				
- direct interest	-	19,890	-	19,890
- indirect interest	-	29,724,370	-	29,724,370
Gooi Khai Chien				
- indirect interest	-	149,999	-	149,999

	1.2.2018	Number of ordinary shares		31.1.2019
		Acquired	Sold	
Holding company				
Sharikat Kim Loong Sendirian Berhad				
Gooi Seong Lim				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250

DIRECTORS' REPORT

(cont'd)

Directors' interests (cont'd)

	1.2.2018	Number of ordinary shares		31.1.2019
		Acquired	Sold	
Related corporation				
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	1,130,452	-	-	1,130,452
- indirect interest	196,063,786	-	-	196,063,786
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	192,216,114	-	-	192,216,114
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	192,148,114	-	-	192,148,114
Gooi Seong Gum				
- indirect interest	192,148,114	-	-	192,148,114
Gooi Khai Chien				
- indirect interest	3,775,672	-	-	3,775,672
Related corporation				
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Related corporation				
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

DIRECTORS' REPORT

(cont'd)

Directors' interests (cont'd)

By virtue of their interests in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are also deemed to have interests in the shares in the Company and its related corporations to the extent that the holding company has interests.

The other Directors in the office at the end of the financial year had no interest in shares in the Company and its related corporations during the financial year.

Issue of shares, share options and debentures

During the financial year, the Company completed the followings:

- (i) Listing and quotation for 935,410,707 Subdivided Shares on the Main Market of Bursa Securities arising from subdivision of every 1 ordinary share in the Company into 3 ordinary shares on 5 April 2018; and
- (ii) Listing and quotation for 46,680,235 warrants on the Main Market of Bursa Securities on 16 April 2018.

During the financial year, 2,625 ordinary shares were issued pursuant to the exercise of 2,625 warrants.

The new ordinary shares issued during the year rank pari passu in all respects with the existing shares of the Company.

The Company did not issue any debentures during the financial year.

Treasury shares

During the financial year, the Company did not repurchase any ordinary shares from the open market. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 31 January 2019, the Company held as treasury shares a total of 1,806,000 of its 935,413,332 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,625,853 and further relevant details are disclosed in Note 27(b) to the financial statements.

Holding and ultimate holding company

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

(cont'd)

Other statutory information (cont'd)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Details of significant events are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young		
- Statutory audit	324,000	69,000
- Other services	6,000	6,000
	330,000	75,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 January 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 May 2019.

Gooi Seong Heen

Gooi Seong Chneh

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Gooi Seong Heen and Gooi Seong Chneh, being two of the Directors of Kim Loong Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 90 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 May 2019.

Gooi Seong Heen

Gooi Seong Chneh

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chow Kok Hiang, being the Officer primarily responsible for the financial management of Kim Loong Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 90 to 175 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Chow Kok Hiang at)
Johor Bahru in the State of)
Johor Darul Ta'zim on 15 May 2019)

Chow Kok Hiang

Before me,

LIM JIT NGOH
No. J 265
Commissioner for Oaths
Johor Bahru

INDEPENDENT AUDITORS' REPORT

to the members of Kim Loong Resources Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kim Loong Resources Berhad, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Revenue recognition

(Refer to Notes 2.19 and 4 to the financial statements).

Revenue from sale of palm oil milling products recognised by the Group during the year amounted to RM853.3 million. Given the nature of the business operations of the Group, we identified revenue recognition in respect of sale of palm oil milling products to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

INDEPENDENT AUDITORS' REPORT

to the members of Kim Loong Resources Berhad (Incorporated in Malaysia)(cont'd)

Key audit matters (cont'd)

(a) Revenue recognition (cont'd)

How our audit addressed the matter

Our audit procedures for revenue recognition included testing the Group's internal controls over timing and amount of revenue recognised. We inspected the terms of significant sales contracts to determine the transaction price and point of customer obtains control of the goods. We inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

(b) Bearer plants

(Refer to Notes 2.8 and 15 to the financial statements).

During the current financial year, the Group and the Company incurred plantation expenditure amounting to RM48.5 million and RM15.3 million respectively for operations with mature and immature oil palm plantations. Out of these amounts, the Group and the Company capitalised a total of pre-cropping (i.e. new planting and replanting) expenditure of RM5.2 million and RM3.8 million, respectively, as part of their bearer plants. Due to the significance of the expenditure incurred, we consider this to be an area requiring audit focus. Specifically, we focused our audit efforts to determine whether the capitalisation of pre-cropping expenditure was made in accordance with the Group's policy and whether any expenditure incurred ought to be expensed to the income statement.

How our audit addressed the matter

Our audit procedures to address this area of focus included amongst others:

- (i) testing the effectiveness of the internal controls at estate level in respect of recording and categorisation of pre-cropping expenditure. We inspected documents such as contracts with suppliers to support the expenditure incurred such as land clearing, seedling, labour and manuring costs;
- (ii) testing the allocation of expenditure by fields categorised by matured and immature fields;
- (iii) testing whether the expenditure incurred on matured fields were appropriately expensed to the income statement; and
- (iv) testing whether the expenditure incurred on immature fields were appropriately capitalised as bearer plants.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT

to the members of Kim Loong Resources Berhad (Incorporated in Malaysia)(cont'd)

Responsibilities of the directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

to the members of Kim Loong Resources Berhad (Incorporated in Malaysia)(cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

1. As stated in Note 2 to the financial statements, Kim Loong Resources Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 February 2018 with a transition date of 1 February 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 January 2018 and 1 February 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 January 2018 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 January 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2018 do not contain misstatements that materially affect the financial position as at 31 January 2019 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Johor Bahru, Malaysia
Date: 15 May 2019

Lee Ming Li
02983/03/2020 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2019

	Note	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Revenue	4	872,936,649	1,075,331,846	17,511,229	24,369,241
Cost of sales	5	(742,321,137)	(880,630,445)	(11,482,951)	(10,783,957)
Gross profit		130,615,512	194,701,401	6,028,278	13,585,284
Other items of income	6	12,200,079	14,155,068	43,139,483	86,843,315
Other items of expense					
Distribution cost		(22,202,571)	(21,364,304)	(1,399,892)	(1,247,956)
Administrative expenses		(25,199,013)	(23,794,520)	(14,433,784)	(13,492,645)
Finance costs	7	(1,075,959)	(1,406,664)	-	-
Other expenses		(6,104,523)	(4,069,856)	(212,706)	(1,242,618)
Profit before tax	8	88,233,525	158,221,125	33,121,379	84,445,380
Taxation	11	(28,543,300)	(36,435,521)	(1,804,082)	(4,099,120)
Profit net of tax		59,690,225	121,785,604	31,317,297	80,346,260
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Net movement on cash flow hedge		-	(184,554)	-	-
Tax relating to cash flow hedge		-	44,293	-	-
Other comprehensive income for the year, net of tax		-	(140,261)	-	-
Total comprehensive income for the year		59,690,225	121,645,343	31,317,297	80,346,260
Profit net of tax attributable to:					
Owners of the Company		52,123,229	96,545,302	31,317,297	80,346,260
Non-controlling interests		7,566,996	25,240,302	-	-
		59,690,225	121,785,604	31,317,297	80,346,260
Total comprehensive income attributable to:					
Owners of the Company		52,123,229	96,405,041	31,317,297	80,346,260
Non-controlling interests		7,566,996	25,240,302	-	-
		59,690,225	121,645,343	31,317,297	80,346,260
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	5.58	10.34		
- Diluted	12	5.58	10.34		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2019

	Note	31.1.2019 RM	31.1.2018 RM	1.2.2017 RM
Assets				
Non-current assets				
Property, plant and equipment	13	530,871,532	538,628,485	541,646,466
Bearer plants	15	78,094,117	80,452,286	81,357,241
Land use rights	14	1,879,909	1,994,029	2,108,149
Deferred tax assets	26	3,642,520	11,191,280	13,176,640
Prepayments for acquisition of property, plant and equipment		5,091,475	2,060,897	1,676,623
		619,579,553	634,326,977	639,965,119
Current assets				
Inventories	18	50,712,165	57,226,618	39,578,904
Biological assets	16	2,611,000	4,269,000	5,766,000
Trade and other receivables	19	31,691,643	37,893,530	28,555,925
Prepayments		2,785,451	3,051,071	4,070,367
Tax recoverable		3,207,285	2,740,530	2,707,565
Derivatives	20	262,750	-	184,554
Short term funds	21	78,436,569	62,485,498	60,871,598
Cash and bank balances	22	194,697,829	237,555,069	224,649,291
		364,404,692	405,221,316	366,384,204
Total assets		983,984,245	1,039,548,293	1,006,349,323
Equity and liabilities				
Current liabilities				
Trade and other payables	24	51,807,424	71,662,291	67,283,673
Loans and borrowings	25	14,712,297	17,564,199	17,559,508
Derivatives	20	-	217,075	-
Dividend payable		-	18,672,094	15,560,079
Tax payable		1,379,263	5,197,074	4,545,755
		67,898,984	113,312,733	104,949,015
Net current assets		296,505,708	291,908,583	261,435,189
Non-current liabilities				
Other payables	24	-	97,507	187,898
Loans and borrowings	25	4,590,000	9,515,000	17,555,000
Deferred tax liabilities	26	85,643,378	86,648,622	87,031,961
		90,233,378	96,261,129	104,774,859
Total liabilities		158,132,362	209,573,862	209,723,874
Net assets		825,851,883	829,974,431	796,625,449
Equity attributable to owners of the Company				
Share capital	27	318,433,258	318,429,583	311,803,569
Share premium	28	-	-	6,626,014
Treasury shares	27(b)	(1,625,853)	(1,625,853)	(1,625,853)
Hedging reserve	29	-	-	140,261
Retained earnings	30	417,981,302	421,874,491	396,905,550
		734,788,707	738,678,221	713,849,541
Non-controlling interests		91,063,176	91,296,210	82,775,908
Total equity		825,851,883	829,974,431	796,625,449
Total equity and liabilities		983,984,245	1,039,548,293	1,006,349,323

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 January 2019

	Note	31.1.2019 RM	31.1.2018 RM	1.2.2017 RM
Assets				
Non-current assets				
Property, plant and equipment	13	193,905,450	196,453,416	199,812,271
Bearer plants	15	23,410,422	20,546,536	16,591,474
Investment in subsidiaries	17	46,169,213	46,169,213	46,169,213
Other receivables	19	128,761,321	121,479,003	121,532,899
		392,246,406	384,648,168	384,105,857
Current assets				
Inventories	18	507,833	331,814	316,894
Biological assets	16	246,000	339,000	378,000
Trade and other receivables	19	7,117,773	18,734,922	8,742,000
Prepayments		437,487	633,171	527,488
Short term funds	21	34,163,790	20,561,741	19,952,639
Cash and bank balances	22	46,171,908	100,196,789	98,312,373
		88,644,791	140,797,437	128,229,394
Total assets		480,891,197	525,445,605	512,335,251
Equity and liabilities				
Current liabilities				
Trade and other payables	24	4,430,040	4,876,341	3,676,645
Dividend payable		-	18,672,094	15,560,079
Tax payable		185,199	383,550	703,550
		4,615,239	23,931,985	19,940,274
Net current assets		84,029,552	116,865,452	108,289,120
Non-current liability				
Deferred tax liabilities	26	44,659,068	45,201,284	44,852,540
Total liabilities		49,274,307	69,133,269	64,792,814
Net assets		431,616,890	456,312,336	447,542,437
Equity attributable to owners of the Company				
Share capital	27	318,433,258	318,429,583	311,803,569
Share premium	28	-	-	6,626,014
Treasury shares	27(b)	(1,625,853)	(1,625,853)	(1,625,853)
Retained earnings	30	114,809,485	139,508,606	130,738,707
Total equity		431,616,890	456,312,336	447,542,437
Total equity and liabilities		480,891,197	525,445,605	512,335,251

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2019

		Attributable to owners of the Company						Non-controlling interests	
		Non-Distributable			Distributable				
Note	Total equity	Total	Share capital (Note 27)	Share premium (Note 28)	Hedging reserve (Note 29)	Retained earnings (Note 30)	Treasury shares		
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2018	829,974,431	738,678,221	318,429,583	-	-	421,874,491	(1,625,853)	91,296,210	
Changes in equity for the year:									
Profit net of tax	59,690,225	52,123,229	-	-	-	52,123,229	-	7,566,996	
Total comprehensive income	59,690,225	52,123,229	-	-	-	52,123,229	-	7,566,996	
Transactions with owners									
Issuance of shares arising from exercise of warrants	3,675	3,675	3,675	-	-	-	-	-	
Issuance of shares to non-controlling interest of a subsidiary	29,970	-	-	-	-	-	-	29,970	
Dividends paid to non-controlling interests	(7,830,000)	-	-	-	-	-	-	(7,830,000)	
Dividends for the year ended - 31 January 2018	(28,008,198)	(28,008,198)	-	-	-	(28,008,198)	-	-	
- 31 January 2019	(28,008,220)	(28,008,220)	-	-	-	(28,008,220)	-	-	
Total transactions with owners	(63,812,773)	(56,012,743)	3,675	-	-	(56,016,418)	-	(7,800,030)	
At 31 January 2019	825,851,883	734,788,707	318,433,258	-	-	417,981,302	(1,625,853)	91,063,176	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2019 (cont'd)

	Attributable to owners of the Company						Non-controlling interests	
	Non-Distributable			Distributable			Treasury shares	
	Total equity	Total	Share capital (Note 27)	Share premium (Note 28)	Hedging reserve (Note 29)	Retained earnings (Note 30)	RM	RM
Note	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2017	796,625,449	713,849,541	311,803,569	6,626,014	140,261	396,905,550	(1,625,853)	82,775,908
Changes in equity for the year:								
Profit net of tax	121,785,604	96,545,302	-	-	-	96,545,302	-	25,240,302
Other comprehensive income	(140,261)	(140,261)	-	-	(140,261)	-	-	-
Total comprehensive income	121,645,343	96,405,041	-	-	(140,261)	96,545,302	-	25,240,302
Transactions with owners								
Transition to no-par value regime	-	-	6,626,014	(6,626,014)	-	-	-	-
Dividends paid to non-controlling interests	(16,720,000)	-	-	-	-	-	-	(16,720,000)
Dividends for the year ended	(24,896,126)	(24,896,126)	-	-	-	(24,896,126)	-	-
- 31 January 2017	(46,680,235)	(46,680,235)	-	-	-	(46,680,235)	-	-
Total transactions with owners	(88,296,361)	(71,576,361)	6,626,014	(6,626,014)	-	(71,576,361)	-	(16,720,000)
At 31 January 2018	829,974,431	738,678,221	318,429,583	-	-	421,874,491	(1,625,853)	91,296,210

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2019

		Non-Distributable		Distributable		
		Share capital (Note 27) RM	Share premium (Note 28) RM	Retained earnings (Note 30) RM	Treasury shares RM	
At 1 February 2018		318,429,583	-	139,508,606	(1,625,853)	
Changes in equity for the year:						
Total comprehensive income		-	-	31,317,297	-	
Transactions with owners						
Issuance of shares arising from exercise of warrants		3,675	-	-	-	
Dividends for the year ended						
- 31 January 2018	38	-	-	(28,008,198)	-	
- 31 January 2019	38	-	-	(28,008,220)	-	
Total transactions with owners		3,675	-	(56,016,418)	-	
At 31 January 2019		318,433,258	-	114,809,485	(1,625,853)	
At 1 February 2017		311,803,569	6,626,014	130,738,707	(1,625,853)	
Changes in equity for the year:						
Total comprehensive income		-	-	80,346,260	-	
Transactions with owners						
Transition to no-par value regime		6,626,014	(6,626,014)	-	-	
Dividends for the year ended						
- 31 January 2017	38	-	-	(24,896,126)	-	
- 31 January 2018	38	-	-	(46,680,235)	-	
Total transactions with owners		6,626,014	(6,626,014)	(71,576,361)	-	
At 31 January 2018		318,429,583	-	139,508,606	(1,625,853)	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Operating activities				
Cash receipts from customers	882,834,042	1,068,801,481	24,703,789	31,326,592
Rental received	161,360	139,020	51,600	36,000
Interest received	8,803,870	9,472,859	10,729,689	10,778,276
Dividends received	-	-	28,000,000	65,000,000
Cash paid to suppliers and employees	(771,897,273)	(910,246,562)	(25,508,979)	(20,129,205)
Cash generated from operations	119,901,999	168,166,798	37,976,099	87,011,663
Interest paid	(1,101,360)	(1,422,194)	-	-
Net tax paid	(26,284,350)	(34,170,853)	(2,544,649)	(4,070,376)
Net cash generated from operating activities	92,516,289	132,573,751	35,431,450	82,941,287
Investing activities				
Acquisition of bearer plants, land use rights and property, plant and equipment (Note a)	(29,633,685)	(25,690,905)	(4,626,039)	(4,263,860)
Advances to subsidiaries	-	-	(17,226,793)	(14,894,701)
Repayments from subsidiaries	-	-	19,300,000	8,202,509
Placement of fixed deposit pledged	(21,643)	(19,317)	-	-
Interest paid	-	(11,738)	-	-
Net proceeds from compulsory acquisition	-	267,566	-	-
Net investment in short term funds	(15,484,609)	(1,644,790)	(13,363,733)	(609,102)
Proceeds from disposal of property, plant and equipment (Note b)	560,877	241,920	199,414	83,000
Net cash used in investing activities	(44,579,060)	(26,857,264)	(15,717,151)	(11,482,154)
Financing activities				
Dividends paid	(74,688,512)	(68,464,346)	(74,688,512)	(68,464,346)
Dividends paid to non-controlling interests	(9,330,000)	(15,220,000)	-	-
Proceeds from issuance of shares	3,675	-	3,675	-
Proceeds from issuance of shares to non-controlling interest	29,970	-	-	-
Proceeds from bank borrowings	1,000,000	-	-	-
Repayments of bank borrowings	(8,040,000)	(9,040,000)	-	-
Net cash used in financing activities	(91,024,867)	(92,724,346)	(74,684,837)	(68,464,346)
Net (decrease)/increase in cash and cash equivalents	(43,087,638)	12,992,141	(54,970,538)	2,994,787
Cash and cash equivalents at beginning of the year	233,982,300	222,100,530	100,196,789	98,312,373
Effect of exchange rates changes on cash and cash equivalents	945,657	(1,110,371)	945,657	(1,110,371)
Cash and cash equivalents at the end of the year (Note 22)	191,840,319	233,982,300	46,171,908	100,196,789

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2019 (cont'd)

Note a: Acquisition of bearer plants, land use rights and property, plant and equipment

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bearer plants, land use rights and property, plant and equipment acquired	26,648,915	27,680,363	5,352,314	5,101,797
Less expenses capitalised:				
- depreciation and amortisation	(760,668)	(341,662)	(726,275)	(837,937)
Cash paid for prior year's acquisition	2,191,570	975,250	-	-
Unpaid balances of current year's acquisition included under payables	(1,534,600)	(1,868,780)	-	-
Prepayment/deposits paid in prior years	(356,110)	(1,184,650)	-	-
Prepayment/deposits paid in current year	3,444,578	430,384	-	-
Cash paid	29,633,685	25,690,905	4,626,039	4,263,860

Note b: Proceeds from disposal of property, plant and equipment

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sale proceeds from disposals	1,104,690	241,920	199,414	83,000
Less unpaid amount included under receivables	(457,000)	-	-	-
Less amount offset against payables	(86,813)	-	-	-
Cash received	560,877	241,920	199,414	83,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 18.01, 18th Floor, Public Bank Tower, 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. The registered office of the Company is located at Unit No. 203, 2nd Floor, Block C, Damansara Intan, No.1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of cultivation of oil palm and investment holding. The principal activities and other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

For all periods up to and including the year ended 31 January 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS"). These financial statements for the year ended 31 January 2019 are the first that the Group has prepared in accordance with MFRS and MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM").

Other than the changes arising from the adoption of the MFRS Framework as disclosed in Note 2.2, the accounting policies and presentation adopted for this financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2018.

2.2 Adoption of MFRS

These financial statements, for the year ended 31 January 2019, are the first the Group and the Company have prepared in accordance with MFRS. For periods up to and including the year ended 31 January 2018, the Group and the Company prepared its financial statements in accordance with FRS.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 January 2019, together with the comparative period data for the year ended 31 January 2018, as described in the significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 February 2017, the Group's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statement of financial position as at 1 February 2017 and the financial statements for the year ended 31 January 2018.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group and the Company have elected certain optional exemptions and not to apply the following accounting standards retrospectively:

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

MFRS 3 Business Combinations

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected optional exemption to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained; and
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition).

MFRS 10 Consolidated Financial Statements

As the Company becomes a first-time adopter later than its certain subsidiaries, in the consolidated financial statements, the assets and liabilities of the certain subsidiaries have been measured at the same amounts as in the subsidiaries' financial statements (after adjusting for consolidation adjustments and for the effects of the business combination in which the Company acquired the subsidiaries).

There are no adjustments arising from the transition to MFRS except for those discussed below. Accordingly, notes related to the statements of financial position as at date of transition to MFRS are only presented for those items.

The impact arising from the adoption is summarised as follows:

		Under FRS Framework RM	Effects of transition RM	Under MFRS Framework RM
Consolidated statement of financial position				
31 January 2018	Note			
Non-current assets				
Property, plant and equipment	i	388,818,968	149,809,517	538,628,485
Bearer plants	ii	-	80,452,286	80,452,286
Biological assets	ii	79,956,011	(79,956,011)	-
Deferred tax assets	iv	11,240,000	(48,720)	11,191,280
Current assets				
Biological assets	iii	-	4,269,000	4,269,000
Prepayments	vi	3,489,756	(438,685)	3,051,071
Short term funds	vii	-	62,485,498	62,485,498
Cash and bank balances	vii	300,040,567	(62,485,498)	237,555,069
Non-current liabilities				
Deferred tax liabilities	iv	53,238,375	33,410,247	86,648,622
Equity				
Revaluation reserve	v	37,504,668	(37,504,668)	-
Retained earnings		266,076,179	155,798,312	421,874,491
Non-controlling interests		88,912,714	2,383,496	91,296,210

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

		Under FRS Framework RM	Effects of transition RM	Under MFRS Framework RM
Consolidated statement of financial position (cont'd)				
1 February 2017	Note			
Property, plant and equipment	i	389,460,490	152,185,976	541,646,466
Bearer plants	ii	-	81,357,241	81,357,241
Biological assets	ii	81,357,241	(81,357,241)	-
Deferred tax assets	iv	13,300,000	(123,360)	13,176,640
Current assets				
Biological assets	iii	-	5,766,000	5,766,000
Prepayments	vi	4,509,052	(438,685)	4,070,367
Short term funds	vii	-	60,871,598	60,871,598
Cash and bank balances	vii	285,520,889	(60,871,598)	224,649,291
Non-current liabilities				
Deferred tax liabilities	iv	52,821,742	34,210,219	87,031,961
Equity				
Revaluation reserve	v	38,337,212	(38,337,212)	-
Retained earnings		238,067,505	158,838,045	396,905,550
Non-controlling interests		80,097,029	2,678,879	82,775,908
Company statement of financial position				
31 January 2018	Note			
Non-current assets				
Property, plant and equipment	i	68,996,090	127,457,326	196,453,416
Bearer plants	ii	-	20,546,536	20,546,536
Biological assets	ii	20,050,261	(20,050,261)	-
Current assets				
Biological assets	iii	-	339,000	339,000
Short term funds	vii	-	20,561,741	20,561,741
Cash and bank balances	vii	120,758,530	(20,561,741)	100,196,789
Non-current liabilities				
Deferred tax liabilities	iv	14,530,498	30,670,786	45,201,284
Equity				
Revaluation reserve	v	13,035,581	(13,035,581)	-
Retained earnings		28,851,210	110,657,396	139,508,606
1 February 2017				
Non-current assets				
Property, plant and equipment	i	70,322,206	129,490,065	199,812,271
Bearer plants	ii	-	16,591,474	16,591,474
Biological assets	ii	16,591,474	(16,591,474)	-
Current assets				
Biological assets	iii	-	378,000	378,000
Short term funds	vii	-	19,952,639	19,952,639
Cash and bank balances	vii	118,265,012	(19,952,639)	98,312,373
Non-current liabilities				
Deferred tax liabilities	iv	13,684,426	31,168,114	44,852,540
Equity				
Revaluation reserve	v	13,242,305	(13,242,305)	-
Retained earnings		18,796,451	111,942,256	130,738,707

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

		Under FRS Framework RM	Effects of transition RM	Under MFRS Framework RM
Consolidated statement of comprehensive income				
Year ended 31 January 2018	Note			
Cost of sales	i, ii	(878,750,261)	(1,880,184)	(880,630,445)
Other expenses	iii	(2,572,856)	(1,497,000)	(4,069,856)
Profit before tax		161,598,309	(3,377,184)	158,221,125
Taxation	iv	(37,310,133)	874,612	(36,435,521)
Profit net of tax		124,288,176	(2,502,572)	121,785,604
Total comprehensive income		124,147,915	(2,502,572)	121,645,343
Profit net of tax attributable to:				
Owners of the Company		98,752,491	(2,207,189)	96,545,302
Non-controlling interests		25,535,685	(295,383)	25,240,302
		124,288,176	(2,502,572)	121,785,604
Total comprehensive income attributable to:				
Owners of the Company		98,612,230	(2,207,189)	96,405,041
Non-controlling interests		25,535,685	(295,383)	25,240,302
		124,147,915	(2,502,572)	121,645,343
Company statement of comprehensive income				
Year ended 31 January 2018				
Cost of sales	i, ii	(9,247,493)	(1,536,464)	(10,783,957)
Other expenses	iii	(1,203,618)	(39,000)	(1,242,618)
Profit before tax		86,020,844	(1,575,464)	84,445,380
Taxation	iv	(4,596,448)	497,328	(4,099,120)
Profit net of tax		81,424,396	(1,078,136)	80,346,260
Total comprehensive income		81,424,396	(1,078,136)	80,346,260

The Group and the Company do not present reconciliation of cash flows as it is presented using direct method which is not affected by MFRS adjustments.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

(i) Property, plant and equipment

The Group and the Company have previously adopted a cost model for its long term leasehold land. Long term leasehold land was measured at cost less accumulated depreciation and impairment losses.

Upon transition to MFRS, the Group and the Company have elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group and the Company elected to regard fair value of certain long term leasehold land at date of transition as its deemed cost at that date. As at 1 February 2017, an increase of RM152,185,976 and RM129,490,065 were recognised in property, plant and equipment of the Group and the Company respectively.

(ii) Bearer plants

The amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). As the Group and the Company have previously measured the biological assets at cost less amortisation, the change in accounting policies is limited to reclassification of the bearer assets from biological assets to bearer plants and thus, the change does not impact opening retained earning.

(iii) Biological assets

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets which form part of the bearer plants were not recognised. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The change in fair value less costs to sell of the biological assets is recognised in profit or loss.

(iv) Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies stated in Note 2.21(b), the Group and the Company have to account for such differences. Deferred tax adjustments are recognised for the underlying transactions either in retained earnings or a separate component of equity.

(v) Revaluation reserve

Upon transition to MFRS, the Group and the Company have elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group and the Company elected to regard the revalued amounts of leasehold lands as deemed cost. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

(vi) Reversal of prepayment

Upon transition to MFRS, the Group reversed the prepayment adjustment which has been taken up by the Group under FRS.

(vii) MFRS 9 Financial instruments

On 1 February 2018, the Group adopted MFRS 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of MFRS 9 have been applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

(vii) MFRS 9 Financial instruments (cont'd)

The effect of adopting MFRS 9 is as follows:

(a) Classification and measurement

Under MFRS 9, the Group's and the Company's debt financial instruments are measured at amortised cost. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Financial assets are measured at FVTPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the Group's and the Company's business model were made as of the date of initial application, 1 February 2018. The assessment of whether contractual cash flows on financial assets comprised solely of payments of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Trade and other receivables previously classified as *Loans and receivables* are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as *Debt instruments at amortised cost*.

Short term funds previously classified as *Loans and receivables* are not held to collect contractual cash flows and do not give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as *financial assets carried at fair value through profit or loss*.

Commodity futures is the only financial liabilities designated as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company have classified its financial instruments into the appropriate categories in accordance with MFRS 9. The effects, before tax impact are as follows:

FRS 139 measurement category	RM	MFRS 9 measurement category	
		Fair value through profit or loss RM	Amortised cost RM
Group			
<i>Loans and receivables</i>			
Trade and other receivables	37,893,530	-	37,893,530
Short term funds	62,485,498	62,485,498	-
Cash and bank balances	237,555,069	-	237,555,069
	337,934,097	62,485,498	275,448,599

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of MFRS (cont'd)

(vii) MFRS 9 Financial instruments (cont'd)

(a) Classification and measurement (cont'd)

FRS 139 measurement category		MFRS 9 measurement category	
		Fair value through profit or loss	Amortised cost
	RM	RM	RM
Company			
Loans and receivables			
Trade and other receivables	140,213,925	-	140,213,925
Short term funds	20,561,741	20,561,741	-
Cash and bank balances	100,196,789	-	100,196,789
	260,972,455	20,561,741	240,410,714

(b) Impairment

The adoption of MFRS 9 has changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

MFRS 9 requires the Group and the Company to record an allowance for ECLs for all financial assets not held at fair value through profit or loss and contract assets.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive.

For trade receivables, the Group and the Company applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group and the Company have established a provision matrix that is based on the Group's and the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group and the Company apply low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the other receivables are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 6 months past due.

The Group and the Company consider a financial asset to be in default when contractual payment are 12 months past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external indicates that the Group and the Company is unlikely to receive outstanding contractual amounts in full amount before taking into account any credit enhancements held by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.3 Standards, IC interpretation, Amendments and Annual Improvements issued but not yet effective

The Standards, Amendments, Annual Improvements and IC interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these Standards, Amendments, Annual Improvements and IC Interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Definition of a Business (Amendments to MFRS 3 Business Combination)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors are of opinion that the Standards, Amendments, Annual Improvements and IC Interpretations above would not have any material impact on the financial statements in the year of initial adoption other than as discussed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.3 Standards, IC interpretation, Amendments and Annual Improvements issued but not yet effective (cont'd)

MFRS 16 Leases (cont'd)

On the adoption of MFRS 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if MFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 February 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 February 2019.

In addition, the Group plans to elect the following practical expedients:

- (i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply MFRS 16 to all contracts that were previously identified as leases.
- (ii) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 February 2019.
- (iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group plans to adopt MFRS 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 February 2019.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Group, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency (cont'd)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.8 Property, plant and equipment and bearer plants

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

Freehold land has unlimited useful life and therefore is not depreciated. New planting and replanting expenditure incurred on land clearing, development and upkeep of immature oil palms (including interest incurred) during the pre-maturity period (pre-cropping costs) is not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. Depreciation commences when the bearer plants mature or when the assets are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives.

	Number of years
Long term leasehold land	60 - 770
Buildings	20 - 50
Bearer plants	20
Plant and machinery	4 - 17
Equipment, furniture and fittings	10 - 17
Motor vehicles	10

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment and bearer plants (cont'd)

Assets under construction in progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment and bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment and bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Biological assets

The biological assets of the Group comprises fresh fruit bunches ("FFB") prior to harvest. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 14 days after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

2.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms of 30 - 60 years.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's and the Company's financial assets are its financial assets at amortised cost (debt instruments) and at fair value through profit or loss.

- **Financial assets at amortised cost (debt instruments)**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments - Initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

- *Financial assets at amortised cost (debt instruments) (cont'd)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost comprise of its trade and other receivables balances and cash and bank balances.

- *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category comprises of the Group's and the Company's derivative instruments and short term funds. The Group and the Company use derivative financial instruments such as futures contracts to hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established. Interests are recognised as finance income in the statements of comprehensive income when the right of payment has been established.

Short term funds are investments in unit trust funds carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments - Initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group and the Company apply low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the other receivables are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 6 months past due.

The Group and the Company consider a financial asset in default when contractual payments are 12 months past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liability comprise of trade and other payables which is classified as *Loans and borrowings*.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments - Initial recognition and subsequent measurement (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, consumables and spare parts: purchase costs on a first-in first-out basis.
- Nursery stocks: includes cost of seedlings, labour, materials and attributable overheads in bringing the nursery stocks to their present location and condition.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.15 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

The Group does not identify segments by geographical location as it operates only in Malaysia.

The accounting policies adopted in segment reporting are identical to the accounting policies of the Group.

2.17 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.19 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.19 Revenue from contracts with customers (cont'd)

(a) Sale of goods

The Group and the Company contract with its customers for sales of oil palm products. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Payment is generally due within 30 to 90 days upon delivery. Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods.

(b) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(c) Management fees

Management fee income is recognised on the accrual basis.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unutilised tax allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unutilised tax allowances and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(d) Sales and Services Tax ("SST")

Revenue are recognised net of the amount of SST.

The amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority and is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of SST payable to the taxation authority is included as part of payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.23 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.24 Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(e).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.25 Hedge accounting

The Group and the Company use derivatives to manage its exposure to commodity price risk. These derivatives comprise commodity swap and futures contracts. The Group and the Company apply hedge accounting for those commodity swap and futures contracts which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as cash flow hedges as the Group and the Company are hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group and the Company formally designate and document the hedge relationship to which the Group and the Company wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as a cash flow hedge.

Under a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

2.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

2. Summary of significant accounting policies (cont'd)

2.26 Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.27 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of property, plant and equipment and bearer plants

MFRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment and bearer plants at least at each financial year end. The Group and the Company reviewed the residual values and remaining useful lives of its property, plant and equipment and bearer plants and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unutilised tax allowances to the extent that it is probable that taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(iii) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Property, plant and equipment

The carrying amount of property, plant and equipment of the Group as at 31 January 2019 was RM530,871,532 (2018: RM538,628,485). The Group has recognised impairment losses in respect of property, plant and equipment and the accumulated impairment loss amounted to RM7,124,158 in prior year. In current financial year, the Group carried out the impairment test based on the cash generating unit's ("CGU") fair value less cost to sell and value-in-use based on discounted cashflow forecast and no further impairment loss is provided for.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(iii) Impairment of non-financial assets (cont'd)

Investment in subsidiaries

The carrying amount of investment in subsidiaries of the Company as at 31 January 2019 was RM46,169,213 (2018: RM46,169,213). The Company has recognised impairment losses in respect of cost of investment and the accumulated impairment loss amounted to RM6,079,086 (2018: RM6,079,086). In current financial year, the Company carried out the impairment test based on the cash generating unit's ("CGU") fair value less cost to sell. Further details of the impairment loss for the investment in subsidiaries are disclosed in Note 17.

4. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:				
Fresh fruit bunches	19,615,900	30,053,348	17,511,229	24,369,241
Palm oil milling products	853,320,749	1,045,278,498	-	-
	872,936,649	1,075,331,846	17,511,229	24,369,241

5. Cost of sales

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fresh fruit bunches	17,454,756	18,129,326	11,482,951	10,783,957
Palm oil milling products	724,866,381	862,501,119	-	-
	742,321,137	880,630,445	11,482,951	10,783,957

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

6. Other items of income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income	8,833,582	9,576,869	10,748,575	11,256,944
Rental income	161,360	139,020	51,600	36,000
Sundry income	1,617,877	1,365,803	163,989	121,238
Commission received	-	-	1,261,326	1,607,013
Management fee income	124,165	124,165	5,230,020	5,322,120
Gain on compulsory acquisition of land	-	9,455	-	-
Gain on disposal of property, plant and equipment	50,976	22,078	-	-
Gain on foreign exchange				
- unrealised	264,491	-	264,491	-
- realised	681,166	-	681,166	-
Gains on fair value changes in short term funds	466,462	-	238,316	-
Reversal of impairment losses on:				
- property, plant and equipment (Note 13)	-	1,729,057	-	-
- bearer plants (Note 15)	-	1,188,621	-	-
Dividend income from subsidiaries			24,500,000	68,500,000
	12,200,079	14,155,068	43,139,483	86,843,315

7. Finance costs

	Group	
	2019 RM	2018 RM
Interest expense on:		
- bank borrowings	1,073,466	1,397,055
- other payables	2,493	9,609
	1,075,959	1,406,664

The interest expense on other payables arose as a result of the remeasurement of the outstanding amount to its amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- Statutory audit	324,000	290,000	69,000	59,000
- Other services	6,000	6,000	6,000	6,000
Employee benefit expenses (Note 9)	56,112,375	55,030,282	12,995,639	12,287,256
Depreciation and amortisation:				
- property, plant and equipment (Note 13)	26,883,588	26,428,168	3,088,597	2,914,245
- land use rights (Note 14)	114,120	114,120	-	-
- bearer plants (Note 15)	7,187,392	7,099,606	951,975	660,913
Write off of:				
- property, plant and equipment	206,915	309,728	9,707	6,005
- bearer plants	357,488	2	5	2
- bad debts	12,290	58,921	136,681	11,553
- inventories	59,117	65,045	-	1,283
Write down of inventories (Note 18)	341,851	216,507	-	-
Allowance for impairment losses on:				
- other receivables (Note 19)	-	-	861,000	734,000
Reversal of impairment losses on:				
- property, plant and equipment (Note 13)	-	(1,729,057)	-	-
- bearer plants (Note 15)	-	(1,188,621)	-	-
Fair value loss/(gain) on derivatives				
- realised	3,106,035	1,200	-	-
- unrealised	(262,750)	217,075	-	-
Rental of premises	282,191	286,492	209,431	209,431
Gain on disposal of property, plant and equipment	(50,976)	(22,078)	-	-
Loss on disposal of property, plant and equipment	314,272	113,850	60,421	3,488
Loss on fair value changes in biological assets (Note 16)	1,658,000	1,497,000	93,000	39,000
(Gain)/loss on foreign exchange				
- unrealised	(264,491)	1,110,371	(264,491)	1,110,371
- realised	(681,166)	-	(681,166)	-
Rental income	(161,360)	(139,020)	(51,600)	(36,000)
Gross dividend income from:				
- subsidiaries	-	-	(24,500,000)	(68,500,000)
Interest income from:				
- deposits/short term funds	(8,766,622)	(9,509,893)	(2,221,583)	(3,322,619)
- subsidiaries	-	-	(8,460,032)	(7,867,349)
- others	(66,960)	(66,976)	(66,960)	(66,976)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

9. Employee benefit expenses

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and bonuses	51,916,982	51,083,459	12,198,709	11,640,416
Defined contribution plan	4,426,518	4,203,504	1,392,758	1,280,901
Social security costs	376,781	331,097	37,400	34,679
Human Resources Development ("HRD") fund	96,787	80,962	-	-
Provision for unutilised leave (Note 24(c))	102,769	53,867	102,769	53,867
Total employee benefit expenses	56,919,837	55,752,889	13,731,636	13,009,863
Amount capitalised in bearer plants (Note 15)	(807,462)	(722,607)	(735,997)	(722,607)
Total employee benefit expenses recognised in profit or loss	56,112,375	55,030,282	12,995,639	12,287,256

Included in employee benefit expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM7,725,737 (2018: RM7,730,247) and RM4,628,011 (2018: RM4,570,031) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Executive:				
Fees	322,000	322,000	-	-
Salaries and other emoluments	6,489,750	6,548,500	4,041,000	4,043,500
Defined contribution plan	899,760	845,520	584,640	524,160
Social security costs	14,227	14,227	2,371	2,371
	7,725,737	7,730,247	4,628,011	4,570,031
Estimated monetary value of benefits-in-kind	70,346	53,030	70,346	53,030
	7,796,083	7,783,277	4,698,357	4,623,061
Non-Executive:				
Fees	288,000	288,000	288,000	288,000
Other emoluments	7,000	9,000	7,000	9,000
	295,000	297,000	295,000	297,000
	8,091,083	8,080,277	4,993,357	4,920,061

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

10. Directors' remuneration (cont'd)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2019	2018
Executive Directors:		
RM1,050,001 - RM1,100,000	-	3
RM1,100,001 - RM1,150,000	3	-
RM1,300,001 - RM1,350,000	-	1
RM1,350,001 - RM1,400,000	1	-
Non-executive Directors:		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1

11. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income Tax:				
- Current year	22,199,231	35,125,311	2,302,000	3,877,000
- (Over)/underprovision in prior year	(199,447)	(336,104)	44,298	(126,624)
	21,999,784	34,789,207	2,346,298	3,750,376
Deferred tax (Note 26):				
- Relating to origination and reversal of temporary differences	5,965,726	1,642,314	(300,216)	365,744
- Change in Real Property Gains Tax ("RPGT") rate	753,190	-	-	-
- Overprovision of assets in prior year	66,000	36,000	-	-
- Overprovision of liabilities in prior year	(241,400)	(32,000)	(242,000)	(17,000)
	6,543,516	1,646,314	(542,216)	348,744
Tax expense for the year	28,543,300	36,435,521	1,804,082	4,099,120

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

11. Taxation (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense of the Group and of the Company is as follows:

Group	2019 RM	2018 RM
Profit before tax	88,233,525	158,221,125
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	21,176,046	37,973,070
Tax effects of:		
- Expenses not deductible for tax purposes	1,352,419	1,475,554
- Income not subject to tax	(931,424)	(551,798)
- Reduction of tax rate for incremental chargeable income	-	(1,359,856)
- Deferred tax assets not recognised during the year on deductible temporary differences	288,426	200,627
- Double deductions	(47,597)	(42,166)
- Reinvestment allowance	(1,303,913)	(927,806)
- Change in tax legislation *	7,631,000	-
- Change in RPGT rate	753,190	-
Overprovision of income tax expense in prior year	(199,447)	(336,104)
Overprovision of deferred tax assets in prior year	66,000	36,000
Overprovision of deferred tax liabilities in prior year	(241,400)	(32,000)
Tax expense for the year	28,543,300	36,435,521
Company		
Profit before tax	33,121,379	84,445,380
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	7,949,131	20,266,891
Tax effects of:		
- Expenses not deductible for tax purposes	473,282	568,334
- Income not subject to tax	(6,420,629)	(16,592,481)
Under/(over)provision of income tax expense in prior year	44,298	(126,624)
Overprovision of deferred tax liabilities in prior year	(242,000)	(17,000)
Tax expense for the year	1,804,082	4,099,120

Group

- * Due to change in tax legislation that unabsorbed business losses shall be deductible for a maximum period of 7 years, deferred tax assets of RM7.6 million in respect of unabsorbed business losses of a subsidiary is derecognised in the current financial year as there is uncertainty that sufficient profit will be generated within 7 years for utilisation of unabsorbed business losses brought forward.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit net of tax for the year, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	2019	Group 2018
Profit net of tax attributable to owners of the Company (RM)	52,123,229	96,545,302
Weighted average number of ordinary shares in issue	933,606,391	933,604,707
Basic earnings per share (sen)	5.58	10.34

(b) Diluted

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 January:

	2019	Group 2018
Profit net of tax attributable to owners of the Company (RM)	52,123,229	96,545,302
Weighted average number of ordinary shares in issue	933,606,391	933,604,707
Effect of dilution - Warrants *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	933,606,391	933,604,707
Diluted earnings per share (sen)	5.58	10.34

* There is no adjustment as the effect is anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment

Group	Land ^a RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost							
At 1 February 2017	345,044,078	94,800,076	269,335,354	13,497,780	15,378,361	7,889,406	745,945,055
Additions	32,046	1,466,558	4,314,785	343,918	1,501,858	15,511,441	23,170,606
Disposals	-	-	(278,853)	-	(683,501)	-	(962,354)
Written off	-	(179,225)	(771,196)	(245,317)	(4,175)	-	(1,199,913)
Expensed off	-	-	-	-	-	(8,119)	(8,119)
Reclassifications	13,822	2,476,287	5,602,161	223,200	-	(8,315,470)	-
At 31 January 2018 and 1 February 2018	345,089,946	98,563,696	278,202,251	13,819,581	16,192,543	15,077,258	766,945,275
Additions	-	366,992	6,321,196	723,642	4,212,648	9,837,726	21,462,204
Disposals	(166,393)	-	(878,376)	(905)	(1,697,126)	-	(2,742,800)
Written off	-	(81,377)	(1,025,080)	(67,090)	-	-	(1,173,547)
Reclassifications	-	521,260	11,576,402	-	-	(12,097,662)	-
At 31 January 2019	344,923,553	99,370,571	294,196,393	14,475,228	18,708,065	12,817,322	784,491,132

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment (cont'd)

Group	Land [^] RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated depreciation							
At 1 February 2017	20,956,301	32,516,520	126,191,633	8,960,793	6,820,127	-	195,445,374
Charge for the year	4,802,650	4,204,406	16,511,169	718,797	1,029,083	-	27,266,105
Disposals	-	-	(233,609)	-	(395,053)	-	(628,662)
Written off	-	(137,384)	(526,263)	(222,364)	(4,174)	-	(890,185)
At 31 January 2018 and 1 February 2018	25,758,951	36,583,542	141,942,930	9,457,226	7,449,983	-	221,192,632
Charge for the year	4,823,848	4,274,637	16,533,932	749,506	1,262,333	-	27,644,256
Disposals	(22,395)	-	(647,346)	(91)	(704,982)	-	(1,374,814)
Written off	-	(69,958)	(848,591)	(48,083)	-	-	(966,632)
At 31 January 2019	30,560,404	40,788,221	156,980,925	10,158,558	8,007,334	-	246,495,442

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment (cont'd)

Group	Land ^a RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated impairment losses							
At 1 February 2017	266,303	913,532	7,562,801	110,579	-	-	8,853,215
Reversal for the year (Note 6 and Note 8)	(266,303)	(913,532)	(549,222)	-	-	-	(1,729,057)
At 31 January 2018, 1 February 2018 and 31 January 2019	-	-	7,013,579	110,579	-	-	7,124,158
Net carrying amount							
At 31 January 2017	323,821,474	61,370,024	135,580,920	4,426,408	8,558,234	7,889,406	541,646,466
At 31 January 2018	319,330,995	61,980,154	129,245,742	4,251,776	8,742,560	15,077,258	538,628,485
At 31 January 2019	314,363,149	58,582,350	130,201,889	4,206,091	10,700,731	12,817,322	530,871,532
2019							
				Cost RM	Net carrying amount RM	Cost RM	Net carrying amount RM
Freehold land				22,134,000	22,134,000	22,134,000	22,134,000
Long term leasehold land				322,789,553	292,229,149	322,955,946	297,196,995
				344,923,553	314,363,149	345,089,946	319,330,995

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment (cont'd)

Company	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost							
At 1 February 2017	185,912,467	12,074,183	3,926,406	2,529,749	2,683,127	-	207,125,932
Additions	-	6,619	21,848	50,291	368,062	39,000	485,820
Disposals	-	-	(85,000)	-	(133,248)	-	(218,248)
Written off	-	-	-	(77,188)	-	-	(77,188)
At 31 January 2018 and 1 February 2018	185,912,467	12,080,802	3,863,254	2,502,852	2,917,941	39,000	207,316,316
Additions	-	19,373	308,952	77,421	1,130,702	-	1,536,448
Disposals	-	-	(173,000)	(905)	(402,987)	-	(576,892)
Written off	-	-	(40,922)	(28,847)	-	-	(69,769)
Reclassification	-	-	39,000	-	-	(39,000)	-
At 31 January 2019	185,912,467	12,100,175	3,997,284	2,550,521	3,645,656	-	208,206,103

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment (cont'd)

Company	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated depreciation							
At 1 February 2017	-	2,125,324	2,618,533	1,487,882	1,081,922	-	7,313,661
Charge for the year	2,916,815	238,779	206,917	204,549	185,122	-	3,752,182
Disposals	-	-	(84,999)	-	(46,761)	-	(131,760)
Written off	-	-	-	(71,183)	-	-	(71,183)
At 31 January 2018 and 1 February 2018	2,916,815	2,364,103	2,740,451	1,621,248	1,220,283	-	10,862,900
Charge for the year	2,916,815	239,356	205,358	207,743	245,600	-	3,814,872
Disposals	-	-	(93,132)	(91)	(223,834)	-	(317,057)
Written off	-	-	(38,627)	(21,435)	-	-	(60,062)
At 31 January 2019	5,833,630	2,603,459	2,814,050	1,807,465	1,242,049	-	14,300,653
Net carrying amount							
At 1 February 2017	185,912,467	9,948,859	1,307,873	1,041,867	1,601,205	-	199,812,271
At 31 January 2018	182,995,652	9,716,699	1,122,803	881,604	1,697,658	39,000	196,453,416
At 31 January 2019	180,078,837	9,496,716	1,183,234	743,056	2,403,607	-	193,905,450

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

13. Property, plant and equipment (cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Depreciation charge for the year:				
Amount capitalised in bearer plants (Note 15)	760,668	837,937	726,275	837,937
Amount recognised in profit or loss (Note 8)	26,883,588	26,428,168	3,088,597	2,914,245
	27,644,256	27,266,105	3,814,872	3,752,182

14. Land use rights

	Group	
	2019 RM	2018 RM
Cost		
At beginning and end of the financial year	3,591,181	3,591,181
Accumulated amortisation		
At beginning of the financial year	1,597,152	1,483,032
Amortisation (Note 8)	114,120	114,120
At end of the financial year	1,711,272	1,597,152
Net carrying amount		
At end of the financial year	1,879,909	1,994,029
Analysed as:		
Long term leasehold land	497,377	508,417
Short term leasehold land	1,382,532	1,485,612
	1,879,909	1,994,029
Amount to be amortised:		
- Not later than one year	114,120	114,120
- Later than one year but not later than five years	456,480	456,480
- Later than five years	1,309,309	1,423,429
	1,879,909	1,994,029

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

15. Bearer plants

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost				
At beginning of the financial year	153,089,941	148,686,344	26,777,211	22,763,669
Additions	5,186,711	5,006,032	3,815,866	4,615,977
Written off	(3,695,659)	(602,435)	(2,409,693)	(602,435)
At end of the financial year	154,580,993	153,089,941	28,183,384	26,777,211
Accumulated amortisation				
At beginning of the financial year	72,151,646	65,654,473	6,230,675	6,172,195
Amortisation for the year (Note 8)	7,187,392	7,099,606	951,975	660,913
Written off	(3,338,171)	(602,433)	(2,409,688)	(602,433)
At end of the financial year	76,000,867	72,151,646	4,772,962	6,230,675
Accumulated impairment losses				
At beginning of the financial year	486,009	1,674,630	-	-
Reversal during the year (Note 6 and Note 8)	-	(1,188,621)	-	-
At end of the financial year	486,009	486,009	-	-
Net carrying amount				
At end of the financial year	78,094,117	80,452,286	23,410,422	20,546,536
Included in the additions to bearer plants during the financial year are:				
Depreciation of property, plant and equipment (Note 13)	760,668	837,937	726,275	837,937
Employee benefit expenses (Note 9)	807,462	722,607	735,997	722,607

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

16. Biological assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At fair value				
Fresh fruit bunches				
At beginning of financial year	4,269,000	5,766,000	339,000	378,000
Changes in fair value less costs to sell (Note 8)	(1,658,000)	(1,497,000)	(93,000)	(39,000)
At end of financial year	2,611,000	4,269,000	246,000	339,000

The biological assets of the Group and of the Company comprise fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB on bearer plant of up to 14 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Cost to sell include harvesting cost, transport and windfall profit levy.

During the financial year, the Group and the Company harvested approximately 310,100 MT (2018: 340,400 MT) and 39,100 MT (2018: 42,500 MT) of FFB respectively.

As at 31 January 2019, none of the biological assets are pledged as securities for liabilities.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, fair value of the biological assets of the Group and of the Company would have equally increased or decreased by approximately RM327,000 (2018: RM493,000) and RM33,000 (2018: RM41,000) respectively.

The key assumptions used to determine the fair value are as follows:

	Group		Company	
	2019	2018	2019	2018
<u>Oil palms</u>				
FFB that are expected to be harvested (MT)	11,039	12,211	1,095	944
Average FFB selling price (RM/MT)	296	404	305	429

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries

	Company	
	2019 RM	2018 RM
Unquoted shares, at cost	52,248,299	52,248,299
Less: Accumulated impairment losses	(6,079,086)	(6,079,086)
	46,169,213	46,169,213

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%)	
			2019	2018
Held by the Company:				
Suhenson Estate Sdn. Bhd.	Malaysia	Dormant	100	100
Selokan Sdn. Bhd.	Malaysia	Dormant	100	100
Kim Loong - KPD Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	70	70
Tyeco Corporation Sdn. Bhd.	Malaysia	Dormant	100	100
Winsome Plantations Sdn. Bhd.	Malaysia	Investment holding	100	100
Kim Loong Sabah Mills Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products	100	100
Kim Loong Power Sdn. Bhd.	Malaysia	Bio-gas and power generation activities	100	100
Okidville Plantations Sdn. Bhd.	Malaysia	Investment holding	95	95
Winsome Sarawak Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
Palm Nutraceuticals Sdn. Bhd.	Malaysia	Manufacturing of health supplements and food ingredients	70	70
Kim Loong Technologies Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	100	100
Kim Loong Corporation Sdn. Bhd.	Malaysia	Investment holding	100	100
Okidville Holdings Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	100	100
Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Trading of fresh fruit bunches and investment holding	100	100
Desa Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products and investment holding	70	70
Winsome Yields Sdn. Bhd.	Malaysia	Investment holding	90	90
Okidville Jaya Sdn. Bhd.	Malaysia	Dormant	100	100
Sepulut Plantations Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%)	
			2019	2018
Held by Kim Loong Corporation Sdn. Bhd.				
Winsome Pelita (Pantu) Sdn. Bhd.	Malaysia	Cultivation of oil palm	60	60
Held by Okidville Holdings Sdn. Bhd.				
Desa Okidville Sdn. Bhd.	Malaysia	Cultivation of oil palm	51	51
Held by Desa Kim Loong Palm Oil Sdn. Bhd.				
Kim Loong Technologies (Sabah) Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	70	70
Desa Kim Loong Industries Sdn. Bhd.	Malaysia	Dormant	70	70
Held by Kim Loong Palm Oil Sdn. Bhd.				
Kim Loong Palm Oil Mills Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products and investment holding	100	100
Held by Kim Loong Palm Oil Mills Sdn. Bhd.				
Sungkit Enterprise Sdn. Bhd.	Malaysia	Processing and trading of palm kernel products	98	98
Kim Loong Evergrow Sdn. Bhd.	Malaysia	Dormant	100	100
Kim Loong Biomass Sdn. Bhd.	Malaysia	Processing of oil palm fibre	75	75
Held by Winsome Yields Sdn. Bhd.				
Winsome Al-Yatama Sdn. Bhd.	Malaysia	Cultivation of oil palm	61	61
Held by Okidville Plantations Sdn. Bhd.				
Winsome Jaya Sdn. Bhd.	Malaysia	Cultivation of oil palm	67	67
Okidville Resources Sdn. Bhd.	Malaysia	Dormant	95	95
Held by Winsome Plantations Sdn. Bhd.				
Winsome Pelita (Kranggas) Sdn. Bhd.	Malaysia	Cultivation of oil palm	70	70

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of comprehensive income

2019	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
Revenue	65,211,835	20,379,731	315,392,481	15,080,760	416,064,807
Profit/(loss) before tax	30,571,236	11,633,191	15,449,372	(7,721,180)	49,932,619
Profit/(loss) net of tax	23,319,868	8,866,639	10,861,724	(13,782,520)	29,265,711
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	23,319,868	8,866,639	10,861,724	(13,782,520)	29,265,711
Profit/(loss) net of tax attributable to:					
- owners of the Company	17,769,295	6,206,647	7,603,207	(8,602,464)	22,976,685
- non-controlling interests	5,550,573	2,659,992	3,258,517	(5,180,056)	6,289,026
	23,319,868	8,866,639	10,861,724	(13,782,520)	29,265,711
Total comprehensive income/(loss) attributable to:					
- owners of the Company	17,769,295	6,206,647	7,603,207	(8,602,464)	22,976,685
- non-controlling interests	5,550,573	2,659,992	3,258,517	(5,180,056)	6,289,026
	23,319,868	8,866,639	10,861,724	(13,782,520)	29,265,711

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(i) Summarised statements of comprehensive income (cont'd)

2018	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
Revenue	97,443,766	33,850,194	364,576,279	18,842,056	514,712,295
Profit before tax	62,616,851	25,292,120	17,576,612	424,883	105,910,466
Profit net of tax	48,895,244	19,749,317	13,515,634	66,753	82,226,948
Other comprehensive loss	(140,261)	-	-	-	(140,261)
Total comprehensive income	48,754,983	19,749,317	13,515,634	66,753	82,086,687
Profit net of tax attributable to:					
- owners of the Company	35,770,897	13,824,522	9,460,944	66,753	59,123,116
- non-controlling interests	13,124,347	5,924,795	4,054,690	-	23,103,832
	48,895,244	19,749,317	13,515,634	66,753	82,226,948
Total comprehensive income attributable to:					
- owners of the Company	35,630,636	13,824,522	9,460,944	66,753	58,982,855
- non-controlling interests	13,124,347	5,924,795	4,054,690	-	23,103,832
	48,754,983	19,749,317	13,515,634	66,753	82,086,687

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(ii) Summarised statements of financial position

2019	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
Non-current assets	89,784,086	31,076,772	51,839,669	55,411,711	228,112,238
Current assets	61,992,540	67,482,810	73,612,495	2,724,381	205,812,226
Total assets	151,776,626	98,559,582	125,452,164	58,136,092	433,924,464
Current liabilities	3,706,566	1,346,001	20,998,286	14,265,233	40,316,086
Non-current liabilities	12,699,993	8,044,351	6,905,978	78,540,000	106,190,322
Total liabilities	16,406,559	9,390,352	27,904,264	92,805,233	146,506,408
Net assets/(liabilities)	135,370,067	89,169,230	97,547,900	(34,669,141)	287,418,056
Equity attributable to owners of the Company	86,774,733	62,418,461	68,283,530	(21,591,791)	195,884,933
Non-controlling interests	48,595,334	26,750,769	29,264,370	(13,077,350)	91,533,123
	135,370,067	89,169,230	97,547,900	(34,669,141)	287,418,056

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(ii) Summarised statements of financial position (cont'd)

2018	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
Non-current assets	92,875,103	32,289,436	50,640,870	61,165,729	236,971,138
Current assets	58,426,129	68,766,152	77,612,509	3,405,059	208,209,849
Total assets	151,301,232	101,055,588	128,253,379	64,570,788	445,180,987
Current liabilities	5,904,200	7,428,489	29,215,203	17,342,409	59,890,301
Non-current liabilities	13,816,833	8,324,508	5,352,000	68,115,000	95,608,341
Total liabilities	19,721,033	15,752,997	34,567,203	85,457,409	155,498,642
Net assets/(liabilities)	131,580,199	85,302,591	93,686,176	(20,886,621)	289,682,345
Equity attributable to owners of the Company	85,105,438	59,711,814	65,580,323	(12,989,327)	197,408,248
Non-controlling interests	46,474,761	25,590,777	28,105,853	(7,897,294)	92,274,097
	131,580,199	85,302,591	93,686,176	(20,886,621)	289,682,345

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(iii) Summarised statements of cash flows

2019	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
Net cash generated from/ (used in) operating activities	30,300,281	10,994,396	15,564,283	(3,355,798)	53,503,162
Net cash (used in)/generated from financing activities	(6,176,274)	308,588	(7,036,938)	(3,551,943)	(16,456,567)
Net cash (used in)/generated from financing activities	(19,530,000)	(10,000,000)	(7,000,000)	7,310,000	(29,220,000)
Net increase in cash and cash equivalents	4,594,007	1,302,984	1,527,345	402,259	7,826,595
Cash and cash equivalents at beginning of the year	32,401,533	48,271,013	36,926,321	(741,955)	116,856,912
Cash and cash equivalents at end of the year	36,995,540	49,573,997	38,453,666	(339,696)	124,683,507
2018					
Net cash generated from operating activities	55,001,599	21,375,135	17,418,343	1,807,018	95,602,095
Net cash used in investing activities	(2,636,779)	(431,153)	(3,474,616)	(1,496,523)	(8,039,071)
Net cash used in financing activities	(42,000,000)	(10,000,000)	(7,000,000)	(973,908)	(59,973,908)
Net increase/(decrease) in cash and cash equivalents	10,364,820	10,943,982	6,943,727	(663,413)	27,589,116
Cash and cash equivalents at beginning of the year	22,036,713	37,327,031	29,982,594	(78,542)	89,267,796
Cash and cash equivalents at end of the year	32,401,533	48,271,013	36,926,321	(741,955)	116,856,912

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

17. Investment in subsidiaries (cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiary ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(iv) Dividends paid to non-controlling interests

	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
2019	3,430,000	3,000,000	2,100,000	-	8,530,000
2018	9,800,000	3,000,000	2,100,000	-	14,900,000

18. Inventories

	2019 RM	Group 2018 RM
Cost		
Raw materials	505,314	328,910
Finished goods	39,374,016	46,230,012
Building materials, supplies, spare parts and consumables	9,903,741	10,001,856
	49,783,071	56,560,778
Net realisable value		
Work-in-progress	5,135	7,118
Oil palm seedlings	1,549	119,526
Finished goods	922,410	539,196
	929,094	665,840
	50,712,165	57,226,618
Recognised in profit or loss:		
Inventories recognised as cost of sales	742,321,137	880,630,445
Write-down to net realisable value (Note 8)	341,851	216,507

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

18. Inventories (cont'd)

	Company	
	2019 RM	2018 RM
Cost		
Building materials, supplies, spare parts and consumables	507,833	331,814
<u>Recognised in profit or loss:</u>		
Inventories recognised as cost of sales	11,482,951	10,783,957

19. Trade and other receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current				
Trade receivables				
Third parties	24,049,520	32,236,121	215,571	675,080
Amount owing from subsidiary companies	-	-	1,132,004	782,893
Amount owing from related companies	10,347	-	10,347	-
	24,059,867	32,236,121	1,357,922	1,457,973
Other receivables				
Third parties	6,882,104	5,144,781	4,830,408	2,577,738
Refundable deposits	711,093	493,044	216,735	167,905
Dividend receivable	-	-	-	3,500,000
Amount owing from holding company	-	1,908	-	-
Amount owing from subsidiary companies	-	-	697,708	11,031,306
Amount owing from related companies	38,579	17,676	15,000	-
	7,631,776	5,657,409	5,759,851	17,276,949
Total trade and other receivables (current)	31,691,643	37,893,530	7,117,773	18,734,922
Non-current				
Other receivables				
Amount owing from subsidiary companies	-	-	129,828,840	129,962,521
Less: Allowance for impairment losses	-	-	(1,067,519)	(8,483,518)
	-	-	128,761,321	121,479,003
Total trade and other receivables (current and non-current)	31,691,643	37,893,530	135,879,094	140,213,925

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

19. Trade and other receivables (cont'd)

(a) Trade receivables

The Group's normal trade credit terms are less than 60 days (2018: less than 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Neither past due nor impaired	24,059,867	32,236,121	1,357,922	1,457,973

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of these balances have been renegotiated during the financial year.

(b) Amount owing from subsidiary company (trade)

These amounts are generally within 60 days terms (2018: within 60 days terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition. These amounts are neither past due nor impaired.

(c) Amount owing from holding and related companies (non-trade)

These amounts are unsecured, non-interest bearing and repayable on demand.

(d) Amount owing from subsidiary companies (current and non-current non-trade)

Included in the amount owing from subsidiary companies is an amount of RM128,070,000 (2018: RM131,110,000) which is unsecured, bear interest of 5.01%-7.9% per annum (2018: 4.76%-7.9% per annum) and is not repayable within the next 12 months.

All other balances are unsecured, non-interest bearing and repayable on demand. As at the end of the financial year, the Company has provided an impairment allowance of RM1,067,519 (2018: RM8,483,518) on amounts owing by certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

19. Trade and other receivables (cont'd)

(e) Other receivables that are impaired

Receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Company Individually impaired	
	2019 RM	2018 RM
Other receivable-nominal amounts	4,508,840	11,378,881
Less: Allowance for impairment	(1,067,519)	(8,483,518)
	3,441,321	2,895,363

Movement in allowance accounts:

	Company	
	2019 RM	2018 RM
At beginning of the financial year	8,483,518	7,749,518
Written off	(8,276,999)	-
Addition during for the year (Note 8)	861,000	734,000
At end of the financial year	1,067,519	8,483,518

20. Derivatives

Group	2019		2018	
	Contract/ Notional Amount RM	Fair Value Assets RM	Contract/ Notional Amount RM	Fair Value (Liabilities) RM
Derivatives carried at fair value through profit or loss				
- Commodity futures	15,614,250	262,750	5,211,075	(217,075)

Crude palm oil - commodity futures

One of the Group's principal activities is processing and marketing of oil palm products. The Group purchases FFB as raw material on an ongoing basis. Due to the volatility in CPO price over the past 12 months, the Group entered into CPO - commodity futures contracts to hedge against the volatility of the purchase price of FFB for specific period. The commodity futures contracts is designated as cash flow or fair value hedges and is entered into for periods consistent with fair value changes exposure. However, such derivatives do not qualify for hedge accounting. Changes in fair value of these instruments are recognised in the profit or loss.

The net loss of RM2,843,285 (2018: RM218,275) arising from the CPO - commodity futures contracts during the financial year has been recognised in profit or loss as other expense.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

21. Short term funds

	31.1.2019 RM	Group 31.1.2018 RM	1.2.2017 RM
At fair value through profit or loss			
Short term funds	78,436,569	62,485,498	60,871,598

	31.1.2019 RM	Company 31.1.2018 RM	1.2.2017 RM
At fair value through profit or loss			
Short term funds	34,163,790	20,561,741	19,952,639

Short term funds are investments in income trust funds in Malaysia.

The fair value measurement of the Group's and the Company's short term funds are categorised within Level 1 of the fair value hierarchy.

22. Cash and bank balances

	31.1.2019 RM	Group 31.1.2018 RM	1.2.2017 RM
Cash on hand and cash at bank	47,868,768	84,006,499	57,381,886
Time deposits with licensed banks	146,829,061	153,548,570	167,267,405
Cash and bank balances	194,697,829	237,555,069	224,649,291
Less: Bank overdraft (Note 25)	(2,287,297)	(3,024,199)	(2,019,508)
Less: Deposits pledged	(570,213)	(548,570)	(529,253)
Cash and cash equivalents	191,840,319	233,982,300	222,100,530

	31.1.2019 RM	Company 31.1.2018 RM	1.2.2017 RM
Cash on hand and cash at bank	4,413,060	38,696,789	8,312,373
Time deposits with licensed banks	41,758,848	61,500,000	90,000,000
Cash and cash equivalents	46,171,908	100,196,789	98,312,373

Arrangements have been made with certain licensed banks whereby certain bank balances can earn interest on a daily rest basis. As at the reporting date, bank balances of the Group and the Company placed under such arrangements amounted to RM40,505,579 (2018: RM48,024,869) and RM3,260,145 (2018: RM8,430,929) respectively. The average interest rate as at the end of the financial year for such deposits was 2.65% (2018: 2.47%) per annum and 2.65% (2018: 2.48%) per annum for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

22. Cash and bank balances (cont'd)

Included in deposits with licensed banks of the Group is an amount of RM570,213 (2018: RM548,570) pledged to a licensed bank as security for credit facilities granted to a subsidiary.

Deposits are normally made for varying periods of between 1 day to 3 months depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective short-term deposit rates. The average interest rates as at the end of the financial years are as follows:

	31.1.2019 % per annum	Group 31.1.2018 % per annum	1.2.2017 % per annum
Time deposits with licensed banks	3.80	3.50	3.37

	31.1.2019 % per annum	Company 31.1.2018 % per annum	1.2.2017 % per annum
Time deposits with licensed banks	3.66	3.32	3.29

23. Changes in liabilities arising from financing activities

Group	At 1 February 2018 RM	Cash flows RM	At 31 January 2019 RM
Current			
Bank overdrafts	3,024,199	(736,902)	2,287,297
Revolving credit	6,500,000	1,000,000	7,500,000
Term loan 1	4,020,000	(3,115,000)	905,000
Term loan 2	4,020,000	-	4,020,000
Non-current			
Term loan 1	905,000	(905,000)	-
Term loan 2	8,610,000	(4,020,000)	4,590,000
Total liabilities from financing activities	27,079,199	(7,776,902)	19,302,297

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

23. Changes in liabilities arising from financing activities (cont'd)

Group	At 1 February 2017 RM	Cash flows RM	At 31 January 2018 RM
Current			
Bank overdrafts	2,019,508	1,004,691	3,024,199
Revolving credit	7,500,000	(1,000,000)	6,500,000
Term loan 1	4,020,000	-	4,020,000
Term loan 2	4,020,000	-	4,020,000
Non-current			
Term loan 1	4,925,000	(4,020,000)	905,000
Term loan 2	12,630,000	(4,020,000)	8,610,000
Total liabilities from financing activities	35,114,508	(8,035,309)	27,079,199

24. Trade and other payables

	2019 RM	Group 2018 RM	Company 2019 RM	2018 RM
Current				
Trade payables				
Third parties	30,255,231	46,171,621	630,510	1,017,475
Amount owing to holding company	170,794	153,942	98,394	99,942
Amount owing to related companies	153,507	470,953	-	-
	30,579,532	46,796,516	728,904	1,117,417
Other payables				
Sundry payables	3,125,987	5,566,414	291,124	280,400
Deposits	448,006	345,684	3,600	-
Provisions	432,346	375,022	432,346	329,577
Accruals	17,221,553	18,578,655	2,974,066	3,141,605
Amount owing to subsidiary company	-	-	-	7,342
	21,227,892	24,865,775	3,701,136	3,758,924
Non-current				
Other payables				
Sundry payables	-	97,507	-	-
Total trade and other payables	51,807,424	71,759,798	4,430,040	4,876,341

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

24. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60 days (2018: 60 days) terms.

(b) Amount owing to holding and related companies (trade)

Credit terms granted by holding and related companies are less than 60 days (2018: less than 60 days).

(c) Provisions

Group	Legal expense RM	Unutilised annual leave RM	Total RM
At 1 February 2017	227,357	275,710	503,067
Additions (Note 9)	-	53,867	53,867
Utilised	(181,912)	-	(181,912)
At 31 January 2018 and 1 February 2018	45,445	329,577	375,022
Additions (Note 9)	-	102,769	102,769
Utilised	(45,445)	-	(45,445)
At 31 January 2019	-	432,346	432,346

Company	Unutilised annual leave RM
At 1 February 2017	275,710
Additions (Note 9)	53,867
At 31 January 2018 and 1 February 2018	329,577
Additions (Note 9)	102,769
At 31 January 2019	432,346

Provision for unutilised annual leave

Being employees' benefits accrued in respect of their unutilised annual leave entitlements.

(d) Amount owing to subsidiary company (non-trade)

The amount owing to subsidiary company is unsecured, interest free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

24. Trade and other payables (cont'd)

(e) Sundry payables

Included in sundry payables are outstanding amounts for the acquisition of long term leasehold land (classified under property, plant and equipment) from non-controlling shareholder of a subsidiary. These are unsecured and have the following repayment terms:

	2019 RM	Group 2018 RM
Payable within 12 months	100,000	100,000
Payable after 12 months	-	97,507
	100,000	197,507

The amount payable after 12 months is bearing effective interest of 7.60% (2018: 7.60%) per annum. This interest rate was used for the purpose of remeasurement of the outstanding amount to its amortised cost in accordance with MFRS 9.

25. Loans and borrowings

	2019 RM	Group 2018 RM
Current		
Secured:		
Bank overdrafts (Note 22)	2,287,297	3,024,199
Revolving credit	7,500,000	6,500,000
Term loan 1	905,000	4,020,000
Term loan 2	4,020,000	4,020,000
	14,712,297	17,564,199
Non-current		
Secured:		
Term loan 1	-	905,000
Term loan 2	4,590,000	8,610,000
	4,590,000	9,515,000
	19,302,297	27,079,199

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

25. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	2019 RM	Group 2018 RM
On demand or within one year	14,712,297	17,564,199
More than 1 year and less than 2 years	4,020,000	4,925,000
More than 2 years and less than 5 years	570,000	4,590,000
	19,302,297	27,079,199

The facilities extended by financial institutions are secured by:

- (i) corporate guarantee from the Company and the details of the corporate guarantee is disclosed in Note 34(a); and
- (ii) personal guarantee of RM960,000 from a shareholder of a subsidiary.

The term loan 1 is repayable over 59 equal monthly instalments of RM335,000 each with a final instalment of RM235,000 commencing from May 2014.

The term loan 2 is repayable over 59 equal monthly instalments of RM335,000 with a final instalment of RM235,000 commencing from April 2016.

As at the reporting date, the loans and borrowings of the Group bear interest at the following rates:

	2019 % per annum	Group 2018 % per annum
Interest rates		
Overdrafts	BLR + 1% to 1.25%	BLR + 1% to 1.25%
Term loan 1	5.25%	5.25%
Term loan 2	COF + 1%	COF + 1%
Revolving credit	KLIBOR + 1.5% /COF + 1%	KLIBOR + 1.5% /COF + 1%

As at the end of the financial year, base lending rate ("BLR") ranges from 6.95% to 7.01% per annum (2018: 6.60% to 6.76% per annum), cost of fund ("COF") ranges from 3.85% to 4.12% per annum (2018: 3.60% to 3.86% per annum) and Kuala Lumpur Interbank Offered Rate ("KLIBOR") is 3.69% per annum (2018: 2.62% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

26. Deferred tax

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At beginning of the financial year	75,457,342	73,855,321	45,201,284	44,852,540
Recognised in other comprehensive income	-	(44,293)	-	-
Recognised in profit or loss (Note 11)	6,543,516	1,646,314	(542,216)	348,744
At end of the financial year	82,000,858	75,457,342	44,659,068	45,201,284
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,642,520)	(11,191,280)	-	-
Deferred tax liabilities	85,643,378	86,648,622	44,659,068	45,201,284
	82,000,858	75,457,342	44,659,068	45,201,284

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

Group	At 1 February 2018 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2019 RM
Deferred tax liabilities				
Subject to income tax rate:				
Bearer plants and property, plant and equipment	52,230,600	-	(991,900)	51,238,700
Accrued interest income	117,000	-	8,000	125,000
Derivatives	-	-	63,060	63,060
Biological assets	1,024,560	-	(397,920)	626,640
Revaluation of leasehold land	51,123,280	-	(1,561,102)	49,562,178
	104,495,440	-	(2,879,862)	101,615,578
Offsetting	(17,846,818)	-	368,238	(17,478,580)
	86,648,622	-	(2,511,624)	84,136,998
Subject to Real Property Gains Tax rate:				
Revaluation of freehold land	-	-	1,506,380	1,506,380
	86,648,622	-	(1,005,244)	85,643,378

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

26. Deferred tax (cont'd)

Group	At 1 February 2018 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2019 RM
Deferred tax assets				
Subject to income tax rate:				
Provisions	(79,000)	-	(25,000)	(104,000)
Derivatives	(52,098)	-	52,098	-
Unutilised reinvestment allowances	(2,244,000)	-	398,000	(1,846,000)
Unutilised investment tax allowances	(5,726,000)	-	442,000	(5,284,000)
Unabsorbed capital allowances	(9,249,500)	-	32,900	(9,216,600)
Unused tax losses	(9,244,500)	-	6,657,000	(2,587,500)
Unrealised profits	(2,443,000)	-	360,000	(2,083,000)
	(29,038,098)	-	7,916,998	(21,121,100)
Offsetting	17,846,818	-	(368,238)	17,478,580
	(11,191,280)	-	7,548,760	(3,642,520)
	75,457,342	-	6,543,516	82,000,858

Group	At 1 February 2017 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2018 RM
Deferred tax liabilities				
Subject to income tax rate:				
Bearer plants and property, plant and equipment	52,087,000	-	143,600	52,230,600
Accrued interest income	85,000	-	32,000	117,000
Derivatives	44,293	(44,293)	-	-
Biological assets	1,383,840	-	(359,280)	1,024,560
Revaluation of leasehold land	51,931,188	-	(807,908)	51,123,280
	105,531,321	(44,293)	(991,588)	104,495,440
Offsetting	(18,499,360)	-	652,542	(17,846,818)
	87,031,961	(44,293)	(339,046)	86,648,622

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

26. Deferred tax (cont'd)

Group	At 1 February 2017 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2018 RM
Deferred tax assets				
Subject to income tax rate:				
Provisions	(66,000)	-	(13,000)	(79,000)
Derivatives	-	-	(52,098)	(52,098)
Unutilised reinvestment allowances	(3,257,000)	-	1,013,000	(2,244,000)
Unutilised investment tax allowances	(6,242,000)	-	516,000	(5,726,000)
Unabsorbed capital allowances	(10,062,500)	-	813,000	(9,249,500)
Unused tax losses	(10,006,500)	-	762,000	(9,244,500)
Unrealised profits	(2,042,000)	-	(401,000)	(2,443,000)
	(31,676,000)	-	2,637,902	(29,038,098)
Offsetting	18,499,360	-	(652,542)	17,846,818
	(13,176,640)	-	1,985,360	(11,191,280)
	73,855,321	(44,293)	1,646,314	75,457,342

Company	At 1 February 2018 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2019 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	7,153,000	110,000	7,263,000
Accrued interest income	41,000	-	41,000
Biological assets	81,360	(22,320)	59,040
Revaluation of leasehold land	38,004,924	(604,896)	37,400,028
	45,280,284	(517,216)	44,763,068
Offsetting	(79,000)	(25,000)	(104,000)
	45,201,284	(542,216)	44,659,068
Deferred tax assets			
Subject to income tax rate:			
Provisions	(79,000)	(25,000)	(104,000)
Offsetting	79,000	25,000	104,000
	-	-	-
	45,201,284	(542,216)	44,659,068

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

26. Deferred tax (cont'd)

Company	At 1 February 2017 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2018 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	6,187,000	966,000	7,153,000
Accrued interest income	31,000	10,000	41,000
Biological assets	90,720	(9,360)	81,360
Revaluation of leasehold land	38,609,820	(604,896)	38,004,924
	44,918,540	361,744	45,280,284
Offsetting	(66,000)	(13,000)	(79,000)
	44,852,540	348,744	45,201,284
Deferred tax assets			
Subject to income tax rate:			
Provisions	(66,000)	(13,000)	(79,000)
Offsetting	66,000	13,000	79,000
	-	-	-
	44,852,540	348,744	45,201,284

Deferred tax assets have not been recognised in respect of the following items:

	2019 RM	Group 2018 RM
Unused tax losses	37,550,000	4,857,000
Unutilised investment tax allowances	9,672,000	9,672,000
Unutilised reinvestment allowances	4,307,000	4,307,000
Unabsorbed capital allowances	5,022,000	4,694,000
Other temporary differences	8,906,000	8,844,000
	65,457,000	32,374,000
Deferred tax @ 24% (2018: 24%)	15,709,680	7,769,760

The availability of unused tax losses and unutilised tax allowances for offsetting against future taxable profits is subject to the provisions of the Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

27. Share capital

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At beginning of the financial year	311,803,569	311,803,569	318,429,583	311,803,569
Arising from share split	623,607,138	-	-	-
Issued during the year:				
- exercise of warrants	2,625	-	3,675	-
Transition to no-par value regime (Note 28)	-	-	-	6,626,014
At end of the financial year	935,413,332	311,803,569	318,433,258	318,429,583

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company did not acquire any shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

Movements in the treasury shares are as follows:

	Number of shares	Amount RM	Average cost per share RM
At 1 February 2017, 31 January 2018 and 1 February 2018	602,000	1,625,853	2.70
Arising from share split	1,204,000	-	-
At 31 January 2019	1,806,000	1,625,853	0.90

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

28. Share premium (non-distributable)

	Group and Company	
	2019	2018
	RM	RM
At beginning of the financial year	-	6,626,014
Transition to no-par value regime (Note 27)	-	(6,626,014)
At end of the financial year	-	-

29. Hedging reserve (non-distributable)

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

30. Retained earnings

The Company may distribute dividends out of its retained earnings as at 31 January 2019 and 2018 under the single tier system.

31. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and related parties during the financial year:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
With holding company:				
Professional services	175,400	154,000	103,000	100,000
With subsidiaries:				
Management fee income	-	-	5,105,855	5,197,955
Commission income	-	-	1,261,326	1,607,013
Rental income	-	-	36,000	36,000
Interest income	-	-	8,460,032	7,867,349
Purchase of goods and services	-	-	300,960	42,483
Sale of goods	-	-	12,976,089	13,163,299
Sales of plant and equipment	-	-	45,000	-
Purchase of plant and equipment	-	-	25,000	-
Dividend income	-	-	24,500,000	68,500,000
With fellow subsidiaries of the holding company:				
Management fee income	124,165	124,165	124,165	124,165
Sales of plant and equipment	-	20,000	-	20,000
Purchase of goods and services	8,062,103	10,597,752	21,800	3,700
Sale of goods and services	485,591	424,322	-	-

Related companies are fellow subsidiaries of the holding company, Sharikat Kim Loong Sendirian Berhad.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

31. Related party disclosures (cont'd)

(b) Key management compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employee benefits	10,070,529	9,975,935	6,481,310	6,114,651
Defined contribution plan	1,346,980	1,177,371	942,628	776,815
	11,417,509	11,153,306	7,423,938	6,891,466
Included in the total remuneration of key management personnel are remunerations of:				
- Executive Directors	7,796,083	7,783,277	4,698,357	4,623,061
- Non-executive Directors	295,000	297,000	295,000	297,000
	8,091,083	8,080,277	4,993,357	4,920,061

32. Commitments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Capital expenditures:				
Approved and contracted for:				
- property, plant and equipment	13,669,000	5,991,000	-	-
Approved but not contracted for:				
- property, plant and equipment	-	1,182,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

32. Commitments (cont'd)

(b) Rental commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Future minimum rental payments:				
Not later than 1 year	189,368	276,631	122,168	209,431
Later than 1 year and not later than 5 years	268,800	390,968	-	122,168
Later than 5 years	548,800	616,000	-	-
	1,006,968	1,283,599	122,168	331,599

33. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) Plantation - cultivation of oil palm
- (b) Milling - processing and marketing of oil palm products

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

33. Segmental information (cont'd)

(A) Business segment

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2019				
Revenue and expenses				
Revenue				
External customers	19,615,900	853,320,749	-	872,936,649
Inter-segment	109,268,445	1,237,521	(110,505,966)	-
Total revenue	128,884,345	854,558,270	(110,505,966)	872,936,649
Results				
Segment results	43,151,064	43,369,521	1,228,000	87,748,585
Unallocated costs				(7,272,683)
Interest income				8,833,582
Finance costs				(1,075,959)
Profit before tax				88,233,525
Taxation				(28,543,300)
Profit net of tax				59,690,225
Assets and liabilities				
Segment assets	612,813,927	348,443,867	(69,194,185)	892,063,609
Unallocated assets				91,920,636
Total assets				983,984,245
Segment liabilities	92,440,811	127,064,252	(66,171,185)	153,333,878
Unallocated liabilities				4,798,484
Total liabilities				158,132,362
Other information				
Capital expenditure	14,167,968	12,480,947	-	26,648,915
Depreciation and amortisation	16,906,718	18,039,050	-	34,945,768
Other non-cash expenses (Note A)	2,451,182	601,520	-	3,052,702

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

33. Segmental information (cont'd)

(A) Business segment (cont'd)

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2018				
Revenue and expenses				
Revenue				
External customers	30,053,348	1,044,291,978	986,520	1,075,331,846
Inter-segment	160,900,655	1,689,079	(162,589,734)	-
Total revenue	190,954,003	1,045,981,057	(161,603,214)	1,075,331,846
Results				
Segment results	108,252,850	50,895,365	(1,940,000)	157,208,215
Unallocated costs				(7,157,295)
Interest income				9,576,869
Finance costs				(1,406,664)
Profit before tax				158,221,125
Taxation				(36,435,521)
Profit net of tax				121,785,604
Assets and liabilities				
Segment assets	637,728,979	362,389,428	(89,750,384)	910,368,023
Unallocated assets				129,180,270
Total assets				1,039,548,293
Segment liabilities	103,992,549	163,821,038	(85,794,384)	182,019,203
Unallocated liabilities				27,554,659
Total liabilities				209,573,862
Other information				
Capital expenditure	8,786,370	19,390,268	-	28,176,638
Depreciation and amortisation	16,772,599	17,707,232	-	34,479,831
Other non-cash expenses (Note A)	3,070,623	571,743	-	3,642,366

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

33. Segmental information (cont'd)

(A) Business segment (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2019		2018	
	Plantation RM	Milling RM	Plantation RM	Milling RM
Bad debts (Note 8)	2,640	9,650	56,950	1,971
Property, plant and equipment written off (Note 8)	25,268	181,647	97,177	212,551
Bearer plants written off (Note 8)	357,488	-	2	-
Inventories written down (Note 8)	-	341,851	79,102	137,405
Loss on fair value changes in biological assets (Note 8)	1,658,000	-	1,497,000	-
Loss on derivatives - unrealised (Note 8)	-	-	-	217,075
Loss on foreign exchange - unrealised (Note 8)	-	-	1,110,371	-
Provision for unutilised leave (Note 9)	102,769	-	53,867	-
Loss on disposal of property, plant and equipment (Note 8)	245,900	68,372	111,109	2,741
Inventories written off (Note 8)	59,117	-	65,045	-
	2,451,182	601,520	3,070,623	571,743

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

33. Segmental information (cont'd)

(A) Business segment (cont'd)

B. Breakdown of the inter-segments adjustments and eliminations:

2019	Plantation RM	Milling RM	Total RM
Segment assets	612,813,927	348,443,867	961,257,794
Inter-segments adjustments and eliminations:			
(a) Inventories	-	(3,979,000)	(3,979,000)
(b) Receivables	(66,169,146)	(2,039)	(66,171,185)
(c) Deferred tax assets	956,000	-	956,000
	(65,213,146)	(3,981,039)	(69,194,185)
	547,600,781	344,462,828	892,063,609
Segment liabilities	92,440,811	127,064,252	219,505,063
Inter-segments adjustments and eliminations:			
(a) Payables	(2,039)	(66,169,146)	(66,171,185)
	92,438,772	60,895,106	153,333,878
Segments results	43,151,064	43,369,521	86,520,585
Inter-segments adjustments and eliminations:			
(a) Unrealised profits	1,228,000	-	1,228,000
	44,379,064	43,369,521	87,748,585

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

33. Segmental information (cont'd)

(A) Business segment (cont'd)

B. Breakdown of the inter-segments adjustments and eliminations: (cont'd)

2018	Plantation RM	Milling RM	Total RM
Segment assets	637,728,979	362,389,428	1,000,118,407
Inter-segments adjustments and eliminations:			
(a) Inventories	-	(5,207,000)	(5,207,000)
(b) Receivables	(85,794,384)	-	(85,794,384)
(c) Deferred tax assets	1,251,000	-	1,251,000
	(84,543,384)	(5,207,000)	(89,750,384)
	553,185,595	357,182,428	910,368,023
Segment liabilities	103,992,549	163,821,038	267,813,587
Inter-segments adjustments and eliminations:			
(a) Payables	-	(85,794,384)	(85,794,384)
	103,992,549	78,026,654	182,019,203
Segments results	108,252,850	50,895,365	159,148,215
Inter-segments adjustments and eliminations:			
(a) Unrealised profits	(1,940,000)	-	(1,940,000)
	106,312,850	50,895,365	157,208,215

(B) Geographical segments

The Group does not identify segments by geographical location as it operates only in Malaysia.

Therefore, the Group's revenue from external customers by geographical location of customers are solely derived from Malaysia.

The Group's capital expenditure and segment assets are incurred and located in Malaysia.

(C) Major customers

Revenue from milling segment of approximately RM674,000,000 (2018: RM801,000,000) are derived from 3 (2018: 2) major customers in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, commodity price risk and foreign currency exchange risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that derivatives may be undertaken for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk is controlled by careful selection of customers and setting of appropriate credit limits. The Group does not have any significant exposure to any individual customer.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values, and a nominal amount of RM35,315,000 (2018: RM45,855,000) relating to corporate guarantees provided by the Company to its subsidiaries for credit facilities obtained from licensed financial institutions. The Company has assessed the corporate guarantee contracts and concluded that the guarantees are not likely to be called upon by the respective counterparties and accordingly did not recognise the guarantees as financial liabilities as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group's and the Company's concentration of credit risk arises from two segments and the credit risk concentration profile of the Group's and of the Company's trade receivables at the reporting date are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Plantation	-	-	855,044	675,080
Milling	14,871,179	21,595,730	-	-

At the reporting date, approximately 62% (2018: 67%) and 63% (2018: 46%) of the Group's and of the Company's trade receivables respectively are due from 3 (2018: 3) and 2 (2018: 1) major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks, short term funds and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and the Company for managing liquidity risk included short term funds, cash and short term deposits and borrowings as disclosed in Note 21, 22 and Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2019 Group				
Financial liabilities				
Trade and other payables	51,807,424	-	-	51,807,424
Loans and borrowings	15,040,366	4,711,351	-	19,751,717
Total undiscounted financial liabilities	66,847,790	4,711,351	-	71,559,141
Company				
Financial liabilities				
Trade and other payables	4,430,040	-	-	4,430,040
2018 Group				
Financial liabilities				
Trade and other payables	71,662,291	100,000	-	71,762,291
Loans and borrowings	18,221,011	9,942,310	-	28,163,321
Total undiscounted financial liabilities	89,883,302	10,042,310	-	99,925,612
Company				
Financial liabilities				
Trade and other payables	4,876,341	-	-	4,876,341

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

34. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from a combination of fixed and floating rate borrowings and cash and cash equivalents. To manage this mix in a cost-efficient manner, the Group may enter into interest rate swaps to manage certain floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM515,000 (2018: RM497,000) higher/lower, arising mainly as a result of higher/lower interest income from cash and cash equivalents, offset by higher/lower interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group and of the Company's financial instruments will fluctuate because of changes in commodity prices.

Due to the volatility in CPO price over the past 12 months, the Group entered into CPO - commodity futures contracts to hedge against the volatility of the purchase price of FFB for specific period. Changes in the spot and forward prices of CPO will cause corresponding changes in the fair values of the commodity futures contracts.

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the price quoted at the reporting date for contracts with similar maturity profiles.

(e) Foreign currency exchange risk

The financial assets at the Group and Company which are not denominated in its functional currency are as follows:

Financial assets held in non-functional currencies

	Group and Company	
	2019	2018
	RM	RM
Cash and bank balances denominated in:		
- USD	5,792,166	20,954,556
- EUR	-	7,935,073
	5,792,166	28,889,629

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

34. Financial risk management objectives and policies (cont'd)

(e) Foreign currency exchange risk (cont'd)

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group and Company's profit net of tax to a reasonably possible change in the exchange rates, with all other variables held constant.

	Group and Company Increase/(decrease) in profit net of tax	
	2019	2018
	RM	RM
USD/RM		
- Strengthen by 3%	132,061	477,764
- Weaken by 3%	(132,061)	(477,764)
EUR/RM		
- Strengthen by 3%	-	180,920
- Weaken by 3%	-	(180,920)

35. Fair value of financial instruments

(i) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Carrying amount		Fair value	
	2019	2018	2019	2018
	RM	RM	RM	RM
Company				
Financial assets:				
Other receivables (non-current) (Note 19)				
- Amount owing from subsidiary companies	128,761,321	121,479,003	*	*

* The amount owing from subsidiaries which have no fixed terms of repayment are repayable only when the cash flows of the borrowers permit. Accordingly, the fair values of these balances are not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

(ii) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	19
Trade and other payables (current)	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their relatively short maturity periods.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

35. Fair value of financial instruments (cont'd)

(iii) Loans and borrowings

The fair values of borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings at the reporting date.

There is no significant difference between the interest rate on the Group's fixed rate borrowings and the market interest rate for similar types of borrowings at the reporting date. Therefore, the carrying amounts of the non-current portion of borrowings are reasonable approximations of fair value.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(iv) Derivatives

Fair value of commodity futures/swap contract is calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

(v) Short term funds

The short term funds are valued at market prices quoted at the reporting date.

(vi) Fair value hierarchy

As at the financial year end, the Group held the following financial assets and liabilities measured at fair value:

Group	31 January 2019 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value through profit or loss				
Biological assets	2,611,000	-	-	2,611,000
Derivatives				
- Commodity futures	262,750	262,750	-	-
Short term funds	78,436,569	78,436,569	-	-
	81,310,319	78,699,319	-	2,611,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

35. Fair value of financial instruments (cont'd)

(vi) Fair value hierarchy (cont'd)

As at the financial year end, the Group held the following financial assets and liabilities measured at fair value: (cont'd)

Group	31 January 2018 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets/(liabilities) measured at fair value through profit or loss				
Biological assets	4,269,000	-	-	4,269,000
Short term funds	62,485,498	62,485,498	-	-
Derivatives				
- Commodity futures	(217,075)	(217,075)	-	-
	66,537,423	62,268,423	-	4,269,000

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting periods ended 31 January 2019 and 2018.

36. Financial instruments

The financial instruments of the Group and of the Company are categorised into the following classes:

Group	Note	2019 RM	2018 RM
(a) Debt instruments carried at amortised cost			
Trade and other receivables	19	31,691,643	37,893,530
Cash and bank balances	22	194,697,829	237,555,069
		226,389,472	275,448,599
(b) Financial assets measured at fair value through profit or loss			
Derivatives	20	262,750	-
Short term funds	21	78,436,569	62,485,498
		78,699,319	62,485,498
(c) Financial liabilities carried at amortised cost			
Trade and other payables	24	51,807,424	71,759,798
Loans and borrowings	25	19,302,297	27,079,199
		71,109,721	98,838,997
(d) Financial liabilities measured at fair value through profit or loss			
Derivatives	20	-	217,075

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

36. Financial instruments (cont'd)

The financial instruments of the Group and of the Company are categorised into the following classes: (cont'd)

	Note	2019 RM	2018 RM
Company			
(a) Debt instruments carried at amortised cost			
Trade and other receivables	19	135,879,094	140,213,925
Cash and bank balances	22	46,171,908	100,196,789
		182,051,002	240,410,714
(b) Financial assets measured at fair value through profit or loss			
Short term funds	21	34,163,790	20,561,741
(c) Financial liabilities carried at amortised cost			
Trade and other payables	24	4,430,040	4,876,341

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2019 and 31 January 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less short term funds and cash and bank balances, excluding discontinued operations.

	Note	2019 RM	Group 2018 RM
Loans and borrowings	25	19,302,297	27,079,199
Trade and other payables	24	51,807,424	71,759,798
Less: Short term funds	21	(78,436,569)	(62,485,498)
Less: Cash and bank balances	22	(194,697,829)	(237,555,069)
<i>Net debt</i>		(202,024,677)	(201,201,570)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

37. Capital management (cont'd)

	2019 RM	Group 2018 RM
Equity attributable to the owners of the Company	734,788,707	738,678,221
Non-controlling interests	91,063,176	91,296,210
<i>Total equity</i>	825,851,883	829,974,431
Capital and net debt	623,827,206	628,772,861
Net gearing ratio	N/A	N/A

38. Dividends

	Group and Company 2019 RM	2018 RM
Recognised during the year:		
In respect of financial year 2017:		
- Final single-tier dividend of 8 sen per share*	-	24,896,126
In respect of financial year 2018:		
- Interim single-tier dividend of 9 sen per share*	-	28,008,141
- Special single-tier dividend of 6 sen per share*	-	18,672,094
- Final single-tier dividend of 3 sen per share	28,008,198	-
In respect of financial year 2019:		
- Interim single-tier dividend of 3 sen per share	28,008,220	-
	56,016,418	71,576,361
Proposed for approval at AGM (not recognised as at 31 January):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final single-tier dividend for 2019: 3 sen (2018: 3 sen) per share	28,008,220	28,008,141

* Rate of dividend paid before the completion of share split as disclosed in Note 39(i).

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2019 of 3 sen per ordinary share, amounting to a dividend payable of RM28,008,220 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 January 2019 (cont'd)

39. Significant events

During the financial year, the Company completed the followings:

- (i) Listing and quotation for 935,410,707 Subdivided Shares on the Main Market of Bursa Securities arising from subdivision of every 1 ordinary share in the Company into 3 ordinary shares on 5 April 2018; and
- (ii) Listing and quotation for 46,680,235 warrants on the Main Market of Bursa Securities on 16 April 2018.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2019 were authorised for issue in accordance with a resolution of the Directors on 15 May 2019.

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2019

Issued and Fully Paid Up Capital : RM318,433,258 consisting of 935,413,332 ordinary shares
 Class of Shares : Ordinary shares
 Voting Rights : 1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Number of Issued Shares
Less than 100 shares	51	1.13	1,541	0.00
100 to 1,000 shares	264	5.85	152,399	0.02
1,001 to 10,000 shares	2,167	47.98	11,481,346	1.23
10,001 to 100,000 shares	1,668	36.94	51,504,847	5.51
100,001 to less than 5% of shares	365	8.08	281,590,749	30.16
5% and above of shares	1	0.02	588,876,450	63.08
Total	4,516	100.00	933,607,332 ^Ω	100.00

Ω is equivalent to 935,413,332 less 1,806,000 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No. of Shares held	% of Total Number of Issued Shares
1. Sharikat Kim Loong Sendirian Berhad	588,876,450	63.08
2. Teo Chuan Keng Sdn. Bhd.	19,659,600	2.11
3. Morisem Consolidated Sdn. Bhd.	18,263,400	1.96
4. Krishnan Chellam	15,177,900	1.63
5. Koperasi Polis DiRaja Malaysia Berhad	7,500,000	0.80
6. Amanahraya Trustees Berhad - PB Smallcap Growth Fund	6,879,600	0.74
7. Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	6,185,200	0.66
8. Adam Helmi bin Timbas Helmi	6,000,000	0.64
9. Neoh Choo Ee & Company, Sdn. Berhad	5,094,594	0.55
10. Gan Teng Siew Realty Sdn. Berhad	4,500,000	0.48
11. Golden Fresh Sdn. Bhd.	4,500,000	0.48
12. Key Development Sdn. Berhad	4,500,000	0.48
13. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt an for Bank of Singapore Limited	4,300,000	0.46
14. Cimsec Nominees (Tempatan) Sdn. Bhd. - CIMB for Prudent Strength Sdn. Bhd. (PB)	3,845,100	0.41
15. Gooi Seow Mee	3,610,656	0.39
16. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Gooi Seong Heen (E-JBU)	3,457,080	0.37
17. Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt an for OCBC Securities Private Limited (Client A/C-RES)	3,449,997	0.37
18. Heng Yuen Sdn. Bhd.	3,259,200	0.35
19. Ang Chai Eng	3,257,000	0.35
20. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	3,067,200	0.33

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2019 (cont'd)

Name of Shareholders	No. of Shares held	% of Total Number of Issued Shares
21. Gooi Seong Chneh	3,037,080	0.33
22. Lim Weng Ho	2,832,800	0.30
23. Teo Tian Chai Sdn. Bhd.	2,538,800	0.27
24. Radeshah binti Ridzwani	2,507,400	0.27
25. Khoo Heng Suan	2,482,380	0.27
26. Loh Boon Hong	2,470,000	0.26
27. Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Gan Tee Jin	2,394,000	0.26
28. Loh Boon Siong	2,364,000	0.25
29. Loh Boon Fan	2,229,600	0.23
30. Loh Boon Tiong	2,202,000	0.23
TOTAL	740,441,037	79.31

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees) (As per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Total Number of Issued Shares	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	590,723,106	-	63.27	-
Gooi Seong Lim	2,050,656 ^(a)	598,326,303 ^(b)	0.22	64.09
Gooi Seong Heen	5,303,736 ^(c)	594,318,306 ^(d)	0.57	63.66
Gooi Seong Chneh	4,883,736	594,318,306 ^(e)	0.52	63.66
Gooi Seong Gum	397,800	594,486,306 ^(f)	0.04	63.68

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2019 (cont'd)

DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Gooi Seong Lim	2,050,656 ^(a)	0.22	598,326,303 ^(b)	64.09
Gooi Seong Heen	5,303,736 ^(c)	0.57	594,318,306 ^(d)	63.66
Gooi Seong Chneh	4,883,736	0.52	594,318,306 ^(e)	63.66
Gooi Seong Gum	397,800	0.04	594,486,306 ^(f)	63.68
Gan Kim Guan	-	-	-	-
Chan Weng Hoong	-	-	-	-
Cheang Kwan Chow	-	-	-	-
Gooi Khai Chien	-	-	2,999,997 ^(g)	0.32
Gooi Chuen Kang	-	-	-	-

Notes:-

- (a) 2,050,656 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.
- (b) Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 590,723,106 shares, Herng Yuen Sdn. Bhd. ("HY") which holds 3,259,200 shares, 2,999,997 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder and his spouse, Lim Phaik Ean, who holds 1,344,000 shares.
- (c) 1,846,656 and 3,457,080 shares held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- (d) Deemed interest by virtue of his interest in SKL which holds 590,723,106 shares, HY which holds 3,259,200 shares and his spouse, Looi Kok Yean, who holds 336,000 shares.
- (e) Deemed interest by virtue of his interest in SKL which holds 590,723,106 shares, HY which holds 3,259,200 shares and his spouse, Lee T'ian C'ean, who holds 336,000 shares.
- (f) Deemed interest by virtue of his interest in SKL which holds 590,723,106 shares, HY which holds 3,259,200 shares and his spouse, Teo Ai Mei, who holds 504,000 shares.
- (g) Deemed interest by virtue of his interest in 2,999,997 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Chien is a major shareholder.

ANALYSIS OF WARRANT HOLDINGS

As at 23 April 2019

No. of Warrants 2018/2025 issued	:	46,680,235
Exercise Price	:	RM1.40 for one ordinary share
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share
Exercise Period	:	11 April 2018 to 10 April 2025
No. of Warrants exercised	:	2,625
No. of Warrants unexercised	:	46,677,610

DISTRIBUTION OF WARRANT HOLDINGS (As per Record of Depositors)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Total Warrants
Less than 100 warrants	269	7.60	10,051	0.02
100 to 1,000 warrants	2,057	58.07	801,871	1.72
1,001 to 10,000 warrants	1,000	28.23	2,799,239	6.00
10,001 to 100,000 warrants	182	5.14	5,267,071	11.28
100,001 to less than 5% of warrants	33	0.93	8,355,500	17.90
5% and above of warrants	1	0.03	29,443,878	63.08
Total	3,542	100.00	46,677,610	100.00

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

Name of Warrant Holders	No. of Warrants Held	% of Total Warrants
1. Sharikat Kim Loong Sendirian Berhad	29,443,878	63.08
2. Teo Chuan Keng Sdn. Bhd.	982,980	2.11
3. Morisem Consolidated Sdn. Bhd.	913,170	1.96
4. Krishnan Chellam	801,360	1.72
5. Amanahraya Trustees Berhad - PB Smallcap Growth Fund	403,515	0.86
6. Koperasi Polis DiRaja Malaysia Berhad	375,000	0.80
7. Tee See Kim	370,700	0.79
8. Adam Helmi bin Timbas Helmi	300,000	0.64
9. Neoh Choo Ee & Company, Sdn. Berhad	254,729	0.55
10. Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	234,975	0.50
11. Yap Swee Hang	225,200	0.48
12. Gan Teng Siew Realty Sdn. Berhad	225,000	0.48
13. Golden Fresh Sdn. Bhd.	225,000	0.48
14. Key Development Sdn. Berhad	225,000	0.48
15. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt an for Bank of Singapore Limited	212,850	0.46
16. Cimsec Nominees (Tempatan) Sdn. Bhd. - CIMB for Prudent Strength Sdn. Bhd. (PB)	192,255	0.41
17. Gooi Seow Mee	180,532	0.39
18. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Gooi Seong Heen (E-JBU)	172,854	0.37
19. Herng Yuen Sdn. Bhd.	162,960	0.35
20. Ang Chai Eng	161,850	0.35
21. Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt an for OCBC Securities Private Limited (Client A/C-RES)	160,499	0.34
22. Gooi Seong Chneh	151,854	0.33
23. Lim Weng Ho	146,640	0.31

ANALYSIS OF WARRANT HOLDINGS

As at 23 April 2019 (cont'd)

Name of Warrant Holders	No. of Warrants Held	% of Total Warrants
24. Tee Swee Keng	125,500	0.27
25. Radeshah binti Ridzwani	125,370	0.27
26. Loh Boon Hong	123,000	0.26
27. Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Gan Tee Jin	119,700	0.26
28. Teo Tian Chai Sdn. Bhd.	118,440	0.25
29. Loh Boon Siong	118,200	0.25
30. Lee Ah Kow	111,655	0.25
TOTAL	37,364,666	80.05

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

DIRECTORS' INTEREST IN WARRANTS 2018/2025 (As per Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	Warrant Holdings	%	Warrant Holdings	%
Gooi Seong Lim	102,532 ^(a)	0.22	29,916,369 ^(b)	64.09
Gooi Seong Heen	265,186 ^(c)	0.57	29,715,970 ^(d)	63.66
Gooi Seong Chneh	244,186	0.52	29,715,970 ^(e)	63.66
Gooi Seong Gum	19,890	0.04	29,724,370 ^(f)	63.68
Gan Kim Guan	-	-	-	-
Chan Weng Hoong	-	-	-	-
Cheang Kwan Chow	-	-	-	-
Gooi Khai Chien	-	-	149,999 ^(g)	0.32
Gooi Chuen Kang	-	-	-	-

Notes:-

(a) 102,532 warrants held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.

(b) Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 29,536,210 warrants, Heng Yuen Sdn. Bhd. ("HY") which holds 162,960 warrants, 149,999 warrants held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder and his spouse, Lim Phaik Ean, who holds 67,200 warrants.

(c) 92,332 and 172,854 warrants held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.

(d) Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Looi Kok Yean, who holds 16,800 warrants.

(e) Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Lee T'ian C'ean, who holds 16,800 warrants.

(f) Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Teo Ai Mei, who holds 25,200 warrants.

(g) Deemed interest by virtue of his interest in 149,999 warrants held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Chien is a major shareholder.

(cont'd)

Beneficial owner/ Location	Tenure- leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation*/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2019 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- GRN 60265, Lot 2420	Freehold	Palm oil mill	24.18	01 Feb 2011	22 years	17,478
- H.S.(D) 32061, PTD 3878 & H.S.(D) 32062, PTD 3879 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	8.22	01 Feb 2011	Not applicable	8,725
Winsome Al-Yatama Sdn. Bhd.						
- H.S.(D) 34747, PTD 828 Mukim Hulu Sg Sedeli Besar, Kota Tinggi, Johor	08/11/2064	Oil palm plantation	1,085.63 ⁽¹⁾	(09 Nov 2004)	Not applicable	19,215
Palm Nutraceuticals Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office ⁽²⁾	-	Not applicable	14 years	992
Kim Loong Technologies Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory ⁽²⁾	-	Not applicable	13 years	834
Kim Loong Sabah Mills Sdn. Bhd.						
- CL 255340179 District of Tongod, Sabah	31/12/2086	Palm oil mill	13.80	01 Feb 2011	11 years	13,444
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Factory ⁽²⁾	-	Not applicable	9 years	866

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KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司

PROXY FORM

CDS Account No.	
Contact No.	

I/We, _____
 Company No./NRIC No. (new) _____ (old) _____
 of _____
 being (a) member(s) of Kim Loong Resources Berhad do hereby appoint: _____
 NRIC No. (new) _____ (old) _____
 of _____
 and/or failing whom _____ NRIC No. (new) _____
 (old) _____ of _____

or failing whom the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty-fourth Annual General Meeting of the Company to be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 25 July 2019 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Ordinary Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Payment of Directors' fees		
4.	Payment of Directors' benefits		
5.	Re-election of Director : Mr Gooi Seong Lim		
6.	Re-election of Director : Mr Gooi Seong Gum		
7.	Re-appointment of Auditors		
8.	Authority to allot and issue shares		
9.	Proposed Renewal of Authority for Share Buy-Back		
10.	Retention of Independent Non-Executive Director : Mr Gan Kim Guan		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
No.	Special Resolution	For	Against
1.	Proposed Alteration of the whole of the existing Memorandum and Articles of Association by replacing with a new Constitution		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this _____ day of _____ 2019

Number of shares held

Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

NOTES:

A member whose name appear in the Record of Depositors as at 18 July 2019 shall be regarded as a member entitled to attend, speak and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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The Secretary

KIM LOONG RESOURCES BERHAD

Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

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KIM LOONG
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(22703-K)

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