KIM LOONG
RESOURCES BERHAD
(22703-K)
錦隆資源有限公司

Towards Greater **Sustainability**

annual report 2016

CONTENTS

CORPORATE MILESTONES

2013/2014

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

2008

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.

2006

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").

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.

2010

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

Commissioned the second palmpressed fibre oil extraction plant.

The Group expanded into Sarawak by acquiring Tetangga Akrab 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.

2007

Keningau Mill was awarded by MPOB as the highest OER mill in Malaysia in year 2007.

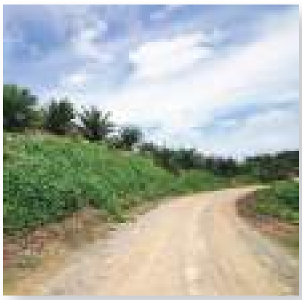
The Group undertook another CDM project in our Keningau mill.

2005

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

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.



2002

Construction of the Keningau Mill which commenced operations in February 2003.

Kota Tinggi Mill won the most innovative mill award by MPOB.

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.

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.

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.

2000

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

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.

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.

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).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-first Annual General Meeting of Kim Loong Resources Berhad will be held at the Junior Ballroom 1, DoubleTree by Hilton Hotel, Nos. 01-02, Menara Landmark, 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 28 July 2016 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final single tier dividend of 6 sen per share in respect of the financial year ended 31 January 2016. **(Resolution 2)**

3. To approve the payment of Directors' fees totalling RM204,000 for the financial year ended 31 January 2016. **(Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-

   (a) Mr. Gooi Seong Lim **(Resolution 4)**
   (b) Mr. Gooi Seong Gum **(Resolution 5)**

5. To re-appoint M/s. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

   ORDINARY RESOLUTION I – AUTHORITY TO ISSUE SHARES

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, 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 issued capital (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." **(Resolution 7)**

   ORDINARY RESOLUTION II – 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, 1965 ("the Act"), the provisions of the Company's Memorandum and Articles of Association 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:-

   (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 31,180,356 representing 10% of the issued and paid-up share capital of the Company as at 22 April 2016;

   (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the combined total of the audited retained profits and/or the share premium reserves of the Company as at 31 January 2016 of RM18,799,621 and RM6,626,014 respectively;

(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; 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 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." **(Resolution 8)**

ORDINARY RESOLUTION III – 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 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **(Resolution 9)**

ORDINARY RESOLUTION IV - 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 2016 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 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) 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." **(Resolution 10)**

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Forty-first Annual General Meeting, the final single tier dividend of 6 sen per share in respect of the financial year ended 31 January 2016 will be paid on 29 August 2016 to depositors registered in the Record of Depositors on 12 August 2016.

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

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 August 2016 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 2016

NOTES:

(1) A member whose name appears in the Record of Depositors as at 21 July 2016 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) Resolution 7 -

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 issued capital (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 27 July 2015 and which will lapse at the conclusion of the Forty-first 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.

(4) Resolution 8 -

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 2016 which is enclosed together with this Annual Report.

(5) Resolution 9 –

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 9 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 interest 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 contribution to the Board.

(d) He, having been with the Company for more than 9 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.

(6) Resolution 10 -

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 2016 which is enclosed together with this Annual Report.

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 of the Company at the Forty-first 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-first Annual General Meeting are set out on pages 14 and 15 of this Annual Report.

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

EMBRACING TECHNIQUES FOR BETTER YIELDS

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 No. 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)
Suite 11.2, Level 11, Menara Pelangi,
2, Jalan Kuning, Taman Pelangi,
80400 Jalan Bahru,
Johor Darul Takzim.

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

INFORMATION IN RELATION TO EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") is the only share scheme in existence during the financial year ended 31 January 2016.

The total number of options granted, exercised and outstanding under the ESOS since its commencement up to the expiry date, 17 March 2015 are set out below:-

Description	Number of Options
Granted	15,347,700
Exercised	(10,831,400)
Cancelled	(4,516,300)
Outstanding	-

Details of aggregate options granted to and exercised by the Directors of the Company and the options outstanding under the ESOS since its commencement up to the expiry date, 17 March 2015 are set out below:-

Description	Number of Options
Granted	2,403,000
Exercised	(1,962,400)
Cancelled	(440,600)
Outstanding	-

Details of options granted to the Directors and senior management under the ESOS during the financial year 2016 and since its commencement up to the expiry date, 17 March 2015 are set out below:-

Directors and Senior Management	2016
Aggregate maximum allocation	50%
Actual granted since commencement of ESOS	42%
Actual granted during the financial year	-

No options have been granted to Non-Executive Directors since the commencement of ESOS.

Note:-

Further details of the ESOS are set out in Note 23(c) on pages 125 to 126 of the Annual Report.

BOARD OF DIRECTORS

Gooi Seong Lim
Executive Chairman

Gooi Seong Heen
Managing Director

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

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

Gooi Seong Lim, aged 67, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design of Canadian nuclear reactors. From 1975 until to-date, 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"), 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

GOOI SEONG HEEN
MANAGING DIRECTOR

Gooi Seong Heen, aged 65, 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

PROFILE OF DIRECTORS

GOOI SEONG CHNEH
EXECUTIVE DIRECTOR

Gooi Seong Chneh, aged 61, 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

GOOI SEONG GUM
EXECUTIVE DIRECTOR

Gooi Seong Gum, aged 60, 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

PROFILE OF DIRECTORS

GAN KIM GUAN
SENIOR INDEPENDENT NON - EXECUTIVE DIRECTOR

Gan Kim Guan, aged 53, 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

CHAN WENG HOONG
INDEPENDENT NON - EXECUTIVE DIRECTOR

Chan Weng Hoong, aged 67, 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 visit some estates in Malaysia and Indonesia. 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

CHEANG KWAN CHOW
INDEPENDENT NON - EXECUTIVE DIRECTOR

Cheang Kwan Chow, aged 63, 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. 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 10 years. He attended all the four (4) Board meetings held during the financial year 2016.

GOOI CHUEN KANG
ALTERNATE DIRECTOR TO
MR. GOOI SEONG HEEN

Gooi Chuen Kang, aged 30, 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 10 years.

GOOI KHAI CHIEN
ALTERNATE DIRECTOR TO
MR. GOOI SEONG LIM

Gooi Khai Chien, aged 24, 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 10 years.

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 Kang.

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

GROUP STRUCTURE

AS AT 31 JANUARY 2016

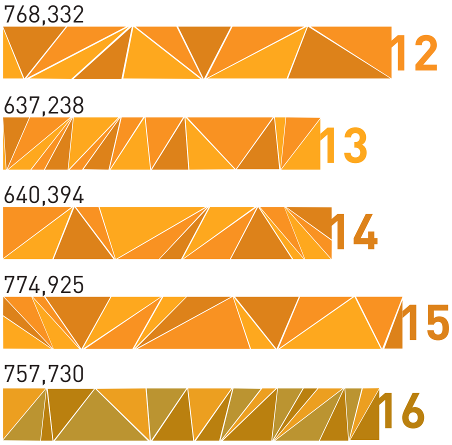
KIM LOONG
RESOURCES BERHAD
(22703-K)
錦隆資源有限公司

- 70% Desa Kim Loong Palm Oil Sdn. Bhd. (463620-W)
  - 100% Desa Kim Loong Industries Sdn. Bhd. (504278-K)
  - 100% Kim Loong Technologies (Sabah) Sdn. Bhd. (824331-K)
- 100% Kim Loong Palm Oil Sdn. Bhd. (30999-P)
  - 100% Kim Loong Palm Oil Mills Sdn. Bhd. (267654-P)
    - 70% Sungkit Enterprise Sdn. Bhd. (85011-K)
    - 100% Kim Loong Evergrow Sdn. Bhd. (487153-H)
    - 75% Kim Loong Biomass Sdn. Bhd. (1070717-D)
- 70% Palm Nutraceuticals Sdn. Bhd. (651470-H)
- 90% Winsome Yields Sdn. Bhd. (401571-W)
  - 68% Winsome Al-Yatama Sdn. Bhd. (667441-P)
- 100% Okidville Holdings Sdn. Bhd. (458944-P)
  - 51% Desa Okidville Sdn. Bhd. (463619-U)
- 100% Kim Loong Sabah Mills Sdn. Bhd. (254996-D)
- 100% Kim Loong Power Sdn. Bhd. (588578-H)
- 100% Kim Loong Technologies Sdn. Bhd. (667439-M)
- 70% Kim Loong - KPD Plantations Sdn. Bhd. (416387-H)
- 100% Suhenson Estate Sdn. Bhd. (48091-V)
- 100% Tyeco Corporation Sdn. Bhd. (478277-W)
- 100% Sepulut Plantations Sdn. Bhd. (716972-U)
- 100% Selokan Sdn. Bhd. (47569-V)
- 100% Kim Loong Corporation Sdn. Bhd. (458947-T)
  - 60% Winsome Pelita (Pantu) Sdn. Bhd. (681469-H)
- 100% Okidville Jaya Sdn. Bhd. (686109-W)
- 100% Winsome Sarawak Plantations Sdn. Bhd. (653800-A)
- 95% Okidville Plantations Sdn. Bhd. (466683-V)
  - 100% Okidville Resources Sdn. Bhd. (43447-H)
  - 70% Winsome Jaya Sdn. Bhd. (605466-U)
- 100% Winsome Plantations Sdn. Bhd. (510158-W)
  - 70% Winsome Pelita (Kranggas) Sdn. Bhd. (1069444-H)

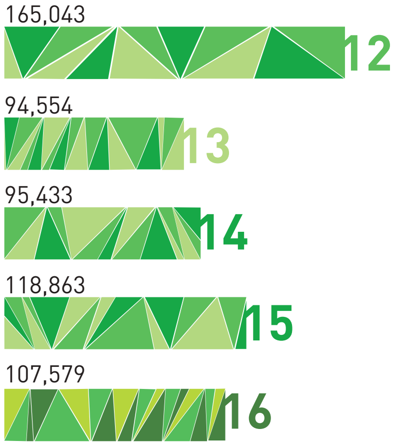
GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME (RM'000)

Revenue

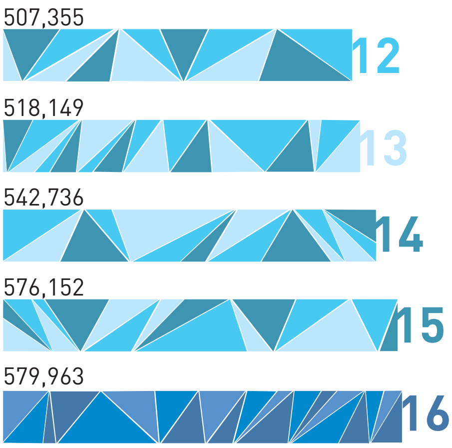


Profit Before Tax

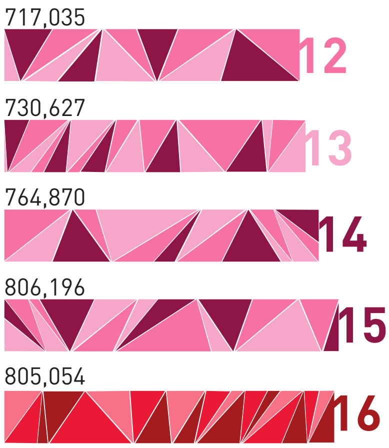


STATEMENT OF FINANCIAL POSITION (RM'000)

Equity Attributable to Owners of the Company

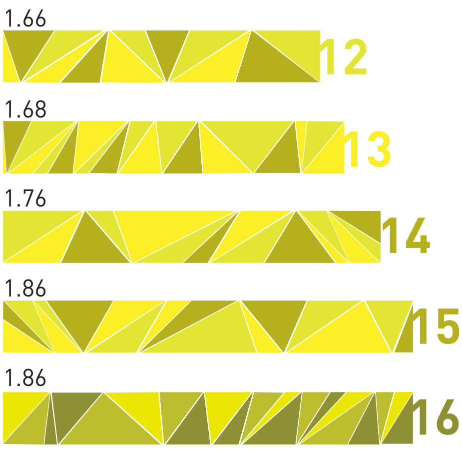


Total Assets

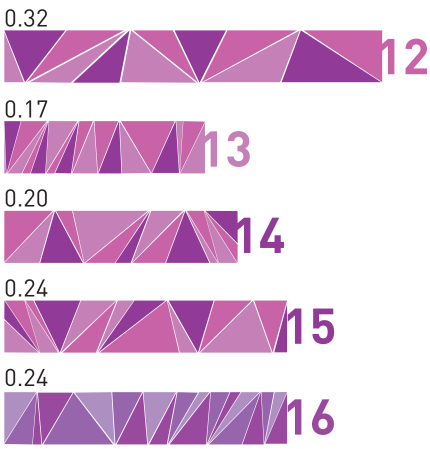


PER SHARE (RM)

Net Assets



Earnings



GROUP FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016
STATEMENT OF COMPREHENSIVE INCOME (RM'000)					
Revenue	768,332	637,238	640,394	774,925	757,730
EBITDA	189,713	124,679	122,815	149,031	137,778
Profit before tax	165,043	94,554	95,433	118,863	107,579
Profit after tax	124,749	68,520	73,359	89,689	85,664
Net profit attributable to owners of the Company	96,573	53,944	61,059	75,279	73,783
STATEMENT OF FINANCIAL POSITION (RM'000)					
Paid-up share capital	306,555	308,667	308,958	311,109	311,804
Total shareholders' equity	578,535	595,659	618,271	650,021	654,213
Equity attributable to owners of the Company	507,355	518,149	542,736	576,152	579,963
Total assets	717,035	730,627	764,870	806,196	805,054
PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)					
Earnings	0.32	0.17	0.20	0.24	0.24
Net Assets	1.66	1.68	1.76	1.86	1.86
Gross Dividend	0.16	0.12	0.13	0.13	0.23
Share Price at Year End	2.50	2.21	2.58	2.76	3.04
Weighted Average Number of Share in Issue ('000)	305,982	308,188	308,577	309,688	311,161
FINANCIAL INDICATORS					
Return on Equity (%)	21.56	11.50	11.87	13.80	13.09
Return on Total Assets (%)	17.40	9.38	9.59	11.12	10.64
Gearing Ratio (times)	0.07	0.07	0.08	0.08	0.07
Price-Earnings Ratio (times)	7.81	13.00	12.90	11.50	12.67
Interest Coverage Ratio (times)	71.24	47.76	42.96	51.63	47.88
Gross Dividend Yield (%)	6.40	5.43	5.04	4.71	7.57

STATISTICS

	2012	2013	2014	2015	2016
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	12,740	12,827	13,012	13,581	13,794
Immature	1,203	1,523	1,874	1,320	1,172
Unplanted land	596	732	468	461	411
	14,539	15,082	15,354	15,362	15,377
Cocoa and others	99	89	-	-	-
Total plantable area	14,638	15,171	15,354	15,362	15,377
Infrastructure and unplantable land	554	607	574	548	528
Total land area	15,192	15,778	15,928	15,910	15,905
Production (MT)					
Fresh fruit bunches ("FFB")	313,035	280,365	287,188	304,732	299,455
Yield per mature hectare	23.79	21.84	22.07	22.49	21.56
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	210,784	208,002	225,224	264,983	297,231
Oil extraction rate (% of FFB)	21.81	22.09	22.19	22.39	22.28
Palm kernel ("PK") (MT)	50,356	48,134	52,101	60,245	66,931
Kernel extraction rate (% of FFB)	5.21	5.11	5.13	5.09	5.02
AVERAGE SELLING PRICE (RM/MT)					
CPO	3,203	2,723	2,345	2,352	2,139
PK	2,202	1,456	1,376	1,673	1,587

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 2016."

FINANCIAL HIGHLIGHTS

RESULTS

The revenue and profit before tax ("PBT") of the Group were RM757.73 million and RM107.58 million respectively for the financial year 2016 ("FY2016") compared to RM774.93 million and RM118.86 million respectively for the financial year 2015 ("FY2015").

Current year's marginally lower revenue and PBT were due to lower Crude Palm Oil ("CPO") price comparing to the last financial year. The milling operations has performed well with a 10% increase in profit and is the major profit contributor to the Group in FY2016. The plantation operations recorded a 26% drop in profit mainly due to lower CPO price.

DIVIDEND

The Board has recommended a final single tier dividend of 6 sen per share (FY2015: 6 sen per share) for the FY2016 making a total single tier dividend of 23 sen per share (FY2015: 13 sen per share).

The payout represents approximately 97% of the annual profit attributable to owners of the Company.

The Group has achieved a Return on Equity (after tax) of 13.1% compared to 13.8% in FY2015.

REVIEW OF BUSINESS ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations increased by 10% or RM5.0 million to RM57.26 million as compared to RM52.26 million recorded for the last financial year. The higher profit was due to higher processing quantity and margin as compared to the last financial year.

Total CPO production for the year under review was 297,231 MT, which was 12% higher than 264,983 MT recorded in the last financial year. The market condition and demand for the Group's milling products has been good and steady for the financial year. The sale of CPO, the main product, also increased by 7% to 289,601 MT compared to 271,005 MT in the last financial year.

The average selling price of CPO for the current financial year was in the region of RM2,150 per MT which was about 9% lower compared to the last financial year.

"The Management will continue its effort to actively explore rational initiatives towards cushioning the rising costs by increasing efficiency and productivity throughout our operations."

PLANTATION OPERATIONS

The profit from the plantation operations dropped by 26% or RM16.26 million to RM46.89 million as compared to RM63.15 million recorded for the last financial year. The drop in profit was mainly due to lower FFB price. The FFB production for the year under review was 299,455 MT which was marginally lower than 304,732 MT achieved in the last financial year. 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 11% lower compared to the last financial year.

With current outlook of CPO price, we expect the plantation operations will be the main profit contributor to the Group in the financial year 2017.

OPERATIONAL HIGHLIGHTS

As at 31 January 2016, the Group's total plantation land holdings stood at 15,905 Ha of which 94% are fully planted with palms. From the total planted area, approximately 84% are mature above 6 years old, 8% are young mature below 6 years old while the remaining 8% are at immature stage. The plantations are located in the states of Johor, Sabah and Sarawak.

During the year, the Group has replanted about 400 Ha of its oil palm plantation in Sabah and expects to replant another 1,200 Ha of old palms age 20 years and above over the next 3 years.

The Group owns and operates three (3) palm oil mills which are strategically located within our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. The palm oil mills have a total FFB processing capacity of 1.5 million MT per annum. In FY2016, we achieved a throughput of 1.33 million MT of FFB inclusive of the external crop purchases, an increase of 13% from FY2015. As a result of higher FFB processed, CPO and PK production increased to approximately 297,000 MT and 67,000 MT respectively in FY2016, from 265,000 MT and 60,000 MT in FY2015. The average oil extraction rate ("OER") and kernel extraction rate ("KER") were marginally lower at 22.28% and 5.02% respectively as compared to 22.39% and 5.09% in FY2015.

Our average oil yield per Ha for Sabah estates has decreased to 5.38 MT per Ha in FY2016 compared to 5.85 MT per Ha in FY2015 mainly due to about 5% drop in FFB production and increase in young mature area with lower production yield compared to prime mature area. Our overall Group average oil yield has also dropped to 4.99 MT per Ha compared to 5.30 MT per Ha in FY2015.

Despite the increase in production cost, our unit cost of production in FY2016 remained at the level of RM1,200 per MT of CPO which was similar to last financial year, due to higher production and better utilization of milling capacity. The Management will continue its effort to actively explore rational initiatives towards cushioning the rising costs by increasing efficiency and productivity throughout our operations.

> **In order to facilitate the Group's progress and development in Sarawak, we are actively looking into the possibility of setting up a palm oil mill in Sarawak.**

DEVELOPMENT AND PROSPECTS

In addition to our first biogas engine system in Kota Tinggi mill which has commenced operations in November 2013, our gas engine systems in Keningau and Telupid mills have also commenced operations during the financial year. To improve the return of these biogas projects, we have planned to supply power to the grid and have also submitted our applications for sale of electricity generated from biogas engine systems to relevant authorities. Currently, we have obtained Sustainable Energy Development Authority ("SEDA") approval for 1.8 megawatt for Kota Tinggi mill and 1.0 megawatt for Keningau mill. Furthermore, our Group has entered into an agreement with Tenaga Nasional Berhad ("TNB") in December 2015 in respect of power supply to the grid from our Kota Tinggi mill.

In respect of the ongoing litigation and claims against a subsidiary, Winsome Pelita (Pantu) Sdn. Bhd., the Federal Court has on 14 January 2016 allowed the subsidiary company's Notice of Motion for Leave to Appeal to the Federal Court against the decision of the Court of Appeal. The Directors of the Group have sought opinion from the independent solicitors and they are of the view that the Group has a fair prospect of succeeding in this Appeal. Nevertheless, the Group has assessed its estimated loss to be the areas claimed and provided for an impairment loss of property, plant and equipment and biological assets of RM2.9 million.

In order to facilitate the Group's progress and development in Sarawak, we are actively looking into the possibility of setting up a palm oil mill in Sarawak.

For the financial year ending 31 January 2017, we foresee an increase in FFB production from young mature area but in view of the potential effects being caused by El Nino, we expect the FFB production to be flat while the CPO production could be lower, comparing to the quantity achieved in the financial year 2016. Subject to the fluctuation in the Ringgit currency and commodity market, we hope that the CPO price could move towards higher level considering potential drop in CPO supply caused by El Nino. Based on the above, we expect the Group's performance for the financial year 2017 to be satisfactory.

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.

I also take this opportunity to welcome Mr. Gooi Chuen Kang and Mr. Gooi Khai Chien to our Board of Directors.

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: 12 May 2016

SUSTAINABILITY AND CORPORATE RESPONSIBILITIES

The Group's corporate social responsibilities (CSR) supports the sustainability of the four components which are marketplace, the community, the workplace and the environment. The Group aims to continue to contribute positively to the sustainable development of the economy and the community where the Group operates. The Group believes in the importance of maintaining the highest standards of quality in company products and employee conducts whilst safeguarding environmental and social values.

The Group places importance on its CSR and remains committed to care for the environment and employees, fostering strong relationships with business associates and supporting worthy community welfare causes as an integrated part of its business responsibilities and are mindful that we create value for all our stakeholders and enhancing the long-term sustainability of the Group.

MARKETPLACE

The Group is committed to provide quality products and services in meeting the available standards and the expectation of the market and to our customers through our available resources. It also aims for continuous improvement towards building long term relationships with all its stakeholders.

We are committed to be in compliance with all laws and regulations and concurrently meet the standard for the market we operate. The Group believes in creating a good reputation to command the confidence of our customers, business associates, and other stakeholders and we value integrity to safeguard investor's interest as well as the customers.

The establishment of palm oil mills at Kota Tinggi in Johor, Sook/Keningau and Telupid in Sabah by our Group has contributed to economic activities in their respective surrounding areas. More locals are earning higher income by cultivating oil palm which is more profitable and easier to manage than other crops.

Our mills are now accepting FFB from more than 46 collection centres/dealers, 226 smallholders and 75 estates. In order to enhance efficiency in the management of agricultural practices, the Group uses Geospatial Information System for precision mapping to optimise productivity and minimise environmental impact and agricultural risk.

Stakeholders Engagement

The Group considers its business associates, investors and analysts, customers, trading partners and communities as its primary stakeholders and understands their concerns and is able to be transparent with them about the Group's efforts and progress.

Our website provides access to the information on the Group's financials and operations as well as the direction of the Group. It also allows an email link for stakeholders to provide feedback or enquiries in order for the Group to satisfy our stakeholders' needs as well as to improve on our products and services, if needed. Any updated investor relations information will then be made available in the corporate website.

COMMUNITY

The Board of Directors strongly believes that in playing its role as a socially responsible corporate citizen, the Group creates business sustainability and enhances value for all its stakeholders.

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 the 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 2,852 ha as at 31 January 2016 under this NCR project. A total of 2,409 ha has been planted. The Group's involvement in developing NCR land which has provided sustainable income for 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 RM55,000 to worthy causes and organisations including 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 Persatuan Ibu Bapa & Guru in Johor, Sabah and Sarawak.

WORK PLACE

The Group aims to create a positive work culture in the workplace where our 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 2,383 as at 31 January 2016, of which about 30% 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 the recent years been experiencing severe labour shortages.

In view of this, the Group has invested substantial sum for employees housing, provision of free/subsidised electricity and free water supplies to the employees in the estates and mills with the objective of providing the residents with better living conditions. Free transportation is provided for school going children to the nearest schools. We also provide recreational facilities for the residents e.g., football field, volleyball and sepak takraw courts.

The Group also encourages its employees 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. Fruit tree planting within the housing compound. These initiatives are supported through the provision of planting materials, agro-fertiliser and bio-mass inputs. The harvests are then distributed among employees.

'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.

In addition, retail prices for essential food items at the grocery shops in the estate are monitored to ensure that those items are reasonably priced.

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 to promote healthy lifestyle.

The roads leading to the estates are properly maintained to facilitate the movement of vehicles. Some of our main roads have benefited the neighbouring villagers as they also use these roads to go to the nearest town.

The Group has carried out various activities to improve the workforce knowledge and improve productivity, quality of life and foster a sense of belonging, such as:

- Engaging experts to share knowledge on variety issues that can benefit the employees on a personal and professional level;
- Conducting in-house training for the staff on human capital, safety, accounting, technical issues and management skills. Where specialist training is required, the staff are sent for external trainings;
- Various staff activities including festival celebrations and sporting events through the In-House Sports Club; and
- Subsidised company trips are organised annually to bring the Group's employees and their family together to strengthen the bonds of friendship and instil a sense of belonging among the staff and to promote a caring work culture.

The Group is constantly and continuously building a learning culture in the organization in order that employees at all levels are equipped with the necessary knowledge, skills and exposure, and that not only they could be fully effective in their current jobs, but be 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 all our plantation staff and workers to boost their productivity and to improve their efficiency and work performance.

The Group provides medical supplies for its 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.

Workplace Safety

The safety of our employees is of utmost importance to us. The Group is committed to create a culture of safety within the organisation in which employees are trained to be aware of and practises safe behaviours.

- Equip and replenish appropriate Personal Protective Equipment for workers;
- Conducting safety programmes that included Fire Prevention, Fire Fighting & Rescue Training;
- Safety Operations; and
- Occupational First Aid & 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 will be reviewed every 5 years by the appointed assessor as stipulated in the Regulations and annual medical health surveillance are 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.

Workplace Diversity

The Group believes in promoting diversity organisation wide by creating an environment that provides equal opportunities and merit-based. This realignment has brought together people from diverse background regardless of race, sex and religion and level of experience into the Group and work as a team.

ENVIRONMENT

The Group considers environmental protection and enhancement to be important factors in the conduct of its operations. Its plantations and processing plants adhere strictly to the local environmental and plantation development regulations as well as to internationally recognised best practices. These include:

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 legumious cover crops in new planting/replant. The fast growing plants provide soil cover to protect the soil and builds up nutrients in the topsoil. In-house produced biocompost and empty fruit bunches are applied in fields especially at marginal soil areas.

Fertilizer and pest management program

The Group's fertilizer programmes 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 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 will be deployed to survey the extent of pest infestation.

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 waste, which process would replenish organic matter to the soil and improve soil properties accordingly.

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.

Encourage use of renewables

By-products such as palm kernel shell and palm fibre are used as feedstock for co-generation plants to produce steam and electricity.

Efficient water use

This includes incorporating an efficient land application of palm oil mill effluent system, minimising 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.

Reducing greenhouse gas emission

The Group has successfully implemented three methane capture and power generation projects at its three mills which will 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 will contribute towards reducing the environmental impact and improve sustainability of the palm oil industry.

Recycle paper usage in 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.

Electronic Publications

The Annual Report of the Company are published in CD-ROM format and posted on the Company's website.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 29 March 2016.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Kim Loong Resources Berhad remains resolute in upholding highest standards of corporate governance be practised throughout the Group as a fundamental part of discharging its responsibilities to the Group in building sustainable business growth in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board recognizes that good corporate governance encompasses four key areas namely transparency, accountability, integrity and corporate performance.

The Board is pleased to report on the manner in which the 8 principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied to the affairs of the Group and the extent of compliance pursuant to Paragraph 15.25 of Chapter 15 and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

Principle 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions reserved for the Board and those delegated to Management

The Board is aware and understand its roles and responsibilities in leading and controlling the Group. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per Recommendations of the Code:

- Setting the objectives, goals and strategic plan for the Group with a view to maximizing shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Group's strategy, budgets, plans and policies;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- 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.

Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. Non-Executive Directors play key supporting roles, contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

Roles and responsibilities of the Board

The Directors with their diverse backgrounds and specialisation, collectively bring in a wide range of experience, expertise and competencies to the Board that is important for the continued successful direction of the Group. The knowledge and expertise in various fields of the individual Directors contribute to the enhancement of the effectiveness of the Board. Details of each individual Director's skills and experiences are presented in the Board of Directors' Profile set out on pages 14 to 18 of this Annual Report.

The Board as at the date of this statement, consist of nine (9) members, comprising one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and two (2) Alternate Directors.

The Board complies with Paragraph 15.02 of the Listing Requirements which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever higher, are Independent Directors.

None of the Board members serve as directors in more than five (5) Boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness. The Board is in the opinion that the current size and composition of members are appropriate to commensurate the complexity of the Group's businesses and conducive for effective conduct of Board decision making.

On 31 March 2016, two (2) Alternate Directors, Gooi Khai Chien and Gooi Chuen Kang, were appointed to the Board. Their appointments to the Board are in line with the succession planning of the Group.

Board Corporate Governance Manual

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 Corporate's website at www.kimloong.com.my.

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

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

This Board CG Manual will be regularly reviewed and amended to reflect changing legal, regulatory and ethical standards.

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.

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.

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 139A of the Companies Act, 1965.

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 is 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 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.

Principle 2 STRENGTHEN COMPOSITION 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.

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 together with the Report of the Audit Committee are disclosed on pages 52 to 55 of this Annual Report. The activities of the Audit Committee during the financial year ended 31 January 2016 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 and Executive Directors to the Board, 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 with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors 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 are set out under the Report of the Remuneration Committee on page 56 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, Chairman and the 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 effective of the Board as a whole, the Board Committees and the contribution of each director was to improve the Board and the Committees' 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 are set out under the Report of the Nominating Committee on page 57 of this Annual Report.

BOARD DIVERSITY

The Board is aware of the gender diversity policy and target as set out in Recommendation 2.2 of 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 Recommendation 2.2 of 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.

Diversity

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity as well as the employment of employees who possess the necessary skills and right personal attributes. The Group is committed to workplace diversity and that the workplace is fair, accessible, flexible and free from all kinds of discrimination.

DIRECTORS' REMUNERATION

The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director, 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. All Directors are paid a meeting allowance for attendance at each Board meeting.

a. The level and make up of Remuneration

The remuneration package of the Executive Directors 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. 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 are approved at the AGM by shareholders.

c. Disclosure

A summary of the remuneration of the Directors for the year ended 31 January 2016, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 is set out as below:

Aggregate Remuneration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**
Salary	1,720,200	-	1,720,200
Bonus	1,124,085	-	1,124,085
Fees	-	204,000	204,000
Meetings Allowance	8,000	6,000	14,000
Estimated monetary value of benefit-in-kind	29,212	-	29,212
Defined contribution plan	369,775	-	369,775
Social security costs	1,417	-	1,417
TOTAL	3,252,689	210,000	3,462,689

ii. Remuneration Band

Executive Directors	
RM600,001 - RM650,000	1
RM750,001 - RM800,000	1
RM800,001 - RM850,000	1
RM1,000,001 - RM1,050,000	1
Non-Executive Directors	
RM50,001 - RM100,000	3

Principle 3 REINFORCE INDEPENDENCE

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 Company in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

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 perform 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.

Tenure of Independent Director

The Board noted the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. 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.

Pursuant to Recommendation 3.3 of the Code and notwithstanding his long tenure in office, 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 nine (9) years, continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements.

(a) He has fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements, 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 interest 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 contribution to the Board;
(d) He, having been with the Company for more than 9 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; and
(f) He is currently does not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

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 2016 AGM for the said purpose.

Shareholders approval for retention of Independent Director

The Board takes cognizance of the recommendations of the Code regarding tenure of Independent Directors and will seek approval of the shareholders for retention of Independent Director who have served for a cumulative term of more than nine years.

Roles of the Chairman, Managing Director and Senior Independent Non-Executive Director

The Recommendation 3.5 of the Code recommends that if the Chairman of the Board is not an independent director, the Board must comprise a majority of Independent Directors. The Company's Chairman is an Executive Director and there are three (3) Independent Non-Executive Directors out of nine (9) board members. Currently, two (2) of which are newly appointed Alternate Directors. The Independent Directors do not form majority of the Board.

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 been sanctioned by the shareholders and will 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.

As of now, the Board also does not believe that it should urgently increase independent directors to form a majority of the Board. 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. However, the Board will continuously review and evaluate such recommendation.

The roles and responsibilities of the Executive Chairman and the Managing Director are held by two different individuals to exercise 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.

The Senior Independent Non-Executive Director provides an additional communication channel between the Directors and the shareholders. He is available to be approached by shareholders who feel they are unable to raise issues to the Executive Chairman and Managing Director or Group Financial Controller. The Board has identified Mr Gan Kim Guan to act as the Senior Independent Non-Executive Director to whom concerns regarding the Group may be conveyed by shareholders or other stakeholders. He may be contacted at 03-92871889 or e-mail: gankg@kimloong.com.my.

At all times, shareholders may contact the Company Secretaries for information on the Company.

Principle 4 FOSTER COMMITMENT

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 four (4) 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	4	100
Gooi Seong Heen	Managing Director	4	100
Gooi Seong Chneh	Executive Director	4	100
Gooi Seong Gum	Executive Director	4	100
Gan Kim Guan	Senior Independent Non-Executive Director	4	100
Chan Weng Hoong	Independent Non-Executive Director	4	100
Cheang Kwan Chow	Independent Non-Executive Director	4	100
Gooi Khai Chien (Appointed: 31/3/2016)	Alternate Director to Gooi Seong Lim	N/A	N/A
Gooi Chuen Kang (Appointed: 31/3/2016)	Alternate Director to Gooi Seong Heen	N/A	N/A

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 Listing Requirements of Bursa Securities.

Directors Training

All Directors have completed the "Mandatory Accreditation Programme("MAP") for Directors of Public Listed Companies" pursuant to Paragraph 15.08 of the Listing Requirements except for the newly appointed Alternate Director, Gooi Khai Chien. Gooi Chuen Kang had attended the MAP on 4 and 5 May 2016.

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 development affecting the plantation industry.

During the financial year under review, the Directors have attended the following training programme/courses and/or conferences listed below:

Name	Organiser	Topic / Title	Date
Gooi Seong Lim	JP Morgan	Meet the expert on Chinese Banking and Financial Services	18 March 2015
	Credit Suisse	Credit Suisse Global Megatrends Conference 2015	21 April 2015
	KPMG Management & Risk Consulting SB	Common Audit Findings For Estate and Milling Operations	22 May 2015
	DBS Private Bank	DBS Asia Insights Conference	10 July 2015
	Bursa Malaysia	Advocacy Sessions on Management Discussion and Analysis for Chief Executive Officer and Chief Financial Officer of Listed Issuers	30 July 2015
	JP Morgan	JP Morgan's Insights: A New Vision of Opportunity	16 Sept 2015
	OCBC	OCBC Private Client Market Outlook Seminar – Will the market see a turning point in 2016?	6 Jan 2016
Gooi Seong Heen	KPMG Management & Risk Consulting SB	Common Audit Findings For Estate and Milling Operations	22 May 2015
	Credit Suisse	Credit Suisse Global Megatrends Conference 2015	21 April 2015
	DBS Private Bank	DBS Asia Insights Conference	10 July 2015
	Bursa Malaysia	Advocacy Sessions on Management Discussion and Analysis for Chief Executive Officer and Chief Financial Officer of Listed Issuers	30 July 2015
Gooi Seong Chneh	KPMG Management & Risk Consulting SB	Common Audit Findings For Estate and Milling Operations	22 May 2015
	Julang Ceria Sdn Bhd	Ganoderma and Propose Prevention Program	10 Oct 2015
Gooi Seong Gum	KPMG Management & Risk Consulting SB	Common Audit Findings For Estate and Milling Operations	22 May 2015
	Credit Suisse	Credit Suisse Global Megatrends Conference 2015	21 April 2015
Gan Kim Guan	The Malaysian Institute of Certified Public Accountants	Updates of The 2014 & 2015 IFRS-Compliant MFRS-Preparing MFRS-Compliant Financial Statements in 2014, 2015 And Thereafter	8 & 9 Jul 2015
	Lembaga Hasil Dalam Negeri Malaysia & Chartered Tax Institute of Malaysia	National Tax Conference 2015	25 & 26 Aug 2015
	The Malaysian Institute of Certified Public Accountants	Strategic Tax Planning For Corporate Restructuring	22 Oct 2015
	Lembaga Hasil Dalam Negeri Malaysia	Seminar Percukaian Kebangsaan 2015	29 Oct 2015
	Malaysian Institute of Accountants	C-Suite RISK Conference	19 Jan 2016

Name	Organiser	Topic / Title	Date
Chang Weng Hoong	Centre for Management Technology	7th Palm Oil and Rubber Summit	19-21 Oct 2015
Cheang Kwan Chow	The Institute of Internal Auditors Malaysia	Understanding GST Risk	11 June 2015

New Appointment, Re-appointment and Re-election of Directors

The Board appoints its members through a formal and transparent selection process which is consistent with the Company's Articles of Association.

The Nominating Committee established by the Board is responsible for proposing and assessing new nominee(s) to the Board and Board Committee membership and thereupon submitting their recommendation to the Board for decision. As part of the appointment process, the potential candidate must disclose his existing directorships as well as any other commitments so as to determine whether he has adequate time to perform his duties.

All new directors appointed to the Board undergoes induction programme tailored to their experience, background and particular areas of focus. The induction programme is designed to develop Directors' knowledge and understanding of the Group's operations and culture. The induction programme includes:

- individual one-to-one meetings with the Executive Chairman, the Managing Director, Executive Directors, other Directors and the Group Financial Controller;
- site visits to the Group's oil palm estate and mills;
- meetings with management of the Group's operating companies and other senior management; and
- if required, external training courses at the Group's expense.

All newly appointed Directors are subject to re-election by the shareholders at the AGM following their appointment.

The Company's Articles of Association provide that at least one-third (1/3) of the Board is required to retire by rotation at each AGM provided always that each Director shall retire at least once in every three years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment in accordance with the Articles of Association. This provides an opportunity for shareholders to renew their mandate. To assist shareholders in their decision, sufficient information such as personal profile and meeting attendance of each Director standing for re-election at the forthcoming AGM are shown in the Notice of AGM (Ordinary Resolutions 4 & 5) on page 4 and the Profile of Directors on pages 14 to 15.

Principle 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

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 auditor's 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 Group Financial Controller (GFC) 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 GFC 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, 1965 and 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 and Chairman's Statement in the Annual Report.

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 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 annual general meetings 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 2016, 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 2016, the External Auditors were not engaged for any other significant services other than the statutory audit.

The Board is satisfied based on advice from the Audit Committee that the provision of these 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.

Principle 6 RECOGNISE AND MANAGE RISK

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 Committee ("RMC") 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 RMC and the Audit Committee.

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

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 47 to 51 of this Annual Report.

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. 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 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 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.

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 RM265,000.

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 activities 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.

The Statement on Risk Management & Internal Control which provides an overview of the risk management framework and state of internal control within the Group, is set out on pages 47 to 51.

Principle 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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;
- 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.

Leveraging on Information Technology for Effective Dissemination of Information

The Board recognizes 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 provide up-to-date information on Group activities, Board Charter, financial results, announcements to Bursa Securities, annual reports and company profile, corporate presentations and other information on the Company can be found on the Company's website at www.kimloong.com.my to further enhance investors and shareholders communication.

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.

Principle 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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 Annual General Meeting ('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.

AGM

The AGM is the principal forum of dialogue with shareholders. In accordance with the Company's Articles of Association, 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.

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.

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 Shares 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.

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 as set out in Recommendation 8.2 of the Code.

The Company has in place a procedure to draw shareholders' attention to their rights to demand poll voting in respect of resolutions put before the shareholders at general meetings. In addition, the Company will conduct poll voting in respect of certain shareholders' resolutions as required by the Listing Requirements.

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 12 May 2016.

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, 1965 (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 Financial Reporting Standard in Malaysia, the requirements of the Act and the Listing Requirements.

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 2016, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates.

The Directors also consider that all applicable Financial Reporting Standards in Malaysia 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 12 May 2016.

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.

Share Buy-Back

During the financial year, the Company repurchased a total of 20,000 shares and these shares are currently held as treasury shares.

Details of the purchase of treasury shares were as follows:

Month	No of Treasury shares purchased	Purchase price per share (RM)			Total consideration paid (RM)
		Min	Max	Average	
July 15	10,000	2.88	2.88	2.88	29,010
January 16	10,000	3.22	3.32	3.27	32,962

As at 31 January 2016, the Company held a total of 582,000 treasury shares.

Other details of the share buy back are set out in Note 23 (b) to the Financial Statements.

The Company is seeking a renewal of shareholders' mandate for the Share Buy-Back at the forthcoming AGM.

Options or Convertible Securities

There were no options or convertible securities issued to any parties during the financial year, other than those disclosed in Note 23 to the Financial Statements.

Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year.

Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by any regulatory bodies during financial year.

Non-audit fees

Non-audit fee paid and payable to the External Auditors, Messrs Ernst & Young, during the financial year 2016 was RM6,000.

Variation in results

There was no material variation between the results for the financial year ended 31 January 2016 and the unaudited results previously announced.

Profit Guarantee

The Company did not give any profit guarantee during the financial year.

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.

ADDITIONAL COMPLIANCE INFORMATION

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 2016 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	KLP is a wholly-owned subsidiary of Sharikat Kim Loong Sendirian Berhad ("SKL"), the holding company of the Company. 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. 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. 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.	5,302,713

The Company is seeking a renewal of the 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 12 May 2016.

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 Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

However, as there are inherent limitation in any system of risk management and internal control, such system put into effect by Management can only manage but not 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 & 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.

- **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.

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

  The Executive Directors also monitor the performance of the business units through reports produced by the 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 the 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, 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 the 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.

- **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 subsidiaries 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 statistics with explanation and justification.

- **Code of Business Conduct and other related Policies**

  In addition, the following Internal Control components 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 Code of Business Conduct ("the Code") 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 had 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 had been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

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 Committee ("RMC") 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 RMC and the Audit Committee.

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

Market Risk Management

Market risks refer to the risks resulting from economic and regulatory conditions.

The Group's expansion into new area and activities is a risk. Such expansion entails added risks given their different operating and economic environments. Nevertheless, the Group continues to monitor the identified market risks whilst it continues to complete its expansion project.

Commodity risk arises from the volatility of commodity prices including currency fluctuations. The Group manages such risk by constantly monitoring the commodity prices, hedging through forward sales and CPO swaps and close monitoring of pricing trends of major substitutes such as oils and fats.

The Group's businesses are governed by relevant laws, regulations, standards and licenses. The Group manages the regulatory risks by implementing appropriate policies, procedures, guidelines, and contracts management, as well as maintaining regular communication with the authorities to ensure compliance at all times.

Credit and Liquidity Risk Management

These risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flows and funding. The Group minimises such exposures by assessing the creditworthiness of potential customers, close monitoring of collections and overdue debts, and effective credit utilisation to keep leverage at a comfortable level.

Operational Risk Management

Operational risks arise from the execution of a company's business including risks of systems and equipment failure, overcapacity situations, inadequate skilled workforce and adverse climatic conditions. The Group strictly adheres to policies, procedures, quality controls and best practices to ensure that all systems and equipment are functional. To manage overcapacity issues, the Group constantly reviews its business plans and seeks alternative uses for excess capacity.

The Group had in place remuneration schemes to attract and retain its workforce to meet existing and future needs. To cope with the adverse climatic conditions affecting the Group's operations, the Group strictly follows the requirements of the planting manual, employs good agricultural practices, water conservation and irrigation measures to sustain high production yields.

iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit functions are described and detailed on pages 41 to 42 under Statement on Corporate Governance 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 have been, or 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.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND THE GROUP FINANCIAL CONTROLLER

In line with the Guidelines, the Managing Director and Group Financial Controller 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 the Group Financial Controller have in turn obtained relevant assurance from the business heads in the Group.

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 2016. 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 12 May 2016.

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 2016 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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall not be fewer than three (3) members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Securities. The quorum shall be two (2) members, a majority of whom shall be Independent Directors. The Chairman of the Committee shall be elected by the members of the Committee from amongst their members and shall be an Independent Director.

At least one member of the Committee:

i. must be a member of the Malaysian Institute of Accountants ("MIA"); or
ii. if he is not a member of the MIA, he must have at least 3 years' working experience and:
  a) he must have passed the examinations specified in Part 1 of the 1st Schedule to the Accountants Act, 1967; or
  b) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule to the Accountants Act, 1967.
iii. fulfills such other requirements as prescribed or approved by Bursa Securities.

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

2. Attendance At Meetings

The Group Financial Controller, Financial Controller, the Internal Auditors and representative of the External Auditors normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee, specific to the relevant meeting.

The Company Secretaries shall be the Secretaries of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

3. Frequency and Procedures of Meetings

i. Meetings shall be held not less than four times a financial year.
ii. The Committee shall regulate its own procedures, in particular:
  a) the calling of meetings;
  b) the notice to be given of such meetings;
  c) the voting and proceedings of such meetings;
  d) the keeping of the minutes; and
  e) the custody, production and inspection of such minutes.

During the financial year 2016, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the year was 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	4	4
Chan Weng Hoong	4	4
Cheang Kwan Chow	4	4

The details of training attended by the above members are tabulated below:

Name	Organiser	Topic / Title	Date
Gan Kim Guan	The Malaysian Institute of Certified Public Accountants	Updates of The 2014 & 2015 IFRS-Compliant MFRS-Preparing MFRS-Compliant Financial Statements in 2014, 2015 And Thereafter	8 & 9 Jul 2015
	Lembaga Hasil Dalam Negeri Malaysia & Chartered Tax Institute of Malaysia	National Tax Conference 2015	25 & 26 Aug 2015
	The Malaysian Institute of Certified Public Accountants	Strategic Tax Planning For Corporate Restructuring	22 Oct 2015
	Lembaga Hasil Dalam Negeri Malaysia	Seminar Percukaian Kebangsaan 2015	29 Oct 2015
	Malaysian Institute of Accountants	C-Suite RISK Conference	19 Jan 2016
Chang Weng Hoong	Centre for Management Technology	7th Palm Oil and Rubber Summit	19-21 Oct 2015
Cheang Kwan Chow	The Institute of Internal Auditors Malaysia	Understanding GST Risk	11 June 2015

4. Functions

The Committee shall amongst others, discharge the following functions:

i. To review the following and report on the same to the Board:-
   a. with the External Auditors, the audit plan;
   b. with the External Auditors, their evaluation of the system of internal control;
   c. with the External Auditors, the audit report;
   d. the assistance given by employees of the Group to the External Auditors;
   e. the adequacy of the scope, functions, competency and resources of the Internal Auditors and that they have the necessary authority to carry out their work;
   f. the internal audit program, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
   g. any major findings of internal investigations and management's response;

h. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, particularly on:
   - any changes in or implementation of major accounting policies;
   - major judgemental areas;
   - significant adjustments resulting from the audit;
   - the going concern assumption;
   - significant and unusual events; and
   - compliance with accounting standards and other legal requirements.
i. to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
j. the External Auditor's management letter and management's response;
k. any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
l. to consider the audit fee of the External Auditors;
m. to consider the appointment of the External Auditors and any letter of resignation from the External Auditors of the Company and to deal with any questions of resignation or dismissal;
n. to recommend the nomination of a person or persons as External Auditors;
o. to promptly report to Bursa Securities if a matter reported by the Audit Committee to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
p. to ensure financial statements comply with applicable Financial Reporting Standards;
q. the adequacy of the Audit Committee's policies and procedures for the provision of non-audit services by the Group's auditors;
r. to obtain a written confirmation from the External Auditors on an annual basis or at any time as the Audit Committee may request, 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;
s. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for reappointment;
t. to consider the appointment of the Internal Auditors, the fees and any questions of nomination, resignations or dismissal;
u. to assess 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 the Management; and
v. to consider other topics, as defined by the Board.

5. Rights

The Committee shall, in accordance with the procedures determined by the Board and at the cost of the Company:

a. have authority to investigate any matter within its Terms of Reference;
b. have the resources which are required to perform its duties;
c. have full and unrestricted access to all information and documents relevant to its activities as well as direct communication channels with the External Auditors, person(s) carrying out the internal audit function or activity and the Senior Management of the Group;
d. be able to obtain independent professional advice; and
e. be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Executive Directors and employees of the Company, whenever deemed necessary.

6. 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 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 2016, 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, the Internal Auditors and the respective Management response were circulated to members of the Committee before each Meeting.

The main activities 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 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 of the Company;
- 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 application of the corporate governance principles and the extent of the Group's compliance with the Code in conjunction with the preparation of the Statement on Corporate Governance and Statement on Risk Management and Internal Control.

External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2016 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 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;
- Reviewed and evaluated the External Auditors' performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration; and
- Held independent meeting (without the presence of Management) with the External Auditors.

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.

Risk Management

- Reviewed the Risk Management Committee's reports and assessment.

Related Party Transactions

- The Audit Committee reviewed all significant related party transactions entered by the Group and by 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 reports to the Board of Directors about the Committee's activities, issues and related recommendations.
- Provides an open avenue of communication between Internal Audit, 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.

This Report is made in accordance with a resolution of the Board of Directors dated 29 March 2016.

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Gooi Seong Lim
		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 of at least three (3) Directors, wholly or a majority of whom are Non-Executive Directors.

The members of the Committee shall elect the Chairman from amongst their members who shall be a Non-Executive Director.

In order to form a quorum in respect of a meeting of the Committee, the members present must be wholly or a majority of whom must be Non-Executive 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 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.

(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 once during the financial year 2016. 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
Gooi Seong Lim	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 structure of the remuneration package for each of the Executive Directors; and
- Reviewed the performance bonuses for each of the Executive Directors.

This Report is made in accordance with a resolution of the Board of Directors dated 29 March 2016.

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. In order to form a quorum in respect of a meeting of the Committee, the members present must be wholly or a majority of whom must 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 to recommend new nominees for the Board and the Board Committees and to assess Directors on an ongoing basis. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

(4) Duty

The duties of the Committee shall be:

i. to recommend to the Board, candidates for all directorships taking into consideration the candidates' qualification, character, skill, knowledge, expertise, experience, professionalism, integrity, competence and time commitment and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder may also be considered;
ii. to recommend to the Board, Directors to fill the seats in board committees;
iii. to review annually, on behalf of the Board, the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board, independence and diversity (including gender diversity) required to meet the needs of the Company;
iv. to carry out annually, on behalf of the Board, the assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each individual Director; and
v. to establish a formal and transparent procedures for appointing of new Directors to the Board and make recommendations which include establishing selection criteria, short listing, assessing and evaluating suitable candidates against selection criteria and Board's requirements.

(5) Reporting Procedures

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

REPORT OF THE NOMINATING COMMITTEE

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2016.

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:

a) Reviewed the re-election of Directors retiring at the AGM under Articles 77 of the Article of Association;
b) Assessed the independence of Independent Directors;
c) Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
d) Reviewed the effectiveness of the Board as a whole, the Board Committees and contribution of each Director; and
e) Reviewed and recommended retention of Independent Director who has served for a cumulative period of nine years.

This Report is made in accordance with a resolution of the Board of Directors dated 29 March 2016.

FINANCIAL STATEMENTS

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 2016.

Principal activities

The principal activities of the Company are those of cultivation of oil palm and investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit attributable to:		
Owners of the Company	73,782,521	55,442,938
Non-controlling interests	11,881,414	-
Profit net of tax	85,663,935	55,442,938

Reserves and provisions

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 2015 were as follows:

	RM
In respect of the financial year ended 31 January 2015:	
- Final single-tier dividend of 6 sen per share on 311,231,569 ordinary shares, paid on 28 August 2015	18,673,894
In respect of the financial year ended 31 January 2016:	
- Special single-tier dividend of 10 sen per share on 311,231,569 ordinary shares, paid on 28 August 2015	31,123,157
- Interim single-tier dividend of 7 sen per share on 311,231,569 ordinary shares, paid on 20 November 2015	21,786,210
	71,583,261

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2016, of 6 sen per ordinary share 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 2017.

The proposed final dividend of RM18,673,294 is subject to change in proportion to the changes in the Company's issued and paid up capital, if any.

Directors

The names of the Directors of the Company in office since the date of the last report and at 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	(Appointed on 31.3.2016 as Alternate Director to Gooi Seong Lim)
Gooi Chuen Kang	(Appointed on 31.3.2016 as Alternate Director to Gooi Seong Heen)

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 in Note 10 to the financial statements) 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 30 to the financial statements.

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:

	Number of ordinary shares of RM1 each			
The Company	**1.2.2015**	**Acquired**	**Sold**	**31.1.2016**
Gooi Seong Lim				
- direct interest	1,163,552	-	480,000	683,552
- indirect interest	199,442,101	-	-	199,442,101
Gooi Seong Heen				
- direct interest	1,767,912	-	-	1,767,912
- indirect interest	198,106,102	-	-	198,106,102
Gooi Seong Chneh				
- direct interest	1,627,912	-	-	1,627,912
- indirect interest	198,106,102	-	-	198,106,102
Gooi Seong Gum				
- direct interest	132,600	-	-	132,600
- indirect interest	198,162,102	-	-	198,162,102

Directors' interests (cont'd)

Holding company	Number of ordinary shares of RM100 each 1.2.2015	Acquired	Sold	31.1.2016
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

Related corporation	Number of ordinary shares of RM1 each 1.2.2015	Acquired	Sold	31.1.2016
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	1,340,452	-	210,000	1,130,452
- indirect interest	144,917,805	51,445,981	300,000	196,063,786
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	141,070,133	51,445,981	300,000	192,216,114
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	141,002,133	51,445,981	300,000	192,148,114
Gooi Seong Gum				
- indirect interest	141,002,133	51,445,981	300,000	192,148,114

Directors' interests (cont'd)

Related corporation	Number of irredeemable convertible unsecured loan stocks 2009/2016 at nominal value of RM1 each 1.2.2015	Acquired	Converted	31.1.2016
Crescendo Corporation Berhad				
Gooi Seong Lim				
- indirect interest	51,445,981	-	51,445,981	-
Gooi Seong Heen				
- indirect interest	51,445,981	-	51,445,981	-
Gooi Seong Chneh				
- indirect interest	51,445,981	-	51,445,981	-
Gooi Seong Gum				
- indirect interest	51,445,981	-	51,445,981	-

Related corporation	Number of ordinary shares of RM1 each 1.2.2015	Acquired	Sold	31.1.2016
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

Directors' interests (cont'd)

Related corporation	Number of ordinary shares of RM1 each 1.2.2015	Acquired	Sold	31.1.2016
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

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, 695,100 ordinary shares of RM1 each were issued by virtue of the exercise of 2,800 share options (at RM1.19 per share), 145,400 share options (at RM2.27 per share), 8,000 share options (at RM1.75 per share), 68,000 share options (at RM2.12 per share), 97,500 share options (at RM2.00 per share), 174,700 share options (at RM2.42 per share), 38,700 share options (at RM2.01 per share), 152,000 shares options (at RM2.48 per share) and 8,000 share options (at RM2.64 per share) granted pursuant to the Company's Employees' Share Option Scheme.

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.

Employees' share option scheme

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 18 March 2005 for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders on 26 January 2005. On 30 March 2009, the Directors approved the extension of the ESOS period for another 5 years from 17 March 2010.

The main features of the ESOS are:

(i) The total number of new ordinary shares to be issued by the Company under the ESOS shall not exceed 15% of the total issued and paid up ordinary shares of the Company, and such that not more than 50% of the shares available under ESOS is allocated in aggregate to the Directors and senior management.

(ii) Not more than 10% of the shares available under ESOS is to be allocated to any individual Director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid up capital of the Company.

(iii) Only employees and Executive Directors of the Group are eligible to participate in the scheme. Executive Directors are those involved in a full time day-to-day managerial and executive capacity in any company within the Group and on the payroll of the Group.

(iv) The option price under the ESOS is the five (5) days weighted average market price of the shares of the Company at the time the option is granted, subject to a discount of not more than ten percent (10%), which the Company may at its discretion decide to give, or the par value of the shares of the Company of RM1, whichever is the higher.

(v) The options granted will be valid up to the extended expiry date of the ESOS on 17 March 2015.

(vi) An option holder may, in a particular year, exercise up to such maximum number of shares as specified in the option certificate in accordance with By-law 7.4.

(vii) The persons to whom the options are granted have no right to participate by virtue of the options in any shares of any other company within the Group.

(viii) Eligible employees are those who have been employed for at least three calendar months of continuous service, after the probation period, and is confirmed in full time service in any company within the Group.

The above employees' share option scheme expired on 17 March 2015.

Treasury shares

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at an average price of RM3.08 per share. The total consideration paid for the repurchase including transaction costs was RM61,972. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

At 31 January 2016, the Company held as treasury shares a total of 582,000 of its 311,803,569 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,557,862 and further relevant details are disclosed in Note 23(b) to the financial statements.

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.

(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.

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.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 May 2016.

Gooi Seong Heen **Gooi Seong Chneh**

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 71 to 137 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 May 2016.

Gooi Seong Heen **Gooi Seong Chneh**

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 71 to 138 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 12 May 2016) **Chow Kok Hiang**

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM LOONG RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of Kim Loong Resources Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 January 2016, 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 71 to 137 .

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair value of the financial position of the Group and of the Company and of its financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Act.

Other matters

The supplementary information set out in Note 39 to the financial statements on page 138 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Lee Ming Li
2983 / 03 / 18(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 12 May 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	4	757,730,390	774,925,361	18,896,117	19,028,216
Cost of sales	5	(619,678,486)	(623,220,423)	(10,118,794)	(8,749,145)
Gross profit		138,051,904	151,704,938	8,777,323	10,279,071
Other items of income	6	9,900,255	11,400,772	66,898,391	57,730,374
Other items of expense					
Distribution cost		(18,405,683)	(17,097,139)	(1,087,445)	(626,619)
Administrative expenses		(17,819,725)	(19,413,833)	(15,165,769)	(10,242,692)
Finance costs	7	(1,047,848)	(1,274,101)	-	-
Other expenses		(3,099,539)	(6,458,060)	(175,734)	(265,533)
Profit before tax	8	107,579,364	118,862,577	59,246,766	56,874,601
Tax	11	(21,915,429)	(29,173,592)	(3,803,828)	(3,801,202)
Profit net of tax		85,663,935	89,688,985	55,442,938	53,073,399
Other comprehensive income					
Net movement on cash flow hedge		-	5,807	-	-
Tax relating to cash flow hedge		-	(1,452)	-	-
Increase in reserve arising from:					
- disposal of assets		-	23,515	-	-
- reduction in tax rate		-	597,199	-	179,680
Other comprehensive income for the year, net of tax		-	625,069	-	179,680
Total comprehensive income for the year		85,663,935	90,314,054	55,442,938	53,253,079
Profit attributable to:					
Owners of the Company		73,782,521	75,279,440	55,442,938	53,073,399
Non-controlling interests		11,881,414	14,409,545	-	-
		85,663,935	89,688,985	55,442,938	53,073,399
Total comprehensive income attributable to:					
Owners of the Company		73,782,521	75,810,562	55,442,938	53,253,079
Non-controlling interests		11,881,414	14,503,492	-	-
		85,663,935	90,314,054	55,442,938	53,253,079
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	23.71	24.31		
- Diluted	12	N/A	24.30		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Property, plant and equipment	13	394,724,514	390,071,793
Land use rights	14	2,248,458	2,363,118
Biological assets	15	84,988,518	83,124,609
Deferred tax assets	22	13,522,000	11,011,500
		495,483,490	486,571,020
Current assets			
Inventories	17	43,956,339	26,060,646
Trade and other receivables	18	28,430,535	17,640,182
Prepayments		5,293,420	4,253,373
Tax recoverable		415,226	188,777
Cash and bank balances	19	231,474,848	271,482,082
		309,570,368	319,625,060
Total assets		805,053,858	806,196,080
Equity and liabilities			
Current liabilities			
Trade and other payables	20	51,759,073	45,994,982
Loans and borrowings	21	17,724,672	20,943,421
Tax payable		3,602,498	3,532,811
		73,086,243	70,471,214
Net current assets		236,484,125	249,153,846
Non-current liabilities			
Other payables	20	271,693	1,208,839
Loans and borrowings	21	25,595,000	32,965,000
Deferred tax liabilities	22	51,887,425	51,530,101
		77,754,118	85,703,940
Total liabilities		150,840,361	156,175,154
Net assets		654,213,497	650,020,926
Equity attributable to owners of the Company			
Share capital	23	311,803,569	311,108,469
Share premium	25	6,626,014	5,505,048
Treasury shares	23(b)	(1,557,862)	(1,495,890)
Other reserves	24	39,169,756	40,762,913
Retained earnings		223,921,427	220,271,207
		579,962,904	576,151,747
Non-controlling interests		74,250,593	73,869,179
Total equity		654,213,497	650,020,926
Total equity and liabilities		805,053,858	806,196,080

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Property, plant and equipment	13	71,158,313	71,591,225
Biological assets	15	14,950,154	12,638,789
Investments in subsidiaries	16	45,919,213	45,925,151
Other receivables	18	91,490,669	82,387,480
		223,518,349	212,542,645
Current assets			
Inventories	17	241,788	180,749
Trade and other receivables	18	46,238,433	29,140,117
Prepayments		443,954	123,917
Cash and bank balances	19	96,246,750	137,577,721
		143,170,925	167,022,504
Total assets		366,689,274	379,565,149
Equity and liabilities			
Current liabilities			
Trade and other payables	20	3,874,499	3,170,687
Tax payable		507,050	166,383
		4,381,549	3,337,070
Net current assets		138,789,376	163,685,434
Non-current liability			
Deferred tax liabilities	22	13,187,354	12,579,282
Total liabilities		17,568,903	15,916,352
Net assets		349,120,371	363,648,797
Equity attributable to owners of the Company			
Share capital	23	311,803,569	311,108,469
Share premium	25	6,626,014	5,505,048
Treasury shares	23(b)	(1,557,862)	(1,495,890)
Other reserves	24	13,449,029	14,416,366
Retained earnings	28	18,799,621	34,114,804
Total equity		349,120,371	363,648,797
Total equity and liabilities		366,689,274	379,565,149

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 2016

			Attributable to owners of the Company									
					Non-Distributable					Distributable		
	Note	Total equity	Total	Share capital (Note 23)	Share premium (Note 25)	Other reserves, total	Revaluation reserve (Note 26)	Option reserve (Note 27)	Hedging reserve	Retained earnings	Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2015		650,020,926	576,151,747	311,108,469	5,505,048	40,762,913	40,002,300	760,613	-	220,271,207	(1,495,890)	73,869,179
Changes in equity for the year:												
Realisation of revaluation surplus on leasehold land, net of tax	29	-	-	-	-	(832,544)	(832,544)	-	-	832,544	-	-
Total comprehensive income		85,663,935	73,782,521	-	-	-	-	-	-	73,782,521	-	11,881,414
Transactions with owners												
Share-based payment under ESOS		95,788	95,788	-	-	95,788	-	95,788	-	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	-	237,985	(237,985)	-	(237,985)	-	-	-	-
Issue of shares pursuant to exercise of ESOS		1,585,191	1,585,191	695,100	890,091	-	-	-	-	-	-	-
Expenses in relation to issuance of shares		(7,110)	(7,110)	-	(7,110)	-	-	-	-	-	-	-
Transfer to reserve upon expiry of ESOS		-	-	-	-	(618,416)	-	(618,416)	-	618,416	-	-
Buy-back of shares	23(b)	(61,972)	(61,972)	-	-	-	-	-	-	-	(61,972)	-

			Attributable to owners of the Company									
				Non-Distributable						Distributable		
	Note	Total equity RM	Total RM	Share capital (Note 23) RM	Share premium (Note 25) RM	Other reserves, total RM	Revaluation reserve (Note 26) RM	Option reserve (Note 27) RM	Hedging reserve RM	Retained earnings RM	Treasury shares RM	Non-controlling interests RM
Transactions with owners (cont'd)												
Dividends paid to non-controlling interests		(11,500,000)	-	-	-	-	-	-	-	-	-	(11,500,000)
Dividends for the year ended												
- 31 January 2015	37	(18,673,894)	(18,673,894)	-	-	-	-	-	-	(18,673,894)	-	-
- 31 January 2016	37	(52,909,367)	(52,909,367)	-	-	-	-	-	-	(52,909,367)	-	-
Total transactions with owners		(81,471,364)	(69,971,364)	695,100	1,120,966	(760,613)	-	(760,613)	-	(70,964,845)	(61,972)	(11,500,000)
At 31 January 2016		654,213,497	579,962,904	311,803,569	6,626,014	39,169,756	39,169,756	-	-	223,921,427	(1,557,862)	74,250,593

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 2016 (CONT'D)

			Attributable to owners of the Company									
				Non-Distributable					Distributable			
	Note	Total equity	Total	Share capital (Note 23)	Share premium (Note 25)	Other reserves, total	Revaluation reserve (Note 26)	Option reserve (Note 27)	Hedging reserve	Retained earnings	Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2014		618,270,849	542,736,264	308,958,069	2,501,862	41,150,447	40,392,617	760,495	(2,665)	190,628,889	(503,003)	75,534,585
Changes in equity for the year:												
Realisation of revaluation surplus on leasehold land, net of tax	29	-	-	-	-	(825,670)	(825,670)	-	-	825,670	-	-
Realisation of revaluation surplus on leasehold land, upon compulsory acquisition		-	-	-	-	(93,104)	(93,104)	-	-	93,104	-	-
Profit for the year		89,688,985	75,279,440	-	-	-	-	-	-	75,279,440	-	14,409,545
Other comprehensive income		625,069	531,122	-	-	531,122	528,457	-	2,665	-	-	93,947
Total comprehensive income		90,314,054	75,810,562	-	-	531,122	528,457	-	2,665	75,279,440	-	14,503,492
Transactions with owners												
Share-based payment under ESOS		705,104	705,104	-	-	705,104	-	705,104	-	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	-	704,986	(704,986)	-	(704,986)	-	-	-	-
Issue of shares pursuant to exercise of ESOS		4,487,916	4,487,916	2,150,400	2,337,516	-	-	-	-	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016 (CONT'D)

			Attributable to owners of the Company									
					Non-Distributable					Distributable		
	Note	Total equity RM	Total RM	Share capital (Note 23) RM	Share premium (Note 25) RM	Other reserves, total RM	Revaluation reserve (Note 26) RM	Option reserve (Note 27) RM	Hedging reserve RM	Retained earnings RM	Treasury shares RM	Non-controlling interests RM
Transactions with owners (cont'd)												
Expenses in relation to issuance of shares		(39,316)	(39,316)	-	(39,316)	-	-	-	-	-	-	-
Buy-back of shares	23(b)	(992,887)	(992,887)	-	-	-	-	-	-	-	(992,887)	-
Acquisition from non-controlling interests		(375,620)	-	-	-	-	-	-	-	-	-	(375,620)
Dilution of interests in subsidiary company		-	(11,722)	-	-	-	-	-	-	(11,722)	-	11,722
Issuance of shares to non-controlling interests of subsidiary companies		55,000	-	-	-	-	-	-	-	-	-	55,000
Dividends paid to non-controlling interests		(15,860,000)	-	-	-	-	-	-	-	-	-	(15,860,000)
Dividends for the year ended												
- 31 January 2014	37	(24,815,357)	(24,815,357)	-	-	-	-	-	-	(24,815,357)	-	-
- 31 January 2015	37	(21,728,817)	(21,728,817)	-	-	-	-	-	-	(21,728,817)	-	-
Total transactions with owners		(58,563,977)	(42,395,079)	2,150,400	3,003,186	118	-	118	-	(46,555,896)	(992,887)	(16,168,898)
At 31 January 2015		650,020,926	576,151,747	311,108,469	5,505,048	40,762,913	40,002,300	760,613	-	220,271,207	(1,495,890)	73,869,179

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 2016

				Non-distributable			Distributable	
	Note	Total equity RM	Share capital (Note 23) RM	Share premium (Note 25) RM	Revaluation reserve (Note 26) RM	Option reserve (Note 27) RM	Retained earnings RM	Treasury shares RM
At 1 February 2015		363,648,797	311,108,469	5,505,048	13,655,753	760,613	34,114,804	(1,495,890)
Changes in equity for the year:								
Realisation of revaluation surplus on leasehold land, net of tax	29	-	-	-	(206,724)	-	206,724	-
Total comprehensive income		55,442,938	-	-	-	-	55,442,938	-
Transactions with owners								
Share-based payment under ESOS		95,788	-	-	-	95,788	-	-
Transfer of reserve arising from exercise of ESOS		-	-	237,985	-	(237,985)	-	-
Issue of shares pursuant to exercise of ESOS		1,585,191	695,100	890,091	-	-	-	-
Expenses in relation to issuance of shares		(7,110)	-	(7,110)	-	-	-	-
Transfer of reserve upon expiry of ESOS		-	-	-	-	(618,416)	618,416	-
Buy-back of shares	23(b)	(61,972)	-	-	-	-	-	(61,972)
Dividends for the year ended								
- 31 January 2015	37	(18,673,894)	-	-	-	-	(18,673,894)	-
- 31 January 2016	37	(52,909,367)	-	-	-	-	(52,909,367)	-
Total transactions with owners		(69,971,364)	695,100	1,120,966	-	(760,613)	(70,964,845)	(61,972)
At 31 January 2016		349,120,371	311,803,569	6,626,014	13,449,029	-	18,799,621	(1,557,862)

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

	Note	Total equity RM	Share capital (Note 23) RM	Non-distributable: Share premium (Note 25) RM	Non-distributable: Revaluation reserve (Note 26) RM	Non-distributable: Option reserve (Note 27) RM	Distributable: Retained earnings RM	Distributable: Treasury shares RM
At 1 February 2014		352,779,075	308,958,069	2,501,862	13,680,061	760,495	27,381,591	(503,003)
Changes in equity for the year:								
Realisation of revaluation surplus on leasehold land, net of tax	29	-	-	-	(203,988)	-	203,988	-
Profit for the year		53,073,399	-	-	-	-	53,073,399	-
Other comprehensive income		179,680	-	-	179,680	-	-	-
Total comprehensive income		53,253,079	-	-	179,680	-	53,073,399	-
Transactions with owners								
Share-based payment under ESOS		705,104	-	-	-	705,104	-	-
Transfer of reserve arising from exercise of ESOS		-	-	704,986	-	(704,986)	-	-
Issue of shares pursuant to exercise of ESOS		4,487,916	2,150,400	2,337,516	-	-	-	-
Expenses in relation to issuance of shares		(39,316)	-	(39,316)	-	-	-	-
Buy-back of shares	23(b)	(992,887)	-	-	-	-	-	(992,887)
Dividends for the year ended								
- 31 January 2014	37	(24,815,357)	-	-	-	-	(24,815,357)	-
- 31 January 2015	37	(21,728,817)	-	-	-	-	(21,728,817)	-
Total transactions with owners		(42,383,357)	2,150,400	3,003,186	-	118	(46,544,174)	(992,887)
At 31 January 2015		363,648,797	311,108,469	5,505,048	13,655,753	760,613	34,114,804	(1,495,890)

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 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Operating activities				
Cash receipts from customers	749,674,839	778,519,650	25,362,431	24,021,894
Rental received	182,630	167,460	36,000	36,000
Interest received	8,774,309	8,307,272	11,318,240	10,442,322
Dividends received	-	-	49,450,000	42,550,000
Cash paid to suppliers and employees	(644,779,997)	(614,934,126)	(19,504,657)	(17,022,426)
Cash generated from operations	113,851,781	172,060,256	66,662,014	60,027,790
Interest paid	(1,012,001)	(1,129,773)	-	-
Net tax paid	(24,225,367)	(29,196,912)	(2,855,089)	(3,383,747)
Net cash generated from operating activities	88,614,413	141,733,571	63,806,925	56,644,043
Investing activities				
Acquisition of biological assets, land use rights and property plant and equipment (Note a)	(35,906,593)	(43,817,215)	(4,558,607)	(5,326,779)
Advances to subsidiaries	-	-	(32,526,838)	(8,052,719)
Repayments from subsidiaries	-	-	1,918,701	26,379,186
Additional investment in existing subsidiaries	-	(322,000)	-	-
Net cash effects of disposal of subsidiary company (Note b)	5,805	-	-	-
Interest paid	(1,202,776)	(1,064,949)	-	-
Proceeds from compulsory acquisition	-	471,582	-	-
Proceeds from disposal of subsidiary company	-	-	6,000	-
Proceeds from disposal of property, plant and equipment	637,818	257,247	90,000	40,000
Net cash (used in)/generated from investing activities	(36,465,746)	(44,475,335)	(35,070,744)	13,039,688
Financing activities				
Dividends paid	(71,583,261)	(46,544,174)	(71,583,261)	(46,544,174)
Dividends paid to non-controlling interests	(11,500,000)	(15,860,000)	-	-
Expenses paid in relation to issuance of shares	(7,110)	(39,316)	(7,110)	(39,316)
Proceeds from issuance of shares to non-controlling interests	-	55,000	-	-
Proceeds from issuance of shares	1,585,191	4,487,916	1,585,191	4,487,916
Proceeds from bank borrowings	-	8,335,000	-	-
Repayments of bank borrowings	(6,022,000)	(5,247,000)	-	-
Purchase of treasury shares	(61,972)	(992,887)	(61,972)	(992,887)
Net cash used in financing activities	(87,589,152)	(55,805,461)	(70,067,152)	(43,088,461)
Net (decrease)/increase in cash and cash equivalents	(35,440,485)	41,452,775	(41,330,971)	26,595,270
Cash and cash equivalents at beginning of the year	264,060,661	222,607,886	137,577,721	110,982,451
Cash and cash equivalents at the end of the year (Note 19)	228,620,176	264,060,661	96,246,750	137,577,721

Note a : Acquisition of biological assets, land use rights and property, plant and equipment

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Biological assets, land use rights and property, plant and equipment acquired	37,217,448	45,733,433	4,260,562	5,423,773
Less expenses capitalised:				
- depreciation and amortisation	(306,974)	(424,140)	(141,552)	(269,401)
- interest	(1,199,200)	(1,053,140)	-	-
Cash paid in respect of prior year's acquisition	2,826,005	2,503,539	439,597	612,004
Unpaid balances of current year's acquisition included under payables	(2,375,438)	(2,136,287)	-	(439,597)
Prepayment/deposits paid in prior years	(760,190)	(1,238,880)	-	-
Prepayment/deposits paid in current year	504,942	432,690	-	-
Cash paid	35,906,593	43,817,215	4,558,607	5,326,779

Note b : Net cash effects of disposal of subsidiary company

	Group	
	2016 RM	2015 RM
Current assets	195	-
Value of net assets disposed of	195	-
Gain on disposal	5,805	-
Total consideration	6,000	-
Less: Cash and cash equivalents in subsidiary disposed of	(195)	-
Net cash effects	5,805	-

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 2016

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 of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

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 Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted amended FRS which are mandatory for financial periods beginning on or after 1 February 2015 as described fully in Note 2.2.

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").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2015, the Group and the Company adopted the following amended FRS which are relevant to the operations of the Group and of the Company for financial year ended 31 January 2016:

Description

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010-2012 Cycle
Annual Improvements to FRSs 2011-2013 Cycle

Adoption of the above standards did not have any effect on the financial performance or position of the Group and of the Company.

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

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Group and the Company have not completed its assessment of the financial effects and intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards and amendments will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group and the Company are in the midst of assessing the impact of adopting the MFRS Framework.

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.

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

2.4 Basis of consolidation (cont'd)

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 activates at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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. Summary of significant accounting policies (cont'd)

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.

(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

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.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

2.8 Property, plant and equipment (cont'd)

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

The carrying values of property, plant and equipment 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 is 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

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 capitalised under biological assets and is not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping cost is amortised on a straight line basis over 20 years.

All replanting expenditure is also capitalised in biological assets and amortised on the above-mentioned basis.

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.

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

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include the following:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives and excluding those that are hedge accounted for) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2.13 Impairment of financial assets (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 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 and of the Company's cash management.

2.15 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.

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

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 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 32, 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. Summary of significant accounting policies (cont'd)

2.19 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.

2.20 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.

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iii) Management fees

Management fee income is recognised on the accrual basis.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(v) 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.

2.22 Borrowing cost

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. Summary of significant accounting policies (cont'd)

2.23 Income 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.

(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 statement of financial position.

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

2.24 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.

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

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

2.26 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 2.21(v).

2.27 Hedge accounting

The Group and the Company use derivatives to manage its exposure to interest rate risk and commodity price risk. These derivatives comprise interest rate swap contracts and commodity swap contracts. The Group and the Company apply hedge accounting for those interest rate swap contracts and commodity swap 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. Summary of significant accounting policies (cont'd)

2.28 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.

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.

2.29 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.

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

2.29 Current versus non-current classification (cont'd)

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.

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

FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment 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 found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(ii) Biological Assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's and Company's oil palms to be 20 years.

(iii) 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.

4. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of:				
Fresh fruit bunches	20,748,899	26,248,752	18,896,117	19,028,216
Palm oil milling products	736,981,491	748,676,609	-	-
	757,730,390	774,925,361	18,896,117	19,028,216

5. Cost of sales

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fresh fruit bunches	16,439,015	18,221,671	10,118,794	8,749,145
Palm oil milling products	603,239,471	604,998,752	-	-
	619,678,486	623,220,423	10,118,794	8,749,145

6. Other items of income

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest income	8,724,214	8,349,017	11,250,646	10,524,341
Rental income	182,630	167,460	36,000	36,000
Sundry income	760,242	1,114,981	254,959	274,129
Commission received	-	-	1,060,153	1,208,222
Management fee income	124,165	124,165	4,815,782	3,097,683
Discount on acquisition of interests in a subsidiary	-	53,620	-	-
Gain on compulsory acquisition of land	-	1,505,587	-	-
Gain on disposal of property, plant and equipment	103,199	85,942	30,789	39,999
Gain on disposal of subsidiary company	5,805	-	62	-
Dividend income from subsidiaries	-	-	49,450,000	42,550,000
	9,900,255	11,400,772	66,898,391	57,730,374

7. Finance costs

	Group 2016 RM	Group 2015 RM
Interest expense on:		
- bank borrowings	2,184,194	2,204,497
- other payables	62,854	122,744
	2,247,048	2,327,241
Less: Interest capitalised in biological assets (Note 15)	(1,199,200)	(1,053,140)
	1,047,848	1,274,101

The interest expense on other payables arose as a result of the remeasurement of the outstanding amount to its amortised cost.

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Auditors' remuneration				
- Statutory audit	257,500	242,000	49,000	47,000
- Other services	6,000	6,000	6,000	6,000
Employee benefit expenses (Note 9)	54,911,352	51,144,803	11,667,269	11,394,738
Depreciation and amortisation:				
- property, plant and equipment (Note 13)	21,824,366	20,328,412	1,533,269	1,356,219
- land use rights (Note 14)	114,660	114,660	-	-
- biological assets (Note 15)	5,797,305	5,518,663	563,989	290,499
Write off of:				
- property, plant and equipment (Note 32 A)	675,481	701,095	84,082	157,293
- biological assets (Note 32 A)	6	-	6	-
- bad debts (Note 32 A)	166,316	120,157	23,097	457,705
- inventories (Note 32 A)	13,241	13,690	10,122	-
Reversal of write down of inventories (Note 17)	-	(233,901)	-	-
Write down of inventories (Note 17 and Note 32 A)	270,667	103,056	-	-
Allowance for impairment losses on:				
- property, plant and equipment (Note 13)	1,414,521	1,744,039	-	-
- biological assets (Note 15)	-	1,188,621	-	-
- other receivables (Note 18)	-	-	5,278,619	-
(Gain)/Loss on disposal of subsidiary company	(5,805)	-	(62)	4,947
Fair value loss on derivatives				
- realised	57,899	2,197,676	-	-
Preliminary expenses	-	450	-	-
Rental of premises	301,391	294,891	209,431	209,431
Gain on disposal of property, plant and equipment	(103,199)	(85,942)	(30,789)	(39,999)
Loss on disposal of property, plant and equipment (Note 32 A)	132,905	57,350	-	-
Rental income	(182,630)	(167,460)	(36,000)	(36,000)
Gross dividend income from:				
- subsidiaries	-	-	(49,450,000)	(42,550,000)
Interest income from :				
- deposits	(8,657,254)	(8,282,057)	(4,085,145)	(3,948,350)
- subsidiaries	-	-	(7,098,541)	(6,509,031)
- others	(66,960)	(66,960)	(66,960)	(66,960)

9. Employee benefit expenses

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Salaries, wages and bonuses	52,837,931	48,762,799	11,367,030	10,441,008
Defined contribution plan	3,388,243	3,090,653	995,192	890,567
Social security costs	270,949	237,737	27,700	24,707
Human Resources Development ("HRD") fund	60,164	64,469	-	-
Provision for unutilised leave (Note 20(c) and 32 A)	50,661	45,796	50,661	45,796
Share options granted under ESOS (Note 32 A)	95,788	705,104	95,788	705,104
Total employee benefit expenses	56,703,736	52,906,558	12,536,371	12,107,182
Amount capitalised in biological assets (Note 15)	(1,792,384)	(1,761,755)	(869,102)	(712,444)
Total employee benefit expenses recognised in profit or loss	54,911,352	51,144,803	11,667,269	11,394,738

Included in employee benefit expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM4,985,924 (2015 : RM4,388,033) and RM3,223,477 (2015 : RM3,074,355) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Directors of the Company				
Executive:				
Fees	318,000	318,000	-	-
Salaries and other emoluments	4,119,535	3,591,935	2,852,285	2,708,935
Defined contribution plan	530,455	461,900	369,775	351,140
Social security costs	17,934	1,918	1,417	-
Share options granted under ESOS	-	14,280	-	14,280
	4,985,924	4,388,033	3,223,477	3,074,355
Estimated monetary value of benefits-in-kind	29,212	18,915	29,212	18,915
	5,015,136	4,406,948	3,252,689	3,093,270
Non-Executive :				
Fees	204,000	204,000	204,000	204,000
Other emoluments	6,000	6,000	6,000	6,000
	210,000	210,000	210,000	210,000
	5,225,136	4,616,948	3,462,689	3,303,270

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	
	2016	**2015**
Executive Directors:		
RM600,001 - RM650,000	1	1
RM750,001 - RM800,000	1	2
RM800,001 - RM850,000	1	-
RM950,001 - RM1,000,000	-	1
RM1,000,001 - RM1,050,000	1	-
Non-executive Directors:		
RM50,001 - RM100,000	3	3

11. Tax

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Income tax:				
- Current year	23,966,925	28,875,166	3,178,000	3,322,000
- Under/(over)provision in prior years	101,680	(36,648)	17,756	(3,082)
	24,068,605	28,838,518	3,195,756	3,318,918
Deferred tax (Note 22) :				
- Relating to origination and reversal of temporary differences	(762,976)	1,022,490	630,072	761,200
- (Under)/overprovision of assets in prior years	(1,344,500)	283,000	-	-
- (Over)/underprovision of liabilities in prior years	(45,700)	99,000	(22,000)	65,000
- Reduction in Malaysia income tax rate	-	(1,069,416)	-	(343,916)
	(2,153,176)	335,074	608,072	482,284
	21,915,429	29,173,592	3,803,828	3,801,202

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

11. Tax (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:

	2016 RM	2015 RM
Group		
Profit before tax	107,579,364	118,862,577
Taxation at Malaysian statutory tax rate of 24% (2015 : 25%)	25,819,047	29,715,644
Tax effects of:		
- Expenses not deductible for tax purposes	1,276,008	1,899,208
- Income not subject to tax	(213,669)	(831,677)
- Deferred tax assets not recognised during the year on deductible temporary differences	75,238	298,899
- Double deductions	(40,382)	(43,226)
- Reinvestment allowance	(3,712,293)	(1,139,870)
- Utilisation of previously unrecognised deferred tax assets	-	(1,322)
- Reduction in Malaysia tax rate in deferred taxation	-	(1,069,416)
Under/(over)provision of income tax expense in prior years	101,680	(36,648)
(Under)/overprovision of deferred tax assets in prior years	(1,344,500)	283,000
(Over)/underprovision of deferred tax liabilities in prior years	(45,700)	99,000
Tax expense for the year	21,915,429	29,173,592
Company		
Profit before tax	59,246,766	56,874,601
Taxation at Malaysian statutory tax rate of 24% (2015 : 25%)	14,219,224	14,218,650
Tax effects of:		
- Expenses not deductible for tax purposes	1,507,260	538,565
- Income not subject to tax	(11,918,412)	(10,674,015)
- Reduction in Malaysia tax rate in deferred taxation	-	(343,916)
Under/(over)provision of income tax expense in prior years	17,756	(3,082)
(Over)/underprovision of deferred tax liabilities in prior years	(22,000)	65,000
Tax expense for the year	3,803,828	3,801,202

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the 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.

	Group 2016 RM	Group 2015 RM
Profit net of tax, attributable to owners of the Company (RM)	73,782,521	75,279,440
Weighted average number of ordinary shares in issue	311,160,628	309,688,186
Basic earnings per share (sen)	23.71	24.31

12. Earnings per share (cont'd)

(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 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.

Diluted earnings per share is not applicable to the financial year 2016 as there is no potential dilution as at the financial year end.

The following reflect the profit and share data used in the computation of diluted earnings per share for the year ended 31 January 2015:

	Group 2015
Profit net of tax, attributable to owners of the Company (RM)	75,279,440
Weighted average number of ordinary shares in issue	309,688,186
Effect of dilution - share options	146,921
Adjusted weighted average number of ordinary shares in issue and issuable	309,835,107
Diluted earnings per share (sen)	24.30

Since the end of the previous financial year, there had been no other transactions involving ordinary shares or potential ordinary shares, except certain employees had exercised their options to acquire 695,100 ordinary shares during the financial year.

13. Property, plant and equipment

Group	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 2014	205,424,504	78,462,703	219,707,189	12,192,568	12,140,081	8,792,064	536,719,109
Additions	30,000	4,667,007	11,199,229	1,717,022	1,480,796	19,248,569	38,342,623
Disposals	-	-	(647,100)	(16,890)	(468,594)	-	(1,132,584)
Written off	-	(931,973)	(1,266,345)	(331,247)	(224,664)	-	(2,754,229)
Compulsory acquisition	(306,917)	-	-	-	-	-	(306,917)
Reclassifications	8,388	2,287,820	5,708,037	-	-	(8,004,245)	-
At 31 January 2015 and 1 February 2015	205,155,975	84,485,557	234,701,010	13,561,453	12,927,619	20,036,388	570,868,002
Additions	-	4,028,440	5,074,546	802,382	2,973,446	16,677,414	29,556,228
Disposals	-	-	(861,518)	(7,070)	(1,161,304)	-	(2,029,892)
Written off	-	(444,724)	(1,876,836)	(102,176)	-	-	(2,423,736)
Expensed off	-	-	-	-	-	(14,641)	(14,641)
Reclassifications	-	3,250,782	25,709,714	(270,129)	-	(28,690,367)	-
At 31 January 2016	205,155,975	91,320,055	262,746,916	13,984,460	14,739,761	8,008,794	595,955,961
Accumulated depreciation							
At 1 February 2014	23,752,019	22,994,478	94,609,987	7,721,153	6,522,902	-	155,600,539
Charge for the year	2,592,858	3,409,552	13,293,616	725,997	730,529	-	20,752,552
Disposals	-	-	(492,092)	(9,057)	(402,780)	-	(903,929)
Written off	-	(619,261)	(905,889)	(303,325)	(224,659)	-	(2,053,134)
Compulsory acquisition	(43,858)	-	-	-	-	-	(43,858)
At 31 January 2015 and 1 February 2015	26,301,019	25,784,769	106,505,622	8,134,768	6,625,992	-	173,352,170
Charge for the year	2,584,199	3,620,785	14,300,177	794,937	831,242	-	22,131,340
Disposals	-	-	(556,736)	(2,056)	(803,576)	-	(1,362,368)
Written off	-	(325,435)	(1,344,480)	(72,995)	-	-	(1,742,910)
Reclassifications	-	60,032	269,628	(329,660)	-	-	-
At 31 January 2016	28,885,218	29,140,151	119,174,211	8,524,994	6,653,658	-	192,378,232

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 impairment losses							
At 1 February 2014	-	-	5,589,421	110,579	-	-	5,700,000
Impairment loss for the year (Note 8)	266,303	728,552	606,136	-	-	143,048	1,744,039
At 31 January 2015 and 1 February 2015	266,303	728,552	6,195,557	110,579	-	143,048	7,444,039
Impairment loss for the year (Note 8)	-	184,980	1,207,327	-	-	22,214	1,414,521
Written off	-	-	(5,345)	-	-	-	(5,345)
Reclassifications	-	-	165,262	-	-	(165,262)	-
At 31 January 2016	266,303	913,532	7,562,801	110,579	-	-	8,853,215
Net carrying amount							
At 31 January 2015	178,588,653	57,972,236	121,999,831	5,316,106	6,301,627	19,893,340	390,071,793
At 31 January 2016	176,004,454	61,266,372	136,009,904	5,348,887	8,086,103	8,008,794	394,724,514
Net carrying amount of assets pledged for bank borrowings :							
At 31 January 2015	31,474,962	19,187,831	27,677,685	216,068	689,416	5,603,649	84,849,611
At 31 January 2016	-	-	-	-	-	-	-

^ Land consists of:

	2016 Cost RM	2016 Net carrying amount RM	2015 Cost RM	2015 Net carrying amount RM
Freehold land	13,586,469	13,586,469	13,586,469	13,586,469
Long term leasehold land	191,569,506	162,417,985	191,569,506	165,002,184
	205,155,975	176,004,454	205,155,975	178,588,653

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 2014	67,856,221	9,689,348	3,632,081	2,519,377	2,221,012	242,435	86,160,474
Additions	-	1,163,103	420,352	140,032	523,434	689,252	2,936,173
Disposals	-	-	-	-	(380,000)	-	(380,000)
Written off	-	(533,535)	(259,882)	(213,961)	(90,000)	-	(1,097,378)
Reclassifications	-	689,158	-	-	-	(689,158)	-
At 31 January 2015 and 1 February 2015	67,856,221	11,008,074	3,792,551	2,445,448	2,274,446	242,529	87,619,269
Additions	-	428,971	68,501	133,931	286,946	466,853	1,385,202
Disposals	-	-	-	-	(265,861)	-	(265,861)
Written off	-	(120,898)	(104,700)	(51,208)	-	-	(276,806)
Reclassifications	-	709,382	-	-	-	(709,382)	-
At 31 January 2016	67,856,221	12,025,529	3,756,352	2,528,171	2,295,531	-	88,461,804

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 2014	8,781,591	2,084,472	2,412,337	1,109,670	1,334,438	-	15,722,508
Charge for the year	884,076	198,589	203,038	228,517	111,400	-	1,625,620
Disposals	-	-	-	-	(379,999)	-	(379,999)
Written off	-	(402,295)	(249,131)	(198,661)	(89,998)	-	(940,085)
At 31 January 2015 and 1 February 2015	9,665,667	1,880,766	2,366,244	1,139,526	975,841	-	16,028,044
Charge for the year	884,076	226,811	202,277	210,411	151,246	-	1,674,821
Disposals	-	-	-	-	(206,650)	-	(206,650)
Written off	-	(91,481)	(60,509)	(40,734)	-	-	(192,724)
At 31 January 2016	10,549,743	2,016,096	2,508,012	1,309,203	920,437	-	17,303,491
Net carrying amount							
At 31 January 2015	58,190,554	9,127,308	1,426,307	1,305,922	1,298,605	242,529	71,591,225
At 31 January 2016	57,306,478	10,009,433	1,248,340	1,218,968	1,375,094	-	71,158,313

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Depreciation charge for the year:				
Amount capitalised in biological assets (Note 15)	306,974	424,140	141,552	269,401
Amount recognised in profit or loss (Note 8)	21,824,366	20,328,412	1,533,269	1,356,219
	22,131,340	20,752,552	1,674,821	1,625,620

13. Property, plant and equipment (cont'd)

Certain long term leasehold land of the Group was revalued in 2003, and the Group has retained the unamortised revalued amount as the surrogate cost of those long term leasehold land in accordance with the transitional provisions of FRS 117.

Certain property, plant and equipment previously pledged for bank borrowings have been fully discharged during the financial year.

Impairment of assets

During the financial year:

1) a subsidiary of the Group, Desa Kim Loong Palm Oil Sdn. Bhd., recognised an impairment loss in respect of its palm kernel crushing plant as the plant remained idle and was deemed not economical to operate. The impairment loss of RM1,207,327 (2015 : RM Nil), representing the write-down of the palm kernel crushing plant to its expected recoverable amount was recognised in profit or loss. The expected recoverable amount of the palm kernel oil crushing plant was based on its fair value less cost to sell, which was determined by reference to a third-party supplier's quotation for a similar plant.

2) a subsidiary of the Group, Winsome Pelita (Pantu) Sdn. Bhd., recognised an impairment loss of RM207,194 (2015 : RM1,521,863) in profit or loss, representing the carrying amount of property, plant and equipment in the area affected by the decision of the Court of Appeal which had dismissed the company's appeal against the High Court's decision (see Note 33 for further details).

14. Land use rights

	Group 2016 RM	Group 2015 RM
At beginning of the financial year	2,363,118	2,477,778
Amortisation (Note 8)	(114,660)	(114,660)
At end of the financial year	2,248,458	2,363,118
Analysed as:		
Long term leasehold land	556,686	568,266
Short term leasehold land	1,691,772	1,794,852
	2,248,458	2,363,118
Net carrying amount pledged for bank borrowings	-	568,266
Amount to be amortised:		
- Not later than one year	114,660	114,660
- Later than one year but not later than five years	458,640	458,640
- Later than five years	1,675,158	1,789,818
	2,248,458	2,363,118

Certain land use rights previously pledged for bank borrowings have been fully discharged during the financial year.

15. Biological assets

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Cost				
At beginning of the financial year	140,285,982	133,292,786	20,260,749	17,773,149
Additions	7,661,220	7,390,810	2,875,360	2,487,600
Written off	(1,576,603)	-	(1,576,603)	-
Compulsory acquisition	-	(397,614)	-	-
At end of the financial year	146,370,599	140,285,982	21,559,506	20,260,749
Accumulated amortisation				
At beginning of the financial year	55,972,752	50,596,704	7,621,960	7,331,461
Amortisation for the year (Note 8)	5,797,305	5,518,663	563,989	290,499
Written off	(1,576,597)	-	(1,576,597)	-
Compulsory acquisition	-	(142,615)	-	-
At end of the financial year	60,193,460	55,972,752	6,609,352	7,621,960
Accumulated impairment losses				
At beginning of the financial year	1,188,621	-	-	-
Impairment loss for the year (Note 8)	-	1,188,621	-	-
At end of the financial year	1,188,621	1,188,621	-	-
Net carrying amount				
At end of the financial year	84,988,518	83,124,609	14,950,154	12,638,789
Net carrying amount of assets pledged for banking facilities	-	16,020,398	-	-
Included in the additions to biological assets during the financial year are:				
Depreciation of property, plant and equipment (Note 13)	306,974	424,140	141,552	269,401
Interest (Note 7)	1,199,200	1,053,140	-	-
Employee benefit expenses (Note 9)	1,792,384	1,761,755	869,102	712,444

Certain biological assets previously pledged for bank facilities have been fully discharged during the financial year.

Impairment of biological assets

As disclosed in Note 13, arising from the Court of Appeal judgement, the Group recognised an impairment loss on biological assets on the disputed area amounting to RM1,188,621 to profit or loss in the previous financial year.

16. Investment in subsidiaries

	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost	51,998,299	52,414,194
Less: Accumulated impairment losses	(6,079,086)	(6,489,043)
	45,919,213	45,925,151

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2016	Proportion of effective ownership interest (%) 2015
Held by the Company:				
Suhenson Estate Sdn. Bhd.	Malaysia	Dormant	100	100
Selokan Sdn. Bhd.	Malaysia	Dormant	100	100
Okidville Corporation Sdn. Bhd.	Malaysia	Dormant	-	100
Kim Loong - KPD Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	70	70
Tyeco Corporation Sdn. Bhd.	Malaysia	Trading agent and building construction	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	70	70
Winsome Yields Sdn. Bhd.	Malaysia	Investment holding	90	90
Okidville Jaya Sdn. Bhd.	Malaysia	Investment holding	100	100
Sepulut Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
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

16. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2016	2015
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	Manufacturing of concrete culvert and building construction. The company has temporarily ceased its operations	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	100	100
Held by Kim Loong Palm Oil Mills Sdn. Bhd.				
Sungkit Enterprise Sdn. Bhd.	Malaysia	Processing and trading of palm kernel products	70	70
Kim Loong Evergrow Sdn. Bhd.	Malaysia	Manufacturing of bio-fertilizers The company has temporarily suspended its operations	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

(a) On 18 September 2015, the Company disposed 2 ordinary shares of RM1 each, representing 100% equity interest in Okidville Corporation Sdn. Bhd. to Kim Loong Plantations Sdn. Bhd., a related company, at RM3,000 per share for a total consideration of RM6,000.

16. Investment in subsidiaries (cont'd)

In the previous financial year,

(a) On 2 April 2014, Kim Loong Biomass Sdn. Bhd. ("KLBSB"), a wholly owned subsidiary of Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM") which in turn is a wholly owned subsidiary of the Company, increased its issued and paid up capital from RM2 divided into 2 ordinary shares of RM1 each to RM100,000 divided into 100,000 ordinary shares of RM1 each, by an issuance of 99,998 new ordinary shares of RM1 each at par to KLPOM, Wang Ming Rong and Chang Chew Chin at the proportion of 74,998, 15,000 and 10,000 ordinary shares respectively. As a result of the issuance of the new ordinary shares, the effective interest of the Company in KLBSB was diluted from 100% to 75%.

(b) On 11 June 2014, Winsome Jaya Sdn. Bhd. ("WJSB"), a wholly owned subsidiary of Okidville Plantations Sdn. Bhd. ("OPSB") which in turn a 95% owned subsidiary of the Company, had issued and allotted 69,900 and 30,000 ordinary shares of RM1 each at par fully paid to OPSB and PIJ Property Development Sdn. Bhd. ("PPD") pursuant to the Development and Joint Venture Agreement dated 6 June 2012 entered into between PPD, OPSB and WJSB. As a result of the issuance of the new ordinary shares, the effective interest of the Company in WJSB was diluted from 95% to 66.5%.

(c) On 11 June 2014, Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), a wholly owned subsidiary of the Company acquired the remaining 200,000 ordinary shares of RM1 each representing 40% equity interest in Kim Loong Evergrow Sdn. Bhd. ("KLE") at RM1.61 per share for a total cash consideration of RM322,000. Accordingly, KLE became a wholly owned subsidiary of KLPOM.

(d) On 8 August 2014, the Company acquired 2 ordinary shares of RM1 each fully paid representing 100% equity interest in Sepulut Plantations Sdn. Bhd. ("SPSB") from Okidville Jaya Sdn. Bhd., a wholly owned subsidiary of the Company, at par for a total consideration of RM2. The acquisition did not result in the change in effective interest in the SPSB; however, SPSB became a direct 100% owned subsidiary of the Company.

(e) On 8 August 2014, the Company disposed of 2 ordinary shares of RM1 each fully paid representing 100% equity interest in Okidville Resources Sdn. Bhd. ("ORSB") to Okidville Plantations Sdn. Bhd. ("OPSB"), a 95% owned subsidiary of the Company, at par for a total consideration of RM2. As a result, ORSB is now a 95% owned subsidiary held through OPSB.

16. 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") and Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") 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

2016	**OHSB RM**	**KL-KPD RM**	**DKLPO RM**	**Total RM**
Revenue	65,374,795	22,281,164	263,215,151	350,871,110
Profit before tax	30,968,005	13,567,190	16,517,932	61,053,127
Profit net of tax, representing total comprehensive income	23,520,440	10,367,555	13,680,358	47,568,353
Profit attributable to:				
- owners of the Company	17,128,452	7,257,288	9,576,251	33,961,991
- non-controlling interests	6,391,988	3,110,267	4,104,107	13,606,362
	23,520,440	10,367,555	13,680,358	47,568,353
Total comprehensive income attributable to:				
- owners of the Company	17,128,452	7,257,288	9,576,251	33,961,991
- non-controlling interests	6,391,988	3,110,267	4,104,107	13,606,362
	23,520,440	10,367,555	13,680,358	47,568,353
2015				
Revenue	78,042,641	28,426,653	277,290,509	383,759,803
Profit before tax	42,782,917	19,630,898	20,082,761	82,496,576
Profit net of tax	32,857,660	14,855,313	15,583,293	63,296,266
Other comprehensive income	245,378	190,641	-	436,019
Total comprehensive income	33,103,038	15,045,954	15,583,293	63,732,285
Profit attributable to:				
- owners of the Company	24,505,539	10,398,719	10,908,305	45,812,563
- non-controlling interests	8,352,121	4,456,594	4,674,988	17,483,703
	32,857,660	14,855,313	15,583,293	63,296,266
Total comprehensive income attributable to:				
- owners of the Company	24,717,357	10,532,168	10,908,305	46,157,830
- non-controlling interests	8,385,681	4,513,786	4,674,988	17,574,455
	33,103,038	15,045,954	15,583,293	63,732,285

16. 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") and Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") 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

2016	OHSB RM	KL-KPD RM	DKLPO RM	Total RM
Non-current assets	101,474,752	34,927,793	55,875,652	192,278,197
Current assets	34,158,281	50,603,696	52,691,131	137,453,108
Total assets	135,633,033	85,531,489	108,566,783	329,731,305
Current liabilities	6,741,771	1,576,369	15,154,708	23,472,848
Non-current liabilities	15,039,873	8,252,788	5,553,000	28,845,661
Total liabilities	21,781,644	9,829,157	20,707,708	52,318,509
Net assets	113,851,389	75,702,332	87,859,075	277,412,796
Equity attributable to owners of the Company	74,644,592	52,991,632	61,501,353	189,137,577
Non-controlling interests	39,206,797	22,710,700	26,357,722	88,275,219
	113,851,389	75,702,332	87,859,075	277,412,796
2015				
Non-current assets	106,120,428	35,232,710	57,063,596	198,416,734
Current assets	29,047,901	50,527,060	54,330,680	133,905,641
Total assets	135,168,329	85,759,770	111,394,276	332,322,375
Current liabilities	6,664,147	2,415,038	19,757,559	28,836,744
Non-current liabilities	16,023,233	8,009,955	5,458,000	29,491,188
Total liabilities	22,687,380	10,424,993	25,215,559	58,327,932
Net assets	112,480,949	75,334,777	86,178,717	273,994,443
Equity attributable to owners of the Company	74,766,140	52,734,344	60,325,102	187,825,586
Non-controlling interests	37,714,809	22,600,433	25,853,615	86,168,857
	112,480,949	75,334,777	86,178,717	273,994,443

16. 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") and Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") 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

2016	**OHSB RM**	**KL-KPD RM**	**DKLPO RM**	**Total RM**
Net cash generated from operating activities	27,820,721	12,001,781	7,884,038	47,706,540
Net cash used in investing activities	(1,456,868)	(1,659,493)	(5,593,431)	(8,709,792)
Net cash used in financing activities	(20,750,000)	(10,000,000)	(12,000,000)	(42,750,000)
Net increase/(decrease) in cash and cash equivalents	5,613,853	342,288	(9,709,393)	(3,753,252)
Cash and cash equivalents at beginning of the year	22,350,803	48,791,532	42,197,961	113,340,296
Cash and cash equivalents at end of the year	27,964,656	49,133,820	32,488,568	109,587,044
2015				
Net cash generated from operating activities	36,223,117	16,208,332	36,109,230	88,540,679
Net cash used in investing activities	(2,691,734)	(2,037,015)	(7,626,627)	(12,355,376)
Net cash used in financing activities	(31,810,000)	(14,000,000)	(16,000,000)	(61,810,000)
Net increase in cash and cash equivalents	1,721,383	171,317	12,482,603	14,375,303
Cash and cash equivalents at beginning of the year	20,629,420	48,620,215	29,715,358	98,964,993
Cash and cash equivalents at end of the year	22,350,803	48,791,532	42,197,961	113,340,296

17. Inventories

	Group		**Company**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Cost				
Raw materials	290,843	110,249	-	-
Work-in-progress	469	58,942	-	-
Finished goods	32,804,099	11,218,372	-	-
Building materials, supplies, spare parts and consumables	9,429,545	8,385,847	241,788	180,749
	42,524,956	19,773,410	241,788	180,749
Net realisable value				
Work-in-progress	66,159	188,128	-	-
Finished goods	1,365,224	6,099,108	-	-
	1,431,383	6,287,236	-	-
	43,956,339	26,060,646	241,788	180,749
Recognised in profit or loss:				
Inventories recognised as cost of sales	619,678,486	623,220,423	10,118,794	8,749,145
Write-down to net realisable value (Note 8)	270,667	103,056	-	-
Reversal of write down (Note 8)	-	(233,901)	-	-

18. Trade and other receivables

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Current				
Trade receivables				
Third parties	22,062,053	13,032,372	663,846	1,097,267
Amount owing from subsidiaries	-	-	690,797	582,449
Amount owing from related companies	-	10,347	-	10,347
	22,062,053	13,042,719	1,354,643	1,690,063
Other receivables				
Third parties	5,959,714	4,373,998	2,869,485	1,567,212
Refundable deposits	369,130	363,720	119,105	119,105
Amount owing from holding company	36,136	17,867	-	-
Amount owing from subsidiaries	-	-	41,894,984	25,761,737
Amount owing from related companies	3,502	82,878	216	2,000
	6,368,482	4,838,463	44,883,790	27,450,054
Less: Allowance for impairment losses				
Third parties	-	(241,000)	-	-
	6,368,482	4,597,463	44,883,790	27,450,054
Total trade and other receivables (current)	28,430,535	17,640,182	46,238,433	29,140,117
Non-current				
Other receivables				
Amount owing from subsidiaries	-	-	97,309,187	82,927,379
Less: Allowance for impairment losses	-	-	(5,818,518)	(539,899)
	-	-	91,490,669	82,387,480
Total trade and other receivables (current and non-current)	28,430,535	17,640,182	137,729,102	111,527,597

18. Trade and other receivables (cont'd)

(a) Trade receivables

The Group's normal trade credit terms are less than 60 days (2015: 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Neither past due nor impaired	22,062,053	13,040,480	1,354,643	1,690,063
More than 60 days past due not impaired	-	2,239	-	-
	22,062,053	13,042,719	1,354,643	1,690,063

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM Nil (2015 : RM2,239) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long-term relationship with the Group.

(b) Amount owing from subsidiaries and related companies (trade)

These amounts are generally within 60 days terms (2015: within 60 days terms). They are recognised at their original invoice amounts which represents their fair values on initial recognition. These amounts are neither past due nor impaired.

Related companies refer to fellow subsidiaries of the holding company.

(c) Amount owing from holding, subsidiaries and related companies (non-trade)

These amounts are unsecured, non-interest bearing and repayable on demand.

(d) Amount owing from subsidiaries (non-trade)

Included in the amount owing from subsidiaries is an amount of RM129,988,066 (2015 : RM100,445,392) which is interest bearing and unsecured.

All other balances are unsecured, non-interest bearing and repayable on demand. These balances are considered quasi-equity in nature, which represents an extension of investment in the subsidiaries and are expected to be settled in cash. As at the end of the financial year, the Company has provided an impairment allowance of RM5,818,518 (2015 : RM539,899) on amounts owing by certain subsidiaries.

18. Trade and other receivables (cont'd)

(e) Other receivables that are impaired

The Group provided an impairment allowance of RM241,000 on an unsecured deposit paid to secure the supply of fresh fruits bunches in previous financial year.

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:

	Group Individually impaired		Company Individually impaired	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivable-nominal amounts	-	241,000	8,092,258	1,982,859
Less: Allowance for impairment	-	(241,000)	(5,818,518)	(539,899)
	-	-	2,273,740	1,442,960

Movement in allowance accounts:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of the financial year	241,000	241,000	539,899	1,258,051
Change for the year (Note 8)	-	-	5,278,619	-
Written off	(241,000)	-	-	(718,152)
At end of the financial year	-	241,000	5,818,518	539,899

19. Cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash on hand and cash at bank	44,241,223	57,855,624	7,047,022	17,015,705
Time deposits with licensed banks	152,163,844	188,653,200	79,700,000	116,200,000
Short term deposits with other financial institutions	35,069,781	24,973,258	9,499,728	4,362,016
Cash and bank balances	231,474,848	271,482,082	96,246,750	137,577,721
Less: Cash Line-i (Note 21)	-	(4,742,047)	-	-
Less: Bank overdraft (Note 21)	(2,854,672)	(2,679,374)	-	-
Cash and cash equivalents	228,620,176	264,060,661	96,246,750	137,577,721

19. Cash and bank balances (cont'd)

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 RM37,756,107 (2015 : RM50,618,360) and RM6,028,803 (2015 : RM16,238,728) respectively. The average interest rate for such deposits was 2.67% (2015 : 2.67%) per annum and 2.72% (2015 : 2.71%) per annum for the Group and the Company respectively.

Included in deposits with licensed banks of the Group is an amount of RM509,497 (2015 : RM217,400) 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:

	Group		Company	
	2016 % per annum	**2015 % per annum**	**2016 % per annum**	**2015 % per annum**
Time deposits with licensed banks	3.79	3.66	3.80	3.68
Short term deposits with other financial institutions	3.31	3.11	3.62	3.15

20. Trade and other payables

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Current				
Trade payables				
Third parties	28,952,688	27,458,581	1,187,655	369,490
Amount owing to holding company	67,944	138,486	44,944	58,265
Amount owing to related companies	212,995	117,972	2,120	-
	29,233,627	27,715,039	1,234,719	427,755
Other payables				
Sundry payables	8,276,472	6,672,156	263,188	667,020
Deposits	162,760	159,479	-	-
Provisions	622,732	710,638	261,299	210,638
Accruals	13,463,482	10,726,180	2,115,293	1,862,382
Amount owing to holding company	-	2,892	-	2,892
Amount owing to related companies	-	8,598	-	-
	22,525,446	18,279,943	2,639,780	2,742,932
Total trade and other payables (current)	51,759,073	45,994,982	3,874,499	3,170,687
Non-current				
Other payables				
Sundry payables	271,693	1,208,839	-	-
Total trade and other payables (current and non-current)	52,030,766	47,203,821	3,874,499	3,170,687

20. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60 days (2015 : 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 (2015 : less than 60 days).

(c) Provisions

Group	Legal expense RM	Unutilised annual leave RM	Total RM
At 1 February 2014	-	164,842	164,842
Additions (Note 33 and 9)	500,000	45,796	545,796
At 31 January 2015 and 1 February 2015	500,000	210,638	710,638
Additions (Note 9)	-	50,661	50,661
Utilised	(138,567)	-	(138,567)
At 31 January 2016	361,433	261,299	622,732

Company	Unutilised annual leave RM
At 1 February 2014	164,842
Additions (Note 9)	45,796
At 31 January 2015 and 1 February 2015	210,638
Additions (Note 9)	50,661
At 31 January 2016	261,299

Provision for unutilised annual leave

Being employees' benefits accrued in respect of their unutilised annual leave entitlements.

Provision for legal expenses

Being provision for legal expense in relation to the appeal against the Court of Appeal decision as disclosed in Note 33.

(d) Amount owing to holding and related companies (non-trade)

These amounts are unsecured, interest free and are repayable on demand.

20. 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 shareholders of subsidiaries. These are unsecured and have the following repayment terms:

	Group	
	2016 **RM**	**2015** **RM**
Payable within 12 months	1,000,000	850,000
Payable after 12 months	271,693	1,208,839
	1,271,693	2,058,839

The amount payable after 12 months is bearing effective interest of 7.60% (2015 : 7.21%) per annum. This interest rate was used for the purpose of remeasurement of the outstanding amount to its amortised cost in accordance with FRS 139.

21. Loans and borrowings

	Group	
	2016 **RM**	**2015** **RM**
Current		
Secured:		
Bank overdrafts (Note 19)	2,854,672	2,679,374
Cash Line-i (Note 19)	-	4,742,047
Revolving credit	7,500,000	7,500,000
Term loan 1	-	2,002,000
Term loan 2	4,020,000	4,020,000
Term loan 3	3,350,000	-
	17,724,672	20,943,421
Non-current		
Secured:		
Term loan 2	8,945,000	12,965,000
Term loan 3	16,650,000	20,000,000
	25,595,000	32,965,000
	43,319,672	53,908,421

21. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group	
	2016	**2015**
	RM	**RM**
On demand or within one year	17,724,672	20,943,421
More than 1 year and less than 2 years	8,040,000	4,020,000
More than 2 years and less than 5 years	16,985,000	24,355,000
More than 5 years	570,000	4,590,000
	43,319,672	53,908,421

The facilities extended by financial institutions are secured by :

(i) corporate guarantee from the Company; and
(ii) personal guarantee of RM960,000 from a shareholder of a subsidiary.

The functionality of the Cash Line-I offered by an Islamic bank is similar to bank overdraft.

The term loan 1 was repaid over 53 equal monthly instalments of RM186,000 each with a final instalment of RM142,000 commencing from July 2011. This term loan was fully repaid in December 2015.

The term loan 2 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 3 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:

	Group	
	2016	**2015**
	% per annum	**% per annum**
Interest rates		
Overdrafts	BLR + 1% to 1.25%	BLR + 1% to 1.25%
Cash Line-i	BFR + 0.50%	BFR + 0.50%
Term loan 1	-	COF + 1.25%
Term loan 2	5.25%	5.25%
Term loan 3	COF + 1%	COF + 1%
Revolving credit	COF + 1%	COF + 1%

As at the end of the financial year, base lending rate ("BLR") ranges from 6.85% to 6.92% per annum (2015: 6.85% per annum), base finance rate ("BFR") is 6.85% per annum (2015: 6.85% per annum) and the cost of fund ("COF") ranges from 2.87% to 3.80% per annum (2015: 3.67% - 3.97% per annum).

22. Deferred tax

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
At beginning of the financial year	40,518,601	40,802,789	12,579,282	12,276,678
Recognised in other comprehensive income	-	(619,262)	-	(179,680)
Recognised in profit or loss (Note 11)	(2,153,176)	335,074	608,072	482,284
At end of the financial year	38,365,425	40,518,601	13,187,354	12,579,282
Presented after appropriate offsetting as follows:				
Deferred tax assets	(13,522,000)	(11,011,500)	-	-
Deferred tax liabilities	51,887,425	51,530,101	13,187,354	12,579,282
	38,365,425	40,518,601	13,187,354	12,579,282

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

Group	**At 1 February 2015 RM**	**Recognised in profit or loss (Note 11) RM**	**At 31 January 2016 RM**
Deferred tax liabilities			
Biological assets and property, plant and equipment	48,933,600	3,299,100	52,232,700
Accrued interest income	136,700	(33,700)	103,000
Revaluation of leasehold land	19,553,801	(277,076)	19,276,725
	68,624,101	2,988,324	71,612,425
Offsetting	(17,094,000)	(2,631,000)	(19,725,000)
	51,530,101	357,324	51,887,425
Deferred tax assets			
Provisions	(51,000)	(12,000)	(63,000)
Unutilised reinvestment allowances	(2,240,000)	(2,072,000)	(4,312,000)
Unutilised investment tax allowances	(5,310,000)	(931,000)	(6,241,000)
Unabsorbed capital allowances	(9,101,500)	(707,000)	(9,808,500)
Unused tax losses	(9,571,000)	(1,405,500)	(10,976,500)
Unrealised profits	(1,832,000)	(14,000)	(1,846,000)
	(28,105,500)	(5,141,500)	(33,247,000)
Offsetting	17,094,000	2,631,000	19,725,000
	(11,011,500)	(2,510,500)	(13,522,000)
	40,518,601	(2,153,176)	38,365,425

22. Deferred tax (cont'd)

Group	At 1 February 2014 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2015 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	50,920,400	-	(1,986,800)	48,933,600
Accrued interest income	106,200	-	30,500	136,700
Revaluation of leasehold land	20,607,391	(620,714)	(432,876)	19,553,801
	71,633,991	(620,714)	(2,389,176)	68,624,101
Offsetting	(18,931,452)	1,452	1,836,000	(17,094,000)
	52,702,539	(619,262)	(553,176)	51,530,101
Deferred tax assets				
Derivatives	(1,452)	1,452	-	-
Provisions	(41,000)	-	(10,000)	(51,000)
Unutilised reinvestment allowances	(2,333,000)	-	93,000	(2,240,000)
Unutilised investment tax allowances	(5,531,000)	-	221,000	(5,310,000)
Unabsorbed capital allowances	(11,814,000)	-	2,712,500	(9,101,500)
Unused tax losses	(8,526,000)	-	(1,045,000)	(9,571,000)
Unrealised profits	(2,584,750)	-	752,750	(1,832,000)
	(30,831,202)	1,452	2,724,250	(28,105,500)
Offsetting	18,931,452	(1,452)	(1,836,000)	17,094,000
	(11,899,750)	-	888,250	(11,011,500)
	40,802,789	(619,262)	335,074	40,518,601

Company	At 1 February 2015 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2016 RM
Deferred tax liabilities			
Biological assets and property, plant and equipment	4,801,000	753,000	5,554,000
Accrued interest income	63,000	(16,000)	47,000
Revaluation of leasehold land	7,766,282	(116,928)	7,649,354
	12,630,282	620,072	13,250,354
Offsetting	(51,000)	(12,000)	(63,000)
	12,579,282	608,072	13,187,354
Deferred tax assets			
Provisions	(51,000)	(12,000)	(63,000)
Offsetting	51,000	12,000	63,000
	-	-	-
	12,579,282	608,072	13,187,354

22. Deferred tax (cont'd)

Company	At 1 February 2014 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2015 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	4,205,000	-	596,000	4,801,000
Accrued interest income	45,000	-	18,000	63,000
Revaluation of leasehold land	8,211,678	(179,680)	(265,716)	7,766,282
	12,461,678	(179,680)	348,284	12,630,282
Offsetting	(185,000)	-	134,000	(51,000)
	12,276,678	(179,680)	482,284	12,579,282
Deferred tax assets				
Unabsorbed capital allowances	(144,000)	-	144,000	-
Provisions	(41,000)	-	(10,000)	(51,000)
	(185,000)	-	134,000	(51,000)
Offsetting	185,000	-	(134,000)	51,000
	-	-	-	-
	12,276,678	(179,680)	482,284	12,579,282

Deferred tax assets have not been recognised in respect of the following items:

	Group 2016 RM	Group 2015 RM
Unused tax losses	4,053,000	4,027,000
Unutilised investment tax allowances	9,672,000	9,672,000
Unutilised reinvestment allowances	4,327,000	4,318,000
Unabsorbed capital allowances	3,880,000	3,348,000
Other temporary differences	8,654,000	8,547,000
	30,586,000	29,912,000

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.

23. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2016 RM	2015 RM	2016 RM	2015 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At beginning of the financial year	311,108,469	308,958,069	311,108,469	308,958,069
Issued during the year:				
- exercise of ESOS	695,100	2,150,400	695,100	2,150,400
At end of the financial year	311,803,569	311,108,469	311,803,569	311,108,469

(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 acquired 20,000 (2015 : 362,000) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM61,972 (2015 : RM992,887) and this was presented as a component within shareholders' equity.

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 67A of the Companies Act, 1965. 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 2014	200,000	503,003	2.52
Repurchased during the year	362,000	992,887	2.74
At 31 January 2015 and 1 February 2015	562,000	1,495,890	2.66
Repurchased during the year	20,000	61,972	3.10
At 31 January 2016	582,000	1,557,862	2.68

23. Share capital (cont'd)

(c) Employees' Share Option Scheme ("ESOS")

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

		Number of share options				
	Outstanding	Movement during the year			Outstanding	Exercisable
2016	**at 1 February**	**Granted**	**Exercised**	**Forfeited**	**at 31 January**	**at 31 January**
2005 options	6,500	-	-	(6,500)	-	-
2006 options	4,600	-	-	(4,600)	-	-
2007 options	25,000	-	(2,800)	(22,200)	-	-
2008 options	291,500	-	(145,400)	(146,100)	-	-
2009 options	37,500	-	(8,000)	(29,500)	-	-
2010 options	185,400	-	(68,000)	(117,400)	-	-
2011 options	217,600	-	(97,500)	(120,100)	-	-
2012 options	523,300	-	(174,700)	(348,600)	-	-
2013 options	151,500	-	(38,700)	(112,800)	-	-
2014 options	803,000	-	(152,000)	(651,000)	-	-
2014 options	236,800	-	(8,000)	(228,800)	-	-
	2,482,700	-	(695,100)	(1,787,600)	-	-
WAEP	2.33	-	2.28	2.35	-	-
2015						
2005 options	6,500	-	-	-	6,500	6,500
2006 options	7,400	-	(2,800)	-	4,600	4,600
2007 options	117,200	-	(91,900)	(300)	25,000	25,000
2008 options	592,800	-	(272,700)	(28,600)	291,500	291,500
2009 options	169,200	-	(126,800)	(4,900)	37,500	37,500
2010 options	434,900	-	(238,800)	(10,700)	185,400	185,400
2011 options	554,900	-	(323,000)	(14,300)	217,600	217,600
2012 options	866,200	-	(242,900)	(100,000)	523,300	523,300
2013 options	859,700	-	(674,400)	(33,800)	151,500	151,500
2014 options	-	1,032,100	(177,100)	(52,000)	803,000	803,000
2014 options	-	236,800	-	-	236,800	236,800
	3,608,800	1,268,900	(2,150,400)	(244,600)	2,482,700	2,482,700
WAEP	2.12	2.51	2.09	2.31	2.33	2.33

23. Share capital (cont'd)

(c) Employees' Share Option Scheme ("ESOS") (cont'd)

(i) Details of share options outstanding as at 31 January 2015:

2015	**Original RM**	**Adjusted after bonus issue RM**	**Exercisable period**
2005 Options	1.14	1.00	21/3/2005 - 17/3/2015
2006 Options	1.22	1.00	29/3/2006 - 17/3/2015
2007 Options	1.67	1.19	29/3/2007 - 17/3/2015
2008 Options	3.18	2.27	27/3/2008 - 17/3/2015
2009 Options	1.75	N/A	30/3/2009 - 17/3/2015
2010 Options	2.12	N/A	29/3/2010 - 17/3/2015
2011 Options	2.00	N/A	31/3/2011 - 17/3/2015
2012 Options	2.42	N/A	29/3/2012 - 17/3/2015
2013 Options	2.01	N/A	28/3/2013 - 17/3/2015
2014 Options	2.48	N/A	27/3/2014 - 17/3/2015
2014 Options	2.64	N/A	26/6/2014 - 17/3/2015

Note : The exercisable period of share options outstanding at the end of the year is subject to the By-law terms and conditions as disclosed in the Directors' Report.

The above employees' share option scheme expired during the financial year on 17 March 2015.

(ii) Share options exercised during the year:

Share options exercised during the financial year resulted in the issuance of 695,100 (2015 : 2,150,400) ordinary shares at an average price of RM2.28 (2015 : RM2.09) each. The corresponding weighted average share price at the date of exercise was RM2.68 (2015 : RM2.88).

(iii) Fair value of share options granted during the previous financial year:

The fair value of share options granted during the previous financial year was estimated using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2015	
Fair value of share options at the following grant dates (RM)		
- 26 June 2014	0.246	-
- 27 March 2014	-	0.267
Weighted average share price (RM)	2.88	2.76
Weighted average exercise price (RM)	2.64	2.48
Expected volatility (%)	11.77	10.28
Expected life (years)	0.61	0.88
Risk-free rate (%)	3.73	3.72
Expected dividend yield (%)	4.51	4.71

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

24. Other reserves

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-distributable				
Revaluation reserve (Note 26)	39,169,756	40,002,300	13,449,029	13,655,753
Option reserve (Note 27)	-	760,613	-	760,613
	39,169,756	40,762,913	13,449,029	14,416,366

25. Share premium (non-distributable)

	Group and Company 2016 RM	Group and Company 2015 RM
At beginning of the financial year	5,505,048	2,501,862
Arising from:		
(a) Issuance of shares arising from exercise of ESOS	890,091	2,337,516
(b) Transfer from option reserve arising from exercise of ESOS	237,985	704,986
Less : Expenses in relation to issuance of shares	(7,110)	(39,316)
At end of the financial year	6,626,014	5,505,048

26. Revaluation reserve (non-distributable)

The revaluation reserve represents the balance of revaluation surplus, net of tax, arising from the revaluation of certain leasehold lands, less amount capitalised through bonus issue.

27. Option reserve (non-distributable)

Option reserve related to the provision for share-based payment expenses. This reserve was transferred to the share premium over the period when the ESOS was exercised and transferred to retained earnings upon the expiry of the ESOS.

28. Retained earnings

The Company may distribute dividends out of its retained earnings as at 31 January 2016 and 2015 under the single tier system.

29. Transfer of reserves

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Realisation of revaluation surplus on leasehold land, net of tax, arising from:				
- excess of amortisation based on revalued leasehold land over their original costs	832,544	825,670	206,724	203,988

30. 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
With holding company :				
Professional services	98,000	193,000	55,000	78,000
With subsidiaries:				
Management fee income	-	-	4,691,617	2,973,518
Commission income	-	-	1,060,153	1,208,222
Rental income	-	-	36,000	36,000
Interest income	-	-	7,098,541	6,509,031
Purchase of goods and services	-	-	35,618	3,232
Sale of goods	-	-	7,448,033	1,612,261
Purchase of plant and equipment	-	-	35,000	-
Sales of plant and equipment	-	-	30,000	-
With fellow subsidiaries of the holding company:				
Management fee income	124,165	124,165	124,165	124,165
Rental expenses	6,000	6,000	-	-
Disposal of subsidiary company	6,000	-	6,000	-
Purchase of goods and services	5,666,486	4,408,199	-	-
Sale of goods	78,400	71,202	-	-

Related companies are fellow subsidiaries of the holding company, Sharikat Kim Loong Sendirian Berhad.

(b) Key management compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Short term employee benefits	4,990,412	4,421,455	2,853,702	2,708,935
Defined contribution plan	599,030	527,173	369,775	351,140
Share options granted under ESOS	3,255	22,720	-	14,280
	5,592,697	4,971,348	3,223,477	3,074,355

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Included in the total remuneration of key management personnel are :				
Executive Directors' remuneration	4,985,924	4,388,033	3,223,477	3,074,355

30. Related party disclosures (cont'd)

(b) Key management compensation (cont'd)

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of share options under the ESOS:

	2016	2015
At beginning of the financial year	23,600	90,200
Granted	-	21,000
Exercised	(21,000)	(87,600)
Forfeited	(2,600)	-
At end of the financial year	-	23,600

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

31. Commitments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(a) Capital expenditures :				
Approved and contracted for:				
- property, plant and equipment	2,189,000	6,202,480	191,000	678,000

(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	
	2016 RM	2015 RM	2016 RM	2015 RM
Future minimum rental payments:				
Not later than 1 year	171,916	276,631	104,716	209,431
Later than 1 year and not later than 5 years	268,800	373,516	-	104,716
Later than 5 years	750,400	817,600	-	-
	1,191,116	1,467,747	104,716	314,147

32. 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.

32. Segmental information (cont'd)

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.

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2016				
Revenue and expenses				
Revenue				
External sales	20,505,874	737,224,516	-	757,730,390
Inter-segment sales	104,424,290	1,386,516	(105,810,806)	-
Total revenue	124,930,164	738,611,032	(105,810,806)	757,730,390
Results				
Segment results	46,894,455	57,260,569	(41,000)	104,114,024
Unallocated costs				(4,211,026)
Interest income				8,724,214
Finance costs				(1,047,848)
Profit before tax				107,579,364
Tax				(21,915,429)
Profit net of tax				85,663,935
Assets and liabilities				
Segment assets	481,449,834	311,206,664	(89,933,830)	702,722,668
Unallocated assets				102,331,190
Total assets				805,053,858
Segment liabilities	90,290,670	143,483,250	(88,282,830)	145,491,090
Unallocated liabilities				5,349,271
Total liabilities				150,840,361
Other information				
Capital expenditure	12,970,572	24,246,876	-	37,217,448
Depreciation and amortisation	12,599,885	15,443,420	-	28,043,305
Impairment loss on biological assets, property, plant and equipment	207,194	1,207,327	-	1,414,521
Other non-cash expenses (Note A)	522,067	882,998	-	1,405,065

32. Segmental information (cont'd)

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2015				
Revenue and expenses				
Revenue				
External sales	24,965,747	749,959,614	-	774,925,361
Inter-segment sales	117,993,009	1,495,072	(119,488,081)	-
Total revenue	142,958,756	751,454,686	(119,488,081)	774,925,361
Results				
Segment results	63,153,576	52,255,329	2,543,000	117,951,905
Unallocated costs				(6,164,244)
Interest income				8,349,017
Finance costs				(1,274,101)
Profit before tax				118,862,577
Tax				(29,173,592)
Profit net of tax				89,688,985
Assets and liabilities				
Segment assets	476,425,269	280,255,349	(75,944,339)	680,736,279
Unallocated assets				125,459,801
Total assets				806,196,080
Segment liabilities	96,182,189	129,085,307	(74,345,339)	150,922,157
Unallocated liabilities				5,252,997
Total liabilities				156,175,154
Other information				
Capital expenditure	17,427,879	28,305,554	-	45,733,433
Depreciation and amortisation	12,174,001	14,211,874	-	26,385,875
Impairment loss on biological assets, property, plant and equipment	2,710,484	222,176	-	2,932,660
Other non-cash expenses (Note A)	1,757,648	488,600	-	2,246,248

32. Segmental information (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:

	2016 RM	2015 RM
Bad debts (Note 8)	166,316	120,157
Property, plant and equipment written off (Note 8)	675,481	701,095
Biological assets written off (Note 8)	6	-
Inventories written down (Note 8)	270,667	103,056
Provision for unutilised leave (Note 9)	50,661	45,796
Provision for legal expenses (Note 20(c))	-	500,000
Loss on disposal of property, plant and equipment (Note 8)	132,905	57,350
Inventories written off (Note 8)	13,241	13,690
Share-based payment expenses (Note 9)	95,788	705,104
	1,405,065	2,246,248

33. Contingent liabilities (unsecured)

On 18 February 2011, the High Court has delivered its judgement on the legal claims made against a subsidiary, Winsome Pelita (Pantu) Sdn. Bhd. by natives for customary rights to land acquired by the subsidiary in favour of the applicants. It is declared and ordered as follows:

(1) The plaintiffs are entitled to their claim to land under native customary rights in the Sungai Tenggang NCR Development area at Pantu;

(2) The destruction of the Plaintiffs' respective native customary rights land by the defendants was unlawful and damages to be assessed by the Deputy Registrar be paid by the defendants with interest at 4% per annum from the date hereof until settlement;

(3) Give vacant possession of the Plaintiffs' native customary rights land;

(4) The defendants and their servants, agents, assignees and successors are restrained from entering, occupying, clearing, harvesting or in any way howsoever carrying out works in the plaintiffs' native customary rights land; and

(5) Costs to the Plaintiffs to be paid by the defendants to be taxed unless agreed.

On 9 March 2011, the Group has obtained for a stay of execution and filed an appeal against the judgement. On 29 December 2014, the Court of Appeal has dismissed the Group's appeal.

The Group had on 23 January 2015 filed a Notice of Motion for leave to appeal to the Federal Court. A Notice of Motion for stay of all proceedings pending the Notice of Motion for leave to appeal to the Federal Court was filed on 26 January 2015.

The Federal Court had on 14 January 2016 allowed the subsidiary company's Notice of Motion for Leave to Appeal to the Federal Court against the decision of the Court of Appeal.

The Directors of the Group has sought opinion from the independent solicitors and they are of the view that the Group has a fair prospect of succeeding in this Appeal. Nevertheless, the Group has assessed its estimated loss to the areas claimed and provided for an impairment loss of property, plant and equipment and biological assets of approximately RM2,918,000 (2015: RM 2,710,000) as disclosed in Note13 and Note 15 respectively. The Group has also provided legal expenses of approximately RM361,000 (2015: RM500,000) in relation to this litigation as disclosed in Note 20 (c).

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 and commodity price 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 and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

At the reporting date, the Company provided corporate guarantees for six (2015: seven) of its subsidiaries in respect of credit facilities totalling RM61,315,000 (2015: RM81,352,000) granted to the subsidiaries by licensed financial institutions. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities of RM43,049,742 (2015: RM53,639,018) utilised by these subsidiaries as at reporting date.

The value of corporate guarantees provided by the Company to its subsidiaries are determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank if these guarantees had not been available. The Directors have assessed the fair value of these corporate guarantees to have no material financial impact on the results and the retained profits of the Company.

Credit risk concentration profile

The Group and the Company are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

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 18. Deposits with banks and other financial institutions 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 18.

34. Financial risk management objectives and policies (cont'd)

(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 cash and short term deposits and borrowings as disclosed in Note 19 and Note 21.

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
2016				
Group				
Financial liabilities				
Trade and other payables	51,759,073	300,000	-	52,059,073
Loans and borrowings	19,197,981	27,183,936	570,865	46,952,782
Total undiscounted financial liabilities	70,957,054	27,483,936	570,865	99,011,855
Company				
Financial liabilities				
Trade and other payables	3,874,499	-	-	3,874,499
2015				
Group				
Financial liabilities				
Trade and other payables	45,994,982	1,300,000	-	47,294,982
Loans and borrowings	22,739,773	31,891,613	4,706,497	59,337,883
Total undiscounted financial liabilities	68,734,755	33,191,613	4,706,497	106,632,865
Company				
Financial liabilities				
Trade and other payables	3,170,687	-	-	3,170,687

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 enters 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 RM390,000 (2015 : RM441,000) 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) 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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Company				
Financial assets:				
Other receivables (non-current) (Note 18)				
- Amount owing from subsidiaries	91,490,669	82,387,480	*	*

* The amount owing from subsidiaries which have no fixed terms of repayment are treated as quasi-equity in nature, and 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)	18
Trade and other payables (current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their relatively short maturity periods.

34. Financial risk management objectives and policies (cont'd)

(d) 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.

35. Financial instruments

The financial instruments of the Group and of the Company are categorised into the following classes:

		Note	2016 RM	2015 RM
Group				
(a)	**Loans and receivables**			
	Trade and other receivables	18	28,430,535	17,640,182
	Cash and bank balances	19	231,474,848	271,482,082
			259,905,383	289,122,264
(b)	**Financial liabilities carried at amortised cost**			
	Trade and other payables	20	52,030,766	47,203,821
	Loans and borrowings	21	43,319,672	53,908,421
			95,350,438	101,112,242
Company				
(a)	**Loans and receivables**			
	Trade and other receivables	18	137,729,102	111,527,597
	Cash and bank balances	19	96,246,750	137,577,721
			233,975,852	249,105,318
(b)	**Financial liabilities carried at amortised cost**			
	Trade and other payables	20	3,874,499	3,170,687

36. 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 2016 and 31 January 2015.

37. Dividends

	Group and Company	
	2016	**2015**
	RM	**RM**
Recognised during the year:		
In respect of financial year 2014:		
- Final single-tier dividend of 8 sen per share	-	24,815,357
In respect of financial year 2015:		
- Interim single-tier dividend of 7 sen per share	-	21,728,817
- Final single-tier dividend of 6 sen per share	18,673,894	-
In respect of financial year 2016:		
- Special single-tier dividend of 10 sen per share	31,123,157	-
- Interim single-tier dividend of 7 sen per share	21,786,210	-
	71,583,261	46,544,174
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 2016 : 6 sen (2015 : 6 sen) per share	18,673,294	18,632,788

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2016, of 6 sen per ordinary share 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 2017.

The proposed final dividend of RM18,673,294 is subject to change in proportion to the changes in the Company's issued and paid up capital, if any.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2016 were authorised for issue in accordance with a resolution of the Directors on 12 May 2016.

39. Supplementary Information - Breakdown of retained profits into Realised and Unrealised

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed entities pursuant to Paragraph 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 January 2016 and 2015, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	295,408,548	298,292,559	24,400,621	38,978,804
- Unrealised	(20,937,000)	(22,784,000)	(5,601,000)	(4,864,000)
	274,471,548	275,508,559	18,799,621	34,114,804
Less:				
Consolidation adjustments	(50,550,121)	(55,237,352)	-	-
Retained earnings as per financial statements	223,921,427	220,271,207	18,799,621	34,114,804

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 APRIL 2016

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM311,803,569
Class of Shares	:	Ordinary shares of RM1.00 each
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 Issued Capital
Less than 100 shares	72	1.77	2,082	0.00
100 to 1,000 shares	514	12.66	375,654	0.12
1,001 to 10,000 shares	2,589	63.75	10,357,746	3.33
10,001 to 100,000 shares	740	18.22	22,713,226	7.30
100,001 to less than 5% of shares	145	3.57	81,480,711	26.18
5% and above of shares	1	0.03	196,292,150	63.07
Total	4,061	100.00	311,221,569 Ω	100.00

Ω is equivalent to 311,803,569 less 582,000 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

	Name of Shareholders	No of Shares held	% of Issued capital
1.	Sharikat Kim Loong Sendirian Berhad	196,292,150	63.07
2.	Teo Chuan Keng Sdn. Bhd.	6,553,200	2.11
3.	Morisem Consolidated Sdn. Bhd.	6,087,800	1.96
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Pershing LLC for Krishnan Chellam	5,342,400	1.72
5.	Koperasi Polis DiRaja Malaysia Berhad	2,800,000	0.90
6.	Golden Fresh Sdn. Bhd.	2,000,000	0.64
7.	Timbas Helmi Bin Oesman Joesoef Helmi	2,000,000	0.64
8.	Lim Ah Choo	1,805,600	0.58
9.	Neoh Choo Ee & Company, Sdn. Berhad	1,698,198	0.55
10.	Gan Teng Siew Realty Sdn. Berhad	1,500,000	0.48
11.	Key Development Sdn. Berhad	1,500,000	0.48
12.	Prudent Strength Sdn. Bhd.	1,235,600	0.40
13.	Gooi Seow Mee	1,203,552	0.39
14.	HSBC Nominees (Tempatan) Sdn. Bhd. – HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	1,192,800	0.38
15.	Ang Chai Eng	1,163,000	0.37
16	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gooi Seong Heen (E-JBU)	1,152,360	0.37
17.	Herng Yuen Sdn. Bhd.	1,086,400	0.35
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt An For OCBC Securities Private Limited (Client A/C-RES)	1,069,999	0.34
19.	Khoo Heng Suan	1,033,760	0.33

ANALYSIS OF SHAREHOLDINGS

AS AT 22 APRIL 2016 (CONT'D)

	Name of Shareholders	No of Shares held	% of Issued capital
20.	Gooi Seong Chneh	1,012,360	0.33
21.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Law Kiu Kiong	991,700	0.32
22.	Lim Weng Ho	970,600	0.31
23.	RHB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Law Kiu Kiong	911,400	0.29
24.	Radeshah binti Ridzwani	835,800	0.27
25.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gan Tee Jin	798,000	0.26
26.	Teo Tian Chai Sdn. Bhd.	789,600	0.25
27.	Lim Khuan Eng	750,000	0.24
28.	Lim Swee Bee	739,000	0.24
29.	Chellam Investments Sdn. Berhad	700,000	0.22
30.	Yayasan Kelantan Darulnaim	700,000	0.22
	TOTAL	245,915,279	79.01

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 Issued capital	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	196,907,702	–	63.27	–
Gooi Seong Lim	683,552 [a]	199,442,101 [b]	0.22	64.08
Gooi Seong Heen	1,767,912 [c]	198,106,102 [d]	0.57	63.65
Gooi Seong Chneh	1,627,912	198,106,102 [e]	0.52	63.65
Gooi Seong Gum	132,600	198,162,102 [f]	0.04	63.67

DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest Shareholdings	%	Indirect Interest Shareholdings	%
Gooi Seong Lim	683,552 [a]	0.22	199,442,101 [b]	64.08
Gooi Seong Heen	1,767,912 [c]	0.57	198,106,102 [d]	63.65
Gooi Seong Chneh	1,627,912	0.52	198,106,102 [e]	63.65
Gooi Seong Gum	132,600	0.04	198,162,102 [f]	63.67
Gan Kim Guan	-	-	-	-
Chan Weng Hoong	-	-	-	-
Cheang Kwan Chow	-	-	-	-
Gooi Khai Chien	-	-	999,999 [g]	0.32
Gooi Chuen Kang	-	-	-	-

Notes:-

(a) 207,552 and 476,000 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. and Kenanga Nominees (Tempatan) Sdn. Bhd. respectively.

(b) Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 196,907,702 shares, Herng Yuen Sdn. Bhd. ("HY") which holds 1,086,400 shares, 999,999 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 448,000 shares.

(c) 615,552 and 1,152,360 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 196,907,702 shares, HY which holds 1,086,400 shares and his spouse, Looi Kok Yean, who holds 112,000 shares.

(e) Deemed interest by virtue of his interest in SKL which holds 196,907,702 shares, HY which holds 1,086,400 shares and his spouse, Lee T'ian C'ean, who holds 112,000 shares.

(f) Deemed interest by virtue of his interest in SKL which holds 196,907,702 shares, HY which holds 1,086,400 shares and his spouse, Teo Ai Mei, who holds 168,000 shares.

(g) Deemed interest by virtue of his interest in 999,999 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Chien is a director and major shareholder.

LIST OF PROPERTIES

HELD BY THE GROUP

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 2016 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	1,625
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	13,618
- CL 085311306	31/12/2077	Oil palm plantation	121.45	31 Jan 2004	Not applicable	3,532
- CL 085311315	31/12/2077	Oil palm plantation	102.51	31 Jan 2004	Not applicable	3,333
- CL 085311244	31/12/2077	Oil palm plantation	166.53	31 Jan 2004	Not applicable	7,060
District of Labuk/ Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	125
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	122
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	6,210
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	481
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	10,582
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	7,085
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	3,369
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	1,628
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	14,256
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	7,982
District of Kinabatangan, Sabah						
- Lot 7052, Section 64 Jalan Sekama Kuching, Sarawak	31/12/2779	Shoplot office	-	(01 Feb 2010)	32 years	1,258
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 255332631	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	30,138
- Part of CL 255332640	30/06/2032	Oil palm plantation	386.76 [1]	31 Jan 2004	Not applicable	3,360
District of Kinabatangan, Sabah						
Okidville Holdings Sdn. Bhd.						
- CL 135328782	31/12/2083	Oil palm plantation	2,755.50	31 Jan 2004	Not applicable	41,219
Sook, District of Keningau, Sabah						
Desa Okidville Sdn. Bhd.						
- CL 135367930	31/12/2080	Oil palm plantation	4,355.55	31 Jan 2004	Not applicable	53,415
Sook, District of Keningau, Sabah						
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135367912	31/12/2080	Palm oil mill	12.14	31 Jan 2004	13 years	7,078
- CL 135367921	31/12/2080	Oil palm plantation	27.51	31 Jan 2004	Not applicable	1,231
- Part of CL 135367903	29/2/2064	Housing area, water reservoir and POME area	77.13 [1]	(01 Mar 2004)	Not applicable	4,406
Sook, District of Keningau, Sabah						

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 2016 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- GRN 60265, Lot 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	19 years	12,408
- 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	(10 Mar 2003)	Not applicable	5,586
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	22,199
Palm Nutraceuticals Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office [2]	-	Not applicable	11 years	1,071
Kim Loong Technologies Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory [2]	-	Not applicable	10 years	899
Kim Loong Sabah Mills Sdn. Bhd.						
- Part of CL 255332640 District of Kinabatangan, Sabah	31/12/2086	Palm oil mill	13.84	(2 August 2007)	8 years	6,828
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Factory [2]	-	Not applicable	6 years	1,092

LIST OF PROPERTIES

HELD BY THE GROUP (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 2016 RM'000
Kim Loong Power Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store [2]	-	Not applicable	7 years	618
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Fencing [2]	-	Not applicable	6 years	28
- Part of CL 255332640 District of Kinabatangan, Sabah	31/12/2086	Factory [2]	-	Not applicable	3 years	1,003
Winsome Pelita (Pantu) Sdn. Bhd.						
- Sungai Tenggang and Kranggas/ Mawang Sri Aman, Sarawak	NCR Native Land 60 years	Oil palm plantation	2,852.48	(06 Jan 2010)	Not applicable	50,132
Winsome Jaya Sdn. Bhd.						
- H.S.(D) 34748, PTD 413 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	26/8/2111	Oil palm plantation	47.74 [1]	(27 Aug 2013)	Not applicable	1,039
			15,987.78			326,016

[1] These lands were subleased from third parties.
[2] These buildings are sited on rented land held by related companies.

KIM LOONG
RESOURCES BERHAD
(22703-K)
錦隆資源有限公司

FORM OF PROXY

CDS Account 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-first Annual General Meeting of the Company to be held at the Junior Ballroom 1, DoubleTree by Hilton Hotel, Nos. 01-02, Menara Landmark, 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 28 July 2016 at 10.30 a.m. and at any adjournment thereof in the manner as indicated below:

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Payment of Directors' fees		
4.	Re-election of Director: Mr. Gooi Seong Lim		
5.	Re-election of Director: Mr. Gooi Seong Gum		
6.	Re-appointment of Auditors		
7.	Authority to issue shares		
8.	Proposed Renewal of Authority for Share Buy-Back		
9.	Retention of Independent Non-Executive Director: Mr. Gan Kim Guan		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(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 ____________ 2016

Number of shares held

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

____
Signature(s)/Common Seal of Member(s)

NOTES:

A member whose name appear in the Record of Depositors as at 21 July 2016 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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STAMP

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
RESOURCES BERHAD
(22703-K)
錦隆資源有限公司

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