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

EMBARKING ON SUSTAINABLE GROWTH

annual report 2014

THE PRINCIPAL ACTIVITIES OF THE KLR GROUP ARE DIVIDED INTO TWO MAIN AREAS: PLANTATION OPERATIONS AND MILLING OPERATIONS. YEARS OF EXPERIENCE AND EXPERTISE OF THE BOARD AND THE MANAGEMENT HAVE PROPELLED THE KLR GROUP TO MATURE AND EXCEL IN BOTH ACTIVITIES.

CONTENTS

CORPORATE MILESTONES

2010

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

Commissioned the second palm-pressed fibre oil extraction plant.

The Group expanded into Sarawak by acquiring Tetangga 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.

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.

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.

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").

2005

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

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.

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.

CORPORATE MILESTONES

2000

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

1999

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

1998

Incorporation of 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.

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.

1981

Sharikat Kim Loong Sendirian Berhad ("SKL"), holding company of Kim Loong Resources Berhad expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah.

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.

1967

SKL 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 THIRTY-NINTH ANNUAL GENERAL MEETING OF KIM LOONG RESOURCES BERHAD WILL BE HELD AT DEWAN JOHOR, LEVEL 2 OF MUTIARA HOTEL, JALAN DATO SULAIMAN, TAMAN CENTURY, K.B. NO. 779, 80990 JOHOR BAHRU, JOHOR DARUL TAKZIM ON FRIDAY, 25 JULY 2014 AT 11.00 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 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final single tier dividend of 8 sen per share in respect of the financial year ended 31 January 2014. **(Resolution 2)**

3. To approve the payment of Directors' fees totalling RM204,000 for the financial year ended 31 January 2014. **(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 Heen **(Resolution 4)**
   (b) Mr. Gan Kim Guan **(Resolution 5)**
   (c) Mr. Chan Weng Hoong **(Resolution 6)**

5. To re-appoint M/s. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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 8)**

NOTICE OF ANNUAL GENERAL MEETING

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 30,986,716 representing 10% of the issued and paid-up share capital of the Company as at 3 June 2014;

(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 2014 of RM27,381,591 and RM2,501,862 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 9)**

ORDINARY RESOLUTION III – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution 5, 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 10)**

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-ninth Annual General Meeting, the final single tier dividend of 8 sen per share in respect of the financial year ended 31 January 2014 will be paid on 29 August 2014 to depositors registered in the Record of Depositors on 12 August 2014.

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 2014 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
3 July 2014

NOTES:

(1) A member whose name appears in the Record of Depositors as at 18 July 2014 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 forty-eight (48) hours before the time set for holding the meeting. 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 8 -

This resolution, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the 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 29 July 2013 and which will lapse at the conclusion of the Thirty-ninth 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.

NOTICE OF ANNUAL GENERAL MEETING

(4) Resolution 9 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 3 July 2014 which is enclosed together with this Annual Report.

(5) Resolution 10 -

Both the Nominating Committee and the Board have assessed the independence of Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 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) 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.

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 Thirty-ninth Annual General Meeting :-

(a) Mr. Gooi Seong Heen
(b) Mr. Gan Kim Guan
(c) Mr. Chan Weng Hoong

(2) The profiles of the Directors standing for re-election as mentioned in paragraph 1 above at the Thirty-ninth Annual General Meeting are set out in pages 14 to 16 of this Annual Report.

TOP QUALITY

We utilize state-of-the-art expertise to ensure that the quality of our products are unsurpassed. Our achievement is based on our emphasis on quality and our passion for excellence.

CORPORATE INFORMATION

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

AUDIT COMMITTEE

Gan Kim Guan
Chairman

Chan Weng Hoong

Cheang Kwan Chow

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

Ernst & Young (Firm No. AF 0039)
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 2014.

The total number of options granted, exercised and outstanding under the ESOS since its commencement up to 31 January 2014 are set out below:-

Description	**Number of Options**
Granted	14,078,800
Exercised	(7,985,900)
Cancelled	(2,484,100)
Outstanding	3,608,800

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 31 January 2014 are set out below:-

Description	**Number of Options**
Granted	2,403,000
Exercised	(1,934,400)
Cancelled	(440,600)
Outstanding	28,000

Details of options granted to the Directors and senior management under the ESOS during the financial year 2014 and since its commencement up to 31 January 2014 are set out below:-

Directors and Senior Management	**2014**
Aggregate maximum allocation	50%
Actual granted since commencement of ESOS	44%
Actual granted during the financial year	16%

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

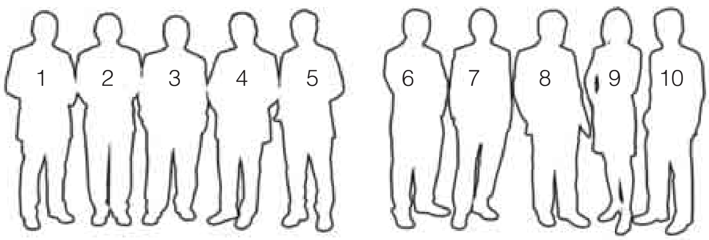
Note:-

Further details of the ESOS are set out in Note 24(c) on pages 119 to 120 of the Annual Report.

BOARD OF DIRECTORS

1 **Gooi Seong Heen** Managing Director
2 **Gooi Seong Gum** Executive Director
3 **Gooi Seong Lim** Executive Chairman
4 **Gooi Seong Chneh** Executive Director
5 **Gan Kim Guan** Senior Independent Non-Executive Director

BOARD OF DIRECTORS



6 **Cheang Kwan Chow** Independent Non-Executive Director
7 **Chan Weng Hoong** Independent Non-Executive Director
8 **Chong Fook Sin** Company Secretary
9 **Chua Yoke Bee** Company Secretary
10 **Kan Chee Jing** Company Secretary

PROFILE OF DIRECTORS

GOOI SEONG LIM

Executive Chairman

Gooi Seong Lim, aged 65, a Malaysian, was appointed to the Board of 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 2014.

GOOI SEONG HEEN

Managing Director

Gooi Seong Heen, aged 63, 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 was also a member of the Audit Committee until 8 January 2008. 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 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 2014.

PROFILE OF DIRECTORS

GOOI SEONG CHNEH

Executive Director

Gooi Seong Chneh, aged 59, 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 three (3) of the four (4) Board meetings held during the financial year 2014.

GOOI SEONG GUM

Executive Director

Gooi Seong Gum, aged 58, 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 2014.

GAN KIM GUAN

Senior Independent Non-Executive Director

Gan Kim Guan, aged 51, 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 2014.

PROFILE OF DIRECTORS

CHAN WENG HOONG

Independent Non-Executive Director

Chan Weng Hoong, aged 65, 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. in 2004 as Principal Research Officer and Head of Oil palm and Rubber Advisory Divisions and is currently on job extension as Agronomic Consultant. His main research interest is in rubber especially on exploitation and clonal evaluation. He is also well versed in oil palms and is an Agronomist for oil palm 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 2014.

CHEANG KWAN CHOW

Independent Non-Executive Director

Cheang Kwan Chow, aged 61, 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 2014.

Family Relationships

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are brothers.
Save for the above, none of the other Directors are related.

GROUP STRUCTURE
As at 31 January 2014

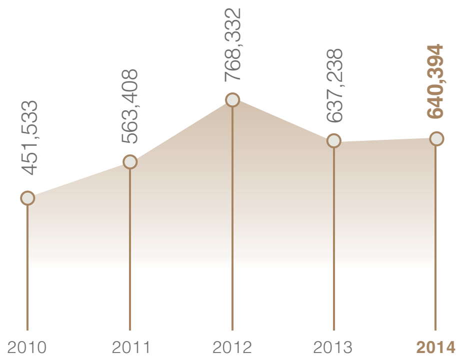
- **70%** Desa Kim Loong Palm Oil Sdn. Bhd. (463620-W)
  - **100%** Desa Kim Loong Industries Sdn. Bhd (504278-K)
  - **100%** Kim Loong Technologies (Sabah) Sdn. Bhd. (824331-K)
- **100%** Kim Loong Palm Oil Sdn. Bhd. (30999-P)
  - **100%** Kim Loong Palm Oil Mills Sdn. Bhd. (267654-P)
    - **70%** Sungkit Enterprise Sdn. Bhd. (85011-K)
    - **60%** Kim Loong Evergrow Sdn. Bhd. (487153-H)
    - **100%** 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%** Lokan Development Sdn. Bhd. (43447-H)
- **100%** Selokan Sdn. Bhd. (47569-V)
- **100%** Okidville Corporation Sdn. Bhd. (48946-U)
- **100%** Kim Loong Corporation Sdn. Bhd. (458947-T)
  - **60%** Winsome Pelita (Pantu) Sdn. Bhd. (681469-H)
- **100%** Okidville Jaya Sdn. Bhd. (686109-W)
  - **100%** Sepulut Plantations Sdn. Bhd. (716972-U)
- **100%** Winsome Sarawak Plantations Sdn. Bhd. (653800-A)
- **95%** Okidville Plantations Sdn. Bhd. (466683-V)
  - **100%** Winsome Jaya Sdn. Bhd. (605446-U)
- **100%** Winsome Plantations Sdn. Bhd. (510158-W)
  - **70%** Winsome Pelita (Kranggas) Sdn. Bhd. (1069444-H)

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

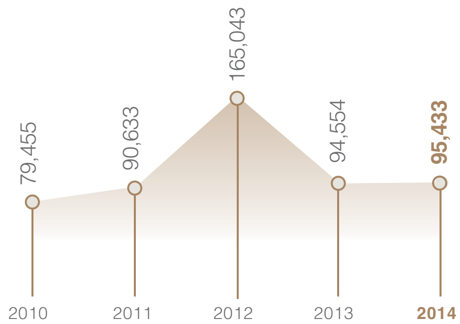
GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME (RM'000)

Revenue

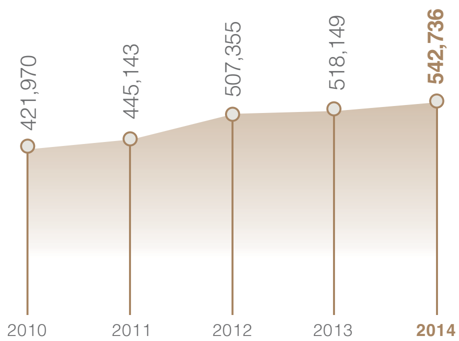


Profit Before Tax

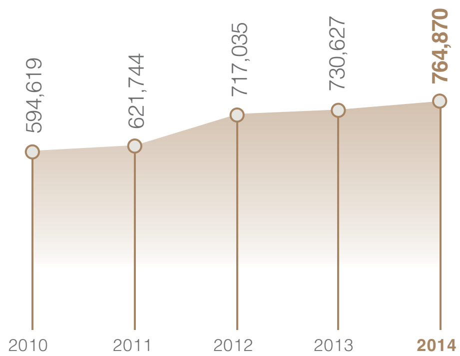


STATEMENT OF FINANCIAL POSITION (RM'000)

Equity Attributable to Owners of the Company

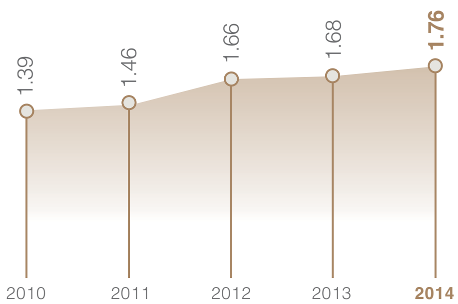


Total Assets

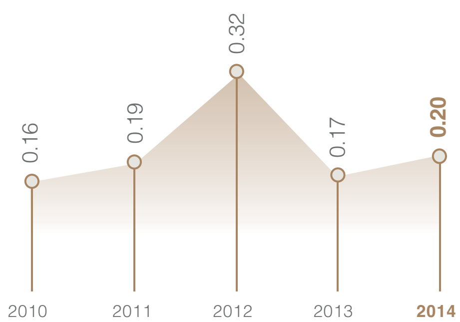


Per Share (RM)

Net Assets



Earnings



GROUP FINANCIAL HIGHLIGHTS

		2010	2011	2012	2013	2014
STATEMENT OF COMPREHENSIVE INCOME (RM'000)						
Revenue		451,533	563,408	768,332	637,238	640,394
EBITDA		99,795	113,862	189,713	124,679	122,815
Profit before tax		79,455	90,633	165,043	94,554	95,433
Profit after tax		59,525	71,610	124,749	68,520	73,359
Net profit attributable to owners of the Company		48,138	58,256	96,573	53,944	61,059
STATEMENT OF FINANCIAL POSITION (RM'000)						
Paid-up share capital		304,237	305,287	306,555	308,667	308,958
Total shareholders' equity		459,757	491,623	578,535	595,659	618,271
Equity attributable to owners of the Company		421,970	445,143	507,355	518,149	542,736
Total assets		594,619	621,744	717,035	730,627	764,870
PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)						
Earnings		0.16	0.19	0.32	0.17	0.20
Net Assets		1.39	1.46	1.66	1.68	1.76
Gross Dividend		0.10	0.12	0.16	0.12	0.13
Share Price at Year End		2.05	2.38	2.50	2.21	2.58
Weighted Average Number of Shares in Issue ('000)		303,271	304,657	305,982	308,188	308,577
FINANCIAL INDICATORS						
Return on Equity	(%)	12.95	14.57	21.56	11.50	11.87
Return on Total Assets	(%)	10.01	11.52	17.40	9.38	9.59
Gearing Ratio	(times)	0.13	0.10	0.07	0.07	0.08
Price-Earnings Ratio	(times)	12.81	12.53	7.81	13.00	12.90
Interest Coverage Ratio	(times)	56.67	41.59	71.24	47.76	42.96
Gross Dividend Yield	(%)	4.88	5.04	6.40	5.43	5.04

STATISTICS

	2010	2011	2012	2013	2014
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	12,818	13,074	12,740	12,827	13,012
Immature	732	794	1,203	1,523	1,874
Unplanted land	859	628	596	732	468
	14,409	14,496	14,539	15,082	15,354
Cocoa and others	115	108	99	89	-
Total plantable area	14,524	14,604	14,638	15,171	15,354
Infrastructure and unplantable land	629	592	554	607	574
Total land area	15,153	15,196	15,192	15,778	15,928
Production (MT)					
Fresh fruit bunches ("FFB")	262,687	227,325	313,035	280,365	287,188
Yield per mature hectare	21.71^	17.39	23.79	21.84	22.07
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	172,147	165,252	210,784	208,002	225,224
Oil extraction rate (% of FFB)	21.82	21.37	21.81	22.09	22.19
Palm kernel ("PK") (MT)	42,878	40,591	50,356	48,134	52,101
Kernel extraction rate (% of FFB)	5.43	5.25	5.21	5.11	5.13
Palm kernel oil ("PKO") (MT)	12,136	7,759	1,557	5,102	4,461
Oil extraction rate (% of PK)	44.83	44.92	46.12	48.67	48.47

^ Excluding FFB production from land acquired in January 2010.

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 2014.

FINANCIAL HIGHLIGHTS

RESULTS

The revenue and profit before tax ("PBT") of the Group were RM640.39 million and RM95.43 million respectively for the financial year 2014 ("FY2014") compared to RM637.24 million and RM94.55 million respectively for the financial year 2013 ("FY2013").

The marginal increase in revenue and PBT respectively compared to financial year 2013 were mainly due to increase in production compared to financial year 2013.

Correspondingly, we recorded a higher earnings per share of 19.8 sen compared to 17.5 sen in FY2013. As at the end of FY2014, the Group recorded 5% expansion of shareholders' equity to RM543 million and an increase in cash and cash equivalents to RM223 million (2013:RM518 million and RM186 million, respectively).

DIVIDEND

The Board has recommended a final single tier dividend of 8 sen per share (2013: 7 sen per share) for the financial year 2014 making a total single tier dividend of 13 sen per share (2013: 12 sen per share).

The payout represents approximately 66% of the annual profit attributable to owners of the Company.

The Group has achieved a Return on Equity (after tax) of 11.9% compared to 11.5% in FY2013.

REVIEW OF BUSINESS ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations increased by 47% or RM12.99 million to RM40.62 million as compared to RM27.63 million recorded for the last financial year. The higher profit was due to better processing margin and higher processing quantity.

Total CPO production for the year under review was 225,224 MT, which was 8% higher than 208,002 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 13.5% to 230,573 MT compared to 203,135 MT in the last financial year.

CHAIRMAN'S STATEMENT

PLANTATION OPERATIONS

The profit from the plantation operations decreased by 17% or RM10.90 million to RM54.82 million as compared to RM65.72 million recorded for the last financial year. The drop in profit was mainly due to lower palm oil prices. The FFB production for the year under review was 287,188 MT which was marginally higher than 280,365 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. However, average FFB selling price was 8% lower compared to the last financial year.

OPERATIONAL HIGHLIGHTS

As at 31 January 2014, the Group's total plantation land holdings stood at 15,928 Ha of which 93% are fully planted with palms. From the total planted area, approximately 87% are mature while the remaining 13% are at immature stage. The plantations are located in the states of Johor, Sabah and Sarawak.

The Group owns and operates three (3) palm oil mills which are strategically located near our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. The palm oil mills have a total FFB processing capacity of 1.2 million MT per annum. In FY2014, we achieved a throughput of 1 million MT of FFB inclusive of the external crop purchases, an increase of 8% from FY2013. As a result of higher FFB processed, CPO and PK production increased to approximately 225,000 MT and 52,000 MT respectively in FY2014, from 208,000 MT and 48,000 MT in FY2013. The average oil extraction rate ("OER") was marginally higher at 22.19% as compared to 22.09% in FY2013 while kernel extraction rate ("KER") was also marginally higher at 5.13% from 5.11% in FY2013.

THE LONG TERM OUTLOOK FOR THE PALM OIL INDUSTRY IN MALAYSIA REMAINS GOOD. THE PALM OIL PRICE IS EXPECTED TO BE GOOD IN THE FINANCIAL YEAR 2015 AS A RESULT OF IMPROVED WORLD ECONOMIES AND POTENTIAL DETRIMENTAL WEATHER AFFECTING YIELD.

In relation to the increase in FFB production, our average oil yield per Ha for Sabah estates has decreased to 5.67 MT per Ha in FY2014 compared to 5.73 MT per Ha in FY2013 which is consistent with the drop in production in this region. However, our overall average oil yield has increased to 4.90 MT per Ha compared to 4.82 MT per Ha in FY2013.

The cost of production during FY2014 remained the same as FY2013 at RM1,300/MT of CPO. The Management is nevertheless actively exploring rational initiatives towards cushioning the rising costs by increasing efficiency and productivity throughout our operations.

DEVELOPMENT AND PROSPECTS

The long term outlook for the palm oil industry in Malaysia remains good. The palm oil price is expected to be good in the financial year 2015 as a result of improved world economies and potential detrimental weather affecting yield.

The Group will continue to look for opportunities to increase its ownership of land in the states of Johor, Sabah and Sarawak, especially suitable land near our existing palm oil mills, through acquisition or joint venture in order to achieve sustainable and synergistic growth in revenue and profit. However, with increasing pressure from NGO's in sustainability issues, it is getting more difficult to acquire suitable land for oil palm cultivation.

CHAIRMAN'S STATEMENT

THE GROUP'S PRODUCTION OF FFB FOR FINANCIAL YEAR 2015 IS EXPECTED TO INCREASE AND PROJECTED TO ACHIEVE ABOUT 10% HIGHER THAN THE FFB PRODUCTION ACHIEVED IN THE FINANCIAL YEAR 2014.

The Group has on 21 November 2013 entered into a joint venture arrangement with Pelita Holdings Sdn Bhd for the purpose of developing approximately 1,700-hectare of State land at Kranggas, Pantu, Sri Aman Division, Sarawak into an oil palm plantation together with facilities and the provision of services ancillary to such plantation including palm oil mills.

Our main focus in the near to medium term is to secure and plant up the Native Customary Rights Land ("NCR Land") and state land within our project area in Sarawak. We expect the FFB production for the Group to grow from financial year 2015 onwards. The growth will arise from our young palms in Johor, new planting in Sarawak and replanting in Sabah.

The Group's production of FFB for financial year 2015 is expected to increase and projected to achieve about 10% higher than the FFB production achieved in the financial year 2014.

The Group expects the CPO production of its milling operations to be higher in the financial year 2015 than the quantity achieved in the financial year 2014.

We have installed the third biogas plant at our Telupid mill which has been successfully commissioned in April 2013. We are also implementing the gas engine system to generate renewable electrical power efficiently using the biogas produced from palm oil mill effluent ("POME") in our three mills. The first plant in Kota Tinggi mill has commenced operations in November 2013. This project will be able to minimize consumption of diesel fuel and disruption of power supply to our downstream projects as well as staff and labour quarters during our low crops period/mill shut down for maintenance.

In January 2014, the Group has successfully implemented and commissioned a plant capable of extracting dried long fibre from empty fruit bunch ("EFB") which is normally considered as waste product from palm oil milling. This dried long fibre plant is expected to contribute positively from the financial year 2015 onwards.

Based on the above factors, the Board expects the Group to perform better as we expect the current good CPO and PKO prices to contribute positively to the financial performance of the Group in the financial year ending 31 January 2015.

Our Group will also initiate the process of achieving compliance for sustainable palm oil production this financial year.

CHAIRMAN'S STATEMENT

APPRECIATION

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

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

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor

Date: 26 June 2014

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITIES

THE GROUP IS A SOCIALLY RESPONSIBLE CORPORATION THAT SUPPORTS AND CONTRIBUTES POSITIVELY TO THE SUSTAINABLE DEVELOPMENT OF THE ECONOMY AND THE COMMUNITY WHERE THE GROUP OPERATES.

IT 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 PART OF ITS BUSINESS ETHICS AND RESPONSIBILITIES.

MARKETPLACE

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

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 50 collection centres/dealers, 292 smallholders and 68 Estates.

HUMAN CAPITAL

The Group has a total workforce of 2,281 as at 31 January 2014. The workforce consists of 29% Malaysian and 25% of female.

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. Vegetable and fruit tree planting within the housing compound are promoted to enhance food sufficiency by providing seeds and young plants. At the business units level, family day, sports day, annual kenduri and dinners were conducted to foster better relations between the staff and workers and 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 also encourages their employees to cultivate their own vegetables for food production in designated areas within the estate/mill. These initiatives are supported through the provision of planting materials, agrofertiliser and bio-mass inputs. The harvests are then distributed among employees. 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.

'Gotong-royong' and cleaning up activities were conducted to step up the hygiene condition at housing areas of the Group's estates/mills.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITIES

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 to Bukit Gambang (Pahang), Ho Chi Minh (Vietnam), Xi'an & Shanghai (China) and Universal Studios (Singapore) were organised for the staff and their family members.

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 improved in their efficiency and work performance.

The Hospital Assistant carries out regular inspections of the employees housing to ensure that sanitation, health and drainage standards are upkept according to the Company's policies.

Chemical Health Risks Assessment (CHRA) and Medical Surveillance programmes are carried out for 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.

COMMUNITY

The Board of Directors strongly believes that in playing their 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 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 organisation for its charity work.

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 2,846 ha as at 31 January 2014 under this NCR project. A total of 2,358 ha has been planted. The Group's involvement in developing NCR land has enable to provide 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.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITIES

The Group also made several contributions and donations amounting to approximately RM58,000 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.

ENVIRONMENT SUSTAINABILITY

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.

In the reporting year approximately 500 hectares of land were either planted or replanted using the zero burning technique within the Group.

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.

Integrated pest management

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.

Optimise fertiliser use

The Group's fertiliser programme is based on the leaf nutrient levels and yield performance profile of the palm tree.

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 monitors 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.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 26 June 2014.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Kim Loong Resources Berhad remains resolute in upholding the highest standards of corporate governance are 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 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 Recommendation 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 16 of this Annual Report.

The Board as at the date of this statement, consist of seven (7) members, comprising one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

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

All of the Board members serve as Directors in not more than five Boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities.

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.

STATEMENT ON CORPORATE GOVERNANCE

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. 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 Sustainability
- 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

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.

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.

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.

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, which the application and appointment process for the services is as per established internal procedures.

Company Secretaries

The Company Secretaries are entrusted to record the Board's 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.

In delivering the above duties and responsibilities, the Board is supported by suitably qualified and competent Company 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).

The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

STATEMENT ON CORPORATE GOVERNANCE

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 44 to 47 of this Annual Report. The activities of the Audit Committee during the financial year ended 31 January 2014 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 remuneration 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.

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, training 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 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. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board wishes to highlight that Mr Gan Kim Guan has served as an Independent Non-Executive Director for more than 9 (nine) years, the Board, as recommended by the Nominating Committee, is fully satisfied that he demonstrates complete independence in character and judgement both in his designated role and as Board member and is of the opinion that he continues to bring independent view of the Group's affairs to the Board notwithstanding his length of service. The Board believes that his in-depth knowledge of the Group's businesses and his extensive and expertise continue to provide invaluable contribution to the Board. As such, the Board recommends him to be retained as an Independent Non-Executive Director and would be seeking shareholders' approval for the same at the forthcoming annual general meeting.

STATEMENT ON CORPORATE GOVERNANCE

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 Secretary 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 pages 49 and 50 of this Annual Report.

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. All Directors are paid a meeting allowance for attendance at each Board meeting.

a. The level and make up of Remuneration

The remuneration of all Directors is reviewed by the Remuneration Committee. The Remuneration Committee has a structured procedure for the Board to approve the remuneration of all Non-Executive Directors, 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 the remuneration framework and package of all Directors. Directors do not participate in decisions regarding their own remuneration packages. 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 2014, 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:

i. Summary of Directors' Remuneration

Aggregate Remuneration	**Executive Directors (RM)**	**Non-Executive Directors (RM)**	**Total (RM)**
Salary	1,720,200	-	1,720,200
Bonus	980,735	-	980,735
Fees	-	204,000	204,000
Meetings Allowance	7,500	6,000	13,500
Estimated monetary value of benefit-in-kind	14,201	-	14,201
Defined contribution plan	351,226	-	351,226
Share options granted under ESOS	7,140	-	7,140
TOTAL	**3,081,002**	**210,000**	**3,291,002**

ii. Remuneration Band

Executive Directors	
RM550,001 - RM600,000	1
RM700-001 - RM750,000	1
RM750,001 - RM800,000	1
RM950,001 - RM1,000,000	1
Non-Executive Directors	
RM50,001 - RM100,000	3

STATEMENT ON CORPORATE GOVERNANCE

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.

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.

The Nominating Committee and the Board have also determined that Mr Gan Kim Guan, who have served on the Board as Independent Director exceeding a cumulative term of nine (9) years, remain unbiased, objective and independent in expressing his opinions and in participating in decision making of the Board. The length of his service on the Board has not in any way interfered with his objective and independent judgement in carrying out his roles as a member of the Board and Committees. Furthermore, his pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable him to make significant contributions actively and effectively to the Company's decision making during deliberations or discussions.

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.

In relation to the recommendation of the Code that the Board must comprise a majority of independent director where the chairman of the Board is not an independent director, 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.

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

The roles and responsibilities of the Chairman and the Managing Director are 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 Code Recommendations states that the Chairman must be of a non-executive member of the Board. However, the Nominating Committee has assessed, reviewed and determined that the chairmanship of Gooi Seong Lim remains based on the following justifications/aspects contributed by him, as a member of the Board:

STATEMENT ON CORPORATE GOVERNANCE

- His vast experience in managing the operations of the Group's estates and mills which 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; and
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board.

The Senior Independent Non-Executive Director provides an additional communication channel between the directors and the shareholders. 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.

The number of meetings attended by each Director is as follows:

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	3	75
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

Directors Training

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

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.

STATEMENT ON CORPORATE GOVERNANCE

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

Name	Program	Date
Gooi Seong Lim	• OCBC Wealth - Mid Year Market Outlook Seminar • JP Morgan September Insights Tour 2013 • Alan Duncan - Private Wealth Network (family dynamics & restructuring, investment & opportunities and giving / philanthropy) • JP Morgan - Staying the course in the Year of the Horse	9 Jul 2013 11 Sept 2013 19 Nov 2013 27 Jan 2014
Gooi Seong Heen	• Bursa Malaysia POC 2013 - (Price Volatility - Ride It, Manage It) • JP Morgan - Wealth Insight • 2013 Audit Committee Institute Breakfast Roundtable Series (Non Executive Directors Remuneration Survey 2013 & Corporate Governance Guide (2nd Edition) • JP Morgan - Staying the course in the Year of the Horse	4 - 6 Mar 2013 5 Nov 2013 19 Dec 2013 27 Jan 2014
Gooi Seong Chneh	• Ganoderma Disease In Oil Palm - Detection, Control and Management	26 - 27 Jul 2013
Gooi Seong Gum	• 2013 Audit Committee Institute Breakfast Roundtable Series (Non Executive Directors Remuneration Survey 2013 & Corporate Governance Guide (2nd Edition)	19 Dec 2013
Gan Kim Guan	• MIA - ACCA Forum 2013 : The Value of Quality Audit • The Institute of Internal Auditors Malaysia - 2013 National Conference On Internal Auditing (Scaling Greater Heights : Adding Value) • CTIM - Workshop on Income from Letting Real Properties; for Investment Holding Companies and other investors • National Tax Conference	5 Jul 2013 23 - 24 Sept 2013 30 Oct 2013 31 Oct 2013
Chan Weng Hoong	• Riverview Rubber Estates Berhad - 2013 Executive Conference	25 - 26 Oct 2013
Cheang Kwan Chow	• The Institute of Internal Auditors Malaysia - Financial Auditing in Internal Audit Environment • The Institute of Internal Auditors Malaysia - 2013 National Conference On Internal Auditing (Scaling Greater Heights : Adding Value)	5 Sept 2013 23 - 24 Sept 2013

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.

Individual director's assessments were conducted with the objective to improve the Board effectiveness and to enhance the director's awareness on the key areas that need to be addressed. The performance indicators for individual director include their interactive contributions, quality of input and understanding of their roles were performed by the Nominating Committee. Their evaluation results were tabled to the Board to deliberate areas for improvement.

The Board acknowledges the gender diversity as published in the Code and recognizes business benefits of having a balanced board. Hence, appointment of new Board member will not be guided by gender but competencies, knowledge, experience, commitment and integrity of the candidate. Female representation will be considered when suitable candidates are identified.

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

STATEMENT ON CORPORATE GOVERNANCE

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 & 6) on page 4 and the Profile of Directors on pages 14 to 16.

Principle 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

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 40 to 43 of this Annual Report.

Financial Reporting

The Company's financial statements are prepared in accordance with the provisions 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 reports to the shareholders of the Company on its 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 policy 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 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 on the recommendation of the Code to have policies and procedures 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 2014, 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 2014, 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.

STATEMENT ON CORPORATE GOVERNANCE

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 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 purpose of the internal audit function is to review effectiveness of the Group's systems of internal controls. 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 function 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 its activities based on the approved Annual Internal Audit Plan to ensure its 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 RM201,700.

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.
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. Reviewing and verifying the allocation of shares under the Employees' Share Option Scheme ('ESOS').
vi. Conducting investigation audits or special assignment from time to time as requested by Management.

Further information on the Group's state of internal control is presented in the Statement on Risk Management and Internal Control.

Principle 7 ENSURE TIMELY AND HIGH QUALITY INFORMATION

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

The Group has established a comprehensive website at www.kimloong.com.my to further enhance investors and shareholders communication. Other information provided on the website includes Board Charter, announcements released to Bursa Securities, annual reports and company profile.

STATEMENT ON CORPORATE GOVERNANCE

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 AGM and/or Extraordinary General Meeting 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.

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.

STATEMENT ON CORPORATE GOVERNANCE

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.

The Company has complied with the relevant Principles and Recommendations as set out in the Code except as follows:

- Recommendation 3.5

  The Board takes note of the Code in particular where the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Nominating Committee has assessed and opined that Mr Gooi Seong Lim should remain as the Executive Chairman based on the justification stated in pages 31 to 32. The Board remains focused on its priorities of delivering value for all stakeholders.

This statement has been reviewed and approved by the Board of Directors at a meeting held on 26 June 2014.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 provisions of the Act.

The Directors consider that, in preparing the financial statements of Kim Loong Resources Berhad for the financial year ended 31 January 2014, 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.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements of Bursa Securities, 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 175,000 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	
June 13	15,000	2.40	2.41	2.40	36,279
July 13	50,000	2.40	2.42	2.40	120,693
December 13	30,000	2.52	2.56	2.54	76,879
January 14	80,000	2.52	2.62	2.59	208,541

As at 31 January 2014, the Company held a total of 200,000 treasury shares.

Other details of the share buy back are set out in Note 24(b) to the Financial Statements.

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

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 24 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 2014 was RM5,000.

Variation in results

There was no material variation between the results for the financial year ended 31 January 2014 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.

Recurrent Related Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 31 to the Financial Statements. The Group did not seek for shareholders' mandate for Recurrent Related Party Transactions at the last AGM as the aggregate value of transactions was not expected to exceed the threshold prescribed under the Listing Requirements of Bursa Securities.

This Statement is made in accordance with a resolution of the Board dated 26 June 2014.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") and Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market 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 underling Principle 6 of the Malaysian Code on Corporate Governance 2012.

1.0 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 the 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.

2.0 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

i. CONTROL ENVIRONMENT (Cont'd)

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 Directors / Managing Director / Executive Chairman / Board 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

i. CONTROL ENVIRONMENT (Cont'd)

> 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.

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.

iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit functions are described and detailed on page 35 under Statement on Corporate Governance of 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 the Bursa Malaysia Securities Berhad. These are usually reviewed by the Audit Committee before they are tabled to the Board for approval.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

3.0 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 2014. 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.

4.0 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 and 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 26 June 2014.

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 2014 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, Senior Finance Manager, 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. However, the Committee should meet with the External Auditors without executive Board members present at least twice a year.

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.

REPORT OF THE AUDIT COMMITTEE

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 2014, 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	Program	Date
Gan Kim Guan	• MIA - ACCA Forum 2013 : The Value of Quality Audit	5 Jul 2013
	• The Institute of Internal Auditors Malaysia - 2013 National Conference On Internal Auditing (Scaling Greater Heights : Adding Value)	23 - 24 Sept 2013
	• CTIM - Workshop on Income from Letting Real Properties; for Investment Holding Companies and other investors	30 Oct 2013
	• National Tax Conference	31 Oct 2013
Chan Weng Hoong	• Riverview Rubber Estates Berhad - 2013 Executive Conference	25 - 26 Oct 2013
Cheang Kwan Chow	• The Institute of Internal Auditors Malaysia - Financial Auditing in Internal Audit Environment	5 Sept 2013
	• The Institute of Internal Auditors Malaysia - 2013 National Conference On Internal Auditing (Scaling Greater Heights : Adding Value)	23 - 24 Sept 2013

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.

REPORT OF THE AUDIT COMMITTEE

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 Bursa Securities Main Market 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 re-appointment;
t. to consider the appointment of the Internal Auditors, the fees and any questions of nomination, resignation 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 2014, the Audit Committee discharged its duties and responsibilities in accordance with its terms of reference. 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 statement;
- 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 Best Practices set under the Malaysian Code of Corporate Governance 2012 in conjunction with the preparation of the Statement on Corporate Governance and Statement on Risk Management and Internal Control.

REPORT OF THE AUDIT COMMITTEE

External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2014 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 meetings (without the presence of Management) twice (2) 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 to the Board relevant issues; and
- Held independent meetings (without the presence of Management) with the Internal Auditors.

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 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.

Employees' Share Option Scheme (ESOS)

- Verified the list of eligible employees and the allocation of options to be offered to them in accordance with the By-laws of the ESOS.

This Report is made in accordance with a resolution of the Board of Directors dated 26 June 2014.

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 twice during the financial year 2014. The attendance of the members of the Committee of the meetings is as follows:

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

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

- Reviewed the structure of the remuneration package for each of the Executive Directors; and
- 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 26 June 2014.

REPORT OF THE NOMINATING COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

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

TERMS OF REFERENCE

(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, skills, 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 Manaing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholders 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 appointment 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 2014.

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 composition and the required mix of skills, experience and other qualities of the Board;
b) Reviewed the re-election of Directors retiring at the AGM under Article 77 of the Articles of Association;
c) Reviewed the effectiveness of the Board as a whole and contribution of each director; and
d) Assessed the independence of Independent Directors.

This Report is made in accordance with a resolution of the Board of Directors dated 26 June 2014.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2014.

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	61,059,351	56,467,913
Non-controlling interests	12,299,936	-
Profit net of tax	73,359,287	56,467,913

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 2013 were as follows :

	RM
In respect of the financial year ended 31 January 2013 :	
- Final single-tier dividend of 7 sen per share on 308,667,469 ordinary shares, paid on 30 August 2013	21,606,723
In respect of the financial year ended 31 January 2014 :	
- Interim single-tier dividend of 5 sen per share on 308,765,969 ordinary shares, paid on 22 November 2013	15,438,298
	37,045,021

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2014, of 8 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 2015.

The proposed final dividend of RM24,716,646 is subject to change in proportion to changes in the Company's issued and paid up capital, if any.

DIRECTORS' REPORT
(cont'd)

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

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 31 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	**1.2.2013**	**Acquired**	**Sold**	**31.1.2014**
Gooi Seong Lim				
- direct interest	1,149,552	-	-	1,149,552
- indirect interest	199,442,101	-	-	199,442,101
Gooi Seong Heen				
- direct interest	1,753,912	14,000	-	1,767,912
- indirect interest	198,106,102	-	-	198,106,102
Gooi Seong Chneh				
- direct interest	1,613,912	-	-	1,613,912
- 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' REPORT
(cont'd)

Directors' interests (cont'd)

	Number of options under employees' share option scheme over ordinary shares of RM1 each			
The Company	**1.2.2013**	**Granted**	**Exercised**	**31.1.2014**
Gooi Seong Lim	14,000	-	-	14,000
Gooi Seong Heen	14,000	-	14,000	-
Gooi Seong Chneh	14,000	-	-	14,000

	Number of ordinary shares of RM100 each			
Holding company	**1.2.2013**	**Acquired**	**Sold**	**31.1.2014**
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

	Number of ordinary shares of RM1 each			
Related corporation	**1.2.2013**	**Acquired**	**Sold**	**31.1.2014**
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	1,340,452	-	-	1,340,452
- indirect interest	122,961,824	31,445,981	9,490,000	144,917,805
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	119,114,152	31,445,981	9,490,000	141,070,133
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	119,046,152	31,445,981	9,490,000	141,002,133
Gooi Seong Gum				
- indirect interest	119,046,152	31,445,981	9,490,000	141,002,133

DIRECTORS' REPORT
(cont'd)

Directors' interests (cont'd)

Related corporation	Number of warrants 2009/2014 1.2.2013	Acquired	Exercised	31.1.2014
Crescendo Corporation Berhad				
Gooi Seong Lim - indirect interest	31,445,981	-	31,445,981	-
Gooi Seong Heen - indirect interest	31,445,981	-	31,445,981	-
Gooi Seong Chneh - indirect interest	31,445,981	-	31,445,981	-
Gooi Seong Gum - indirect interest	31,445,981	-	31,445,981	-

Related corporation	Number of irredeemable convertible unsecured loan stocks 2009/2016 at nominal value of RM1 each 1.2.2013	Acquired	Converted	31.1.2014
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

DIRECTORS' REPORT
(cont'd)

Directors' interests (cont'd)

Related corporation	Number of ordinary shares of RM1 each 1.2.2013	Acquired	Sold	31.1.2014
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000

Related corporation	Number of ordinary shares of RM1 each 1.2.2013	Acquired	Sold	31.1.2014
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

Directors' interests (cont'd)

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

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

Issue of shares, share options and debentures

During the financial year, 290,600 ordinary shares of RM1 each were issued by virtue of the exercise of 4,600 share options (at RM1.19 per share), 33,200 share options (at RM2.27 per share), 39,000 share options (at RM1.75 per share), 32,000 share options (at RM2.12 per share), 49,100 share options (at RM2.00 per share), 30,800 share options (at RM2.42 per share) and 101,900 shares options (at RM2.01 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.

DIRECTORS' REPORT
(cont'd)

Employees' share option scheme (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option scheme as at 31 January 2014 are as follows :

Options granted on :	Exercise price RM	Number of shares options granted and unexercised as at 31 January 2014	Percentage of options exercisable in financial year 2015 %
31 March 2005	1.00	6,500	100
29 March 2006	1.00	7,400	100
29 March 2007	1.19	117,200	100
27 March 2008	2.27	592,800	100
30 March 2009	1.75	169,200	100
29 March 2010	2.12	434,900	100
31 March 2011	2.00	554,900	100
29 March 2012	2.42	866,200	100
28 March 2013	2.01	859,700	100
		3,608,800	

The above employees' share options will expire on 17 March 2015.

During the financial year, the Company granted 1,071,200 new share options to eligible employees. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 30,000 ordinary shares of RM1 each.

Employees granted options to subscribe for 30,000 or more ordinary shares of RM1 each during the financial year are as follow:

				Number of Share Opitons		
Name	**Grant date**	**Expiry date**	**Price**	**Granted**	**Exercised/ Cancelled**	**Outstanding as at 31.01.2014**
Yong Chan Vui	28.03.2013	17.03.2015	2.01	90,000	-	90,000
Kuah Kok Meng	28.03.2013	17.03.2015	2.01	70,000	21,000	49,000
Azlan Bin Awang Damit	28.03.2013	17.03.2015	2.01	38,000	-	38,000
Ho Yun Kong	28.03.2013	17.03.2015	2.01	35,000	10,500	24,500
January Anak Juan	28.03.2013	17.03.2015	2.01	35,000	-	35,000
Unting Anak Megu	28.03.2013	17.03.2015	2.01	35,000	-	35,000
Danni Bin Dominic	28.03.2013	17.03.2015	2.01	35,000	-	35,000
Julian Bin William	28.03.2013	17.03.2015	2.01	35,000	35,000	-
Nazeri Bin Ismail	28.03.2013	17.03.2015	2.01	31,000	-	31,000
Richard Bin Ginsin	28.03.2013	17.03.2015	2.01	30,000	30,000	-
Lee Kian Loong	28.03.2013	17.03.2015	2.01	30,000	-	30,000

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

DIRECTORS' REPORT
(cont'd)

Treasury shares

During the financial year, the Company repurchased 175,000 of its issued ordinary shares from the open market at an average price of RM2.51 per share. The total consideration paid for the repurchase including transaction costs was RM442,392. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

At 31 January 2014, the Company held as treasury shares a total of 200,000 of its 308,958,069 issued ordinary shares. Such treasury shares are held at a carrying amount of RM503,003 and further relevant details are disclosed in Note 24(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.

DIRECTORS' REPORT
(cont'd)

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 26 May 2014.

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 64 to 133 are drawn up in accordance with Financial Reporting Standards and 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 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 26 May 2014.

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 64 to 134 are in my opinion correct, and I make this solemnly 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 26 May 2014) **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, and the statements of comprehensive income as at 31 January 2014, 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 64 to 133.

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 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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2014 and of their financial performance and cash flows for the year then ended.

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.

INDEPENDENT AUDITORS' REPORT

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

Other matters

The supplementary information set out in Note 41 to the financial statements on page 134 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

Wun Mow Sang
1821/12/14 (J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 26 May 2014

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	4	640,393,511	637,237,890	16,853,239	16,084,199
Cost of sales	5	(515,864,889)	(508,269,304)	(9,270,998)	(9,629,458)
Gross profit		124,528,622	128,968,586	7,582,241	6,454,741
Other items of income	6	8,010,732	7,339,639	61,500,309	50,017,596
Other items of expense					
Distribution cost		(15,396,562)	(13,961,675)	(643,055)	(970,752)
Administrative expenses		(15,787,617)	(16,143,424)	(9,644,922)	(17,827,510)
Finance costs	7	(1,138,132)	(1,210,626)	-	-
Other expenses		(4,783,796)	(10,438,278)	(146,601)	(5,967,531)
Profit before tax	8	95,433,247	94,554,222	58,647,972	31,706,544
Tax	11	(22,073,960)	(26,034,474)	(2,180,059)	(1,867,764)
Profit net of tax		73,359,287	68,519,748	56,467,913	29,838,780
Other comprehensive income					
Net movement on cash flow hedge		15,592	29,754	-	-
Tax relating to cash flow hedge	23	(3,898)	(7,438)	-	-
Other comprehensive income for the year, net of tax		11,694	22,316	-	-
Total comprehensive income for the year		73,370,981	68,542,064	56,467,913	29,838,780
Profit attributable to :					
Owners of the Company		61,059,351	53,944,320	56,467,913	29,838,780
Non-controlling interests		12,299,936	14,575,428	-	-
		73,359,287	68,519,748	56,467,913	29,838,780
Total comprehensive income attributable to:					
Owners of the Company		61,066,508	53,957,977	56,467,913	29,838,780
Non-controlling interests		12,304,473	14,584,087	-	-
		73,370,981	68,542,064	56,467,913	29,838,780
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	19.79	17.50		
- Diluted	12	19.78	17.50		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2014

	Note	2014 RM	2013 RM
Assets			
Non-current assets			
Property, plant and equipment	13	375,418,570	371,359,822
Land use rights	14	2,477,778	2,592,438
Biological assets	15	82,696,082	78,028,351
Intangible assets	17	-	-
Deferred tax assets	23	11,899,750	8,358,350
		472,492,180	460,338,961
Current assets			
Inventories	18	36,870,052	42,775,607
Trade and other receivables	19	17,989,346	26,184,040
Prepayments		7,439,019	6,634,856
Tax recoverable		317,066	3,165,807
Derivatives	33	-	621,775
Cash and bank balances	20	229,762,498	190,905,621
		292,377,981	270,287,706
Total assets		764,870,161	730,626,667
Equity and liabilities			
Current liabilities			
Trade and other payables	21	37,381,765	42,952,367
Loans and borrowings	22	19,901,612	14,228,503
Tax payable		4,019,494	1,963,732
Derivatives	33	5,807	21,399
		61,308,678	59,166,001
Net current assets		231,069,303	211,121,705
Non-current liabilities			
Other payables	21	1,936,095	2,313,858
Loans and borrowings	22	30,652,000	24,234,000
Deferred tax liabilities	23	52,702,539	49,253,795
		85,290,634	75,801,653
Total liabilities		146,599,312	134,967,654
Net assets		618,270,849	595,659,013
Equity attributable to owners of the Company			
Share capital	24	308,958,069	308,667,469
Share premium	26	2,501,862	2,110,314
Treasury shares	24(b)	(503,003)	(60,611)
Other reserves	25	41,150,447	41,642,870
Retained earnings		190,628,889	165,788,889
		542,736,264	518,148,931
Non-controlling interests		75,534,585	77,510,082
Total equity		618,270,849	595,659,013
Total equity and liabilities		764,870,161	730,626,667

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

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 January 2014

	Note	2014 RM	2013 RM
Assets			
Non-current assets			
Property, plant and equipment	13	70,437,966	70,017,316
Biological assets	15	10,441,688	7,555,510
Investments in subsidiaries	16	45,930,098	45,930,098
Other receivables	19	80,587,418	79,641,538
		207,397,170	203,144,462
Current assets			
Inventories	18	273,265	260,363
Trade and other receivables	19	49,618,844	62,729,124
Prepayments		83,449	212,594
Tax recoverable		-	2,158,623
Cash and bank balances	20	110,982,451	78,881,933
		160,958,009	144,242,637
Total assets		368,355,179	347,387,099
Equity and liabilities			
Current liability			
Trade and other payables	21	3,068,213	3,341,284
Tax payable		231,213	-
		3,299,426	3,341,284
Net current assets		157,658,583	140,901,353
Non-current liability			
Deferred tax liabilities	23	12,276,678	11,255,478
Total liabilities		15,576,104	14,596,762
Net assets		352,779,075	332,790,337
Equity attributable to owners of the Company			
Share capital	24	308,958,069	308,667,469
Share premium	26	2,501,862	2,110,314
Treasury shares	24(b)	(503,003)	(60,611)
Other reserves	25	14,440,556	14,318,454
Retained earnings	29	27,381,591	7,754,711
Total equity		352,779,075	332,790,337
Total equity and liabilities		368,355,179	347,387,099

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 2014

	Note	Total equity	Total	Share capital (Note 24)	Share premium (Note 26)	Other reserves, total	Revaluation reserve (Note 27)	Option reserve (Note 28)	Hedging reserve (Note 33(c))	Retained earnings	Treasury shares	Non-controlling interests
			<--- Attributable to owners of the Company								--->	
					<--- Non-Distributable				--->	<--- Distributable	--->	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2013		595,659,013	518,148,931	308,667,469	2,110,314	41,642,870	41,218,287	434,405	(9,822)	165,788,889	(60,611)	77,510,082
Realisation of revaluation surplus on leasehold land, net of tax	30	-	-	-	-	(825,670)	(825,670)	-	-	825,670	-	-
Profit for the year		73,359,287	61,059,351	-	-	-	-	-	-	61,059,351	-	12,299,936
Other comprehensive income		11,694	7,157	-	-	7,157	-	-	7,157	-	-	4,537
Total comprehensive income		73,370,981	61,066,508	-	-	7,157	-	-	7,157	61,059,351	-	12,304,473
Transactions with owners												
Share-based payment under ESOS		422,625	422,625	-	-	422,625	-	422,625	-	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	-	96,535	(96,535)	-	(96,535)	-	-	-	-
Issue of shares pursuant to exercise of ESOS		594,483	594,483	290,600	303,883	-	-	-	-	-	-	-
Expenses in relation to issuance of shares		(8,870)	(8,870)	-	(8,870)	-	-	-	-	-	-	-
Buy-back of shares	24(b)	(442,392)	(442,392)	-	-	-	-	-	-	-	(442,392)	-
Issuance of shares to non-controlling interests of subsidiary companies		30	-	-	-	-	-	-	-	-	-	30
Dividends paid to non-controlling interests		(14,280,000)	-	-	-	-	-	-	-	-	-	(14,280,000)
Dividends for the year ended												
- 31 January 2013	39	(21,606,723)	(21,606,723)	-	-	-	-	-	-	(21,606,723)	-	-
- 31 January 2014	39	(15,438,298)	(15,438,298)	-	-	-	-	-	-	(15,438,298)	-	-
Total transactions with owners		(50,759,145)	(36,479,175)	290,600	391,548	326,090	-	326,090	-	(37,045,021)	(442,392)	(14,279,970)
At 31 January 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

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 2014 (cont'd)

			<-- Attributable to owners of the Company									-->
					<-- Non-Distributable				-->	<-- Distributable	-->	
	Note	Total equity	Total	Share capital (Note 24)	Share premium (Note 26)	Other reserves, total	Revaluation reserve (Note 27)	Option reserve (Note 28)	Hedging reserve (Note 33(c))	Retained earnings	Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2012		578,535,196	507,355,019	306,555,358	1,449,225	42,344,795	42,043,957	324,317	(23,479)	157,029,112	(23,471)	71,180,177
Changes in equity for the year:												
Realisation of revaluation surplus on leasehold land, net of tax	30	-	-	-	-	(825,670)	(825,670)	-	-	825,670	-	-
Profit for the year		68,519,748	53,944,320	-	-	-	-	-	-	53,944,320	-	14,575,428
Other comprehensive income		22,316	13,657	-	-	13,657	-	-	13,657	-	-	8,659
Total comprehensive income		68,542,064	53,957,977	-	-	13,657	-	-	13,657	53,944,320	-	14,584,087
Transactions with owners												
Share-based payment under ESOS		322,705	322,705	-	-	322,705	-	322,705	-	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	-	212,617	(212,617)	-	(212,617)	-	-	-	-
Issue of shares pursuant to exercise of :												
- ESOS		1,082,121	1,082,121	603,800	478,321	-	-	-	-	-	-	-
- Warrants		1,508,311	1,508,311	1,508,311	-	-	-	-	-	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 January 2014 (cont'd)

				Attributable to owners of the Company								
				Non-Distributable					Distributable			
	Note	Total equity RM	Total RM	Share capital (Note 24) RM	Share premium (Note 26) RM	Other reserves, total RM	Revaluation reserve (Note 27) RM	Option reserve (Note 28) RM	Hedging reserve (Note 33(c)) RM	Retained earnings RM	Treasury shares RM	Non-controlling interests RM
Transactions with owners (cont'd)												
Expenses in relation to issuance of shares		(29,849)	(29,849)	-	(29,849)	-	-	-	-	-	-	-
Buy-back of shares	24(b)	(37,140)	(37,140)	-	-	-	-	-	-	-	(37,140)	-
Acquisition from non-controlling interests		(30,000)	(965)	-	-	-	-	-	-	(965)	-	(29,035)
Dilution of interests in subsidiary company		60,000	120,766	-	-	-	-	-	-	120,766	-	(60,766)
Issuance of shares to non-controlling interests of subsidiary companies		912,490	-	-	-	-	-	-	-	-	-	912,490
Reversal of non-controlling interests' share of loss previously set off against their advances		(136,871)	-	-	-	-	-	-	-	-	-	(136,871)
Dividends paid to non-controlling interests		(8,940,000)	-	-	-	-	-	-	-	-	-	(8,940,000)
Dividends for the year ended												
- 31 January 2012	39	(30,698,766)	(30,698,766)	-	-	-	-	-	-	(30,698,766)	-	-
- 31 January 2013	39	(15,431,248)	(15,431,248)	-	-	-	-	-	-	(15,431,248)	-	-
Total transactions with owners		(51,418,247)	(43,164,065)	2,112,111	661,089	110,088	-	110,088	-	(46,010,213)	(37,140)	(8,254,182)
At 31 January 2013		595,659,013	518,148,931	308,667,469	2,110,314	41,642,870	41,218,287	434,405	(9,822)	165,788,889	(60,611)	77,510,082

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 2014

	Note	Total equity	Share capital (Note 24)	Share premium (Note 26)	Non-distributable Revaluation reserve (Note 27)	Option reserve (Note 28)	Distributable Retained earnings	Treasury shares
		RM	RM	RM	RM	RM	RM	RM
At 1 February 2013		332,790,337	308,667,469	2,110,314	13,884,049	434,405	7,754,711	(60,611)
Realisation of revaluation surplus on leasehold land, net of tax	30	-	-	-	(203,988)	-	203,988	-
Total comprehensive income		56,467,913	-	-	-	-	56,467,913	-
Transactions with owners								
Share-based payment under ESOS		422,625	-	-	-	422,625	-	-
Transfer of reserve arising from exercise of ESOS		-	-	96,535	-	(96,535)	-	-
Issue of shares pursuant to exercise of ESOS		594,483	290,600	303,883	-	-	-	-
Expenses in relation to issuance of shares		(8,870)	-	(8,870)	-	-	-	-
Buy-back of shares	24(b)	(442,392)	-	-	-	-	-	(442,392)
Dividends for the year ended								
- 31 January 2013	39	(21,606,723)	-	-	-	-	(21,606,723)	-
- 31 January 2014	39	(15,438,298)	-	-	-	-	(15,438,298)	-
Total transactions with owners		(36,479,175)	290,600	391,548	-	326,090	(37,045,021)	(442,392)
At 31 January 2014		352,779,075	308,958,069	2,501,862	13,680,061	760,495	27,381,591	(503,003)

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 2014 (cont'd)

	Note	Total equity RM	Share capital (Note 24) RM	Share premium (Note 26) RM	Revaluation reserve (Note 27) RM	Option reserve (Note 28) RM	Retained earnings RM	Treasury shares RM
				<--- Non-distributable		--->	<--- Distributable	--->
At 1 February 2012		346,235,423	306,555,358	1,449,225	14,088,037	324,317	23,841,957	(23,471)
Realisation of revaluation surplus on leasehold land, net of tax	30	-	-	-	(203,988)	-	203,988	-
Total comprehensive income		29,838,780	-	-	-	-	29,838,780	-
Transactions with owners								
Share-based payment under ESOS		322,705	-	-	-	322,705	-	-
Transfer of reserve arising from exercise of ESOS		-	-	212,617	-	(212,617)	-	-
Issue of shares pursuant to exercise of :								
- ESOS		1,082,121	603,800	478,321	-	-	-	-
- Warrants		1,508,311	1,508,311	-	-	-	-	-
Expenses in relation to issuance of shares		(29,849)	-	(29,849)	-	-	-	-
Buy-back of shares	24(b)	(37,140)	-	-	-	-	-	(37,140)
Dividends for the year ended								
- 31 January 2012	39	(30,698,766)	-	-	-	-	(30,698,766)	-
- 31 January 2013	39	(15,431,248)	-	-	-	-	(15,431,248)	-
Total transactions with owners		(43,283,866)	2,112,111	661,089	-	110,088	(46,130,014)	(37,140)
At 31 January 2013		332,790,337	308,667,469	2,110,314	13,884,049	434,405	7,754,711	(60,611)

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 2014

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Operating activities				
Cash receipts from customers	645,024,356	640,927,094	21,006,441	20,420,170
Rental received	77,643	45,560	36,000	36,000
Interest received	6,277,736	5,745,062	4,365,218	4,790,896
Dividends received	-	-	52,650,000	40,050,000
Cash paid to suppliers and employees	(520,874,513)	(524,645,415)	(10,900,012)	(24,999,214)
Cash generated from operations	130,505,222	122,072,301	67,157,647	40,297,852
Interest paid	(971,265)	(1,048,651)	-	-
Net tax (paid)/refunded	(17,266,011)	(32,477,164)	1,230,977	(2,880,000)
Net cash generated from operating activities	112,267,946	88,546,486	68,388,624	37,417,852
Investing activities				
Acquisition of biological assets, land use rights and property plant and equipment (Note a)	(33,774,575)	(32,964,104)	(4,551,183)	(6,096,376)
Advances to subsidiaries	-	-	(9,464,038)	(22,889,332)
Repayments from subsidiaries	-	-	14,459,965	16,143,153
Additional investment in existing subsidiaries	-	(30,000)	-	(2,337,410)
Addition of intangible assets	-	(92,017)	-	-
Interest paid	(1,086,113)	(771,541)	-	-
Proceeds from disposal of interest in subsidiaries	-	60,000	-	70,100
Proceeds from disposal of property, plant and equipment	540,280	497,884	168,950	60,500
Net cash (used in)/generated from investing activities	(34,320,408)	(33,299,778)	613,694	(15,049,365)
Financing activities				
Dividends paid	(37,045,021)	(46,130,014)	(37,045,021)	(46,130,014)
Dividends paid to non-controlling interests	(14,280,000)	(8,940,000)	-	-
Expenses paid in relation to issuance of shares	(8,870)	(29,849)	(8,870)	(29,849)
Proceeds from issuance of shares to non-controlling interests	30	912,490	-	-
Proceeds from issuance of shares	594,483	2,590,432	594,483	2,590,432
Proceeds from bank borrowings	11,665,000	-	-	-
Repayments of bank borrowings	(2,232,000)	(2,232,000)	-	-
Purchase of treasury shares	(442,392)	(37,140)	(442,392)	(37,140)
Repayments to a non-controlling shareholder of subsidiary	-	(165,000)	-	-
Net cash used in financing activities	(41,748,770)	(54,031,081)	(36,901,800)	(43,606,571)
Net increase/(decrease) in cash and cash equivalents	36,198,768	1,215,627	32,100,518	(21,238,084)
Cash and cash equivalents at beginning of the year	186,409,118	185,193,491	78,881,933	100,120,017
Cash and cash equivalents at the end of the year (Note 20)	222,607,886	186,409,118	110,982,451	78,881,933

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2014 (cont'd)

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Biological assets, land use rights and property, plant and equipment acquired	36,492,870	39,923,442	5,283,410	6,859,691
Less expenses capitalised :				
- depreciation and amortisation	(522,095)	(507,266)	(351,119)	(384,419)
- interest	(1,110,393)	(793,934)	-	-
Cash paid in respect of prior year's acquisition	2,114,727	1,151,110	330,896	-
Unpaid balances of current year's acquisition included under payables	(2,200,042)	(3,058,153)	(612,004)	(330,896)
Prepayment/deposits paid in prior years	(2,566,872)	(5,986,447)	(100,000)	(148,000)
Prepayment/deposits paid in current year	1,566,380	2,235,352	-	100,000
Cash paid	33,774,575	32,964,104	4,551,183	6,096,376

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014

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 Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended FRS which are mandatory for financial periods beginning on or after 1 February 2013 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 2013, the Group and the Company adopted the following new and amended FRSs which are relevant to the operations of the Group and of the Company for financial year ended 31 January 2014:

Description

FRS 101: Presentation of Items of Other Comprehensive Income
(Amendments to FRS 101)
Amendments to FRS101: Presentations of Financial Statements
(Improvements to FRSs (2012))
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investments in Associates and Joint Ventures
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendment to FRS 1: First-time Adoption of Financial Reporting Standards
(Improvements to FRSs (2012))
Amendment to FRS 116: Property, Plant and Equipment
(Improvements to FRSs (2012))
Amendment to FRS 132: Financial Instruments: Presentation
(Improvements to FRSs (2012))
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11: Joint Arrangements: Transition Guidance
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

2.2 Changes in accounting policies (cont'd)

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

2.3 Standards issued but not yet effective

The Group and the Company have not elected for early adoption of the following new and amended FRSs relevant to current operations of the Group and of the Company, which were issued but not yet effective for the financial year ended 31 January 2014.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 10, FRS 12 and FRS 127 - Investment Entities	1 January 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Amendments to Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
FRS 9 Financial Instruments	To be announced by MASB

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the 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 the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will present its first set of MFRS financial statements when the MFRS Framework is mandated by the MASB. In presenting its first MFRS financial statements, the Group 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 has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 January 2014 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company 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 Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company'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 Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company 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.

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

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company 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 in an associate.

2.5 Subsidiaries

A subsidiary is an entity over which the Company 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

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.

2.11 Intangible assets

Intangible assets are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

2.11 Intangible assets (cont'd)

(ii) Patents

Patents and intellectual property are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the enterprise and the costs of such assets can be measured reliably.

Patents and intellectual property are stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised in the profit or loss based on a straight line basis over a period of fifteen (15) years from the date of successful registration.

(iii) Research and development expenditure

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis over a period of 10 years.

2.12 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.

2.13 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.

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

2.13 Financial assets (cont'd)

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.

2.14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

2.15 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.

2.16 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.

2.17 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.

2.18 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.

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

2.18 Financial liabilities (cont'd)

(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.

2.19 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 34, 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.

2.20 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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

2.22 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.

2.23 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.

2.24 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.

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

2.24 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax 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 sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

2.25 Employee benefits (cont'd)

(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.

2.26 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.

2.27 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 2.22(v).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

2.28 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.

2.29 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

2.29 Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.30 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of property, plant and equipment

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 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	
	2014 RM	2013 RM	2014 RM	2013 RM
Sales of :				
Fresh fruit bunches	20,293,711	10,839,461	16,853,239	16,053,462
Palm oil milling products	620,099,800	626,367,692	-	-
Cocoa and other products	-	30,737	-	30,737
	640,393,511	637,237,890	16,853,239	16,084,199

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

5. Cost of sales

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fresh fruit bunches	16,031,095	7,370,026	9,270,998	9,558,317
Palm oil milling products	499,833,794	500,828,137	-	-
Cocoa and other products	-	71,141	-	71,141
	515,864,889	508,269,304	9,270,998	9,629,458

6. Other items of income

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest income	6,425,426	5,921,199	4,439,096	4,896,848
Rental income	77,643	45,560	36,000	36,000
Sundry income	1,148,858	1,070,724	371,227	1,102,745
Commission received	-	-	1,035,919	1,037,759
Management fee income	124,165	137,088	2,940,292	2,856,168
Gain on disposal of property, plant and equipment	148,461	165,068	27,775	38,076
Gain on financial liabilities measured at amortised cost	86,179	-	-	-
Dividend income from subsidiaries	-	-	52,650,000	40,050,000
	8,010,732	7,339,639	61,500,309	50,017,596

7. Finance costs

	Group	
	2014 RM	2013 RM
Interest expense on:		
- bank borrowings	2,090,109	1,808,581
- other payables	158,416	195,979
	2,248,525	2,004,560
Less: Interest capitalised in biological assets (Note 15)	(1,110,393)	(793,934)
	1,138,132	1,210,626

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

8. Profit before tax

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
Statutory audit				
- current year	228,000	209,000	45,000	39,000
- (over)/underprovision in prior years	(3,000)	3,200	-	1,000
Other services	5,000	5,000	5,000	5,000
Employee benefit expenses (Note 9)	46,057,527	39,544,100	10,202,863	8,089,921
Depreciation and amortisation :				
- property, plant and equipment (Note 13)	19,352,154	19,706,262	1,199,906	1,059,320
- land use rights (Note 14)	114,660	114,660	-	-
- biological assets (Note 15)	4,976,497	5,034,736	213,760	307,360
- intangible assets (Note 17)	-	11,172	-	-
Write off of:				
- property, plant and equipment (Note 34 A)	412,557	760,620	70,622	5,125
- biological assets (Note 34 A)	237,894	-	-	-
- bad debts (Note 34 A)	66,719	16,894	31,910	-
- inventories (Note 34 A)	225	16,548	-	-
Reversal of write down of inventories (Note 18)	(366,445)	-	-	-
Write down of inventories (Note 18)	197,823	685,400	-	-
Allowance for impairment losses on:				
- investment in subsidiary	-	-	-	5,600,000
- property, plant and equipment (Note 13)	1,800,000	3,900,000	-	-
- intangible assets (Note 17)	-	147,161	-	-
- other receivables (Note 19)	-	-	718,152	9,250,000
Loss on disposal of subsidiary	-	-	-	217,123
Reversal of impairment losses on other receivables (Note 19)	-	-	-	(336,000)
Fair value gain on derivatives				
- unrealised	-	(621,775)	-	-
Fair value loss on derivatives				
- realised	1,647,214	3,866,700	-	-
Preliminary expenses	2,500	-	-	-
Rental of equipment	-	46,000	-	-
Rental of premises	206,672	197,152	199,912	190,392
Gain on disposal of property, plant and equipment	(148,461)	(165,068)	(27,775)	(38,076)
Loss on disposal of property, plant and equipment (Note 34 A)	26,224	54,918	-	-
Rental income	(77,643)	(45,560)	(36,000)	(36,000)
Gross dividend income from:				
- subsidiaries	-	-	(52,650,000)	(40,050,000)
Interest income from :				
- deposits	(6,358,466)	(5,854,239)	(2,694,475)	(2,633,900)
- subsidiaries	-	-	(1,677,661)	(2,195,988)
- others	(66,960)	(66,960)	(66,960)	(66,960)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

9. Employee benefit expenses

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries, wages and bonuses	44,965,905	38,674,541	9,969,326	8,236,498
Defined contribution plan	2,775,581	2,246,561	821,101	685,478
Social security costs	224,484	186,024	23,003	20,958
HRD fund	53,281	44,362	-	-
Provision for unutilised leave (Note 21(c) and 34 A)	21,522	143,320	21,522	143,320
Share options granted under ESOS (Note 34 A)	422,625	322,705	422,625	322,705
Total employee benefit expenses	48,463,398	41,617,513	11,257,577	9,408,959
Amount capitalised in biological assets (Note 15)	(2,405,871)	(2,073,413)	(1,054,714)	(1,319,038)
Total employee benefit expenses recognised in profit or loss	46,057,527	39,544,100	10,202,863	8,089,921

Included in employee benefit expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM3,455,301 (2013 : RM2,897,418) and RM3,066,801 (2013 : RM2,597,718) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive:				
Fees	362,000	397,000	-	123,000
Salaries and other emoluments	2,734,935	2,194,550	2,708,435	2,168,850
Defined contribution plan	351,226	280,917	351,226	280,917
Share options granted under ESOS	7,140	24,951	7,140	24,951
	3,455,301	2,897,418	3,066,801	2,597,718
Estimated monetary value of benefits-in-kind	14,201	14,348	14,201	14,348
	3,469,502	2,911,766	3,081,002	2,612,066
Non-Executive :				
Fees	204,000	225,000	204,000	225,000
Other emoluments	6,000	8,500	6,000	8,500
	210,000	233,500	210,000	233,500
	3,679,502	3,145,266	3,291,002	2,845,566

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

10. Directors' remuneration (cont'd)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2014	**2013**
Executive directors:		
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	-	1
RM700,001 - RM750,000	1	-
RM750,001 - RM800,000	1	-
RM800,001 - RM850,000	-	1
RM950,001 - RM1,000,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	3	4

11. Tax

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Income tax :				
- Current year	22,074,680	24,029,462	1,060,000	1,061,000
- Under/(over)provision in prior years	95,834	41,678	98,859	(5,436)
	22,170,514	24,071,140	1,158,859	1,055,564
Deferred tax (Note 23) :				
- Relating to origination and reversal of temporary differences	1,135,446	844,334	934,200	803,200
- (Under)/overprovision of assets in prior years	(908,000)	1,100,000	-	-
- (Over)/underprovision of liabilities in prior years	(324,000)	19,000	87,000	9,000
	(96,554)	1,963,334	1,021,200	812,200
	22,073,960	26,034,474	2,180,059	1,867,764

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The change in corporate tax rate in year of assessment 2016 does not have material impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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 :

	2014 RM	2013 RM
Group		
Profit before tax	95,433,247	94,554,222
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	23,858,312	23,638,555
Tax effects of:		
- Expenses not deductible for tax purposes	1,895,150	3,048,882
- Income not subject to tax	(375,948)	(532,007)
- Deferred tax assets not recognised during the year on deductible temporary differences	187,630	138,165
- Double deductions	(27,227)	(28,067)
- Reinvestment allowance	(2,324,284)	(1,382,278)
- Utilisation of previously unrecognised deferred tax assets	(3,507)	(9,454)
Underprovision of income tax expense in prior years	95,834	41,678
(Under)/overprovision of deferred tax assets in prior years	(908,000)	1,100,000
(Over)/underprovision of deferred tax liabilities in prior years	(324,000)	19,000
Tax expense for the year	22,073,960	26,034,474
Company		
Profit before tax	58,647,972	31,706,544
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	14,661,993	7,926,636
Tax effects of:		
- Expenses not deductible for tax purposes	536,595	3,991,712
- Income not subject to tax	(13,204,388)	(10,054,148)
Under/(over)provision of income tax expense in prior years	98,859	(5,436)
Underprovision of deferred tax liabilities in prior years	87,000	9,000
Tax expense for the year	2,180,059	1,867,764

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net 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 2014	Group 2013
Profit net of tax, attributable to owners of the Company (RM)	61,059,351	53,944,320
Weighted average number of ordinary shares in issue	308,577,464	308,187,520
Basic earnings per share (sen)	19.79	17.50

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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.

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

	Group	
	2014	**2013**
Profit net of tax, attributable to owners of the Company (RM)	61,059,351	53,944,320
Weighted average number of ordinary shares in issue	308,577,464	308,187,520
Effect of dilution - share options	139,210	107,340
Adjusted weighted average number of ordinary shares in issue and issuable	308,716,674	308,294,860
Diluted earnings per share (sen)	19.78	17.50

There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the completion of these financial statements, except certain employees have exercised their options to acquire 740,600 ordinary shares since the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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 2012	203,797,882	65,701,513	183,216,999	10,579,569	11,275,614	10,591,474	485,163,051
Additions	65,676	4,160,108	12,919,190	497,315	1,381,784	11,299,810	30,323,883
Disposals	-	-	(606,093)	(20,469)	(594,424)	-	(1,220,986)
Written off	-	(923,359)	(546,146)	(46,033)	-	-	(1,515,538)
Reclassifications	792,960	2,923,036	7,733,725	-	-	(11,449,721)	-
At 31 January 2013 and 1 February 2013	204,656,518	71,861,298	202,717,675	11,010,382	12,062,974	10,441,563	512,750,410
Additions	609,000	3,026,366	4,787,755	1,215,493	1,286,396	15,685,738	26,610,748
Disposals	-	-	(178,027)	(2,767)	(1,209,289)	-	(1,390,083)
Written off	-	(551,433)	(622,842)	(30,540)	-	-	(1,204,815)
Expensed off	-	-	-	-	-	(47,151)	(47,151)
Reclassifications	158,986	4,126,472	13,002,628	-	-	(17,288,086)	-
At 31 January 2014	205,424,504	78,462,703	219,707,189	12,192,568	12,140,081	8,792,064	536,719,109

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

Group	Land^ RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated depreciation							
At 1 February 2012	18,116,610	17,589,212	70,246,301	6,376,425	6,536,681	-	118,865,229
Charge for the year	3,046,325	3,064,213	12,796,974	764,140	541,876	-	20,213,528
Disposals	-	-	(343,162)	(11,594)	(478,495)	-	(833,251)
Written off	-	(524,294)	(203,420)	(27,204)	-	-	(754,918)
At 31 January 2013 and 1 February 2013	21,162,935	20,129,131	82,496,693	7,101,767	6,600,062	-	137,490,588
Charge for the year	2,589,084	3,138,277	12,752,033	639,064	755,791	-	19,874,249
Disposals	-	-	(137,425)	(1,664)	(832,951)	-	(972,040)
Written off	-	(272,930)	(501,314)	(18,014)	-	-	(792,258)
At 31 January 2014	23,752,019	22,994,478	94,609,987	7,721,153	6,522,902	-	155,600,539
Accumulated impairment losses							
At 1 February 2012	-	-	-	-	-	-	-
Impairment loss for the year (Note 8)	-	-	3,789,421	110,579	-	-	3,900,000
At 31 January 2013 and 1 February 2013	-	-	3,789,421	110,579	-	-	3,900,000
Impairment loss for the year (Note 8)	-	-	1,800,000	-	-	-	1,800,000
At 31 January 2014	-	-	5,589,421	110,579	-	-	5,700,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

Group	Land^ RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Net carrying amount							
At 31 January 2013	183,493,583	51,732,167	116,431,561	3,798,036	5,462,912	10,441,563	371,359,822
At 31 January 2014	181,672,485	55,468,225	119,507,781	4,360,836	5,617,179	8,792,064	375,418,570
Net carrying amount of assets pledged for bank borrowings :							
At 31 January 2013	32,438,655	17,939,112	28,578,214	222,867	167,725	914,681	80,261,254
At 31 January 2014	31,961,019	18,360,896	28,464,960	208,425	274,043	2,110,640	81,379,983

^ Land consists of :

	2014 Cost RM	2014 Net carrying amount RM	2013 Cost RM	2013 Net carrying amount RM
Freehold land	13,586,469	13,586,469	13,586,469	13,586,469
Long leasehold land	191,838,035	168,086,016	191,070,049	169,907,114
	205,424,504	181,672,485	204,656,518	183,493,583

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

Company	Long 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 2012	67,856,221	6,732,182	3,254,009	1,958,050	2,029,345	292,022	82,121,829
Additions	-	5,974	409,590	53,691	520,049	1,571,225	2,560,529
Disposals	-	-	(113,000)	-	(38,002)	-	(151,002)
Written off	-	-	-	(14,829)	-	-	(14,829)
Reclassifications	-	1,300,236	-	-	-	(1,300,236)	-
At 31 January 2013 and 1 February 2013	67,856,221	8,038,392	3,550,599	1,996,912	2,511,392	563,011	84,516,527
Additions	-	1,500	81,482	523,762	145,249	1,431,479	2,183,472
Disposals	-	-	-	(1,297)	(435,629)	-	(436,926)
Written off	-	(102,599)	-	-	-	-	(102,599)
Reclassifications	-	1,752,055	-	-	-	(1,752,055)	-
At 31 January 2014	67,856,221	9,689,348	3,632,081	2,519,377	2,221,012	242,435	86,160,474

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

Company	Long 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 2012	7,013,439	1,807,866	2,167,592	733,993	1,470,864	-	13,193,754
Charge for the year	884,076	139,550	168,848	169,671	81,594	-	1,443,739
Disposals	-	-	(112,998)	-	(15,580)	-	(128,578)
Written off	-	-	-	(9,704)	-	-	(9,704)
At 31 January 2013 and 1 February 2013	7,897,515	1,947,416	2,223,442	893,960	1,536,878	-	14,499,211
Charge for the year	884,076	169,033	188,895	215,905	93,116	-	1,551,025
Disposals	-	-	-	(195)	(295,556)	-	(295,751)
Written off	-	(31,977)	-	-	-	-	(31,977)
At 31 January 2014	8,781,591	2,084,472	2,412,337	1,109,670	1,334,438	-	15,722,508
Net carrying amount							
At 31 January 2013	59,958,706	6,090,976	1,327,157	1,102,952	974,514	563,011	70,017,316
At 31 January 2014	59,074,630	7,604,876	1,219,744	1,409,707	886,574	242,435	70,437,966

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Depreciation charge for the year:				
Amount capitalised in biological assets (Note 15)	522,095	507,266	351,119	384,419
Amount recognised in profit or loss (Note 8)	19,352,154	19,706,262	1,199,906	1,059,320
	19,874,249	20,213,528	1,551,025	1,443,739

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

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

Certain long 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 leasehold land in accordance with the transitional provisions of FRS 117.

Impairment of assets

During the financial year, a subsidiary of the Group, Sungkit Enterprise Sdn. Bhd. has recognised impairment loss in respect of its palm kernel oil extraction plant as the subsidiary had been persistently making losses. An impairment of RM1,800,000, representing the write-down of the palm kernel oil extraction plant to the expected recoverable amount was recognised in profit or loss. The expected recoverable amount of the palm kernel oil extraction plant is based on the fair value less cost to sell which was determined by the reference to a supplier's quotation for similar plant.

In the previous financial year, a subsidiary of the Group, Palm Nutraceuticals Sdn. Bhd. carried out a review of the recoverable amount of its plant and machinery and other equipment because the Company had been persistently making losses. An impairment loss of RM3,900,000, representing the write-down of the equipment to the expected recoverable amount was recognised in profit or loss for the financial year ended 31 January 2013. The recoverable amount of the plant and machinery and other equipment was based on its value in use and the pre-tax discount rate used was 6.6%.

14. Land use rights

	Group	
	2014 RM	**2013 RM**
At beginning of the financial year	2,592,438	2,707,098
Amortisation (Note 8)	(114,660)	(114,660)
At end of the financial year	2,477,778	2,592,438
Analysed as:		
Long term leasehold land	579,846	591,426
Short term leasehold land	1,897,932	2,001,012
	2,477,778	2,592,438
Net carrying amount pledged for bank borrowings	579,846	591,426
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	1,904,478	2,019,138
	2,477,778	2,592,438

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

15. Biological assets

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cost				
At beginning of the financial year	123,648,558	114,048,999	14,673,211	10,374,049
Additions	9,882,122	9,599,559	3,099,938	4,299,162
Written off	(237,894)	-	-	-
At end of the financial year	133,292,786	123,648,558	17,773,149	14,673,211
Accumulated amortisation				
At beginning of the financial year	45,620,207	40,585,471	7,117,701	6,810,341
Amortisation for the year (Note 8)	4,976,497	5,034,736	213,760	307,360
At end of the financial year	50,596,704	45,620,207	7,331,461	7,117,701
Net carrying amount				
At end of the financial year	82,696,082	78,028,351	10,441,688	7,555,510
Net carrying amount of assets pledged for bank borrowings	17,915,430	19,804,881	-	-
Included in the additions to biological assets during the financial year are :				
Depreciation of property, plant and equipment (Note 13)	522,095	507,266	351,119	384,419
Interest (Note 7)	1,110,393	793,934	-	-
Employee benefit expenses (Note 9)	2,405,871	2,073,413	1,054,714	1,319,038

16. Investment in subsidiaries

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	52,991,927	52,991,927
Less: Accumulated impairment losses	(7,061,829)	(7,061,829)
	45,930,098	45,930,098

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

16. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2014	2013
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	100
Lokan Development Sdn. Bhd.	Malaysia	Dormant	100	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
Held by Kim Loong Corporation Sdn. Bhd.				
Winsome Pelita (Pantu) Sdn. Bhd.	Malaysia	Cultivation of oil palm	60	60
Held by Okidville Holdings Sdn. Bhd.				
Desa Okidville Sdn. Bhd.	Malaysia	Cultivation of oil palm	51	51
Held by Desa Kim Loong Palm Oil Sdn. Bhd.				
Kim Loong Technologies (Sabah) Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	70	70
Desa Kim Loong Industries Sdn. Bhd.	Malaysia	Manufacturing of concrete culvert and building construction. The company has temporarily ceased its operations	70	70

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

16. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2014	2013
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	60	60
Kim Loong Biomass Sdn. Bhd.	Malaysia	Intended for processing of oil palm fibre	100	-
Held by Winsome Yields Sdn. Bhd.				
Winsome Al-Yatama Sdn. Bhd.	Malaysia	Cultivation of oil palm	61	61
Held by Okidville Jaya Sdn. Bhd.				
Sepulut Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
Held by Okidville Plantations Sdn. Bhd.				
Winsome Jaya Sdn. Bhd.	Malaysia	Cultivation of oil palm	95	95
Held by Winsome Plantations Sdn. Bhd.				
Winsome Pelita (Kranggas) Sdn. Bhd.	Malaysia	Intended for cultivation of oil palm	70	-

During the financial year,

(a) Winsome Plantations Sdn. Bhd. ("WPSB"), a wholly owned subsidiary of the Company, incorporated a wholly owned subsidiary company called Winsome Pelita (Kranggas) Sdn. Bhd. ("WPKSB"). WPKSB has an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each, of which 2 shares have been issued and are fully paid up. On 21 November 2013, the issued and paid up capital of WPKSB were increased to 100 ordinary shares of RM1 each at the equity participation ratio of 70% and 30% by WPSB and Pelita Holdings Sdn. Bhd. ("PHSB") respectively. Currently, WPKSB is effectively 70% owned by the Company.

(b) Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), a wholly owned subsidiary of the Company incorporated a wholly owned subsidiary company called Kim Loong Biomass Sdn. Bhd. ("KLBSB"). KLBSB has an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each, of which 2 shares have been issued and are fully paid up.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

16. Investment in subsidiaries (cont'd)

In the previous financial year,

(a) Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM") disposed of 60,000 ordinary shares of RM1 each fully paid representing 30% equity interest in Sungkit Enterprise Sdn. Bhd. ("SESB") to Prominent Platform Sdn. Bhd. for a cash consideration of RM60,000. As a result, SESB became a 70% owned subsidiary of KLPOM. KLPOM is a wholly-owned subsidiary of Kim Loong Palm Oil Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company.

(b) Desa Kim Loong Palm Oil Sdn. Bhd. ("DKLPO") acquired 100,000 ordinary shares of RM1 each fully paid representing the entire equity interest in Desa Kim Loong Industries Sdn. Bhd. ("DKLI") from the Company (70%) and Desa Cattle (Sabah) Sdn. Bhd. (30%). In view that DKLPO is a 70% owned subsidiary of the Company, there was no changes in the Company's effective interest in DKLI.

(c) Okidville Plantations Sdn. Bhd ("OPSB"), a 90% owned subsidiary of the Company previously, increased its issued and paid up capital from RM100 dividend into 100 ordinary shares of RM1 each fully paid to RM250,000 by an issue and allotment of 249,900 new ordinary shares of RM1 each at par fully paid, to the Company and Tan Sui Hou at the proportion of 237,410 and 12,490 ordinary shares respectively. As a result of issuance of new ordinary shares, OPSB became a 95% owned subsidiary of the Company.

(d) The Company disposed of 100 ordinary shares of RM1 each fully paid representing the entire equity interest in Winsome Jaya Sdn. Bhd. (WJSB") to OPSB, a 95% owned subsidiary of the Company, at par. As a result, the effective interest of the Company in WJSB was reduced from 100% to 95%.

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

2014	**OHSB RM**	**KL-KPD RM**	**DKLPO RM**	**Total RM**
Revenue	71,040,638	25,062,794	245,930,311	342,033,743
Profit before tax	32,870,942	16,182,642	21,848,893	70,902,477
Profit net of tax	24,613,224	12,279,507	17,006,538	53,899,269
Total comprehensive income attributable to:				
- owners of the company	18,478,907	8,595,655	11,904,576	38,979,138
- non-controlling interests	6,134,317	3,683,852	5,101,962	14,920,131
	24,613,224	12,279,507	17,006,538	53,899,269
2013				
Revenue	78,954,704	27,710,172	267,472,606	374,137,482
Profit before tax	43,335,308	19,403,941	24,827,329	87,566,578
Profit net of tax	32,408,472	14,651,857	19,079,105	66,139,434
Total comprehensive income attributable to:				
- owners of the company	24,426,807	10,256,300	13,355,373	48,038,480
- non-controlling interests	7,981,665	4,395,557	5,723,732	18,100,954
	32,408,472	14,651,857	19,079,105	66,139,434

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

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

2014	**OHSB RM**	**KL-KPD RM**	**DKLPO RM**	**Total RM**
Non-current assets	109,436,261	34,749,682	53,295,500	197,481,443
Current assets	25,221,374	49,949,579	52,333,680	127,504,633
Total assets	134,657,635	84,699,261	105,629,180	324,986,076
Current liabilities	17,094,153	2,136,005	13,481,756	32,711,914
Non-current liabilities	17,525,571	8,274,433	5,552,000	31,352,004
Total liabilities	34,619,724	10,410,438	19,033,756	64,063,918
Net assets	100,037,911	74,288,823	86,595,424	260,922,158
Equity attributable to owners of the Company	63,848,783	52,002,176	60,616,797	176,467,756
Non-controlling interests	36,189,128	22,286,647	25,978,627	84,454,402
	100,037,911	74,288,823	86,595,424	260,922,158
2013				
Non-current assets	113,623,621	34,464,461	52,177,239	200,265,321
Current assets	20,982,783	50,407,777	61,051,954	132,442,514
Total assets	134,606,404	84,872,238	113,229,193	332,707,835
Current liabilities	12,051,186	2,436,652	22,290,307	36,778,145
Non-current liabilities	18,250,531	8,426,270	5,350,000	32,026,801
Total liabilities	30,301,717	10,862,922	27,640,307	68,804,946
Net assets	104,304,687	74,009,316	85,588,886	263,902,889
Equity attributable to owners of the Company	68,369,876	51,806,521	59,912,220	180,088,617
Non-controlling interests	35,934,811	22,202,795	25,676,666	83,814,272
	104,304,687	74,009,316	85,588,886	263,902,889

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

2014	OHSB RM	KL-KPD RM	DKLPO RM	Total RM
Net cash generated from operating activities	31,189,744	14,282,386	17,200,363	62,672,493
Net cash used in investing activities	(1,566,421)	(2,141,778)	(5,027,363)	(8,735,562)
Net cash used in financing activities	(23,580,000)	(12,000,000)	(16,000,000)	(51,580,000)
Net increase/(decrease) in cash and cash equivalents	6,043,323	140,608	(3,827,000)	2,356,931
Cash and cash equivalents at beginning of the year	14,586,097	48,479,607	33,542,358	96,608,062
Cash and cash equivalents at end of the year	20,629,420	48,620,215	29,715,358	98,964,993
2013				
Net cash generated from operating activities	32,812,155	14,584,811	32,367,750	79,764,716
Net cash used in investing activities	(2,300,176)	(1,589,205)	(5,671,559)	(9,560,940)
Net cash used in financing activities	(18,590,000)	(10,000,000)	(10,550,000)	(39,140,000)
Net increase in cash and cash equivalents	11,921,979	2,995,606	16,146,191	31,063,776
Cash and cash equivalents at beginning of the year	2,664,118	45,484,001	17,396,167	65,544,286
Cash and cash equivalents at end of the year	14,586,097	48,479,607	33,542,358	96,608,062

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

17. Intangible assets

Group	Patents RM
Cost:	
At 1 February 2012	74,890
Additions	92,017
At 31 January 2013 and 31 January 2014	166,907
Accumulated amortisation and impairment:	
At 1 February 2012	8,574
Amortisation charge for the year (Note 8)	11,172
Impairment loss for the year (Note 8)	147,161
At 31 January 2013 and 31 January 2014	166,907
Net carrying amount	
At 31 January 2013 and 31 January 2014	-

Development expenditure represents expenditure on the development of health and food supplements from palm oil.

Patents were awarded to a subsidiary for "Improving the quality of crude oils and fats and recovery of minor components from oils and fats".

18. Inventories

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cost				
Raw materials	365,362	407,961	-	-
Work-in-progress	63,488	20,806	-	-
Finished goods	26,506,934	31,014,951	-	-
Building materials, supplies, spare parts and consumables	7,895,732	7,298,677	273,265	260,363
	34,831,516	38,742,395	273,265	260,363
Net realisable value				
Work-in-progress	78,975	-	-	-
Finished goods	1,959,561	4,033,212	-	-
	2,038,536	4,033,212	-	-
	36,870,052	42,775,607	273,265	260,363

Recognised in profit or loss:

Inventories recognised as cost of sales	515,864,889	508,269,304	9,270,998	9,629,458
Write-down to net realisable value (Note 8)	197,823	685,400	-	-
Reversal of write-down (Note 8)	(366,445)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

19. Trade and other receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Trade receivables				
Third parties	15,371,236	18,721,967	1,620,044	1,504,857
Amount owing from subsidiaries	-	-	473,316	387,918
Amount owing from related companies	10,347	16,696	10,347	16,696
	15,381,583	18,738,663	2,103,707	1,909,471
Other receivables				
Third parties	2,373,661	6,996,335	1,225,889	5,669,377
Refundable deposits	374,107	567,263	145,412	140,653
Amount owing from holding company	1,838	22,880	-	2,408
Amount owing from subsidiaries	-	-	46,122,926	54,994,523
Amount owing from related companies	99,157	99,899	20,910	12,692
	2,848,763	7,686,377	47,515,137	60,819,653
Less: Allowance for impairment losses				
Third parties	(241,000)	(241,000)	-	-
	2,607,763	7,445,377	47,515,137	60,819,653
Total trade and other receivables (current)	17,989,346	26,184,040	49,618,844	62,729,124
Non-current				
Other receivables				
Amount owing from subsidiaries	-	-	81,845,469	89,431,437
Less: Allowance for impairment losses	-	-	(1,258,051)	(9,789,899)
	-	-	80,587,418	79,641,538
Total trade and other receivables (current and non-current)	17,989,346	26,184,040	130,206,262	142,370,662

(a) Trade receivables

The Group's normal trade credit terms are less than 60 days (2013: less than 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Neither past due nor impaired	15,378,324	18,452,658	2,103,707	1,909,471
1 to 30 days past due not impaired	-	218,880	-	-
31 to 60 days past due not impaired	-	7,200	-	-
More than 60 days past due not impaired	3,259	59,925	-	-
	15,381,583	18,738,663	2,103,707	1,909,471

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

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 RM3,259 (2013 : RM286,005) 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 (2013: 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 have no fixed terms of repayment.

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

Included in the amount owing from subsidiaries is an amount of RM20,067,094 (2013 : RM28,318,218) which bears effective interest of BLR + 1% (2013 : BLR + 1%) per annum. All other balances are non-interest bearing. These amounts are unsecured and have no fixed terms of repayment. These are considered quasi-equity in nature, which represent 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 RM1,258,051 (2013 : RM9,789,899) on amounts owing by certain subsidiaries.

As at the end of the financial year, base lending rate ("BLR") is 6.60% per annum (2013 : 6.60% per annum).

(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 years.

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	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivable-nominal amounts	241,000	241,000	7,365,066	15,246,163
Less: Allowance for impairment	(241,000)	(241,000)	(1,258,051)	(9,789,899)
	-	-	6,107,015	5,456,264

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

19. Trade and other receivables (cont'd)

(e) Other receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
At beginning of the financial year	241,000	241,000	9,789,899	875,899
Change for the year (Note 8)	-	-	718,152	9,250,000
Reversal of impairment losses (Note 8)	-	-	-	(336,000)
Written off	-	-	(9,250,000)	-
At end of the financial year	241,000	241,000	1,258,051	9,789,899

20. Cash and bank balances

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Cash on hand and cash at bank	44,935,167	64,137,249	14,066,130	29,032,864
Time deposits with licensed banks	147,152,121	83,251,077	90,700,000	43,800,000
Short term deposits with other financial institutions	37,675,210	43,517,295	6,216,321	6,049,069
Cash and bank balances	229,762,498	190,905,621	110,982,451	78,881,933
Less: Cash Line-i (Note 22)	(4,898,683)	-	-	-
Less: Bank overdraft (Note 22)	(2,255,929)	(4,496,503)	-	-
Cash and cash equivalents	222,607,886	186,409,118	110,982,451	78,881,933

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 RM39,488,361 (2013 : RM53,896,027) and RM13,010,475 (2013 : RM23,596,968) respectively. The average interest rate for such deposits was 2.37% (2013 : 2.44%) per annum and 2.26% (2013 : 2.45%) per annum for the Group and the Company respectively.

Included in deposits with licensed banks of the Group is an amount of RM217,400 (2013 : 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 effective interest rates as at the end of the financial years are as follows:

	Group		Company	
	2014 % per annum	**2013 % per annum**	**2014 % per annum**	**2013 % per annum**
Time deposits with licensed banks	3.28	3.28	3.27	3.26
Short term deposits with other financial institutions	2.63	2.73	2.70	2.81

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

21. Trade and other payables

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current				
Trade payables				
Third parties	20,058,224	22,557,279	216,489	478,693
Amount owing to holding company	193,336	7,842	76,055	-
Amount owing to related companies	50,884	82,257	-	-
	20,302,444	22,647,378	292,544	478,693
Other payables				
Sundry payables	5,584,224	6,497,525	751,647	544,821
Deposits	179,931	50,722	-	-
Provisions	164,842	143,320	164,842	143,320
Accruals	11,089,943	13,613,422	1,859,180	2,174,450
Amount owing to related companies	60,381	-	-	-
	17,079,321	20,304,989	2,775,669	2,862,591
Total trade and other payables (current)	37,381,765	42,952,367	3,068,213	3,341,284
Non-current				
Other payables				
Sundry payables	1,936,095	2,313,858	-	-
Total trade and other payables (current and non-current)	39,317,860	45,266,225	3,068,213	3,341,284

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60 days (2013 : 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 (2013 : less than 60 days).

(c) Provisions

	Unutilised annual leave 2014 RM	Unutilised annual leave 2013 RM
Group and Company		
At beginning of the financial year	143,320	-
Additions (Note 9)	21,522	143,320
At end of the financial year	164,842	143,320

The provisions represent employees' benefits accrued in respect of their unutilised annual leave entitlements.

21. Trade and other payables (cont'd)

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

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

(e) Sundry payables

Included in sundry payables are outstanding amounts for the acquisition of long leasehold land (classified under property, plant and equipment) from other payables and non-controlling shareholder of a subsidiary. These are unsecured and have the following repayment terms :

	Group	
	2014 RM	**2013 RM**
Payable within 12 months	850,000	850,000
Payable after 12 months	1,936,095	2,313,858
	2,786,095	3,163,858

The amount payable after 12 months is bearing effective interest of 7.14% (2013 : 7.05%) 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.

22. Loans and borrowings

	Group	
	2014 RM	**2013 RM**
Current		
Secured:		
Bank overdrafts (Note 20)	2,255,929	4,496,503
Cash Line-i (Note 20)	4,898,683	-
Revolving credit	7,500,000	7,500,000
Term loan 1	2,232,000	2,232,000
Term loan 2	3,015,000	-
	19,901,612	14,228,503
Non-current		
Secured:		
Term loan 1	2,002,000	4,234,000
Term loan 2	16,985,000	20,000,000
Term loan 3	11,665,000	-
	30,652,000	24,234,000
	50,553,612	38,462,503

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

22. Loans and borrowings (cont'd)

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

	Group	
	2014 **RM**	**2013** **RM**
On demand or within one year	19,901,612	14,228,503
More than 1 year and less than 2 years	6,022,000	2,232,000
More than 2 years and less than 5 years	23,450,000	17,077,000
More than 5 years	1,180,000	4,925,000
	50,553,612	38,462,503

The facilities extended by financial institutions are secured by :

(i) a fixed charge over the leasehold land of a subsidiary;
(ii) fixed and floating charges over all the assets of subsidiaries;
(iii) corporate guarantee from the Company;
(iv) personal guarantee of RM960,000 from a shareholder of a subsidiary; and
(v) personal guarantee of RM480,000 by certain directors of a subsidiary.

During the financial year, a subsidiary of the Group has drawn down Cash Line-i facility offered by a Islamic Bank to finance its operation. The functionality of the Cash Line-i is similar to bank overdraft.

The term loan 1 is repayable over 53 equal monthly instalments of RM186,000 each with a final instalment of RM142,000 commencing from July 2011.

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.

During the financial year, Winsome Pelita (Pantu) Sdn. Bhd., a subsidiary of the Group has drawn down the Term Loan 3 amounting to RM11,665,000 for the purpose of working capital. The Term Loan 3 is repayable over 34 equal monthly instalments of RM335,000 with a final instalment of RM275,000 commencing from April 2016.

As at the end of financial year, the Term Loan 3 available for draw down is RM8,335,000 (2013 : RM20,000,000).

As at the reporting date, borrowings of the Group bear interest at the following rates :

	Group	
	2014 **% per annum**	**2013** **% per annum**
Interest rates		
Overdrafts	BLR + 1% to 1.25%	BLR + 1% to 1.25%
Cash Line-i	BFR + 0.50%	-
Term loan 1	COF + 1.25%	COF + 1.25%
Term loan 2	5.25%	5.25%
Term loan 3	COF + 1%	-
Revolving credit	COF + 1%	COF + 1%

As at the end of the financial year, base lending rate ("BLR") is 6.60% per annum (2013: 6.60% per annum), base finance rate ("BFR") is 6.60% per annum (2013: 6.60% per annum) and the cost of fund ("COF") ranges from 3.39% - 3.71% per annum (2013: 3.33% - 3.65% per annum).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

23. Deferred tax

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At beginning of the financial year	40,895,445	38,924,673	11,255,478	10,443,278
Recognised in other comprehensive income	3,898	7,438	-	-
Recognised in profit or loss (Note 11)	(96,554)	1,963,334	1,021,200	812,200
At end of the financial year	40,802,789	40,895,445	12,276,678	11,255,478
Presented after appropriate offsetting as follows :				
Deferred tax assets	(11,899,750)	(8,358,350)	-	-
Deferred tax liabilities	52,702,539	49,253,795	12,276,678	11,255,478
	40,802,789	40,895,445	12,276,678	11,255,478

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

Group	At 1 February 2013 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2014 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	45,036,100	-	5,884,300	50,920,400
Accrued interest income	71,400	-	34,800	106,200
Derivatives	155,444	-	(155,444)	-
Revaluation of leasehold land	20,896,351	-	(288,960)	20,607,391
	66,159,295	-	5,474,696	71,633,991
Offsetting	(16,905,500)	3,898	(2,029,850)	(18,931,452)
	49,253,795	3,898	3,444,846	52,702,539
Deferred tax assets				
Derivatives	(5,350)	3,898	-	(1,452)
Provisions	(36,000)	-	(5,000)	(41,000)
Unutilised reinvestment allowances	(1,190,000)	-	(1,143,000)	(2,333,000)
Unutilised investment tax allowances	(4,043,000)	-	(1,488,000)	(5,531,000)
Unabsorbed capital allowances	(10,533,000)	-	(1,281,000)	(11,814,000)
Unused tax losses	(7,265,000)	-	(1,261,000)	(8,526,000)
Unrealised profits	(2,191,500)	-	(393,250)	(2,584,750)
	(25,263,850)	3,898	(5,571,250)	(30,831,202)
Offsetting	16,905,500	(3,898)	2,029,850	18,931,452
	(8,358,350)	-	(3,541,400)	(11,899,750)
	40,895,445	3,898	(96,554)	40,802,789

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

23. Deferred tax (cont'd)

Group	At 1 February 2012 RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 11) RM	At 31 January 2013 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	42,877,400	-	2,158,700	45,036,100
Accrued interest income	-	-	71,400	71,400
Derivatives	-	-	155,444	155,444
Revaluation of leasehold land	21,185,311	-	(288,960)	20,896,351
	64,062,711	-	2,096,584	66,159,295
Offsetting	(16,598,250)	7,438	(314,688)	(16,905,500)
	47,464,461	7,438	1,781,896	49,253,795
Deferred tax assets				
Derivatives	(12,788)	7,438	-	(5,350)
Provisions	-	-	(36,000)	(36,000)
Unutilised reinvestment allowances	(328,000)	-	(862,000)	(1,190,000)
Unutilised investment tax allowances	(5,284,000)	-	1,241,000	(4,043,000)
Unabsorbed capital allowances	(10,238,000)	-	(295,000)	(10,533,000)
Unused tax losses	(5,955,000)	-	(1,310,000)	(7,265,000)
Unrealised profits	(3,320,250)	-	1,128,750	(2,191,500)
	(25,138,038)	7,438	(133,250)	(25,263,850)
Offsetting	16,598,250	(7,438)	314,688	16,905,500
	(8,539,788)	-	181,438	(8,358,350)
	38,924,673	7,438	1,963,334	40,895,445

Company	At 1 February 2013 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2014 RM
Deferred tax liabilities			
Biological assets and property, plant and equipment	2,928,000	1,277,000	4,205,000
Accrued interest income	30,000	15,000	45,000
Revaluation of leasehold land	8,333,478	(121,800)	8,211,678
	11,291,478	1,170,200	12,461,678
Offsetting	(36,000)	(149,000)	(185,000)
	11,255,478	1,021,200	12,276,678
Deferred tax assets			
Unabsorbed capital allowances	-	(144,000)	(144,000)
Provisions	(36,000)	(5,000)	(41,000)
	(36,000)	(149,000)	(185,000)
Offsetting	36,000	149,000	185,000
	-	-	-
	11,255,478	1,021,200	12,276,678

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

23. Deferred tax (cont'd)

Company	**At 1 February 2012 RM**	**Recognised in profit or loss (Note 11) RM**	**At 31 January 2013 RM**
Deferred tax liabilities			
Biological assets and property, plant and equipment	1,988,000	940,000	2,928,000
Accrued interest income	-	30,000	30,000
Revaluation of leasehold land	8,455,278	(121,800)	8,333,478
	10,443,278	848,200	11,291,478
Offsetting	-	(36,000)	(36,000)
	10,443,278	812,200	11,255,478
Deferred tax assets			
Provisions	-	(36,000)	(36,000)
	-	(36,000)	(36,000)
Offsetting	-	36,000	36,000
	-	-	-
	10,443,278	812,200	11,255,478

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

	Group	
	2014 RM	**2013 RM**
Unused tax losses	2,671,000	870,000
Unutilised investment tax allowances	9,672,000	9,670,000
Unutilised reinvestment allowances	4,298,000	152,000
Unabsorbed capital allowances	1,006,000	2,165,000
Other temporary differences	4,527,000	4,499,000
	22,174,000	17,356,000

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

24. Share capital

	Number of ordinary shares of RM1 each		Company	
	2014	2013	2014 RM	2013 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At beginning of the financial year	308,667,469	306,555,358	308,667,469	306,555,358
Issued during the year :				
- exercise of ESOS	290,600	603,800	290,600	603,800
- exercise of warrants	-	1,508,311	-	1,508,311
At end of the financial year	308,958,069	308,667,469	308,958,069	308,667,469

(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 175,000 (2013 : 15,000) 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 RM442,392 (2013 : RM37,140) 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 2012	10,000	23,471	2.35
Repurchased during the year	15,000	37,140	2.48
At 31 January 2013 and 1 February 2013	25,000	60,611	2.42
Repurchased during the year	175,000	442,392	2.53
At 31 January 2014	200,000	503,003	2.52

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

24. 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
2014	**at 1 February**	**Granted**	**Exercised**	**Forfeited**	**at 31 January**	**at 31 January**
2005 options	7,900	-	-	(1,400)	6,500	6,500
2006 options	7,400	-	-	-	7,400	7,400
2007 options	121,800	-	(4,600)	-	117,200	117,200
2008 options	649,000	-	(33,200)	(23,000)	592,800	592,800
2009 options	250,400	-	(39,000)	(42,200)	169,200	169,200
2010 options	502,800	-	(32,000)	(35,900)	434,900	434,900
2011 options	707,900	-	(49,100)	(103,900)	554,900	506,900
2012 options	990,300	-	(30,800)	(93,300)	866,200	671,600
2013 options	-	1,071,200	(101,900)	(109,600)	859,700	475,100
	3,237,500	1,071,200	(290,600)	(409,300)	3,608,800	2,981,600
WAEP	2.15	2.01	2.05	2.09	2.12	2.12
2013						
2005 options	112,400	-	(104,500)	-	7,900	7,900
2006 options	7,400	-	-	-	7,400	7,400
2007 options	164,400	-	(39,100)	(3,500)	121,800	121,800
2008 options	761,800	-	(90,000)	(22,800)	649,000	649,000
2009 options	394,100	-	(133,200)	(10,500)	250,400	250,400
2010 options	697,600	-	(148,000)	(46,800)	502,800	487,800
2011 options	826,600	-	(84,400)	(34,300)	707,900	496,600
2012 options	-	1,036,300	(4,600)	(41,400)	990,300	595,600
	2,964,300	1,036,300	(603,800)	(159,300)	3,237,500	2,616,500
WAEP	1.98	2.42	1.79	2.04	2.15	2.12

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

24. Share capital (cont'd)

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

(i) Details of share options outstanding at the end of the year :

	Original	Adjusted after bonus issue	Exercisable period
2014	**RM**	**RM**	
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
2013			
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

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.

(ii) Share options exercised during the year :

Share options exercised during the financial year resulted in the issuance of 290,600 (2013 : 603,800) ordinary shares at an average price of RM2.05 (2013 : RM1.79) each. The corresponding weighted average share price at the date of exercise was RM2.46 (2013 : RM2.60).

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

The fair value of share options granted during the 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 :

	2014	2013
Fair value of share options at the following grant dates (RM)		
- 28 March 2013	0.226	-
- 29 March 2012	-	0.274
Weighted average share price (RM)	2.23	2.68
Weighted average exercise price (RM)	2.01	2.42
Expected volatility (%)	13.94	15.63
Expected life (years)	1.60	2.43
Risk-free rate (%)	3.69	3.68
Expected dividend yield (%)	5.38	5.97

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

25. Other reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable				
Revaluation reserve (Note 27)	40,392,617	41,218,287	13,680,061	13,884,049
Option reserve (Note 28)	760,495	434,405	760,495	434,405
Hedging reserve (Note 33(c))	(2,665)	(9,822)	-	-
	41,150,447	41,642,870	14,440,556	14,318,454

26. Share premium (non-distributable)

	Group and Company	
	2014 RM	2013 RM
At beginning of the financial year	2,110,314	1,449,225
Arising from :		
(a) Issuance of shares arising from exercise of ESOS	303,883	478,321
(b) Transfer from option reserve arising from exercise of ESOS	96,535	212,617
Less : Expenses in relation to issuance of shares	(8,870)	(29,849)
At end of the financial year	2,501,862	2,110,314

27. 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.

28. Option reserve (non-distributable)

Option reserve relates to the provision for share-based payment expenses. This reserve is transferred to the share premium over the period when the ESOS is exercised.

29. Retained earnings

The Company may distribute dividends out of its retained earnings as at 31 January 2014 under the single tier system.

30. Transfer of reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 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	825,670	825,670	203,988	203,988

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

31. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and related parties during the financial year:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
With holding company :				
Professional services	218,800	219,500	80,000	45,000
With subsidiaries:				
Management fee income	-	-	2,816,127	2,719,080
Commission income	-	-	1,035,919	1,037,759
Rental income	-	-	36,000	36,000
Interest income	-	-	1,677,661	2,195,988
Purchase of goods and services	-	-	19,136	74,679
Sale of goods	-	-	2,355,646	10,038,910
Purchase of plant and equipment	-	-	78,000	-
With fellow subsidiaries of the holding company :				
Management fee income	124,165	137,088	124,165	137,088
Rental expenses	6,000	6,000	-	-
Purchase of goods	3,322,369	1,992,073	-	6,340
Sale of goods	14,928	22,536	-	-

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	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Short term employee benefits	3,563,787	3,627,951	2,708,435	2,791,850
Defined contribution plan	407,540	346,360	351,226	280,917
Share options granted under ESOS	15,580	50,381	7,140	24,951
	3,986,907	4,024,692	3,066,801	3,097,718

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Included in the total remuneration of key management personnel are :				
Executive Directors' remuneration	3,455,301	2,897,418	3,066,801	2,597,718

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

31. 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 :

	2014	2013
At beginning of the financial year	117,000	245,000
Granted	18,000	57,000
Exercised	(44,800)	(185,000)
At end of the financial year	90,200	117,000

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

32. Commitments

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
(a) Capital expenditures :				
(i) Approved and contracted for:				
- property, plant and equipment	10,899,270	9,652,075	961,000	1,549,000
(ii) Approved but not contracted for:				
- property, plant and equipment	9,280,000	-	-	-

(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 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Future minimum rental payments:				
Not later than 1 year	276,631	162,396	209,431	95,196
Later than 1 year and not later than 5 years	582,947	268,800	314,147	-
Later than 5 years	884,800	952,000	-	-
	1,744,378	1,383,196	523,578	95,196

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

33. Derivatives

Group	Contract/ Nominal Amount RM	2014 <----Carrying Amount----> Assets RM	Liabilities RM
Derivatives that are designated as effective hedging instruments carried at fair value			
- Interest rate swap (a)	2,428,800	-	5,807

Group	Contract/ Nominal Amount RM	2013 <----Carrying Amount----> Assets RM	Liabilities RM
Derivatives that are designated as effective hedging instruments carried at fair value			
- Interest rate swap (a)	3,768,000	-	21,399
Derivatives carried at fair value through profit or loss			
- Crude palm oil - commodity futures (b)	22,587,225	621,775	-

(a) Interest rate swap

The Group has entered into a interest rate swap contract that is designated as a cash flow hedge to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rate on underlying debts instruments.

At the reporting date, the Group had an interest rate swap agreement in place with a notional amount of RM2,428,800 (2013 : RM3,768,000) whereby the Group pays a fixed rate of interest of 3.66% per annum and receives a variable rate based on one month KLIBOR on the amortised notional amount. The management considers the interest rate swap as an effective hedging instrument as the secured loan and the swap have identical critical terms.

The payments made arising from the interest rate swap of RM16,854 (2013 : RM25,116) has been recognised in finance costs.

At the reporting date, the fair value liabilities of the interest rate swap contract was RM5,807 (2013 : RM21,399).

(b) Crude palm oil - commodity futures

One of the Group's principal activities is processing and marketing of oil palm products. As a result, the Group purchases fresh fruits bunches ("FFB") as raw material on an ongoing basis. Due to the volatility in Crude Palm Oil ("CPO") prices over the past 12 months, the Group entered into CPO - commodity futures contracts designated as hedges of highly probable forecast of FFB purchases.

The contracts are intended to hedge the volatility of the purchase price of FFB for specific periods. Changes in fair value of these instruments are recognised in the profit or loss.

The net loss of RM1,647,214 (2013 : RM3,244,925) arising on the CPO - commodity futures contracts during the financial year has been recognised in profit or loss as other expenses.

(c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

34. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(a) Plantation - cultivation of oil palm
(b) Milling - processing and marketing of oil palm products

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2014				
Revenue and expenses				
Revenue				
External sales	18,766,961	621,626,550	-	640,393,511
Inter-segment sales	108,073,545	1,328,298	(109,401,843)	-
Total revenue	126,840,506	622,954,848	(109,401,843)	640,393,511
Results				
Segment results	54,819,490	40,624,318	571,000	96,014,808
Unallocated costs				(5,868,855)
Interest income				6,425,426
Finance costs				(1,138,132)
Profit before tax				95,433,247
Tax				(22,073,960)
Profit net of tax				73,359,287
Assets and liabilities				
Segment assets	480,263,517	273,413,237	(90,043,040)	663,633,714
Unallocated assets				101,236,447
Total assets				764,870,161
Segment liabilities	92,772,392	134,765,091	(86,536,790)	141,000,693
Unallocated liabilities				5,598,619
Total liabilities				146,599,312
Other information				
Capital expenditure	16,997,671	19,495,199	-	36,492,870
Depreciation and amortisation	11,607,329	13,358,077	-	24,965,406
Impairment loss on property, plant and equipment	-	1,800,000	-	1,800,000
Other non-cash expenses (Note A)	964,656	420,933	-	1,385,589

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

34. Segmental information (cont'd)

31 January 2013	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
Revenue and expenses				
Revenue				
External sales	9,335,792	627,902,098	-	637,237,890
Inter-segment sales	125,522,434	1,863,794	(127,386,228)	-
Total revenue	134,858,226	629,765,892	(127,386,228)	637,237,890
Results				
Segment results	65,724,741	27,632,410	1,675,000	95,032,151
Unallocated costs				(5,188,502)
Interest income				5,921,199
Finance costs				(1,210,626)
Profit before tax				94,554,222
Tax				(26,034,474)
Profit net of tax				68,519,748
Assets and liabilities				
Segment assets	498,146,462	274,151,400	(103,211,092)	669,086,770
Unallocated assets				61,539,897
Total assets				730,626,667
Segment liabilities	86,382,572	148,386,295	(103,211,092)	131,557,775
Unallocated liabilities				3,409,879
Total liabilities				134,967,654
Other information				
Capital expenditure	18,507,356	21,416,086	-	39,923,442
Depreciation and amortisation	11,681,758	13,692,338	-	25,374,096
Impairment loss on property, plant and equipment and intangible assets	-	4,047,161	-	4,047,161
Other non-cash expenses (Note A)	956,846	1,043,559	-	2,000,405

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

34. 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:

	2014 RM	2013 RM
Bad debts (Note 8)	66,719	16,894
Property, plant and equipment written off (Note 8)	412,557	760,620
Biological assets written off (Note 8)	237,894	-
Inventories written down (Note 8)	197,823	685,400
Provision for unutilised leave (Note 9)	21,522	143,320
Loss on disposal of property, plant and equipment (Note 8)	26,224	54,918
Inventories written off (Note 8)	225	16,548
Share-based payment expenses (Note 9)	422,625	322,705
	1,385,589	2,000,405

35. 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 subsidiary has obtained for a stay of execution and filed an appeal against the judgement.

The subsidiary has filed our Memorandum and record of Appeal on 11 April 2011. Hearing of the Appeal has been carried out on 17 October 2012.

The Court of Appeal informed that the verdicts would be delivered on 28 November 2012 but it was postponed and no date has been fixed for the delivery of verdict.

Our solicitor is of the view that we have a fair prospect of succeeding in this Appeal. Accordingly, the Directors are of the opinion that no liabilities are required to be accrued in these financial statements.

As at 31 January 2014, there is no significant progress on the case and the investment cost of the claimed areas is approximately RM3 million.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

36. 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 nine (2013 : eight) of its subsidiaries in respect of credit facilities totalling RM77,704,000 (2013 : RM79,936,000) 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 RM50,185,843 (2013 : RM36,556,430) 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 19. 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 disclosed in Note 19.

36. 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 Company for managing liquidity risk included cash and short term deposits and borrowings as disclosed in Note 20 and Note 22.

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
2014				
Group				
Financial liabilities				
Trade and other payables	37,381,765	2,050,000	100,000	39,531,765
Loans and borrowings	21,567,079	32,761,081	1,187,201	55,515,361
Derivatives	5,807	-	-	5,807
Total undiscounted financial liabilities	58,954,651	34,811,081	1,287,201	95,052,933
Company				
Financial liabilities				
Trade and other payables	3,068,213	-	-	3,068,213
2013				
Group				
Financial liabilities				
Trade and other payables	42,952,367	2,600,000	-	45,552,367
Loans and borrowings	15,544,796	22,261,696	5,093,238	42,899,730
Derivatives	21,399	-	-	21,399
Total undiscounted financial liabilities	58,518,562	24,861,696	5,093,238	88,473,496
Company				
Financial liabilities				
Trade and other payables	3,341,284	-	-	3,341,284

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2014 (cont'd)

36. 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 RM413,000 (2013 : RM338,000) higher/lower, arising mainly as a result of higher/lower interest income from cash and cash equivalents, offset by higher/lower interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group and of the Company's financial instruments will fluctuate because of changes in commodity prices.

The Group and the Company are exposed to commodity price risk arising from the commodity swap and futures contracts entered into to hedge its forecasted sale of crude palm oil and purchase of raw materials. Changes in the spot and forward prices of CPO will cause corresponding changes in the fair values of the commodity swap and futures contracts. The Group applies cash flow hedge accounting on its commodity swap and futures contracts which qualify for hedge accounting.

(e) 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	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Company				
Financial assets:				
Other receivables (non-current) (Note 19)				
- Amount owing from subsidiaries	80,587,418	79,641,538	*	*

* 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)	19
Trade and other payables (current)	21

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

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

(e) Fair value of financial instruments (cont'd)

(iii) Loans and borrowings

The fair values of borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings at the reporting date.

There is no significant difference between the interest rate on the Group's fixed rate borrowings and the market interest rate for similar types of borrowings at the reporting date. Therefore, the carrying amounts of the non-current portion of borrowings are reasonable approximations of fair value.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(iv) Derivatives

Fair values of interest rate swap contracts and commodity forward contracts are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

(v) Fair value hierarchy

As at the financial year end, the Group held the following financial assets and liabilities measured at fair value :

Group	**31 January 2014 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Liabilities measured at fair value				
Derivatives				
- Interest rate swap	(5,807)	-	(5,807)	-

	31 January 2013 RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Assets/(Liabilities) measured at fair value				
Derivatives				
- Commodity futures	621,775	621,775	-	-
- Interest rate swap	(21,399)	-	(21,399)	-

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting period ended 31 January 2014 and 31 January 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

37. Financial instruments

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

	Note	2014 RM	2013 RM
Group			
(a) Loans and receivables			
Trade and other receivables	19	17,989,346	26,184,040
Cash and bank balances	20	229,762,498	190,905,621
		247,751,844	217,089,661
(b) Financial liabilities carried at amortised cost			
Trade and other payables	21	39,317,860	45,266,225
Loans and borrowings	22	50,553,612	38,462,503
		89,871,472	83,728,728
(c) Financial liabilities designated as effective hedging instruments carried at fair value			
Derivatives liabilities	33	5,807	21,399
(d) Financial assets carried at fair value through profit or loss			
Derivatives assets	33	-	621,775
Company			
(a) Loans and receivables			
Trade and other receivables	19	130,206,262	142,370,662
Cash and bank balances	20	110,982,451	78,881,933
		241,188,713	221,252,595
(b) Financial liabilities carried at amortised cost			
Trade and other payables	21	3,068,213	3,341,284

38. 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 2014 and 31 January 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

39. Dividends

	Group and Company 2014 RM	2013 RM
Recognised during the year:		
In respect of financial year 2012:		
- Final single-tier dividend of 10 sen per share	-	30,698,766
In respect of financial year 2013:		
- Interim single-tier dividend of 5 sen per share	-	15,431,248
- Final single-tier dividend of 7 sen per share	21,606,723	-
In respect of financial year 2014:		
- Interim single-tier dividend of 5 sen per share	15,438,298	-
	37,045,021	46,130,014
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 2014 : 8 sen (2013 : 7 sen) per share	24,716,646	21,604,973

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2014, of 8 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 2015.

The proposed final dividend of RM24,716,646 is subject to change in proportion to changes in the Company's issued and paid up capital, if any.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2014 were authorised for issue in accordance with a resolution of the Directors on 26 May 2014.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2014 (cont'd)

41. 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 2014, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	272,186,331	246,946,416	31,631,591	10,682,711
- Unrealised	(22,732,000)	(21,574,225)	(4,250,000)	(2,928,000)
	249,454,331	225,372,191	27,381,591	7,754,711
Less:				
Consolidation adjustments	(58,825,442)	(59,583,302)	-	-
Retained earnings as per financial statements	190,628,889	165,788,889	27,381,591	7,754,711

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 3 June 2014

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM309,867,169
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	69	1.63	2,085	0.00
100 to 1,000 shares	457	10.80	332,594	0.11
1,001 to 10,000 shares	2,703	63.87	10,840,700	3.50
10,001 to 100,000 shares	853	20.16	26,376,809	8.52
100,001 to less than 5% of shares	149	3.52	75,822,831	24.48
5% and above of shares	1	0.02	196,292,150	63.39
Total	4,232	100.00	309,667,169Ω	100.00

Ω is equivalent to 309,867,169 less 200,000 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	63.39
2. Teo Chuan Keng Sdn. Bhd.	6,109,900	1.97
3. Citigroup Nominees (Tempatan) Sdn. Bhd. - Pershing LLC for Krishnan Chellam	5,342,400	1.73
4. Timbas Helmi Bin Oesman Joesoef Helmi	3,000,000	0.97
5. Koperasi Polis DiRaja Malaysia Berhad	2,800,000	0.90
6. Golden Fresh Sdn. Bhd.	2,000,000	0.65
7. Lim Ah Choo	1,700,000	0.55
8. Neoh Choo Ee & Company, Sdn. Berhad	1,698,198	0.55
9. Khoo Heng Suan	1,553,660	0.50
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. Amsec Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	1,234,500	0.40
14. Gooi Seow Mee	1,203,552	0.39
15. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd for Maakl Progress Fund (4082)	1,184,600	0.38
16. Ang Chai Eng	1,163,000	0.38
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	0.35
19. Loh Lai Kim	1,002,500	0.32

ANALYSIS OF SHAREHOLDINGS (cont'd)
As at 3 June 2014

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors) (cont'd)

Name of Shareholders	No of Shares held	% of Issued capital
20. Gooi Seong Chneh	998,360	0.32
21. Lim Weng Ho	993,000	0.32
22. Radeshah binti Ridzwani	835,800	0.27
23. Gan Tee Jin	798,000	0.26
24. Teo Tian Chai Sdn. Bhd.	789,600	0.25
25. Lim Khuan Eng	745,200	0.24
26. Chellam Investments Sdn. Berhad	700,000	0.23
27. Yayasan Kelantan Darulnaim	700,000	0.23
28. HSBC Nominees (Tempatan) Sdn. Bhd. −HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Pacific6939-407)	684,400	0.22
29. HDM Nominees (Tempatan) Sdn. Bhd. −UOB Kay Hian Pte Ltd For Gooi Seong Lim (Margin)	673,552	0.22
30. Gooi Seong Chneh	615,552	0.20
TOTAL	241,209,923	77.90

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	-	63.59	-
Gooi Seong Lim	1,149,552 [a]	199,442,101 [b]	0.37	64.41
Gooi Seong Heen	1,767,912 [c]	198,106,102 [d]	0.57	63.97
Gooi Seong Chneh	1,613,912	198,106,102 [e]	0.52	63.97
Gooi Seong Gum	132,600	198,162,102 [f]	0.04	63.99

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at 3 June 2014

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

	Direct Interest		Indirect Interest	
	Shareholdings	**%**	**Shareholdings**	**%**
Gooi Seong Lim	1,149,552 [(a)]	0.37	199,442,101 [(b)]	64.41
Gooi Seong Heen	1,767,912 [(c)]	0.57	198,106,102 [(d)]	63.97
Gooi Seong Chneh	1,613,912	0.52	198,106,102 [(e)]	63.97
Gooi Seong Gum	132,600	0.04	198,162,102 [(f)]	63.99
Gan Kim Guan	-	-	-	-
Chan Weng Hoong	-	-	-	-
Cheang Kwan Chow	-	-	-	-

Notes:-

(a) 673,552 and 476,000 shares held in bare trust by HDM 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) Includes 615,552, 280,000 and 536,360 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd., Citigroup 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.

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 2014 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	1,875
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	8,928
- CL 085311306	31/12/2077	Oil palm plantation	121.45	31 Jan 2004	Not applicable	3,989
- CL 085311315	31/12/2077	Oil palm plantation	102.51	31 Jan 2004	Not applicable	3,494
- CL 085311244	31/12/2077	Oil palm plantation	166.53	31 Jan 2004	Not applicable	5,727
District of Labuk/Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	143
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	140
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	7,132
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	503
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	9,196
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	8,083
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	2,854
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	1,879
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	13,131
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	8,993
District of Kinabatangan, Sabah						
- Lot 7052, Section 64 Jalan Sekama Kuching, Sarawak	31/12/2779	Shoplot office	-	(01 Feb 2010)	30 years	1,297
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 255332631	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	29,560
- Part of CL 255332640 District of Kinabatangan, Sabah	30/06/2032	Oil palm plantation	386.76 (2)	31 Jan 2004	Not applicable	3,879
Okidville Holdings Sdn. Bhd.						
- CL 135328782 Sook, District of Keningau, Sabah	31/12/2083	Oil palm plantation	2,772.10	31 Jan 2004	Not applicable	44,935
Desa Okidville Sdn. Bhd.						
- CL 135367930 Sook, District of Keningau, Sabah	31/12/2080	Oil palm plantation	4,356.80	31 Jan 2004	Not applicable	59,317
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135367912	31/12/2080	Palm oil mill	12.14	31 Jan 2004	11 years	6,321
- CL 135367921	31/12/2080	Oil palm plantation	27.51	31 Jan 2004	Not applicable	1,195
- Part of CL 135367903 Sook, District of Keningau, Sabah	29/02/2064	Housing area, water reservoir and POME area	80.94 (2)	(01 Mar 2004)	Not applicable	2,520

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 2014 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- GRN 60265, Lot 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	17 years	11,895
- 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
Kim Loong Evergrow Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store (1)	-	Not applicable	8 years	380
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	1,093.46 (2)	(09 Nov 2004)	Not applicable	24,654
Palm Nutraceuticals Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office (1)	-	Not applicable	9 years	1,124
Kim Loong Technologies Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory (1)	-	Not applicable	8 years	942
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)	6 years	5,698
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Factory (1)	-	Not applicable	4 years	1,243

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 2014 RM'000
Kim Loong Power Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store [1]	-	Not applicable	5 years	693
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Fencing [1]	-	Not applicable	4 years	32
- Part of CL 255332640 District of Kinabatangan, Sabah	31/12/2086	Factory [1]	-	Not applicable	1 year	589
Winsome Pelita (Pantu) Sdn. Bhd.						
- Sungai Tenggang and Kranggas/Mawang Sri Aman, Sarawak	NCR Native Land 60 years	Oil palm plantation	2,845.50	(06 Jan 2010)	Not applicable	45,339
Winsome Jaya Sdn. Bhd.						
- H.S.(D) 34748, PTD 413 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	26/08/2111	Vacant land	47.74 [2]	(27 Aug 2013)	Not applicable	662
			16,010.29			323,928

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

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

FORM OF PROXY

I/We, ____

of ____

being (a) member(s) of the abovenamed Company do hereby appoint ________________________________

of ____

or failing whom, ______________________________ 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 Thirty-ninth Annual General Meeting of the Company to be held at Dewan Johor, Level 2 of Mutiara Hotel, Jalan Dato Sulaiman, Taman Century, K.B. No. 779, 80990 Johor Bahru, Johor Darul Takzim on Friday, 25 July 2014 at 11.00 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 Heen		
5.	Re-election of Director : Mr. Gan Kim Guan		
6.	Re-election of Director : Mr. Chan Weng Hoong		
7.	Re-appointment of Auditors		
8.	Authority to issue shares		
9.	Proposed Renewal of Authority for Share Buy-Back		
10.	Retention of Independent Non-Executive Director : Mr. Gan Kim Guan		

(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.)

Signed this _______________ day of _______________ 2014

____
Signature of Member(s)

Number of Shares held	

NOTES:

A member whose name appear in the Record of Depositors as at 18 July 2014 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 forty-eight (48) hours before the time set for holding the meeting. 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,

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