Unit No. 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS 20/27
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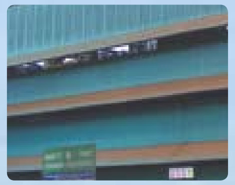
KIM LOONG RESOURCES BERHAD (22703-K)

annual report **2012**

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

annual
report
2012

New Perspective, New Horizons



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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 Keningau mill.

2002

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

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

2000

Diversification into bio-fertilizer business under Kim Loong Evergrow Sdn. Bhd.

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 in Sook, Keningau, Sabah into oil palm plantation and to erect new palm oil mill in Sook, Keningau, Sabah.



2006

The Group undertook a biogas plant in 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%.

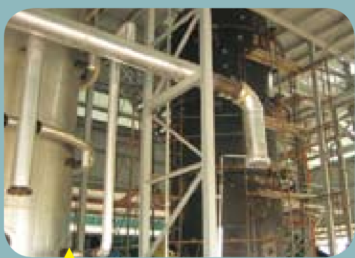
2004

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.


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.

1993

Incorporation of Kim Loong Palm Oil Mills 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 which commenced operations in 1996.

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.

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-seventh Annual General Meeting of Kim Loong Resources Berhad will be held at Jasmine & Orchid Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 July 2012 at 9.30 a.m. for the following purposes :-

AGENDA

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2012 together with the Auditors' Report thereon **(Resolution 1)**

2. To declare a final single tier dividend of 10 sen per share in respect of the financial year ended 31 January 2012. **(Resolution 2)**

3. To re-elect Mr. Gooi Seong Chneh as a Director retiring in accordance with Article 77 of the Articles of Association of the Company: **(Resolution 3)**

4. To re-elect Mr. Cheang Kwan Chow as a Director retiring in accordance with Article 84 of the Articles of Association of the Company. **(Resolution 4)**

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

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 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 6)**

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 30,843,636 representing 10% of the issued and paid-up share capital of the Company as at 7 June 2012;

(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 2012 of RM23,841,957 and RM1,449,225 respectively;

Notice of Annual General Meeting
(cont'd)

(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 7)**

SPECIAL RESOLUTION -
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the Articles of Association of the Company be amended as follows –

(a) Insertion of the following new definition under Article 2 –

WORDS		MEANINGS
Exempt Authorised Nominee	-	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

(b) Insertion of new Article to be numbered as Article 72A immediately after Article 72 to read as follows –

72A. Appointment of multiple proxies by an Exempt Authorised Nominee

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.

Notice of Annual General Meeting
(cont'd)

(c) Insertion of new Article to be numbered as Article 66A immediately after Article 66 to read as follows -

66A. Qualification and rights of proxy to speak

A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

THAT the Directors and Secretaries of the Company be and are hereby authorised to carry out all the necessary formalities to give effect to and for the purpose of completing or implementing the proposed amendments to the Articles of Association of the Company.

AND THAT the Directors of the Company, be and are hereby authorised to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad." **(Resolution 8)**

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-seventh Annual General Meeting, the final single tier dividend of 10 sen per share in respect of the financial year ended 31 January 2012 will be paid on 29 August 2012 to depositors registered in the Record of Depositors on 8 August 2012.

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 8 August 2012 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
5 July 2012

Notice of Annual General Meeting
(cont'd)

Notes:

(1) A member whose name appears in the Record of Depositors as at 20 July 2012 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 6 -

This resolution, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued capital 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.

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 2011 and which will lapse at the conclusion of the Thirty-seventh Annual General Meeting.

In circumstances where an expansion/diversification plan requires the issue of new shares, the authority will enable the Directors to take prompt action and to avoid delay and cost in convening general meetings to approve such issue of shares.

(4) Resolution 7 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 5 July 2012 which is enclosed together with the Annual Report 2012.

(5) Resolution 8 -

The proposed amendments to the Articles of Association are to conform with the recent amendments made to Chapter 7 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to appointment of multiple proxies by an Exempt Authorised Nominee, that there is to be no restriction on proxy's qualification and to accord proxies the same rights as members to speak at general meeting.

(6) Mr. Chew Poh Soon who is retiring in accordance with Article 77 of the Articles of Association of the Company has not offered himself for re-election.

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 are the Directors standing for re-election at the Thirty-seventh Annual General Meeting :-

(a) Re-election of Mr. Gooi Seong Chneh as a Director pursuant to Article 77 of the Articles of Association of the Company .

(b) Re-election of Mr. Cheang Kwan Chow as a Director pursuant to Article 84 of the Articles of Association of the Company .

(2) The profiles of the Directors standing for re-election as mentioned in paragraph 1 above at the Thirty-seventh Annual General Meeting are set out in pages 15 and 16 of the Annual Report.


STERIL
NO 2

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

Chew Poh Soon
Independent Non-executive Director

Chan Weng Hoong
Independent Non-executive Director

Cheang Kwan Chow
Independent Non-executive Director

AUDIT COMMITTEE

Gan Kim Guan
Chairman

Chew Poh Soon

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

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)

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

STOCK EXCHANGE LISTING

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

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.

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 2012.

The total number of options granted, exercised and outstanding under the ESOS since its commencement up to 31 January 2012 are set out below:-

Description	Number of Options
Granted	11,971,300
Exercised	(7,091,500)
Cancelled	(1,915,500)
Outstanding	2,964,300

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 2012 are set out below:-

Description	Number of Options
Granted	2,403,000
Exercised	(1,787,800)
Cancelled	(440,600)
Outstanding	174,600

Details of options granted to the Directors and senior management under the ESOS during the financial year 2012 and since its commencement up to 31 January 2012 are set out below:-

Directors and Senior Management	2012
Aggregate maximum allocation	50%
Actual granted since commencement of ESOS	46%
Actual granted during the financial year	14%

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 103 to 105 of the Annual Report.

Board of Directors

Gooi Seong Lim
Executive Chairman

Gooi Seong Heen
Managing Director

Gooi Seong Chneh
Executive Director

Gan Kim Guan
Senior Independent
Non-executive Director

Gooi Seong Gum
Executive Director

Chew Poh Soon
Independent
Non-executive Director

Chan Weng Hoong
Independent
Non-executive Director

Cheang Kwan Chow
Independent
Non-executive Director

Chua Yoke Bee
Company Secretary

Kan Chee Jing
Company Secretary

Chong Fook Sin
Company Secretary

Profile of Directors

GOOI SEONG LIM

GOOI SEONG HEEN

Gooi Seong Lim, aged 63, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended four (4) of the five (5) Board meetings held during the financial year 2012.

Gooi Seong Heen, aged 61, 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 five (5) Board meetings held during the financial year 2012.

Profile of Directors
(cont'd)

GOOI SEONG CHNEH

Gooi Seong Chneh, aged 57, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. He has been responsible for the development and management of oil palm and cocoa estates in Johor, Sabah and Sarawak since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2012.

GOOI SEONG GUM

Gooi Seong Gum, aged 56, 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 five (5) Board meetings held during the financial year 2012.

GAN KIM GUAN

Gan Kim Guan, aged 49, 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 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 five (5) Board meetings held during the financial year 2012.

Profile of Directors
(cont'd)

CHEW POH SOON

Chew Poh Soon, aged 67, a Malaysian, was an Independent Non-executive Director of KLR from 21 July 2000 to 30 April 2001. He was re-appointed an Independent Non-executive Director and a member of the Audit Committee of KLR on 30 March 2006 and chaired the Nominating and Remuneration Committees of KLR with effect from 10 March 2011. A graduate from University of Malaya with Bachelor of Agricultural Science (Hon) in 1967 and Master of Agricultural Science in 1976, he was Head of Agricultural Research of HRU Sdn Bhd and following that, Applied Agricultural Research Sdn. Bhd., a joint venture between Boustead Holdings Berhad and Kuala Lumpur Kepong Berhad till his retirement in March 2000. He was Plantation Director (Peninsula Malaysia) of IOI Corporation Berhad from 2001 to 2003. He has been closely involved in professional activities in the plantation industry and holds fellowships from the Incorporated Society of Planters, Malaysian Society of Soil Science and Malaysian Oil Scientists' and Technologists' Association.

Mr Chew 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 five (5) Board meetings held during the financial year 2012.

CHAN WENG HOONG

Chan Weng Hoong, aged 63, 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, having worked on the crop for 38 years. 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 49 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 2012 since his appointment to the Board of KLR.

CHEANG KWAN CHOW

Cheang Kwan Chow, aged 59, 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 one (1) Board meeting held during the financial year 2012 since his appointment to the Board of KLR.

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 2012

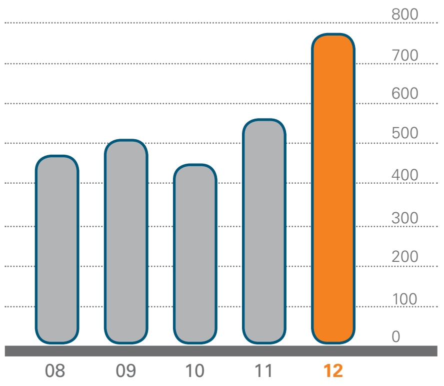
KIM LOONG RESOURCES BERHAD (22703-K)
錦隆資源有限公司

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

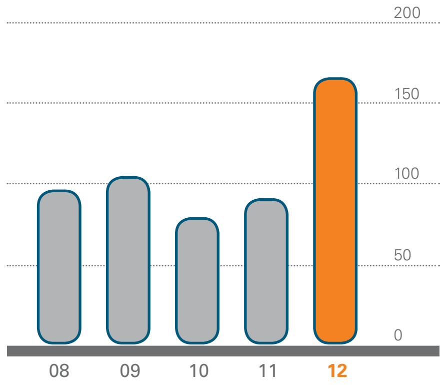
Group Financial Highlights

STATEMENT OF COMPREHENSIVE INCOME (RM'Million)

Revenue

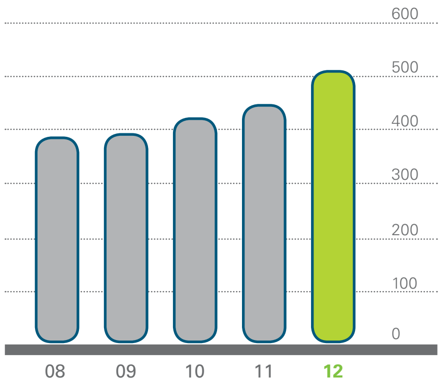


Profit Before Tax

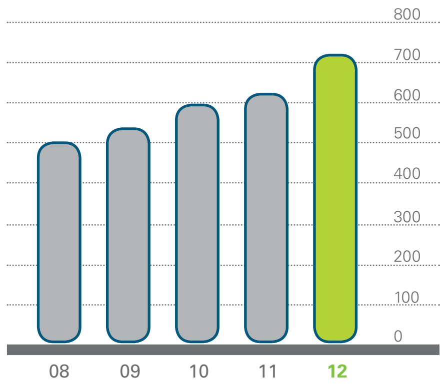


STATEMENT OF FINANCIAL POSITION (RM'Million)

Equity Attributable to Owners of the Company

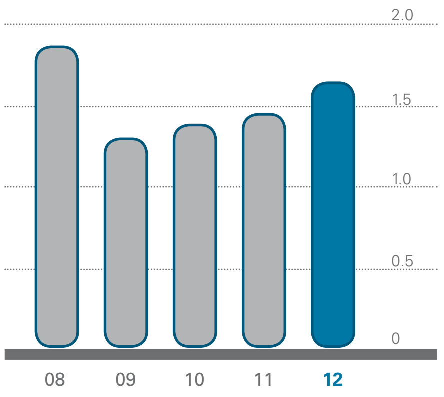


Total Assets

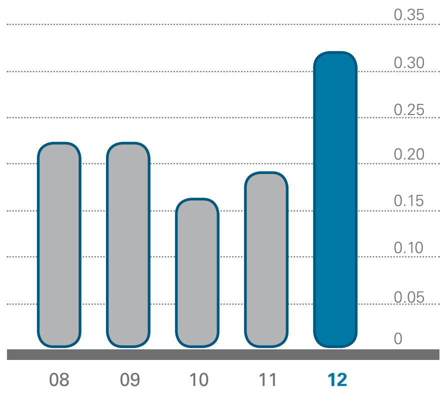


PER SHARE (RM)

Net Tangible Assets



Earnings



Group Financial Highlights (cont'd)

		2008	2009	2010	2011	2012
STATEMENT OF COMPREHENSIVE INCOME (RM'000)						
Revenue		469,875	507,085	451,533	563,408	768,332
EBITDA		110,770	120,260	99,795	113,862	189,713
Profit before tax		96,036	104,384	79,455	90,633	165,043
Profit after tax		71,463	81,563	59,525	71,610	124,749
Net profit attributable to owners of the Company		58,517	65,375	48,138	58,256	96,573
STATEMENT OF FINANCIAL POSITION (RM'000)						
Paid-up share capital		209,957	302,253	304,237	305,287	306,555
Total shareholders' equity		401,989	418,827	459,757	491,623	578,535
Equity attributable to owners of the Company		385,923	391,098	421,970	445,143	507,355
Total assets		502,331	532,479	594,619	621,744	717,035
PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)						
Earnings		0.22 *	0.22	0.16	0.19	0.32
Net Assets		1.84	1.29	1.39	1.46	1.66
Net Tangible Assets		1.83	1.29	1.38	1.44	1.65
Gross Dividend		0.18	0.36	0.10	0.12	0.16
Share Price at Year End		3.12	1.60	2.05	2.38	2.50
Weighted Average Number of Share in Issue ('000)		264,742 *	300,520	303,271	304,657	305,982
FINANCIAL INDICATORS						
Return on Equity (after tax)	(%)	17.78	19.47	12.95	14.57	21.56
Return on Total Assets (after tax)	(%)	14.23	15.32	10.01	11.52	17.40
Gearing Ratio (net)	(%)	(0.32)	8.90	8.77	3.05	(8.56)
Price-Earnings Ratio	(times)	14.09	7.27	12.81	12.53	7.81
Interest Coverage Ratio	(times)	85.16	121.44	56.67	41.59	71.24
Gross Dividend Yield	(%)	5.77	22.50	4.88	5.04	6.40

** Adjusted pursuant to the adjustment arising from Bonus Issue completed in August 2008.*

Statistics

	2008	2009	2010	2011	2012
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	11,193	11,193	12,818	13,074	12,740
Immature	1,042	1,104	732	794	1,203
Unplanted land	-	-	859	628	596
	12,235	12,297	14,409	14,496	14,539
Cocoa and others	167	122	115	108	99
Total plantable area	12,402	12,419	14,524	14,604	14,638
Infrastructure and unplantable land	646	629	629	592	554
Total land area	13,048	13,048	15,153	15,196	15,192
Production (MT)					
Fresh fruit bunches ("FFB")	248,268	272,334	262,687	227,325	313,035
Yield per mature hectare	22.18	24.33	21.71^	17.39	23.79
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	138,994	145,441	172,147	165,252	210,784
Oil extraction rate (% of FFB)	21.03	21.58	21.82	21.37	21.81
Palm kernel ("PK") (MT)	37,573	36,468	42,878	40,591	50,356
Kernel extraction rate (% of FFB)	5.69	5.41	5.43	5.25	5.21
Palm kernel oil ("PKO") (MT)	11,405	9,697	12,136	7,759	1,557
Oil extraction rate (% of PK)	45.30	45.40	44.83	44.92	46.12

^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 2012.

FINANCIAL HIGHLIGHTS

RESULTS

The revenue and profit before tax ("PBT") of the Group were RM768.33 million and RM165.04 million respectively for the financial year 2012 ("FY2012") compared to RM563.41 million and RM90.63 million respectively for the financial year 2011 ("FY2011").

The 36% and 82% increases in revenue and PBT respectively compared to financial year 2011 were mainly due to higher production as well as the Crude Palm Oil ("CPO") and Palm Kernel ("PKO") prices being about 14% and 16% higher.

Correspondingly, we achieved higher earnings per share of 31.6 sen from 19.1 sen in FY2011. As at the end of FY2012, the Group recorded 14% expansion of shareholders' equity to RM507 million and an increase in cash and cash equivalents to RM185 million (2011:RM445 million and RM114 million, respectively).

DIVIDEND

The Board has recommended a final dividend of 10 sen per share single tier tax exempt (2011: final dividend of 7 sen per share single tier tax exempt), for the financial year 2012 making a total dividend of 16 sen per share single tier tax exempt (2011: 12 sen per share single tier tax exempt).

The payout exceeds 30% of the annual profit attributable to owners of the Company.

The Group has successfully achieved a Return of Equity of 21.6% compared to 14.6% in FY2011. The notably better performance is testament to the management's initiatives that have been put in place to enhance operational efficiency and translating it into sustainable results.

Chairman's Statement
(cont'd)

REVIEW OF BUSINESS ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations increased by 33% or RM8.90 million to RM35.95 million as compared to RM27.05 million recorded for the last financial year. The higher profit was contributed by higher palm oil prices and production. Total CPO production for the year under review was 210,784 MT, which was 28% higher than 165,252 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 18% compared to the last financial year.

PLANTATION OPERATIONS

The profit from the plantation operations increased by 103% or RM68.36 million to RM134.59 million as compared to RM66.23 million recorded for the last financial year. The increase in profit was mainly due to higher palm oil prices and increase in FFB production for the year under review to 313,035 MT, an increase of 38% or 85,710 MT as compared to the last financial year. The increase in FFB production was mainly from our estates in Keningau region which has recovered from the exceptional low yield last 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. FFB price was also 16% higher compared to the last financial year.

OPERATIONAL HIGHLIGHTS

As at 31 January 2012, the Group's total plantation land holdings stood at 15,192 Ha of which 92% (or 13,943 Ha) are fully planted with palms. From the total planted area, approximately 91% (or 12,740Ha) are mature while the remaining 9% (or 1,203 Ha) are at immature stage. The plantations are located in the states of Johor, Sabah and Sarawak.

It gives us great pleasure to highlight that the Group's management initiatives, efforts and hard work have begun to bear fruitful rewards as favourable production was achieved. Our FFB production for the year increased by 38% to 313,035 MT compared to last year's production of 227,325 MT. As a result, the Group's average FFB yield per Ha rose to 23.79 MT per Ha in FY 2012 from 17.39 MT per Ha in FY2011.

The Group owns and operates three (3) palm oil mills which are strategically located within our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. The palm oil mills have a total FFB processing capacity of 1,200,000 MT per annum. In FY2012, we achieved a throughput of 966,532 MT of FFB inclusive of the external crop purchases, an increase of 25% from 774,000 MT in FY2011. As a result of higher FFB processed, CPO and PK production increased to 210,784 MT and 50,356 MT respectively in FY2012, from 165,252 MT and 40,591 MT in FY2011. The average oil extraction rate ("OER") also increased to 21.81% as compared to 21.37% in FY2011 while Kernel Extraction Rate ("KER") was marginally lower at 5.21% from 5.25% in FY2011.

Chairman's Statement
(cont'd)

In relation to this, we are pleased to note that our average oil yield per Ha for Sabah estates has increased to 6.24 MT per Ha in FY2012 compared to 4.47 MT per Ha in FY2011. Overall average oil yield has increased to 5.19 MT per Ha compared to 3.85 MT per Ha in FY2011.

On the operational front, we have consistently delivered a strong growth performance throughout the year against the backdrop of a challenging economic situation. The cost of production (before depreciation and amortisation) during FY2012 dropped by 24% from RM184/MT FFB to RM140/MT FFB mainly due to increase in FFB production. The Management is nevertheless actively exploring rational initiatives towards cushioning the rising costs by increasing efficiency and productivity throughout our operations.

The Group's long term replanting policy remains a high priority, both in times of low as well as high commodity prices. Failure to implement this critical aspect of plantation management will inevitably lead to stagnating yields and declining production. During FY2012, the Group managed to replant 351 Ha of aged and lower yielding oil palms. All replanting carried out during FY2012 continued to be done in accordance with the environmentally friendly zero burn policy, thereby complying fully with the regulations laid down by the Department of Environment.

"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"

DEVELOPMENT AND PROSPECTS

The long term outlook for the palm oil industry in Malaysia remains good. The palm oil price is expected to remain good and steady in the financial year 2013 due to uncertainty in weather conditions in major soybean oil producing countries and the steady crude oil price, arising from geo-political instability in producing countries and in the Middle East. The production cost for palm oil is expected to be higher in view of the minimum wages for Malaysia set at RM900 in Peninsular and RM800 in Sabah and Sarawak.

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.

Our main focus in the near to medium term is to secure and plant up the Native Customary Rights Land ("NCR Land") within our project area in Sarawak. We expect the FFB production for the Group to grow from financial year 2014 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 2013 is expected to be slightly lower than financial year 2012 due to replanting of about 900Ha in financial year 2012 and financial year 2013 and industry wide decline in yield owing to palm exhaustion caused by high FFB yield in financial year 2012.

The Group expects the CPO production of its milling operations to remain steady in the financial year 2013 as compared to that achieved in the financial year 2012. The downstream projects such as palm-pressed fibre oil extraction plant, kernel oil solvent extraction plant and biogas project are expected to generate more than RM10 million in revenue.

Chairman's Statement
(cont'd)

Installation of our third biogas plant at our Telupid Mill is in progress. We are also implementing the gas engine system to generate renewable electrical power from the biogas to all our three mills to efficiently convert biogas generated from palm oil mill effluent ("POME") to power. This project will be able to minimize disruption of power supply, even during our low crops period/ mill shut down for maintenance, to our downstream projects such as kernel crushing, solvent extraction, bio-fertiliser as well as staff and labour quarters.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group to continue to perform well as we hope the higher palm oil prices will offset the impact of slight drop in FFB production and higher labour cost in the financial year ending 31 January 2013.

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. We also take this opportunity to welcome Mr. Cheang Kwan Chow to our Board of Directors.

Our Board also wishes to record our appreciation to Mr. Chew Poh Soon who will be retiring after this Annual General Meeting for his advice and contribution to the corporate development of the Group since 2006.

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor

Date: 28 June 2012

Statement on Corporate Social Responsibilities

The Group does not have a formal Corporate Social Responsibility ("CSR") Policy. However, 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 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 Keningau and Telupid mills now accept FFB from 10 collection centres and more than 230 smallholders.

HUMAN CAPITAL

The Group continues to place high emphasis on developing its human capital, the organisation's most valuable asset. The Group had a total workforce of 2,178 as at 31 January 2012.

The Group has also invested substantial sum for housing, provision of free electricity and 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 estate level, annual kenduri was conducted to foster better relations between the staff and workers. The roads leading to the estates are properly maintained to facilitate the movement of vehicles. Some of our main roads have benefited the neighbouring villagers as they also use these roads to go to the nearest town.

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

- 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 Beijing, Chengmai and Pulau Sibu were organised for the staff and their family members.

COMMUNITY

Our 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 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.

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

The Group also made several contributions and donations amounting to approximately RM115,000 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.

Statement on Corporate Social Responsibilities (cont'd)

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 492 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 Company's fertiliser programme is based on the leaf nutrient levels and yield performance profile of the palm tree. Dependence on inorganic fertilisers is reduced through nutrient recycling from utilisation of processing waste or by-products, where possible. Empty fruit bunches are recycled back to the fields. Palm oil mill effluent is also used to irrigate the palms for irrigational and nutritional benefits.

Encourage use of renewables

Waste 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 the methane capture and power generation project 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. This 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.

The Group has implemented methane capture projects in our mills at Kota Tinggi and Keningau and implementation on similar project in our Telupid Mill in Sabah is in progress. 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.

Statement on Corporate Governance

INTRODUCTION

The Board of Kim Loong Resources Berhad remains resolute in upholding the highest standards of corporate governance within the Group in building sustainable business growth in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

The Board is pleased to provide a narrative statement on the application of the principles of good corporate governance and the extent of compliance with the Best Practices as set out in Part 1 and Part 2 of the Malaysian Code of Corporate Governance ('the Code').

A. BOARD OF DIRECTORS

The Board

On 24/3/2011 and 20/10/2011, additions were made to the composition of the Board by the appointment of Mr Chan Weng Hoong and Mr Cheang Kwan Chow respectively as Independent Non-executive Director. The new additions will provide the Board with a wealth of knowledge and experience to carry out its work well.

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholders' value. In order to fulfil this role, the Board is explicitly responsible for:-

- reviewing and adopting strategic plans for business performance;
- overseeing the proper conduct of the Group's businesses, including identifying principal risks and ensuring the implementation of systems to manage risks;
- succession planning including appointing, training and fixing remunerations/fees;
- developing and implementing an investor relations / shareholder programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives, guidelines and the achievement of Group's corporate objectives. The demarcation of roles both complements and reinforces the supervisory roles of the 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 is given of scheduled meetings and matters to be dealt with. All Board meeting proceedings are minuted, including the issues discussed and the conclusions made in discharging its duties and responsibilities.

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

The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven (7) days before the meeting, in order to provide sufficient time 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 of Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman	4/5	80
Gooi Seong Heen	Managing Director	5/5	100
Gooi Seong Chneh	Executive Director	5/5	100
Gooi Seong Gum	Executive Director	5/5	100
Gan Kim Guan	Senior Independent Non-executive Director	5/5	100
Chew Poh Soon	Independent Non-executive Director	5/5	100
Chan Weng Hoong (appointed on 24/3/2011)	Independent Non-executive Director	4/4	100
Cheang Kwan Chow (appointed on 20/10/2011)	Independent Non-executive Director	1/1	100

Statement on Corporate Governance (cont'd)

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.

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 assist 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, the Executive Directors are not 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 36 to 38 of this Annual Report. The activities of the Audit Committee during the year ended 31 January 2012 are also set out in the Report of the Audit Committee.

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.

The terms of reference of the Remuneration Committee are set out under the Report of the Remuneration Committee on page 39 of this Annual Report.

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 and the Group 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 appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected of 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 page 40 of this Annual Report.

Statement on Corporate Governance
(cont'd)

Board Balance

The Board currently has eight (8) members, comprising one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors, one (1) Senior Independent Non-executive Director and three (3) Independent Non-executive Directors. A brief profile of each Director is presented on pages 14 to 16 of this Annual Report.

The concept of Independent Director adopted by the Board is in line with the definition of an Independent Director as per the Listing Requirements of Bursa Securities. The key elements for fulfilling the criteria is the appointment of an Independent Director who is not a member of the management (a Non-executive Director) and who is free of any relationship which could interfere in the exercise of independent judgement or the ability to act in the best interests of the Company.

Four (4) out of the eight (8) members of the Board are Independent Non-executive Directors. The Independent Non-executive Directors namely Mr Gan Kim Guan, Mr Chew Poh Soon, Mr Chan Weng Hoong and Mr Cheang Kwan Chow play the important role of objectively assessing management strategies and practices and their impact on the long term interests of the shareholders. The Board complies with paragraph 15.02 of the Listing Requirements of Bursa Securities which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors.

The Directors with their differing 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.

All Directors have an equal responsibility to the Group. The Executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies.

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. 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.

The Board's Responsibilities

The Board retains full and effective control of the Group. It is responsible for among other things, the review and adoption of strategic directions for the Group, overseeing business performance, ensuring the adoption of appropriate risk management systems and ensuring the establishment of proper internal control systems.

The Board considers the current composition as optimum and effective given the scope, size and complexity of the business affairs of the Group.

The Board, together with the Audit Committee, reviews internal control and risk management systems within the organisation to ensure safe custody and effective and efficient utilisation of the Group's assets.

Division of roles and responsibilities between Executive Chairman and Managing Director

There is clear division of responsibilities at the head of the Company, to enable a balance of power and authority. 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 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 Group's 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 knowledges of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.

Supply of Information to the Board

The Chairman has 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 Secretary, who is 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. In addition and in furtherance of their duties, the Directors may seek independent professional advice at the Company's expense.

Statement on Corporate Governance (cont'd)

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.

Appointment and Election to the Board

Appointment

The Board appoints its members through a formal and transparent process which is consistent with the Company's Articles of Association. The appointment of new member(s) to the Board as well as the proposed re-appointment/re-election of Directors seeking re-appointment/re-election at the Annual General Meeting ("AGM") are recommended by the Nominating Committee to the Board for its approval.

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

Re-election

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 election at the forthcoming AGM are shown in the Notice of AGM (Ordinary Resolutions 3 & 4) on page 4.

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.

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 are encouraged to visit the Group's subsidiaries for an insight of their business activities. During the year, one Independent Director visited the Group Plantation in Sabah.

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

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

Programmes / Seminar

- Annual Palm & Lauric Oil Conference & Exhibition
- Biomass Conference 2011
- Budget 2012 Proposal & Recent Developments
- Clarified ISA's – Implementation Issues and the UK Experience
- Governance Role of The Audit Committee and the Recent Changes to FRS
- PIPOC 2011
- Seminar Percukaian Kebangsaan 2011
- Tax Audit, Incorrect Returns and Tax Appeal
- Updates on the Case Law Development
- Updates of FRSs 2010/11 New and Revised FRSs, Amendments, IC Interpretations and the New Bursa Listing Requirements
- Understanding Employer's Rights
- Workshop on Corporate Tax Issues for YA2011

Statement on Corporate Governance (cont'd)

B. 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 summary of the remuneration of the Directors for the year ended 31 January 2012, 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:

a. Summary of Directors' Remuneration

Aggregate Remuneration	Executive Directors (RM)	Non-executive Directors (RM)	Total (RM)
Salary	1,320,000	-	1,320,000
Bonus	973,500	-	973,500
Fees	123,000	174,600	297,600
Meeting allowance	9,500	7,500	17,000
Estimated monetary value of benefits-in-kind	13,325	-	13,325
Defined contribution plan	286,055	-	286,055
Share options granted under ESOS	-	-	-
Total	2,725,380	182,100	2,907,480

b. Remuneration Band

Analysis of remuneration	Executive Directors	Non-executive Directors
0 – RM50,000		2
RM50,001 – RM100,000		2
RM100,001 – RM150,000		
RM150,001 – RM200,000		
RM200,001 – RM250,000		
RM250,001 – RM300,000		
RM300,001 – RM350,000		
RM350,001 – RM400,000		
RM400,001 – RM450,000		
RM450,001 – RM500,000		
RM500,001 – RM550,000	1	
RM550,001 – RM600,000		
RM600,001 – RM650,000		
RM650,001 – RM700,000	2	
RM700,001 – RM750,000		
RM750,001 – RM800,000		
RM800,001 – RM850,000		
RM850,001 – RM900,000	1	

Statement on Corporate Governance (cont'd)

C. INVESTOR RELATIONS & SHAREHOLDER COMMUNICATION

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.

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

Openness and Transparency

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 include announcements released to Bursa Securities, annual reports and company profile.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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.

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors provide a balanced, clear and meaningful assessment of the Group's financial positions and future prospects.

The Audit Committee assists the Board in scrutinising information for disclosure and to ensure accuracy, adequacy, completeness of information and compliance with accounting standards.

Statement on Corporate Governance
(cont'd)

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 Internal Control as set out in pages 34 to 35 of this Annual Report.

Internal Audit Function

The Internal Audit function of the Group has been outsourced to the Internal Audit Department ('IAD') of the Group's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.

The main purpose of the internal audit function is to review effectiveness of the Group's systems of internal controls. The IAD adopts a risk based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements. 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.

The IAD reports 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 total cost incurred in respect of the internal audit function during the financial year was approximately RM240,000.

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

i. Carrying out the internal auditing of the Group subsidiaries.
ii. Facilitating the improvement of business processes within the Group.
iii. Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
iv. Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
v. 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,

External Audit Function

Through the Audit Committee, the Group has established a good working relationship with its External Auditors i.e., Messrs Ernst & Young. The Company's External Auditors are appointed every year during the AGM.

The Group 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 External Auditors are invited to Audit Committee and other meetings to deliberate on the Group audit plan, IAD reports and the annual financial results.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements of Bursa Securities to issue a statement explaining their responsibilities in the preparation of the annual 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 at the end of the financial year and of their financial performance and cash flows for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Securities, the Financial Statements have been prepared in accordance with the applicable Financial Reporting Standards and the provisions of the Act.

In preparing the Financial Statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors took steps to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The Directors have overall responsibility 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 10,000 shares and these shares are currently held as treasury shares. Details of the purchase of treasury shares were as follows: -

	No of treasury shares purchased	Purchase price per share (RM)	Total consideration paid (RM)
December 2011	10,000	2.33	23,471

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 2012 was RM5,000.

Variation in results

There was no material variation between the results for the financial year ended 31 January 2012 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.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is 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 Board is of the opinion that it had complied with the Best Principles as set out in the Code of Corporate Governance throughout the financial year ended 31 January 2012 except for the details of Directors' remuneration. The Company complies with the disclosure requirements under the Listing Requirements of Bursa Securities i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made on page 30. In addition, the composition of the Remuneration Committee has been fully disclosed on page 39 of this Annual Report.

This Statement is made in accordance with a resolution of the Board dated 28 June 2012.

Statement on Internal Control

1.0 INTRODUCTION

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities requires the Board of Directors of public listed companies to include in its Annual Report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year.

2.0 BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for maintaining a consistently sound internal control environment to safeguard shareholders' interests and the Group's assets; and for reviewing the adequacy and integrity of these systems. Such systems, however, are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable rather than 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 carry 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.

The Board confirms that there is an on-going risk management process to identify, evaluate, document, monitor and manage significant risks to effectively mitigate the risks that may impede the achievement of the Group's businesses and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment. Management has operated this process during the year under review up to the date of approval of this annual report.

3.0 KEY INTERNAL CONTROL PROCESSES

In reviewing and ensuring the adequacy and integrity of the internal control system, the Board has established the following key elements in the internal control framework of the Group.

3.1 Internal Audit Function

The Internal Audit function of the Group has been outsourced to the Internal Audit Department ('IAD') of the Group's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.

The roles, responsibilities and activities of the IAD are described and detailed on pages 31 to 32 under Section D of the Corporate Governance Statement of this Annual Report.

3.2 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.

3.3 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.

Statement on Internal Control
(cont'd)

3.4 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.

Plantation General Manager/Deputy 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.

Executive Directors also monitor the performance of the estates 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 Visiting Mill Engineer. During the visits, they discuss and resolve all operational and key management issues faced by the Mill managers.

3.5 Human Capital Development and Training

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.

3.6 Other Key Elements of Internal Control

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

- Centralised functions of finance, treasury administration, human resource, agronomic, marketing and bulk purchases to ensure that uniform policies and procedures are implemented throughout the Group.
- Regular site visits to the operations within the Group by the Executive Chairman, Managing Director and Executive Directors and senior management
- The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiaries records.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
- The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are regularly revised and updated to meet operational needs.
- Proposals for major capital expenditures of the Group are reviewed and approved by the Executive Directors
- 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.

4.0 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 Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2012. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported 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 integrity of the system of internal control of the Group.

5.0 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 28 June 2012.

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 2012 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 four (4) Directors of the Board, all of whom are Independent Non-executive Directors.

The members are:

Chairman : Gan Kim Guan

Members : Chew Poh Soon
Chan Weng Hoong
(appointed on 24/3/2011)
Cheang Kwan Chow
(appointed on 20/10/2011)

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.

The Company Secretary acts as the Secretary of the Committee.

2. Attendance At Meetings

Other Directors and employees of the Company may only attend any particular Committee meeting at the Committee's invitation.

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 2012, 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	Meetings attended by Members
Gan Kim Guan	4	4
Chew Poh Soon	4	4
Chan Weng Hoong	4	4
Cheang Kwan Chow	1	1

The details of training attended by the above Directors are tabulated below.

- Budget 2012 Proposal & Recent Developments
- Clarified ISA's – Implementation Issues and the UK Experience
- Governance Role of The Audit Committee and the Recent Changes to FRS
- PIPOC 2011
- Seminar Percukaian Kebangsaan 2011
- Tax Audit, Incorrect Returns and Tax Appeal
- Updates on the Case Law Development

Report of the Audit Committee
(cont'd)

- Updates of FRSs 2010/11 New and Revised FRSs, Amendments, IC Interpretations and the New Bursa Listing Requirements
- Workshop on Corporate Tax Issues for YA2011

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. 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;
      - significant and unusual events; and
      - compliance with accounting standards and other legal requirements.
   h. 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;
   i. any letter of resignation from the External Auditors of the Company; and
   j. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.

ii. To recommend the nomination of a person or persons as External Auditors and the external audit fee.

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 Directors and employees of the Company, whenever deemed necessary.

6. Reporting Procedures

The Company Secretary 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 2012, 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 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

Report of the Audit Committee
(cont'd)

- 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 in conjunction with the preparation of the Corporate Governance Statement and Internal Control Statement.

External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2012 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 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 re-appointment and remuneration; and
- Held independent meetings (without the presence of Management) twice (2) with the External Auditors.

Internal Audit

- Reviewed and approved the Internal Audit Department's ("IAD") plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries;
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by Management and reported to the Board relevant issues;
- Prepared the Audit Committee report for inclusion in the Annual Report 2012; 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 Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2012.

Report of the Remuneration Committee

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman : Chew Poh Soon
(appointed as Chairman on 10/3/2011)

Members : Gan Kim Guan
Gooi Seong Lim
Chan Weng Hoong
(appointed on 24/3/2011)
Cheang Kwan Chow
(appointed on 20/10/2011)

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 Secretary shall be the Secretary 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 Secretary 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 2012. 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 the member's tenure in office	Meetings attended by member
Chew Poh Soon	2	2
Gan Kim Guan	2	2
Gooi Seong Lim	2	2
Chan Weng Hoong	1	1
Cheang Kwan Chow	n/a	n/a

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.

Report of the Nominating Committee

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman : Chew Poh Soon
(appointed as Chairman on 10/3/2011)

Members : Gan Kim Guan
Chan Weng Hoong
(appointed on 24/3/2011)
Cheang Kwan Chow
(appointed on 20/10/2011)

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 Secretary shall be the Secretary 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 and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder may also be considered;
ii. to recommend to the Board, directors to fill the seats in board committees;
iii. to review annually, on behalf of the Board, the required mix of skills, experience and other qualities, including core competencies, which Non-executive Directors should bring to the Board; and
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.

(5) Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2012. 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 the member's tenure in office	Meetings attended by member
Chew Poh Soon	1	1
Gan Kim Guan	1	1
Chan Weng Hoong	n/a	n/a
Cheang Kwan Chow	n/a	n/a

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 Articles 77 and 84 of the Articles of Association;
c) Reviewed the effectiveness of the Board as a whole and contribution of each director; and
d) Reviewed the nomination of director.

Financial Statements

Directors' Report

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 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of cultivation of oil palm and cocoa 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	96,572,545	48,238,193
Non-controlling interests	28,176,871	-
Profit net of tax	124,749,416	48,238,193

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 2011 were as follows :

	RM
In respect of the financial year ended 31 January 2011	
- Final tax exempt (single-tier) dividend of 7% on 305,392,741 ordinary shares, paid on 26 August 2011	21,377,492
In respect of the financial year ended 31 January 2012	
- Interim tax exempt (single-tier) dividend of 6% on 306,279,612 ordinary shares, paid on 18 November 2011	18,376,777
	39,754,269

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2012, of 10 sen tax exempt (single-tier) 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 profits in the financial year ending 31 January 2013.

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
Chew Poh Soon
Chan Weng Hoong
Cheang Kwan Chow (appointed on 20 October 2011)

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	**1.2.2011**	**Bought**	**Sold**	**31.1.2012**
Gooi Seong Lim				
- direct interest	1,121,152	28,400	-	1,149,552
- indirect interest	199,101,801	340,300	-	199,442,101
Gooi Seong Heen				
- direct interest	1,753,912	-	-	1,753,912
- indirect interest	197,765,802	340,300	-	198,106,102
Gooi Seong Chneh				
- direct interest	1,613,912	-	-	1,613,912
- indirect interest	197,765,802	340,300	-	198,106,102
Gooi Seong Gum				
- indirect interest	197,821,802	340,300	-	198,162,102

DIRECTORS' INTERESTS (CONT'D)

The Company	Number of options under employees' share option scheme over ordinary shares of RM1 each			
	1.2.2011	Granted	Exercised	31.1.2012
Gooi Seong Lim	14,000	-	-	14,000
Gooi Seong Heen	14,000	-	-	14,000
Gooi Seong Chneh	14,000	-	-	14,000
Gooi Seong Gum	132,600	-	-	132,600

Holding company	Number of ordinary shares of RM100 each			
	1.2.2011	Bought	Sold	31.1.2012
Sharikat Kim Loong Sendirian Berhad				
Gooi Seong Lim				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250

Related corporations	Number of ordinary shares of RM1 each			
	1.2.2011	Bought/ Exercised	Sold	31.1.2012
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	1,183,452	87,000	-	1,270,452
- indirect interest	117,822,906	5,035,000	-	122,857,906
Gooi Seong Heen				
- direct interest	2,354,287	1,133,417	-	3,487,704
- indirect interest	115,080,152	5,017,000	-	120,097,152
Gooi Seong Chneh				
- direct interest	2,186,288	970,418	-	3,156,706
- indirect interest	115,046,152	5,000,000	-	120,046,152
Gooi Seong Gum				
- indirect interest	115,046,152	5,000,000	-	120,046,152

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

Related corporations	Number of warrants 2009/2014 1.2.2011	Bought	Exercised	31.1.2012
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	70,000	-	70,000	-
- indirect interest	36,480,981	-	5,035,000	31,445,981
Gooi Seong Heen				
- direct interest	905,417	-	905,417	-
- indirect interest	36,462,981	-	5,017,000	31,445,981
Gooi Seong Chneh				
- direct interest	821,418	-	821,418	-
- indirect interest	36,445,981	-	5,000,000	31,445,981
Gooi Seong Gum				
- indirect interest	36,445,981	-	5,000,000	31,445,981

	Number of options under employees' share option scheme over ordinary shares of RM1 each 1.2.2011	Granted	Exercised	31.1.2012
Crescendo Corporation Berhad				
Gooi Seong Heen	228,000	-	228,000	-
Gooi Seong Chneh	149,000	-	149,000	-
Gooi Seong Gum	350,000	-	-	350,000

	Number of irredeemable convertible unsecured loan stocks 2009/2016 at nominal value of RM1 each 1.2.2011	Bought	Sold	31.1.2012
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	70,000	-	-	70,000
- indirect interest	52,549,899	-	-	52,549,899
Gooi Seong Heen				
- direct interest	1,071,417	-	-	1,071,417
- indirect interest	51,462,981	-	-	51,462,981
Gooi Seong Chneh				
- direct interest	987,418	-	-	987,418
- indirect interest	51,445,981	-	-	51,445,981
Gooi Seong Gum				
- indirect interest	51,445,981	-	-	51,445,981

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
Related corporations	**1.2.2011**	**Bought**	**Sold**	**31.1.2012**
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
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

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

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

ISSUE OF SHARES, SHARE OPTIONS AND DEBENTURES

During the financial year :

(i) 145,400 ordinary shares of RM1 each were issued by virtue of the exercise of 31,600 share options (at par value), 34,400 share options (at RM1.19 per share), 59,400 share options (at RM1.75 per share) and 20,000 shares options (at RM2.00 per share) granted pursuant to the Company's Employees' Share Option Scheme.

(ii) 1,122,517 ordinary shares of RM1 each were issued pursuant to the exercise of 1,122,517 Warrants.

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

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

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.

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 2012 are as follows :

Options granted on:	Exercise price RM	Number of shares options granted and unexercised as at 31 January 2012	Percentage of options exercisable in financial year 2013 %	2014 %	2015 %
31 March 2005	1.00	112,400	100	-	-
29 March 2006	1.00	7,400	100	-	-
29 March 2007	1.19	164,400	100	-	-
27 March 2008	2.27	761,800	100	-	-
30 March 2009	1.75	394,100	100	-	-
29 March 2010	2.12	697,600	98	2	-
31 March 2011	2.00	826,600	75	17	8
		2,964,300			

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

During the financial year, the Company issued 951,400 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 54,400 ordinary shares of RM1 each.

Employees granted options to subscribe for 54,400 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Grant date	Expiry date	Exercise Price	Granted	Exercised	Number of share options outstanding as at 31.01.2012
Thien Shue Chun	31.03.2011	17.03.2015	2.00	90,000	-	90,000
Chan Shau Lun	31.03.2011	17.03.2015	2.00	70,000	-	70,000
Paul Chong Boon Piu	31.03.2011	17.03.2015	2.00	70,000	-	70,000

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

TREASURY SHARES

During the financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM2.33 per share. The total consideration paid for the repurchase including transaction costs was RM23,471. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

At 31 January 2012, the Company held as treasury shares a total of 10,000 of its 306,555,358 issued ordinary shares. Such treasury shares are held at a carrying amount of RM23,471 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.

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 28 May 2012.

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 54 to 117 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 2012 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 28 May 2012.

Gooi Seong Heen **Gooi Seong Chneh**

Statutory Declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Gooi Seong Heen, being the Director 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 54 to 118 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Gooi Seong Heen at)
Johor Bahru in the State of Johor)
Darul Ta'zim on 28 May 2012) **Gooi Seong Heen**

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 as at 31 January 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 117.

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 2012 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 (cont'd)

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

Other matters

The supplementary information set out in Note 41 to the financial statements on page 118 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
1821/12/12 (J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 28 May 2012

Statements of Comprehensive Income

For the financial year ended 31 January 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	768,331,767	563,408,379	30,074,418	24,762,813
Cost of sales	5	(573,891,395)	(451,920,644)	(10,023,786)	(8,921,155)
Gross profit		194,440,372	111,487,735	20,050,632	15,841,658
Other items of income	6	7,784,356	4,637,619	43,040,256	25,350,879
Other items of expense					
Distribution cost		(13,076,765)	(9,655,065)	(1,868,994)	(1,854,931)
Administrative expenses		(13,777,204)	(12,479,049)	(7,666,048)	(7,016,109)
Finance costs	7	(1,876,032)	(2,232,619)	-	-
Other expenses		(8,452,183)	(1,126,095)	(208,253)	(142,609)
Profit before tax	8	165,042,544	90,632,526	53,347,593	32,178,888
Tax	11	(40,293,128)	(19,022,862)	(5,109,400)	(3,635,645)
Profit net of tax		124,749,416	71,609,664	48,238,193	28,543,243
Other comprehensive income					
Net movement on cash flow hedges	33	6,908,622	(6,959,775)	1,391,955	(1,391,955)
Tax relating to cash flow hedges	23	(1,727,157)	1,739,945	(347,989)	347,989
Other comprehensive income for the year, net of tax		5,181,465	(5,219,830)	1,043,966	(1,043,966)
Total comprehensive income for the year		129,930,881	66,389,834	49,282,159	27,499,277
Profit attributable to:					
Owners of the Company		96,572,545	58,255,720	48,238,193	28,543,243
Non-controlling interests		28,176,871	13,353,944	-	-
		124,749,416	71,609,664	48,238,193	28,543,243
Total comprehensive income attributable to:					
Owners of the Company		100,432,619	54,372,167	49,282,159	27,499,277
Non-controlling interests		29,498,262	12,017,667	-	-
		129,930,881	66,389,834	49,282,159	27,499,277
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	31.56	19.12		
- Diluted	12	31.46	19.01		

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

Consolidated Statement of Financial Position

As at 31 January 2012

	Note	2012 RM	2011 RM
Assets			
Non-current assets			
Property, plant and equipment	13	366,297,822	369,162,347
Land use rights	14	2,707,098	2,821,758
Biological assets	15	73,463,528	72,932,842
Intangible assets	17	66,316	4,634,285
Deferred tax assets	23	8,539,788	5,853,000
		451,074,552	455,404,232
Current assets			
Inventories	18	43,271,092	28,750,639
Trade and other receivables	19	24,732,008	17,342,036
Prepayments		8,936,649	4,069,604
Tax recoverable		971,355	1,070,326
Cash and bank balances	20	188,049,526	115,107,081
		265,960,630	166,339,686
Total assets		717,035,182	621,743,918
Equity and liabilities			
Current liabilities			
Trade and other payables	21	40,759,025	27,952,070
Loans and borrowings	22	12,588,035	14,376,162
Tax payable		8,175,304	3,036,728
Derivatives	33	51,153	6,959,775
		61,573,517	52,324,735
Net current assets		204,387,113	114,014,951
Non-current liabilities			
Loans and borrowings	22	26,466,000	21,190,000
Other payables	21	2,996,008	11,217,578
Deferred tax liabilities	23	47,464,461	45,388,476
		76,926,469	77,796,054
Total liabilities		138,499,986	130,120,789
Net assets		578,535,196	491,623,129
Equity attributable to owners of the Company			
Share capital	24	306,555,358	305,287,441
Share premium	26	1,449,225	1,354,779
Treasury shares	24(b)	(23,471)	-
Other reserves	25	42,344,795	39,115,772
Retained profits	29	157,029,112	99,385,166
		507,355,019	445,143,158
Non-controlling interests		71,180,177	46,479,971
Total equity		578,535,196	491,623,129
Total equity and liabilities		717,035,182	621,743,918

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

Company Statement of Financial Position

As at 31 January 2012

	Note	2012 RM	2011 RM
Assets			
Non-current assets			
Property, plant and equipment	13	68,928,075	68,041,527
Biological assets	15	3,563,708	2,232,861
Investments in subsidiaries	16	49,479,911	49,479,911
Other receivables	19	73,649,358	108,499,447
		195,621,052	228,253,746
Current assets			
Inventories	18	373,038	278,464
Trade and other receivables	19	63,569,869	66,556,764
Prepayments		225,297	63,108
Tax recoverable		334,187	-
Cash and bank balances	20	100,120,017	53,948,859
		164,622,408	120,847,195
Total assets		360,243,460	349,100,941
Equity and liabilities			
Current liabilities			
Trade and other payables	21	3,564,759	2,401,062
Tax payable		-	472,813
Derivatives	33	-	1,391,955
		3,564,759	4,265,830
Net current assets		161,057,649	116,581,365
Non-current liabilities			
Deferred tax liabilities	23	10,443,278	9,661,089
Total liabilities		14,008,037	13,926,919
Net assets		346,235,423	335,174,022
Equity attributable to owners of the Company			
Share capital	24	306,555,358	305,287,441
Share premium	26	1,449,225	1,354,779
Treasury shares	24(b)	(23,471)	-
Other reserves	25	14,412,354	13,377,757
Retained profits	29	23,841,957	15,154,045
Total equity		346,235,423	335,174,022
Total equity and liabilities		360,243,460	349,100,941

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 2012

	Note	Total equity	Attributable to owners of the Company: Total	Non-Distributable: Share capital (Note 24)	Share premium (Note 26)	Other reserves, total	Revaluation reserve (Note 27)	Option reserve (Note 28)	Hedging reserve (Note 33(c))	Distributable: Retained profits	Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2011		491,623,129	445,143,158	305,287,441	1,354,779	39,115,772	42,869,627	129,698	(3,883,553)	99,385,166	-	46,479,971
Realisation of revaluation surplus on leasehold land, net of tax (Note 27)		-	-	-	-	(825,670)	(825,670)	-	-	825,670	-	-
Total comprehensive income		129,930,881	100,432,619	-	-	3,860,074	-	-	3,860,074	96,572,545	-	29,498,262
Transactions with owners												
Share-based payment under ESOS		235,653	235,653	-	-	235,653	-	235,653	-	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	-	41,034	(41,034)	-	(41,034)	-	-	-	-
Issue of shares pursuant to exercise of :												
- ESOS		216,486	216,486	145,400	71,086	-	-	-	-	-	-	-
- Warrants		1,122,517	1,122,517	1,122,517	-	-	-	-	-	-	-	-

Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 31 January 2012

	Note	Total equity	Attributable to owners of the Company: Total	Non-Distributable: Share capital (Note 24)	Non-Distributable: Share premium (Note 26)	Non-Distributable: Others reserves total	Non-Distributable: Revaluation reserve (Note 27)	Non-Distributable: Option reserve (Note 28)	Non-Distributable: Hedging reserve (Note 33(c))	Distributable: Retained profits	Distributable: Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Expenses in relation to issuance of shares		(17,674)	(17,674)	-	(17,674)	-	-	-	-	-	-	-
Buy-back of shares		(23,471)	(23,471)	-	-	-	-	-	-	-	(23,471)	-
Non-controlling interests share of loss set off against their advances		1,944	-	-	-	-	-	-	-	-	-	1,944
Dividends paid to non-controlling interests		(4,800,000)	-	-	-	-	-	-	-	-	-	(4,800,000)
Dividends for the year ended												
- 31 January 2011	39	(21,377,492)	(21,377,492)	-	-	-	-	-	-	(21,377,492)	-	-
- 31 January 2012	39	(18,376,777)	(18,376,777)	-	-	-	-	-	-	(18,376,777)	-	-
		(43,018,814)	(38,220,758)	1,267,917	94,446	194,619	-	194,619	-	(39,754,269)	(23,471)	(4,798,056)
At 31 January 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

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

Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 31 January 2012

			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 profits RM	Non-controlling interests RM
At 1 February 2010		459,757,009	421,969,941	304,237,352	787,441	43,855,277	43,695,297	159,980	-	73,089,871	37,787,068
Effect of adoption of FRS 139		1,004,250	739,908	-	-	-	-	-	-	739,908	264,342
		460,761,259	422,709,849	304,237,352	787,441	43,855,277	43,695,297	159,980	-	73,829,779	38,051,410
Realisation of revaluation surplus on leasehold land, net of tax (Note 27)		-	-	-	-	(825,670)	(825,670)	-	-	825,670	-
Total comprehensive income		66,389,834	54,372,167	-	-	(3,883,553)	-	-	(3,883,553)	58,255,720	12,017,667
Transactions with owners											
Share-based payment under ESOS		163,238	163,238	-	-	163,238	-	163,238	-	-	-
Issuance of shares to non-controlling interests of subsidiary company		300,000	-	-	-	-	-	-	-	-	300,000
Transfer of reserve arising from exercise of ESOS		-	-	-	193,520	(193,520)	-	(193,520)	-	-	-
Issue of shares pursuant to exercise of:											
- ESOS		1,022,998	1,022,998	621,400	401,598	-	-	-	-	-	-
- Warrants		428,689	428,689	428,689	-	-	-	-	-	-	-

Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 31 January 2012

			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	Others reserves total RM	Revaluation reserve (Note 27) RM	Option reserve (Note 28) RM	Hedging reserve (Note 33(c)) RM	Retained profits RM	Non-controlling interests RM
Expenses in relation to issuance of shares		(27,780)	(27,780)	-	(27,780)	-	-	-	-	-	-
Non-controlling interests share of loss set off against their advances		10,894	-	-	-	-	-	-	-	-	10,894
Dividends paid to non-controlling interests		(3,900,000)	-	-	-	-	-	-	-	-	(3,900,000)
Dividends for the year ended											
- 31 January 2010	39	(18,266,151)	(18,266,151)	-	-	-	-	-	-	(18,266,151)	-
- 31 January 2011	39	(15,259,852)	(15,259,852)	-	-	-	-	-	-	(15,259,852)	-
		(35,527,964)	(31,938,858)	1,050,089	567,338	(30,282)	-	(30,282)	-	(33,526,003)	(3,589,106)
At 31 January 2011		491,623,129	445,143,158	305,287,441	1,354,779	39,115,772	42,869,627	129,698	(3,883,553)	99,385,166	46,479,971

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 2012

	Note	Total equity	Share capital (Note 24)	Share premium (Note 26)	Revaluation reserve (Note 27)	Option reserve (Note 28)	Hedging reserve (Note 33(c))	Retained profits	Treasury shares
			Non-distributable					Distributable	
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2011		335,174,022	305,287,441	1,354,779	14,292,025	129,698	(1,043,966)	15,154,045	-
Realisation of revaluation surplus on leasehold land, net of tax (Note 27)		-	-	-	(203,988)	-	-	203,988	-
Total comprehensive income		49,282,159	-	-	-	-	1,043,966	48,238,193	-
Transactions with owners									
Share-based payment under ESOS		235,653	-	-	-	235,653	-	-	-
Transfer of reserve arising from exercise of ESOS		-	-	41,034	-	(41,034)	-	-	-
Issue of shares pursuant to exercise of :									
- ESOS		216,486	145,400	71,086	-	-	-	-	-
- Warrants		1,122,517	1,122,517	-	-	-	-	-	-
Expenses in relation to issuance of shares		(17,674)	-	(17,674)	-	-	-	-	-
Buy-back of shares		(23,471)	-	-	-	-	-	-	(23,471)
Dividends for the year ended									
- 31 January 2011	39	(21,377,492)	-	-	-	-	-	(21,377,492)	-
- 31 January 2012	39	(18,376,777)	-	-	-	-	-	(18,376,777)	-
Total transactions with owners		(38,220,758)	1,267,917	94,446	-	194,619	-	(39,754,269)	(23,471)
At 31 January 2012		346,235,423	306,555,358	1,449,225	14,088,037	324,317	-	23,841,957	(23,471)

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

Company Statement of Changes in Equity (cont'd)

For the financial year ended 31 January 2012

			Non-distributable				Distributable
	Note	Total equity RM	Share capital (Note 24) RM	Share premium (Note 26) RM	Revaluation reserve (Note 27) RM	Option reserve (Note 28) RM	Hedging reserve (Note 33(c)) RM	Retained profits RM
At 1 February 2010		339,613,603	304,237,352	787,441	14,496,013	159,980	-	19,932,817
Realisation of revaluation surplus on leasehold land, net of tax (Note 27)		-	-	-	(203,988)	-	-	203,988
Total comprehensive income		27,499,277	-	-	-	-	(1,043,966)	28,543,243
Transactions with owners								
Share-based payment under ESOS		163,238	-	-	-	163,238	-	-
Transfer of reserve arising from exercise of ESOS		-	-	193,520	-	(193,520)	-	-
Issue of shares pursuant to exercise of :								
- ESOS		1,022,998	621,400	401,598	-	-	-	-
- Warrants		428,689	428,689	-	-	-	-	-
Expenses in relation to issuance of shares		(27,780)	-	(27,780)	-	-	-	-
Dividends for the year ended								
- 31 January 2010	39	(18,266,151)	-	-	-	-	-	(18,266,151)
- 31 January 2011	39	(15,259,852)	-	-	-	-	-	(15,259,852)
Total transactions with owners		(31,938,858)	1,050,089	567,338	-	(30,282)	-	(33,526,003)
At 31 January 2011		335,174,022	305,287,441	1,354,779	14,292,025	129,698	(1,043,966)	15,154,045

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 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities				
Cash receipts from customers	763,078,451	568,116,996	33,304,116	30,404,128
Rental received	42,140	55,922	36,000	33,000
Interest received	4,660,042	2,622,320	4,248,282	3,115,616
Dividends received	-	1,333	34,225,000	19,775,000
Cash paid to suppliers and employees	(579,764,555)	(453,310,853)	(17,181,277)	(14,987,560)
Cash generated from operations	188,016,078	117,485,718	54,632,121	38,340,184
Interest paid	(1,628,113)	(1,969,266)	-	-
Income tax paid	(37,393,541)	(18,524,973)	(5,482,200)	(3,363,445)
Net cash generated from operating activities	148,994,424	96,991,479	49,149,921	34,976,739
Investing activities				
Acquisition of biological assets, land use rights and property, plant and equipment (Note a)	(29,375,590)	(31,058,527)	(3,763,082)	(1,595,863)
Advances to subsidiaries	-	-	(9,264,409)	(21,892,197)
Repayments from subsidiaries	-	-	48,324,479	15,112,346
Additional investment in existing subsidiaries	-	(5,010)	-	(855,010)
Addition of intangible assets (Note b)	(982,188)	(661,141)	-	-
Interest paid	(408,100)	-	-	-
Proceeds from disposal of property, plant and equipment (Note c)	2,092,437	525,424	218,300	20,000
Proceeds from disposal of quoted investments	-	42,686	-	-
Net cash flows (used in)/ generated from investing activities	(28,673,441)	(31,156,568)	35,515,288	(9,210,724)
Financing activities				
Dividends paid	(39,754,269)	(33,526,003)	(39,754,269)	(33,526,003)
Dividends paid to non-controlling interests	(4,800,000)	(3,900,000)	-	-
Expenses paid in relation to issuance of shares	(17,674)	(27,780)	(17,674)	(27,780)
Proceeds from issuance of shares to non-controlling interests	-	300,000	-	-
Proceeds from issuance of shares	1,339,003	1,451,687	1,339,003	1,451,687
Proceeds from bank borrowings	25,000,000	2,500,000		
Repayments of bank borrowings	(23,549,326)	(11,197,114)	-	-
Repayments to subsidiary companies	-	-	(37,640)	-
Purchase of treasury shares	(23,471)	-	(23,471)	-
Repayments to a non-controlling shareholder of subsidiary	(7,610,000)	-	-	-
Net cash flows used in financing activities	(49,415,737)	(44,399,210)	(38,494,051)	(32,102,096)
Net increase/(decrease) in cash and cash equivalents	70,905,246	21,435,701	46,171,158	(6,336,081)
Cash and cash equivalents at beginning of the year	114,288,245	92,852,544	53,948,859	60,284,940
Cash and cash equivalents at the end of the year (Note 20)	185,193,491	114,288,245	100,120,017	53,948,859

Statements of Cash Flows (cont'd)

For the financial year ended 31 January 2012

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Biological assets, land use rights and property, plant and equipment acquired	23,812,672	32,400,101	4,019,582	2,934,863
Less expenses capitalised :				
- depreciation and amortisation	(121,674)	(168,698)	-	-
- interest	(467,106)	-	-	-
Cash paid in respect of prior year's acquisition	2,321,472	3,575,225	-	-
Unpaid balances of current year's acquisition included under payables	(562,261)	(2,222,594)	(404,500)	
Prepayment/deposits paid in prior years	(197,500)	(3,090,531)	-	(1,339,000)
Prepayment/deposits paid in current year	4,589,987	565,024	148,000	-
Cash paid	29,375,590	31,058,527	3,763,082	1,595,863

Note b : Addition of intangible assets

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Incurred during the year	1,807,915	1,433,389	-	-
Less : Depreciation of property, plant and equipments and amortisation of patent capitalised	(825,727)	(772,248)	-	-
Cash paid	982,188	661,141	-	-

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Proceeds from disposal of property, plant and equipment	1,342,437	1,275,424	218,300	20,000
Add : Amount received in respect of prior year's disposal	750,000	-	-	-
Less : Unpaid balances included under receivables	-	(750,000)	-	-
	2,092,437	525,424	218,300	20,000

Notes to the Financial Statements
For the financial year ended 31 January 2012

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 cocoa 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 period, the Group and the Company adopted new and amended FRS which are mandatory for financial periods beginning on or after 1 February 2011 as described fully in Note 2.2.

The financial statements of the Group and 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 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations which are relevant to the operations of the Group and of the Company for financial year ended 31 January 2012:

Description

Amendments to FRS 132: Classification of Rights Issues
FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (Revised)
FRS 127: Separate Financial Statements
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 138: Intangible Assets
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards - Limited
Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 2: Group Cash-settled Share Based Payment
Improvements to FRSs issued in 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

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

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Prior to 1 February 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced diclosures about fair value measurements in which a three-level fair value hierarchy (Level 1, Level 2 and Level 3) was introduced. Each class of financial instruments is to be classified in accordance with this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the Amendments to FRS 7. The amendments also classify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 37(c). The liquidity risk disclosures are presented in Note 36(b). The adoption of this amendment did not have any financial impact to the Company.

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 and IC Interpretation relevant to current operations of the Group and the Company, which were issued but not yet effective for the financial year ended 31 January 2012.

Description	Effective for annual periods beginning on or after
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associate and Joint Venture	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9: Financial Instruments	1 January 2015

Except as disclosed below, the Directors do not expect any material impact on the financial statements in the period of initial application:

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10: Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

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 when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

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.

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 will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

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 be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2014. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

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 2012 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 to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.11(i). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Transactions with non-controlling interest

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

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

2.7 Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Group and the Company 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment (cont'd)

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.

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 15-20 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial assets (cont'd)

(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.

(iii) Available-for-sale financial assets

Investments in equity instruments are designated as available for sale.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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.

(i) Trade and other receivables and other financial assets carried at amortised cost

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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

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

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

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

2.15 Cash and cash equivalents

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 as 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 as at fair value through profit or loss.

(ii) Other financial liabilities

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

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

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 statement of financial position of the Group and of the Company.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Income taxes (cont'd)

(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 statement 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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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).

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 applies 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 documents 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Hedge accounting (cont'd)

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 operating 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment and biological assets

The revised 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 biological assets and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unutilised tax allowances to the extent that it is probable that taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 January 2012

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of :				
Fresh fruit bunches	7,802,922	3,854,575	29,995,224	24,550,000
Palm oil milling products	760,449,651	559,339,481	-	-
Cocoa and other products	79,194	214,323	79,194	212,813
	768,331,767	563,408,379	30,074,418	24,762,813

5. COST OF SALES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Fresh fruit bunches	5,748,610	4,467,350	9,938,796	8,698,745
Palm oil milling products	567,922,984	447,230,884	-	-
Cocoa and other products	219,801	222,410	84,990	222,410
	573,891,395	451,920,644	10,023,786	8,921,155

6. OTHER ITEMS OF INCOME

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income	4,718,560	2,641,358	4,262,436	3,110,008
Rental income	42,140	55,922	36,000	33,000
Sundry income	2,612,046	1,318,460	4,338,862	2,427,038
Gain on disposal of property, plant and equipment	411,610	620,546	177,958	5,833
Dividend income	-	1,333	34,225,000	19,775,000
	7,784,356	4,637,619	43,040,256	25,350,879

7. FINANCE COSTS

	Group	
	2012 RM	2011 RM
Interest expense on:		
- bank borrowings	2,102,764	1,950,864
- amount due to a non-controlling shareholder of a subsidiary	240,374	281,755
	2,343,138	2,232,619
Less: Interest capitalised in biological assets (Note 15)	(467,106)	-
	1,876,032	2,232,619

The interest expense on amount due to a non-controlling shareholder of a subsidiary arose as a result of the remeasurement of the outstanding amount to its amortised cost on 1 February 2010.

8. PROFIT BEFORE TAX

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Auditors' remuneration				
Statutory audit				
- current year	209,000	185,000	33,000	30,000
- underprovision in prior years	3,200	23,900	1,000	5,000
Other services	5,000	50,000	5,000	50,000
Depreciation and amortisation :				
- property, plant and equipment (Note 13)	17,574,482	15,878,471	1,289,156	1,253,404
- land use rights (Note 14)	114,660	114,660	-	-
- biological assets (Note 15)	5,104,487	5,002,598	452,000	479,451
Write off of:				
- property, plant and equipment	1,481,684	448,509	3,331	22,288
- biological assets	17,358	2	17,358	2
- intangible assets	6,371,597	-	-	-
- bad debts	60,846	636,765	-	25,882
- inventories	7,469	5	-	-
Write down of inventories (Note 18)	215,232	1,730,532	124,318	101
Allowance for impairment on:				
- other receivables	-	241,000	-	875,899
Rental of premises	203,058	241,902	190,392	190,392
Gain on disposal of investment in quoted securities	-	(1,186)	-	-
Employee benefit expenses (Note 9)	37,159,244	29,391,033	9,877,829	7,660,409
Gain on disposal of property, plant and equipment	(361,051)	(576,486)	(177,958)	(5,833)
Rental income	(42,140)	(55,922)	(36,000)	(33,000)
Gross dividend income from:				
- subsidiaries	-	-	(34,225,000)	(19,775,000)
- quoted securities	-	(1,333)	-	-
Interest income from :				
- fixed deposits	(4,651,600)	(2,570,398)	(2,201,255)	(1,327,452)
- subsidiaries	-	-	(1,994,221)	(1,711,596)
- others	(66,960)	(70,960)	(70,960)	(70,960)

9. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Salaries, wages and bonuses	35,665,069	28,292,773	9,208,312	6,985,198
Defined contribution plan	2,200,448	1,830,293	751,039	559,844
Social security costs	175,988	165,227	21,736	18,648
HRD fund	37,471	24,848	-	-
Share options granted under ESOS	235,653	163,238	235,653	163,238
Total employee benefit expenses	38,314,629	30,476,379	10,216,740	7,726,928
Amount capitalised in biological assets (Note 15)	(865,000)	(738,722)	(338,911)	(66,519)
Amount capitalised in intangible assets (Note 17)	(290,385)	(346,624)	-	-
Total employee benefit expenses recognised in profit or loss	37,159,244	29,391,033	9,877,829	7,660,409

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM3,068,555 (2011 : RM2,228,211) and RM2,700,055 (2011 : RM2,078,411) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Fees - current year	465,000	153,000	123,000	23,000
- overprovision in prior year	(12,000)	-	(12,000)	-
Salaries and other emoluments	2,329,500	1,816,300	2,303,000	1,796,500
Defined contribution plan	286,055	214,200	286,055	214,200
Share options granted under ESOS	-	44,711	-	44,711
	3,068,555	2,228,211	2,700,055	2,078,411
Estimated monetary value of benefits-in-kind	13,325	13,325	13,325	13,325
	3,081,880	2,241,536	2,713,380	2,091,736
Non-Executive :				
Fees	174,600	140,000	174,600	140,000
Other emoluments	7,500	8,000	7,500	8,000
	182,100	148,000	182,100	148,000
	3,263,980	2,389,536	2,895,480	2,239,736

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	
	2012	**2011**
Executive directors:		
RM350,001 - RM400,000	-	1
RM500,001 - RM550,000	1	2
RM650,001 - RM700,000	2	1
RM850,001 - RM900,000	1	-
Non-executive directors:		
RM0 - RM50,000	2	2
RM50,001 - RM100,000	2	1

11. TAX

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Income tax :				
- Current year	42,641,000	18,566,000	4,669,000	3,476,000
- (Over)/underprovision in prior years	(9,912)	(19,089)	6,200	(46,555)
	42,631,088	18,546,911	4,675,200	3,429,445
Deferred tax (Note 23) :				
- Relating to origination and reversal of temporary differences	(160,960)	988,790	424,200	157,200
- Underprovision of assets in prior years	(2,187,000)	(2,000)	-	-
- Under/(over)provision of liabilities in prior years	10,000	(510,839)	10,000	49,000
	(2,337,960)	475,951	434,200	206,200
	40,293,128	19,022,862	5,109,400	3,635,645

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 January 2012

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 :

	2012 RM	2011 RM
Group		
Profit before tax	165,042,544	90,632,526
Taxation at Malaysian statutory tax rate of 25%	41,260,636	22,658,132
Tax effects of:		
- Expenses not deductible for tax purposes	2,780,704	1,218,172
- Income not subject to tax	(793,392)	(926,499)
- Deferred tax assets not recognised during the year on deductible temporary differences	21,624	999,375
- Double deductions	(24,745)	(23,446)
- Investment tax allowance	(361,000)	(2,645,000)
- Reinvestment allowance	(365,325)	(1,725,944)
- Utilisation of previously unrecognised deferred tax assets	(38,462)	-
Overprovision of income tax expense in prior years	(9,912)	(19,089)
Underprovision of deferred tax assets in prior years	(2,187,000)	(2,000)
Under/(over)provision of deferred tax liabilities in prior years	10,000	(510,839)
Tax expense for the year	40,293,128	19,022,862
Company		
Profit before tax	53,347,593	32,178,888
Taxation at Malaysian statutory tax rate of 25%	13,336,898	8,044,722
Tax effects of:		
- Income not subject to tax	(8,597,512)	(4,973,713)
- Expenses not deductible for tax purposes	353,814	562,191
Under/(over)provision of income tax expense in prior years	6,200	(46,555)
Underprovision of deferred tax liabilities in prior years	10,000	49,000
Tax expense for the year	5,109,400	3,635,645

Notes to the Financial Statements (cont'd)

For the financial year ended 31 January 2012

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	
	2012	**2011**
Profit net of tax, attributable to owners of the Company (RM)	96,572,545	58,255,720
Weighted average number of ordinary shares in issue	305,982,003	304,657,434
Basic earnings per share (sen)	31.56	19.12

(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 basic and diluted earnings per share for the years ended 31 January :

	Group	
	2012	**2011**
Profit net of tax, attributable to owners of the Company (RM)	96,572,545	58,255,720
Weighted average number of ordinary shares in issue	305,982,003	304,657,434
Effect of dilution - share options	132,399	193,224
Effect of dilution - warrants	886,506	1,537,303
Adjusted weighted average number of ordinary shares in issue and issuable	307,000,908	306,387,961
Diluted earnings per share (sen)	31.46	19.01

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 as follows:

(i) Certain employees have exercised their options to acquire 368,700 (2011 : 74,800) ordinary shares; and

(ii) Certain warrant holders have exercised their warrants to acquire 1,508,311 (2011 : 762,619) ordinary shares.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land^ RM	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost							
At 1 February 2010	202,823,480	58,169,486	147,140,780	9,209,388	10,159,002	24,095,496	451,597,632
Additions	971,223	2,494,258	13,193,032	540,359	1,079,418	7,857,281	26,135,571
Disposals	-	(256,075)	(1,709,967)	(11,250)	(91,000)	(21,604)	(2,089,896)
Written off	-	(249,649)	(806,816)	(200,501)	-	-	(1,256,966)
Expensed off	-	-	-	-	-	(6,380)	(6,380)
Reclassifications	-	1,789,937	21,221,341	(4,935)	(293,700)	(22,712,643)	-
At 31 January 2011 and 1 February 2011	203,794,703	61,947,957	179,038,370	9,533,061	10,853,720	9,212,150	474,379,961
Additions	3,179	1,337,950	6,162,612	1,164,877	1,089,276	8,402,247	18,160,141
Disposals	-	-	(3,077,612)	(5,470)	(667,382)	-	(3,750,464)
Written off	-	(143,828)	(3,325,860)	(112,899)	-	-	(3,582,587)
Reversal of amount over-accrued	-	-	(44,000)	-	-	-	(44,000)
Reclassifications	-	2,559,434	4,463,489	-	-	(7,022,923)	-
At 31 January 2012	203,797,882	65,701,513	183,216,999	10,579,569	11,275,614	10,591,474	485,163,051
Accumulated depreciation							
At 1 February 2010	13,438,322	12,349,698	53,172,602	5,226,810	6,414,467	-	90,601,899
Charge for the year	2,347,795	2,676,431	10,644,783	672,191	473,930	-	16,815,130
Disposals	-	(96,909)	(1,218,486)	(4,880)	(70,683)	-	(1,390,958)
Written off	-	(108,446)	(570,034)	(129,977)	-	-	(808,457)
Reclassifications	-	-	138,796	(1,851)	(136,945)	-	-
At 31 January 2011 and 1 February 2011	15,786,117	14,820,774	62,167,661	5,762,293	6,680,769	-	105,217,614
Charge for the year	2,330,493	2,827,659	12,229,696	682,326	447,422	-	18,517,596
Disposals	-	-	(2,173,719)	(3,849)	(591,510)	-	(2,769,078)
Written off	-	(59,221)	(1,977,337)	(64,345)	-	-	(2,100,903)
At 31 January 2012	18,116,610	17,589,212	70,246,301	6,376,425	6,536,681	-	118,865,229

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land^ RM	Properties 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 2011	188,008,586	47,127,183	116,870,709	3,770,768	4,172,951	9,212,150	369,162,347
At 31 January 2012	185,681,272	48,112,301	112,970,698	4,203,144	4,738,933	10,591,474	366,297,822
Net carrying amount of assets pledged for bank borrowings :							
At 31 January 2011	33,393,927	17,330,081	29,337,775	281,114	195,528	1,174,671	81,713,096
At 31 January 2012	32,916,291	16,657,478	26,708,087	245,853	187,458	1,266,057	77,981,224

^ Land consists of :

	2012		2011	
	Cost RM	Net book value RM	Cost RM	Net book value RM
Freehold land	13,586,469	13,586,469	13,586,469	13,586,469
Long leasehold land	190,211,413	172,094,803	190,208,234	174,422,117
	203,797,882	185,681,272	203,794,703	188,008,586

	2012 RM	2011 RM
Depreciation charge for the year:		
Amount capitalised in biological assets (Note 15)	121,674	168,698
Amount capitalised in intangible assets (Note 17)	821,440	767,961
Amount recognised in profit or loss (Note 8)	17,574,482	15,878,471
	18,517,596	16,815,130

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Long leasehold land RM	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost							
At 1 February 2010	67,449,266	5,187,956	2,940,089	1,184,872	1,690,481	7,696	78,460,360
Additions	406,955	970,465	19,110	94,261	297,766	264,119	2,052,676
Disposals	-	-	-	-	(50,000)	-	(50,000)
Written off	-	-	(7,791)	(70,479)	-	-	(78,270)
Reclassifications	-	10,953	-	-	-	(10,953)	
At 31 January 2011 and 1 February 2011	67,856,221	6,169,374	2,951,408	1,208,654	1,938,247	260,862	80,384,766
Additions	-	58,000	667,897	757,084	200,428	535,968	2,219,377
Disposals	-	-	(365,296)	-	(109,330)	-	(474,626)
Written off	-	-	-	(7,688)	-	-	(7,688)
Reclassifications	-	504,808	-	-	-	(504,808)	
At 31 January 2012	67,856,221	6,732,182	3,254,009	1,958,050	2,029,345	292,022	82,121,829
Accumulated depreciation							
At 1 February 2010	5,245,287	1,562,287	2,277,670	577,536	1,518,870	-	11,181,650
Charge for the year (Note 8)	884,076	120,079	104,813	98,965	45,471	-	1,253,404
Disposals	-	-	-	-	(35,833)	-	(35,833)
Written off	-	-	(5,934)	(50,048)	-	-	(55,982)
At 31 January 2011 and 1 February 2011	6,129,363	1,682,366	2,376,549	626,453	1,528,508	-	12,343,239
Charge for the year (Note 8)	884,076	125,500	116,149	111,897	51,534	-	1,289,156
Disposals	-	-	(325,106)	-	(109,178)	-	(434,284)
Written off	-	-	-	(4,357)	-	-	(4,357)
At 31 January 2012	7,013,439	1,807,866	2,167,592	733,993	1,470,864	-	13,193,754
Net carrying amount							
At 31 January 2011	61,726,858	4,487,008	574,859	582,201	409,739	260,862	68,041,527
At 31 January 2012	60,842,782	4,924,316	1,086,417	1,224,057	558,481	292,022	68,928,075

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.

Notes to the Financial Statements (cont'd)
For the financial year ended 31 January 2012

14. LAND USE RIGHTS

	Group 2012 RM	Group 2011 RM
At beginning of the financial year	2,821,758	2,936,418
Amortisation (Note 8)	(114,660)	(114,660)
At end of the financial year	2,707,098	2,821,758
Analysed as:		
Long term leasehold land	603,006	614,586
Short term leasehold land	2,104,092	2,207,172
	2,707,098	2,821,758
Net carrying amount pledged for bank borrowings	603,006	614,586
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	2,133,798	2,248,458

15. BIOLOGICAL ASSETS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cost				
At beginning of the financial year	110,449,271	104,442,002	10,626,647	10,001,721
Additions	5,652,531	6,264,530	1,800,205	882,187
Written off	(2,052,803)	(257,261)	(2,052,803)	(257,261)
At end of the financial year	114,048,999	110,449,271	10,374,049	10,626,647
Accumulated depreciation				
At beginning of the financial year	37,516,429	32,771,090	8,393,786	8,171,594
Amortisation for the year (Note 8)	5,104,487	5,002,598	452,000	479,451
Written off	(2,035,445)	(257,259)	(2,035,445)	(257,259)
At end of the financial year	40,585,471	37,516,429	6,810,341	8,393,786
Net carrying amount				
At end of the financial year	73,463,528	72,932,842	3,563,708	2,232,861
Net carrying amount of assets pledged for bank borrowings	22,618,019	23,583,783	-	-
Included in the additions to biological assets during the financial year are :				
Depreciation of property, plant and equipment (Note 13)	121,674	168,698	-	-
Interest (Note 7)	467,106	-	-	-
Employee benefit expenses (Note 9)	865,000	738,722	338,911	66,519

16. INVESTMENT IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	50,941,740	50,941,740
Less: Accumulated impairment losses	(1,461,829)	(1,461,829)
	49,479,911	49,479,911

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2012	2011
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	Dormant	100	100
Desa Kim Loong Industries Sdn. Bhd.	Malaysia	Manufacturing of concrete culvert and building construction. The company has temporarily ceased its operations	70	70
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	Dormant	90	90
Winsome Sarawak Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
Winsome Jaya 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

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2012	2011
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	100	100
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	100	100
Kim Loong Evergrow Sdn. Bhd.	Malaysia	Manufacturing of bio-fertilizers	60	60
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

* Subsequent to the financial year, Kim Loong Palm Oil Mills Sdn Bhd ("KLPOM") had, on 1 February 2012, transferred 60,000 shares or 30% of the issued and paid up share capital in Sungkit Enterprise Sdn. Bhd. ("SESB") to Prominent Platform Sdn. Bhd. for a total cash consideration of RM60,000 in accordance with the Supplemental Agreement to the Joint Venture and Shareholders Agreement dated 16 June 2009. Upon the transfer of shares, SESB became a 70% owned subsidiary of KLPOM in next financial year.

17. INTANGIBLE ASSETS

Group	Development expenditure RM	Patents RM	Total RM
Cost:			
At 1 February 2010	3,130,293	-	3,130,293
Reclassification from prepayment	-	74,890	74,890
Additions	1,433,389	-	1,433,389
At 31 January 2011 and 1 February 2011	4,563,682	74,890	4,638,572
Additions	1,807,915	-	1,807,915
Written off	(6,371,597)	-	(6,371,597)
At 31 January 2012	-	74,890	74,890

17. INTANGIBLE ASSETS (CONT'D)

Group	Development expenditure RM	Patents RM	Total RM
Accumulated amortisation and impairment:			
At 1 February 2010	-	-	-
Additions	-	4,287	4,287
At 31 January 2011 and 1 February 2011	-	4,287	4,287
Additions	-	4,287	4,287
At 31 January 2012	-	8,574	8,574
Carrying amount			
At 31 January 2011	4,563,682	70,603	4,634,285
At 31 January 2012	-	66,316	66,316

	Group 2012 RM	Group 2011 RM
Included in the additions to development expenditure during the year are:		
Depreciation of property, plant and equipment (Note 13)	821,440	767,961
Amortisation of patents	4,287	4,287
Employee benefit expenses (Note 9)	290,385	346,624

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 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cost				
Raw materials	215,552	465,736	-	-
Work-in-progress	15,675	27,540	-	-
Finished goods	31,104,960	5,862,868	-	-
Building materials, supplies, spare parts and consumables	7,168,508	5,123,869	314,498	196,614
	38,504,695	11,480,013	314,498	196,614
Net realisable value				
Finished goods	4,766,397	17,270,626	58,540	81,850
	43,271,092	28,750,639	373,038	278,464

18. INVENTORIES (CONT'D)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Recognised in profit or loss:				
Inventories recognised as cost of sales	573,891,395	451,920,644	10,023,786	8,921,155
Write-down to net realisable value	305,153	1,784,406	124,318	101
Reversal of write downs	(89,921)	(53,874)	-	-

19. TRADE AND OTHER RECEIVABLES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current				
Trade receivables				
Third parties	21,210,942	13,454,218	120,825	1,682
Amount owing from subsidiaries	-	-	1,452,522	466,787
Amount owing from related companies	24,864	7,140	11,424	7,140
	21,235,806	13,461,358	1,584,771	475,609
Other receivables				
Third parties	2,790,861	2,575,551	993,805	859,829
Refundable deposits	809,622	1,454,898	142,903	113,275
Amount owing from holding company	35,677	19,970	-	-
Amount owing from subsidiaries	-	-	60,842,390	65,102,051
Amount owing from related companies	101,042	71,259	6,000	6,000
	3,737,202	4,121,678	61,985,098	66,081,155
Less : Allowance for impairment losses				
Third parties	(241,000)	(241,000)	-	-
	3,496,202	3,880,678	61,985,098	66,081,155
Non-current				
Other receivables				
Amount owing from subsidiaries	-	-	74,525,257	109,375,346
Less : Allowance for impairment losses	-	-	(875,899)	(875,899)
	-	-	73,649,358	108,499,447
Total trade and other receivables (current and non-current)	24,732,008	17,342,036	137,219,227	175,056,211
Add : Cash and bank balances (Note 20)	188,049,526	115,107,081	100,120,017	53,948,859
Total loan and receivables	212,781,534	132,449,117	237,339,244	229,005,070

(a) Trade receivables

The Group's normal trade credit terms are less than 60 days (2011: less than 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group		Company	
	2012	2011	2012	2011
Neither past due nor impaired	21,175,343	13,326,531	1,584,771	475,609
1 to 30 days past due not impaired	5,170	61,573	-	-
31 to 60 days past due not impaired	22,656	41,500	-	-
More than 60 days past due not impaired	32,637	31,754	-	-
	21,235,806	13,461,358	1,584,771	475,609

Receivables that are neither past due nor impaired

Trade and other 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.

The Group has trade receivables amounting to RM60,463 (2011 : RM134,827) 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 (2011: 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 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-trade)

Included in the amount owing from subsidiaries is an amount of RM26,925,112 (2011 : RM25,612,622) which bears effective interest of 7.60% (2011 : 7.30%) 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. During the previous financial year, the Company provided an impairment allowance of RM875,899 on amounts owing by certain dormant subsidiaries.

(e) Other receivables that are impaired

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

Notes to the Financial Statements (cont'd)

For the financial year ended 31 January 2012

20. CASH AND BANK BALANCES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash on hand and cash at bank	57,070,635	31,197,509	19,137,234	5,530,839
Time deposits with licensed banks	104,550,063	59,549,166	75,100,000	42,600,000
Short term deposits with other financial institutions	26,428,828	24,360,406	5,882,783	5,818,020
	188,049,526	115,107,081	100,120,017	53,948,859
Less: Bank overdraft (Note 22)	(2,856,035)	(818,836)	-	-
Cash and cash equivalents	185,193,491	114,288,245	100,120,017	53,948,859

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 RM50,777,587 (2011 : RM24,374,418) and RM17,447,927 (2011 : RM3,480,112) respectively. The average interest rate for such deposits was 2.45% (2011 : 2.25%) per annum.

Included in deposits with licensed banks of the Group is an amount of RM217,400 (2011 : RM2,217,400) pledged to licensed banks as security for credit facilities granted to certain subsidiaries.

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	
	2012 % per annum	2011 % per annum	2012 % per annum	2011 % per annum
Time deposits with licensed banks	3.21	2.88	3.19	2.87
Short term deposits with other financial institutions	2.89	2.64	2.95	2.75

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Trade payables				
Third parties	24,909,659	15,453,877	1,068,485	516,686
Amount owing to related companies	27,273	60,793	-	-
	24,936,932	15,514,670	1,068,485	516,686

21. TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables				
Sundry payables	2,824,202	2,110,053	582,793	227,259
Deposits	62,726	26,347	-	-
Accruals	12,061,237	9,440,092	1,911,891	1,616,095
Amount owing to holding company	5,718	10,158	1,430	557
Amount owing to related companies	18,210	750	117	-
Amount owing to subsidiaries	-	-	43	40,465
Amount owing to non-controlling shareholders of subsidiaries	850,000	850,000	-	-
	15,822,093	12,437,400	2,496,274	1,884,376
Non-current				
Other payables				
Amount owing to non-controlling shareholders of subsidiaries	2,996,008	11,217,578	-	-
Total trade and other payables (current and non-current)	43,755,033	39,169,648	3,564,759	2,401,062
Add: Loans and borrowings (Note 22)	39,054,035	35,566,162	-	-
Total financial liabilities carried at amortised cost	82,809,068	74,735,810	3,564,759	2,401,062

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60 days (2011 : 60 days) terms.

(b) Amount owing to holding and related companies (trade)

Credit terms granted to holding and related companies are less than 60 days (2011 : less than 60 days).

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

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

(d) Amount owing to non-controlling shareholders of subsidiaries

This amount arose from contributory loans from non-controlling shareholders of subsidiaries for the acquisition of a long leasehold land (classified under property, plant and equipment). These are unsecured, interest-free and have the following repayment terms :

	Group	
	2012 RM	2011 RM
Payable within 12 months	850,000	850,000
Payable after 12 months	2,996,008	11,217,578
	3,846,008	12,067,578

Notes to the Financial Statements (cont'd)
For the financial year ended 31 January 2012

21. TRADE AND OTHER PAYABLES (CONT'D)

(d) Amount owing to non-controlling shareholders of subsidiaries (cont'd)

Included in the amount payable after 12 months at the end of the previous financial year is an amount of RM7,610,000 which is subordinated to one of the term loans until the term loan is fully repaid.

During the current financial year, the financial institution has waived the subordination of advances from shareholders.

22. LOANS AND BORROWINGS

	Group	
	2012	2011
	RM	RM
Current		
Bank overdrafts (Note 20)	2,856,035	818,836
Revolving credit	7,500,000	5,500,000
Term loan 1	-	83,326
Term loan 2	-	6,672,000
Term loan 3	2,232,000	1,302,000
	12,588,035	14,376,162
Non-current		
Term loan 2	-	12,492,000
Term loan 3	6,466,000	8,698,000
Term loan 4	20,000,000	-
	26,466,000	21,190,000
	39,054,035	35,566,162

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

	Group	
	2012	2011
	RM	RM
On demand or within one year	12,588,035	14,376,162
More than 1 year and less than 2 years	2,232,000	8,904,000
More than 2 years and less than 5 years	15,289,000	12,286,000
More than 5 years	8,945,000	-
	39,054,035	35,566,162

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 a subsidiary;
(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.

22. LOANS AND BORROWINGS (CONT'D)

The principal amount of term loan 3 is repayable over 53 equal monthly instalments of RM186,000 each with a final instalment of RM142,000 commencing from July 2011.

The principal amount of term loan 4 is repayable over 59 equal monthly instalments of RM335,000 each with a final instalment of RM235,000 commencing from May 2014.

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

	Group	
	2012	2011
	% per annum	% per annum
Interest rates		
Overdraft	BLR + 1% to 1.25%	BLR + 1% to 1.25%
Term loans	COF + 1% to 1.25%	COF + 1% to 1.25%
Revolving credit	COF + 1% to 1.25%	COF + 1% to 1.25%

As at the end of the financial year, base lending rate ("BLR") is 6.60% per annum (2011: 6.30% per annum) and the cost of fund ("COF") is 3.45% per annum (2011: 3.15% per annum).

23. DEFERRED TAX

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At beginning of the financial year	39,535,476	40,799,470	9,661,089	9,802,878
Recognised in equity	1,727,157	(1,739,945)	347,989	(347,989)
Recognised in profit or loss (Note 11)	(2,337,960)	475,951	434,200	206,200
At end of the financial year	38,924,673	39,535,476	10,443,278	9,661,089
Presented after appropriate offsetting as follows :				
Deferred tax assets	(8,539,788)	(5,853,000)	-	-
Deferred tax liabilities	47,464,461	45,388,476	10,443,278	9,661,089
	38,924,673	39,535,476	10,443,278	9,661,089

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

		Recognised in		
	At 1 February 2011	equity	profit or loss	At 31 January 2012
Group	RM	RM	RM	RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	37,474,400	-	5,403,000	42,877,400
Revaluation of leasehold land	21,474,271	-	(288,960)	21,185,311
	58,948,671	-	5,114,040	64,062,711
Offsetting	(13,560,195)	1,727,157	(4,765,212)	(16,598,250)
	45,388,476	1,727,157	348,828	47,464,461

23. DEFERRED TAX (CONT'D)

Group	At 1 February 2011 RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 January 2012 RM
Deferred tax assets				
Derivatives	(1,739,945)	1,727,157	-	(12,788)
Unutilised reinvestment allowances	(1,152,000)	-	824,000	(328,000)
Unutilised investment tax allowances	(4,923,000)	-	(361,000)	(5,284,000)
Unabsorbed capital allowances	(6,885,000)	-	(3,353,000)	(10,238,000)
Unused tax losses	(2,756,000)	-	(3,199,000)	(5,955,000)
Unrealised profits	(1,957,250)	-	(1,363,000)	(3,320,250)
	(19,413,195)	1,727,157	(7,452,000)	(25,138,038)
Offsetting	13,560,195	(1,727,157)	4,765,212	16,598,250
	(5,853,000)	-	(2,686,788)	(8,539,788)
	39,535,476	1,727,157	(2,337,960)	38,924,673

Group	At 1 February 2010 RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 January 2011 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	35,122,400	-	2,352,000	37,474,400
Accrued interest income	434,839	-	(434,839)	-
Revaluation of leasehold land	21,763,231	-	(288,960)	21,474,271
	57,320,470	-	1,628,201	58,948,671
Offsetting	(13,191,000)	(1,739,945)	1,370,750	(13,560,195)
	44,129,470	(1,739,945)	2,998,951	45,388,476
Deferred tax assets				
Derivatives	-	(1,739,945)	-	(1,739,945)
Unutilised reinvestment allowances	(413,000)	-	(739,000)	(1,152,000)
Unutilised investment tax allowances	(2,278,000)	-	(2,645,000)	(4,923,000)
Unabsorbed capital allowances	(5,820,000)	-	(1,065,000)	(6,885,000)
Unused tax losses	(5,754,000)	-	2,998,000	(2,756,000)
Unrealised profits	(2,256,000)	-	298,750	(1,957,250)
	(16,521,000)	(1,739,945)	(1,152,250)	(19,413,195)
Offsetting	13,191,000	1,739,945	(1,370,750)	13,560,195
	(3,330,000)	-	(2,523,000)	(5,853,000)
	40,799,470	(1,739,945)	475,951	39,535,476

23. DEFERRED TAX (CONT'D)

Company	At 1 February 2011 RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 January 2012 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	1,432,000	-	556,000	1,988,000
Revaluation of leasehold land	8,577,078	-	(121,800)	8,455,278
	10,009,078	-	434,200	10,443,278
Offsetting	(347,989)	347,989	-	-
	9,661,089	347,989	434,200	10,443,278
Deferred tax assets				
Derivatives	(347,989)	347,989	-	-
	(347,989)	347,989	-	-
Offsetting	347,989	(347,989)	-	-
	-	-	-	-
	9,661,089	347,989	434,200	10,443,278

Company	At 1 February 2010 RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 January 2011 RM
Deferred tax liabilities				
Biological assets and property, plant and equipment	1,104,000	-	328,000	1,432,000
Revaluation of leasehold land	8,698,878	-	(121,800)	8,577,078
	9,802,878	-	206,200	10,009,078
Offsetting	-	(347,989)	-	(347,989)
	9,802,878	(347,989)	206,200	9,661,089
Deferred tax assets				
Derivatives	-	(347,989)	-	(347,989)
	-	(347,989)	-	(347,989)
Offsetting	-	347,989	-	347,989
	-	-	-	-
	9,802,878	(347,989)	206,200	9,661,089

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

	Group 2012 RM	Group 2011 RM
Unused tax losses	754,000	8,448,000
Unutilised investment tax allowances	9,668,000	9,669,000
Unutilised reinvestment allowances	-	185,000
Unabsorbed capital allowances	1,107,000	867,000
Other temporary differences	3,645,000	2,807,000
	15,174,000	21,976,000

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.

24. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012	2011
	RM	RM		
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At beginning of the financial year	305,287,441	304,237,352	305,287,441	304,237,352
Issued during the year :				
- exercise of ESOS	145,400	621,400	145,400	621,400
- exercise of warrants	1,122,517	428,689	1,122,517	428,689
At end of the financial year	306,555,358	305,287,441	306,555,358	305,287,441

(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 10,000 (2011 : Nil) 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 RM23,471 (2011 : Nil) 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 transaction was 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.

Movement in the treasury shares is as follows:

	Number of shares	Amount RM	Average cost per share RM
At 1 February 2011	-	-	-
Repurchase during the year	10,000	23,471	2.35
At 31 January 2012	10,000	23,471	2.35

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 at 1 February	Movement during the year Granted	Exercised	Forfeited	Outstanding at 31 January	Exercisable at 31 January
2012						
2005 options	145,700	-	(31,600)	(1,700)	112,400	112,400
2006 options	7,700	-	-	(300)	7,400	7,400
2007 options	205,100	-	(34,400)	(6,300)	164,400	164,400
2008 options	843,400	-	-	(81,600)	761,800	761,800
2009 options	558,600	-	(59,400)	(105,100)	394,100	373,100
2010 options	737,900	-	-	(40,300)	697,600	561,100
2011 options	-	951,400	(20,000)	(104,800)	826,600	486,100
	2,498,400	951,400	(145,400)	(340,100)	2,964,300	2,466,300
WAEP	1.94	2.00	1.49	1.94	1.98	1.97
2011						
2005 options	292,100	-	(146,400)	-	145,700	145,700
2006 options	19,900	-	(12,200)	-	7,700	7,700
2007 options	315,200	-	(106,200)	(3,900)	205,100	205,100
2008 options	1,158,400	-	(145,600)	(169,400)	843,400	843,400
2009 options	791,700	-	(107,600)	(125,500)	558,600	399,500
2010 options	-	895,000	(103,400)	(53,700)	737,900	446,500
	2,577,300	895,000	(621,400)	(352,500)	2,498,400	2,047,900
WAEP	1.82	2.12	1.65	1.99	1.94	1.93

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 RM	Adjusted after bonus issue RM	Exercisable period
2012			
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
2011			
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

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 145,400 (2011 : 621,400) ordinary shares at an average price of RM1.49 (2011 : RM1.65) each. The corresponding weighted average share price at the date of exercise was RM2.30 (2011 : RM2.28).

(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 :

	2012	2011
Fair value of share options at the following grant dates (RM)		
- 31 March 2011	0.395	-
- 29 March 2010	-	0.510
Weighted average share price (RM)	2.23	2.13
Weighted average exercise price (RM)	2.00	2.12
Expected volatility (%)	26.56	37.60
Expected life (years)	3.27	4.50
Risk-free rate (%)	3.71	3.74
Expected dividend yield (%)	5.38	4.69

24. SHARE CAPITAL (CONT'D)

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

(iii) Fair value of share options granted during the year (cont'd)

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.

(d) Warrants 2005/2012 ("Warrant")

The main features of the Warrants are as follows :

(i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM1.00 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

(ii) The Warrants may be exercised at any time on or after 22 April 2007 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of seven (7) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.

(iii) The new ordinary shares of RM1 each allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends that may be declared in respect of the financial year prior to the date of allotment and issue of the new shares, nor shall they be entitled to any rights, allotments, distributions or such entitlements for which the record date is prior to the date of allotment and issue of the new shares.

For the purpose hereof, record date means the date on which as at the close of business the shareholders or debenture holders of the Company must be registered in the register of members or Record of Depositors or the relevant register of debenture holders (as the case may be) in order to participate in such dividends, rights, allotments or other distributions.

Warrants exercised during the financial year resulted in 1,122,517 (2011 : 428,689) new ordinary shares being issued at RM1.00 each. The weighted average share price at the time of exercise was RM2.16 (2011 : RM2.24) per share.

The number of Warrants unexercised as at reporting date was 1,625,261 (2011 : 2,747,778). The Warrants have expired on 23 April 2012 and consequentially been delisted from Bursa Malaysia Securities Berhad on 24 April 2012.

25. OTHER RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable				
Revaluation reserve (Note 27)	42,043,957	42,869,627	14,088,037	14,292,025
Option reserve (Note 28)	324,317	129,698	324,317	129,698
Hedging reserve (Note 33(c))	(23,479)	(3,883,553)	-	(1,043,966)
	42,344,795	39,115,772	14,412,354	13,377,757

26. SHARE PREMIUM (NON-DISTRIBUTABLE)

	Group and Company	
	2012	2011
	RM	RM
At beginning of the financial year	1,354,779	787,441
Arising from :		
(a) Issuance of shares arising from exercise of ESOS	71,086	401,598
(b) Transfer from option reserve arising from exercise of ESOS	41,034	193,520
Less : Expenses in relation to issuance of shares	(17,674)	(27,780)
At end of the financial year	1,449,225	1,354,779

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 PROFITS

The entire retained earnings of the Company as at 31 January 2012 may be distributed as dividends under the single tier system.

30. TRANSFER OF RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	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

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	
	2012	2011	2012	2011
	RM	RM	RM	RM
With holding company :				
Professional services	224,000	209,500	45,000	42,000
With subsidiaries:				
Management fee income	-	-	2,626,728	1,361,854
Commission income	-	-	1,195,179	750,910
Rental income	-	-	36,000	33,000
Interest income	-	-	1,994,221	1,711,597
Purchase of goods	-	-	1,646	-
Sale of goods	-	-	27,106,649	23,874,678
With fellow subsidiaries of the holding company:				
Management fee income	137,088	77,928	137,088	77,940
Rental expenses	6,000	6,000	-	-
Purchase of goods	1,136,777	1,486,647	1,370	23,070
Sale of goods	66,601	191,747	-	-

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

The Directors are of the opinion that the transactions have been entered into in the normal course of business which are negotiated at arm's length and subject to normal commercial terms.

(b) Key management compensation

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short term employee benefits	3,682,837	2,769,033	2,735,600	2,147,100
Defined contribution plan	392,466	308,976	325,630	253,512
Share options granted under ESOS	2,832	67,993	-	44,711
	4,078,135	3,146,002	3,061,230	2,445,323
Included in the total remuneration of key management personnel are :				
Executive Directors' remuneration	3,068,555	2,228,211	2,700,055	2,078,411

Notes to the Financial Statements (cont'd)

For the financial year ended 31 January 2012

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management compensation (cont'd)

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

	2012	2011
At beginning of the financial year	235,000	294,200
Granted	18,000	171,000
Exercised	(8,000)	(230,200)
At end of the financial year	245,000	235,000

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

32. COMMITMENTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
(a) Capital expenditures :				
Approved and contracted for:				
- property, plant and equipment	8,922,950	8,174,000	952,000	299,000
Approved but not contracted for:				
- property, plant and equipment	-	200,000	-	-

(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	
	2012	2011
	RM	RM
Future minimum rental payments :		
Not later than 1 year	67,200	67,200
Later than 1 year and not later than 5 years	268,800	268,800
Later than 5 years	1,036,000	1,103,200
	1,372,000	1,439,200

33. DERIVATIVES

Group	Contract/ Nominal Amount	2012 Carrying Amount Assets	2012 Carrying Amount Liabilities
Cash flow hedges			
- Interest rate swap	5,107,200	-	51,153

	Contract/ Nominal Amount	2011 Carrying Amount Assets	2011 Carrying Amount Liabilities
Cash flow hedges			
- Crude palm oil - commodity swap	33,600,000	-	6,959,775
- Interest rate swap	6,000,000	-	-
		-	6,959,775

Company	Contract/ Nominal Amount	2011 Carrying Amount Assets	2011 Carrying Amount Liabilities
Cash flow hedges			
- Crude palm oil - commodity swap	6,720,000	-	1,391,955

(a) Crude palm oil - commodity swap

One of the Group's principal activities is processing and marketing of oil palm products. As a result, the Group sells crude palm oil ("CPO") on an ongoing basis. Due to the volatility in CPO prices over the past 12 months, the Group held CPO - commodity swap contracts designated as hedges of highly probable forecast CPO sales or firm commitments to reduce the volatility of cash flows.

The contracts are intended to hedge the volatility of the selling price of CPO for a period of 12 months based on existing sales agreements. The Group designated only the spot-to-spot movement of the entire commodity selling price as the hedged risk. Changes in fair value of the forward points are recognised in the profit or loss.

As at 31 January 2012, the Group and the Company had no outstanding CPO commodity swap contracts.

(b) 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 RM5,107,200 (2011 : RM6,000,000) whereby the Group pays a fixed rate of interest of 3.66% per annum and receives a variable rate equal to one month KLIBOR based on the amortised notional amount. The management considers the interest rate swap as an effective hedging instrument as the secured loan and the swap has identical critical terms.

The payments made arising from the interest rate swap of RM36,189 (2011 : RM62,336) has been recognised in finance costs.

At the reporting date, the fair value of the interest rate swap contract was RM51,153 (2011 : RMNil).

(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 (cont'd)
For the financial year ended 31 January 2012

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 and cocoa
(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	Elimination RM	Total RM
31 January 2012				
Revenue and expenses				
Revenue				
External sales	5,931,540	765,954,675	(3,554,448)	768,331,767
Inter-segment sales	191,367,265	952,596	(192,319,861)	-
Total revenue	197,298,805	766,907,271	(195,874,309)	768,331,767
Results				
Segment results	134,590,687	35,952,069	(4,535,000)	166,007,756
Unallocated costs				(3,807,740)
Finance income				4,718,560
Finance costs				(1,876,032)
Profit before tax				165,042,544
Tax				(40,293,128)
Profit net of tax				124,749,416
Assets and liabilities				
Segment assets	475,028,549	266,924,289	(110,716,413)	631,236,425
Unallocated assets				85,798,757
Total assets				717,035,182
Segment liabilities	90,510,924	150,379,843	(110,716,413)	130,174,354
Unallocated liabilities				8,325,632
Total liabilities				138,499,986
Other information				
Capital expenditure	13,149,168	10,663,504	-	23,812,672
Depreciation and amortisation	10,606,018	13,135,012	-	23,741,030
Other non-cash expenses	322,203	7,902,965	-	8,225,168

Notes to the Financial Statements (cont'd)
For the financial year ended 31 January 2012

34. SEGMENTAL INFORMATION (CONT'D)

	Plantation RM	Milling RM	Elimination RM	Total RM
31 January 2011				
Revenue and expenses				
Revenue				
External sales	3,698,382	561,379,217	(1,669,220)	563,408,379
Inter-segment sales	122,584,192	377,985	(122,962,177)	-
Total revenue	126,282,574	561,757,202	(124,631,397)	563,408,379
Results				
Segment results	66,228,004	27,052,516	1,112,000	94,392,520
Other investment income				1,333
Unallocated costs				(4,170,066)
Finance income				2,641,358
Finance costs				(2,232,619)
Profit before tax				90,632,526
Tax				(19,022,862)
Profit net of tax				71,609,664
Assets and liabilities				
Segment assets	435,893,290	237,354,700	(103,716,239)	569,531,751
Unallocated assets				52,212,167
Total assets				621,743,918
Segment liabilities	96,084,337	133,327,565	(103,716,239)	125,695,663
Unallocated liabilities				4,425,126
Total liabilities				130,120,789
Other information				
Capital expenditure	11,722,162	20,677,939	-	32,400,101
Depreciation and amortisation	10,662,327	11,274,348	-	21,936,675
Allowance for impairment of other receivables	-	241,000	-	241,000
Other non-cash expenses	1,097,453	195,127	-	1,292,580

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;

35. CONTINGENT LIABILITIES (UNSECURED) (CONT'D)

(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. Pending the outcome of the appeal, the Directors are of the opinion that no liabilities are required to be accrued in these financial statements.

As at 31 January 2012, there is no significant progress on the case and the investment cost of the claimed areas is approximately RM3 million.

36. FINANCIAL INSTRUMENTS

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 Financial Controller. 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 no derivatives shall be undertaken except 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 eight (2011 : seven) of its subsidiaries in respect of credit facilities totalling RM80,968,000 (2011 : RM34,770,000) 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 RM38,766,526 (2011 : RM13,718,772) utilised by these subsidiaries.

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.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Credit risk (cont'd)

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, investment securities 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.

Information regarding financial assets that are either past due or impaired disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and Company for managing liquidity risk included cash and short term deposits as disclosed in Note 20.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	40,759,025	3,450,000	-	44,209,025
Loans and borrowings	14,002,359	21,398,680	9,485,324	44,886,363
Total undiscounted financial liabilities	54,761,384	24,848,680	9,485,324	89,095,388
Company				
Financial liabilities				
Trade and other payables	3,564,759	-	-	3,564,759

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Liquidity risk (cont'd)

2011	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	27,952,070	3,400,000	8,540,073	39,892,143
Loans and borrowings	15,509,812	22,488,308	-	37,998,120
Total undiscounted financial liabilities	43,461,882	25,888,308	8,540,073	77,890,263
Company				
Financial liabilities				
Trade and other payables	2,401,062	-	-	2,401,062

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and 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. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM321,000 lower/higher (2011 : RM136,000 lower/higher), arising mainly as a result of lower/higher interest income from cash and cash equivalents, offset by lower/higher 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 contracts entered into to hedge its forecasted sale of crude palm oil. Changes in the spot and forward prices of CPO will cause corresponding changes in the fair values of the commodity swap contracts. The Group applies cash flow hedge accounting on its commodity swap contracts.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Carrying amount		Fair value	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Group				
Financial liabilities:				
Other payables (non-current) - Note 21				
- Amount owing to minority shareholders of subsidiaries				
- with fixed terms of repayment	2,967,879	3,577,505	2,967,879	3,577,505
- without fixed terms of of repayment	28,129	7,640,073	*	*
Company				
Financial assets:				
Other receivables (non-current) - Note 19				
- Amount owing from subsidiaries	73,649,358	108,499,447	*	*

* The amount owing from subsidiaries and the amount owing to minority shareholders of 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.

(b) Determination of fair value

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
Loans and borrowings	22

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

The carrying amounts of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierachy

The Group uses the following hierachy for determining and disclosing the fair value of financial instruments by valuation technique :

Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 January 2012, the Group held the following financial instruments measured at fair value :

Group	**31 January 2012 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Liabilities measured at fair value				
Cash flow hedges				
- Interest rate swap	51,153	-	51,153	-

During the reporting period ended 31 January 2012, there were no transfers between the various categories in the hierachy of fair value measurement.

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 2012 and 31 January 2011.

39. DIVIDENDS

	Group and Company	
	2012	2011
	RM	RM
Recognised during the year:		
In respect of financial year 2010:		
- Final tax exempt (single-tier) dividend of 6 sen per share	-	18,266,151
In respect of financial year 2011:		
- Interim tax exempt (single-tier) dividend of 5 sen per share	-	15,259,852
- Final tax exempt (single-tier) dividend of 7 sen per share	21,377,492	-
In respect of financial year 2012:		
- Interim tax exempt (single-tier) dividend of 6 sen per share	18,376,777	-
	39,754,269	33,526,003
Proposed for approval at AGM (not recognised as at 31 January):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax exempt (single-tier) dividend for 2012 : 10 sen (2011 : 7 sen) per share	30,654,536	21,370,121

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2012, of 10 sen (2011: 7 sen) tax exempt (single-tier) 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 profits in the financial year ending 31 January 2013.

The proposed final dividend of RM30,654,536 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 2012 were authorised for issue in accordance with a resolution of the Directors on 28 May 2012.

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 January 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries				
- Realised	251,896,301	184,617,347	25,829,957	16,586,045
- Unrealised	(20,742,400)	(21,352,900)	(1,988,000)	(1,432,000)
	231,153,901	163,264,447	23,841,957	15,154,045
Less : Consolidation adjustments	(74,124,789)	(63,879,281)	-	-
Retained earnings as per financial statements	157,029,112	99,385,166	23,841,957	15,154,045

Analysis of Shareholdings
as at 7 June 2012

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM308,436,369
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	59	1.37	1,803	0.00
100 to 1,000 shares	394	9.15	294,531	0.10
1,001 to 10,000 shares	2,844	66.02	11,223,833	3.64
10,001 to 100,000 shares	856	19.87	25,772,906	8.36
100,001 to less than 5% of shares	154	3.57	74,841,146	24.26
5% and above of shares	1	0.02	196,292,150	63.64
Total	4,308	100.00	308,426,369 Ω	100.00

Ω less 10,000 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS
(As per Record of Depositors)

No.	Name of Shareholders	No of Shares held	% of Issued capital
1.	Sharikat Kim Loong Sendirian Berhad	196,292,150	63.64
2.	Teo Chuan Keng Sdn. Bhd.	5,968,900	1.94
3.	HSBC Nominees (Asing) Sdn. Bhd.	5,342,400	1.73
	- Krishnan Chellam (HBMB301-26)		
4.	Timbas Helmi Bin Oesman Joesoef Helmi	3,710,466	1.20
5.	ECML Nominees (Tempatan) Sdn. Bhd.	2,904,449	0.94
	- Libra Invest Berhad for ECM Libra Foundation (E00181)		
6.	Koperasi Polis DiRaja Malaysia Berhad	2,800,000	0.91
7.	Citigroup Nominees (Tempatan) Sdn. Bhd.		
	- Employees Provident Fund Board (PHEIM)	2,554,100	0.83
8.	Neoh Choo Ee & Company, Sdn. Berhad	1,698,198	0.55
9.	Khoo Heng Suan	1,553,660	0.50
10.	Lim Ah Choo	1,410,000	0.46
11.	Prudent Strength Sdn. Bhd.	1,235,600	0.40
12.	Gooi Seow Mee	1,203,552	0.39
13.	Ang Chai Eng	1,163,000	0.38
14.	Golden Fresh Sdn. Bhd.	1,100,000	0.36
15.	Herng Yuen Sdn. Bhd.	1,086,400	0.35
16.	Citigroup Nominees (Tempatan) Sdn. Bhd.	1,069,999	0.35
	- Exempt An For OCBC Securities Private Limited (Client A/C-RES)		
17.	Gooi Seong Chneh	998,360	0.32
18.	Lim Weng Ho	993,000	0.32

Analysis of Shareholdings (cont'd)
as at 7 June 2012

THIRTY LARGEST SHAREHOLDERS (CONT'D)
(As per Record of Depositors)

No.	Name of Shareholders	No of Shares held	% of Issued capital
19.	Radeshah binti Ridzwani	835,800	0.27
20.	Koay Swee Thye	800,000	0.26
21.	Gan Tee Jin	798,000	0.26
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	768,620	0.25
23.	Lim Khuan Eng	735,200	0.24
24.	Chellam Investments Sdn. Berhad	700,000	0.23
25.	Yayasan Kelantan Darulnaim	700,000	0.23
26.	Teo Tian Chai Sdn. Bhd.	689,000	0.22
27.	HDM Nominees (Tempatan) Sdn. Bhd. - UOB Kay Hian Pte Ltd For Gooi Seong Lim (Margin)	673,552	0.22
28	Loh Lai Kim	665,000	0.22
29.	ECML Nominees (Tempatan) Sdn. Bhd. - UOB Kay Hian Pte Ltd For Gooi Seong Heen (Margin)	615,552	0.20
30.	Gooi Seong Chneh	615,552	0.20
	TOTAL	241,680,510	78.37

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	–	63.84	–
Gooi Seong Lim	1,149,552 (a)	199,442,101 (b)	0.37	64.66
Gooi Seong Heen	1,753,912 (c)	198,106,102 (d)	0.57	64.23
Gooi Seong Chneh	1,613,912	198,106,102 (e)	0.52	64.23
Gooi Seong Gum	132,600	198,162,102 (f)	0.04	64.25

Analysis of Shareholdings (cont'd)
as at 7 June 2012

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

	Direct Interest		Indirect Interest	
Name of Directors	**Shareholdings**	**%**	**Shareholdings**	**%**
Gooi Seong Lim	1,149,552 [(a)]	0.37	199,442,101 [(b)]	64.66
Gooi Seong Heen	1,753,912 [(c)]	0.57	198,106,102 [(d)]	64.23
Gooi Seong Chneh	1,613,912	0.52	198,106,102 [(e)]	64.23
Gooi Seong Gum	132,600	0.04	198,162,102 [(f)]	64.25
Gan Kim Guan	–	–	–	–
Chew Poh Soon	–	–	–	–
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 522,360 shares held in bare trust by ECML 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 (acquisition)	Land area (Ha) building	Date of revaluation/ RM'000	Approx. age of	Net carrying amount as at 31 January 2012
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	1,884
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	8,789
- CL 085311306	31/12/2077	Oil palm plantation	121.45	31 Jan 2004	Not applicable	3,682
- CL 085311315	31/12/2077	Oil palm and cocoa	102.51	31 Jan 2004	Not applicable	3,004
- CL 085311244	31/12/2077	Oil palm and cocoa	166.53	31 Jan 2004	Not applicable	4,636
District of Labuk/Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	144
- 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	7,154
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	387
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	9,243
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	7,942
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	2,198
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	1,890
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	9,773
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	7,421
District of Kinabatangan, Sabah						
- Lot 7052, Section 64 Jalan Sekama Kuching, Sarawak	31/12/2779	Shoplot office	-	(01 Feb 2010)	28 years	1,336
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 095332639	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	28,348
- Part of CL 095332648	30/06/2032	Oil palm plantation	386.76 (2)	31 Jan 2004	Not applicable	4,198
District of Kinabatangan, Sabah						
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	47,606
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	64,350
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135367912	31/12/2080	Palm oil mill	12.14	31 Jan 2004	9 years	5,365
- CL 135367921	31/12/2080	Oil palm plantation	27.51	31 Jan 2004	Not applicable	229
- Part of CL 135367903	2/29/2064	Housing area, water reservoir and POME area	80.94 (2)	(01 Mar 2004)	Not applicable	3,198
Sook, District of Keningau, Sabah						
Kim Loong Palm Oil Mills Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	15 years	12,177
- HS (D) 708, MLD 598	Freehold	Vacant land	4.32	(10 Mar 2003)	Not applicable	2,321
- HS (D) 709, MLD 599	Freehold	Vacant land	4.93	(10 Mar 2003)	Not applicable	2,645
- HS (M) 118 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	2.05	(17 Feb 2003)	Not applicable	620

List of Properties Held by the Group (cont'd)

Beneficial owner /Location	Tenure - leasehold interest expiring on	Description and existing use (acquisition)	Land area (Ha) building	Date of revaluation/ RM'000	Approx. age of	Net carrying amount as at 31 January 2012
Kim Loong Evergrow Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store [1]	-	Not applicable	6 years	409
Winsome Al-Yatama Sdn. Bhd.						
- HSD 13896, PTD 828 Mukim Hulu Sg Sedeli Besar, Kota Tinggi, Johor	31/10/2064	Oil palm plantation	1,093.46 [2]	(09 Nov 2004)	Not applicable	26,891
Palm Nutraceuticals Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office [1]	-	Not applicable	7 years	1,178
Kim Loong Technologies Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory [1]	-	Not applicable	6 years	985
Kim Loong Sabah Mills Sdn. Bhd.						
- Part of CL 095332648 District of Kinabatangan, Sabah	31/12/2086	Palm oil mill	13.84	(2 August 2007)	4 years	6,158
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Factory [1]	-	Not applicable	2 years	1,394
Kim Loong Power Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Store [1]	-	Not applicable	3 years	67
Winsome Pelita (Pantu) Sdn. Bhd.						
- Sungai Tenggang and Kranggas/Mawang Sri Aman Division, Sarawak	NCR Native Land 60 years	Oil palm plantation	2,157.50	(06 Jan 2010)	Not applicable	34,249
			15,277.63			312,011

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

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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-seventh Annual General Meeting of the Company to be held at Jasmine & Orchid Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 July 2012 at 9.30 a.m and at any adjournment thereof in the manner as indicated below:-

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Re-election of Director : Mr. Gooi Seong Chneh		
4.	Re-election of Director : Mr. Cheang Kwan Chow		
5.	Re-appointment of Auditors		
6.	Authority to issue shares		
7.	Proposed Renewal of Authority for Share Buy-Back		
8.	Proposed Amendments to the Articles of Association		

(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 ____________ 2012

____
Signature of Member(s)

Number of Shares held	

NOTES:

A member whose name appears in the Record of Depositors as at 20 July 2012 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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AFFIX
STAMP

The Secretary
KIM LOONG RESOURCES BERHAD

Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya.

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