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

Maximising shareholder value, minimising environmental impact

Annual Report 2011

CONTENTS

Land Clearing in Kranggas

Corporate Milestones

2010

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

Commissoned the second palm-pressed fibre oil extraction plant.

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.

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").

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.

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.

2005

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

2003

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

2002

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

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

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).

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

1997

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

Restructuring exercise to transfer all Sabah plantation operations to Kim Loong Resources Berhad.

1981

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

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.

1993

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

1967

SKL commenced business with 1,000-acre rubber plantation at Ulu Tiram, Johor. (The first planting of oil palm started in 1968)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-sixth Annual General Meeting of Kim Loong Resources Berhad will be held at Dewan Johor, Level 2 of Mutiara Hotel, Jalan Dato Sulaiman, Taman Century, K.B. No. 779, 80990 Johor Bahru, Johor Darul Takzim on Friday, 29 July 2011 at 2.30 p.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 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final single tier dividend of 7 sen per share in respect of the financial year ended 31 January 2011. **(Resolution 2)**

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

   (a) Mr. Gooi Seong Heen **(Resolution 3)**
   (b) Mr. Gan Kim Guan **(Resolution 4)**

4. To re-elect Mr. Chan Weng Hoong as a Director retiring in accordance with Article 84 of the Articles of Association of the Company. **(Resolution 5)**

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

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

   ORDINARY RESOLUTION I – AUTHORITY TO ISSUE SHARES

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 7)**

ORDINARY RESOLUTION II – PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 1965 ("the Act"), the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following:-

(a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 30,612,486 representing 10% of the issued and paid-up share capital of the Company as at 9 June 2011;

(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 2011 of RM15,154,045 and RM1,354,779 respectively;

(c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting or the expiry of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;

(d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-

    (i) to cancel the shares so purchased; or

    (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares; or

    (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **(Resolution 8)**

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-sixth Annual General Meeting, the final single tier dividend of 7 sen per share in respect of the financial year ended 31 January 2011 will be paid on 26 August 2011 to depositors registered in the Record of Depositors on 5 August 2011.

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 5 August 2011 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
7 July 2011

NOTES:

(1) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to 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.

(2) Resolution 7 -

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 30 July 2010 and which will lapse at the conclusion of the Thirty-sixth 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.

(3) Resolution 8 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 7 July 2011 which is enclosed together with the Annual Report 2011.

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-sixth Annual General Meeting :-

  (a) Re-election of the following Directors pursuant to Article 77 of the Articles of Association of the Company:-

    (i) Mr. Gooi Seong Heen
    (ii) Mr. Gan Kim Guan

  (b) Re-election of Mr. Chan Weng Hoong as a Director pursuant to Article 84 of the Articles of Association of the Company.

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

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

AUDIT COMMITTEE

Gan Kim Guan
Chairman

Chew Poh Soon

Chan Weng Hoong

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

Ernst & Young
(Firm No. AF 0039)
Suite 11.2, Level 11,
Menara Pelangi,
2, Jalan Kuning,
Taman Pelangi,
80400 Jalan Bahru,
Johor Darul Takzim.

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
(295400-W)

HSBC Bank Malaysia Berhad
(127776-V)

Malayan Banking Berhad
(3813-K)

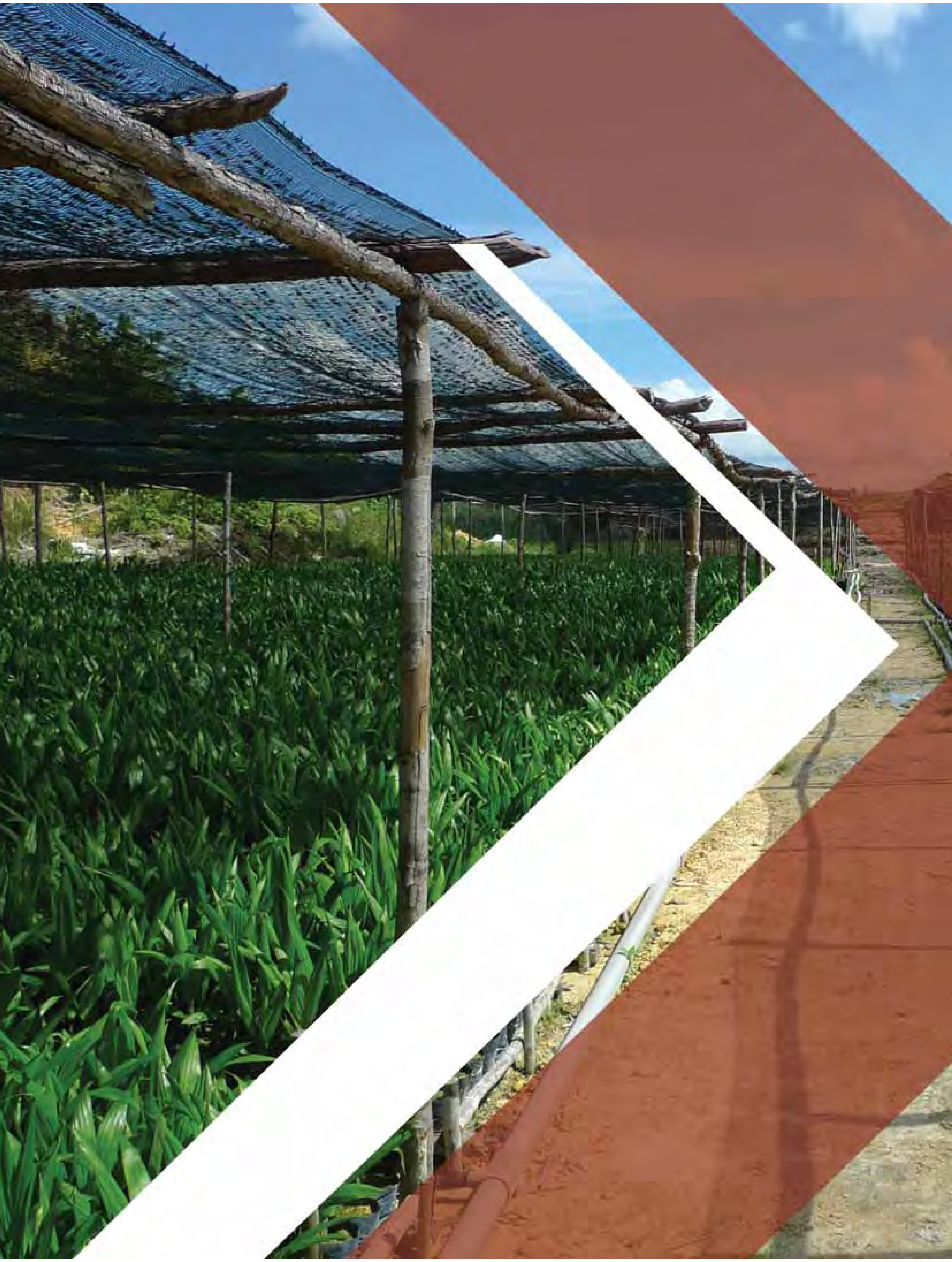
Public Bank Berhad
(6463-H)

AmBank (M) Berhad
(8515-D)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Stock Short Name : KMLOONG
Stock Code : 5027



Board of Directors




Gooi Seong Lim
Executive Chairman

bottom left to right:

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
Chong Fook Sin Company Secretary **Kan Chee Jing** Company Secretary **Chua Yoke Bee** Company Secretary

Profile of Directors

GOOI SEONG LIM

Gooi Seong Lim, aged 62, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2011.

Gooi Seong Heen, aged 60, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He was also a member of the Audit Committee until 8 January 2008. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2011.

GOOI SEONG HEEN

GOOI SEONG CHNEH

Gooi Seong Chneh, 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 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 Sabah since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2011.

Gooi Seong Gum, aged 55, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2011.

GOOI SEONG GUM

GAN KIM GUAN

Gan Kim Guan, aged 48, 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 four (4) Board meetings held during the financial year 2011.

CHEW POH SOON

Chew Poh Soon, aged 66, 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. He is the Chairman of both 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 four (4) Board meetings held during the financial year 2011.

CHAN WENG HOONG

Chan Weng Hoong, aged 62, 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 48 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.

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 2011

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)
- 70% Kim Loong - KPD Plantations Sdn. Bhd. (416387-H)
- 90% Winsome Yields Sdn. Bhd. (401571-W)
  - 68% Winsome Al-Yatama Sdn. Bhd. (667441-P)
- 100% Okidville Holdings Sdn. Bhd. (458944-P)
  - 51% Desa Okidville Sdn. Bhd. (463619-U)
- 100% Kim Loong Sabah Mills Sdn. Bhd. (254996-D)
- 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% Kim Loong Corporation Sdn. Bhd. (458947-T)
  - 60% Winsome Pelita (Pantu) Sdn. Bhd. (681469-H)
- 100% Winsome Jaya Sdn. Bhd. (605466-U)
- 100% Okidville Jaya Sdn. Bhd. (686109-W)
  - 100% Sepulut Plantations Sdn. Bhd. (716972-U)
- 100% Winsome Sarawak Plantations Sdn. Bhd. (653800-A)
- 90% Okidville Plantations Sdn. Bhd. (466683-V)
- 100% Winsome Plantations Sdn. Bhd. (510158-W)

Group Financial Highlights

INCOME STATEMENT (RM'000)

Revenue

Profit Before Tax

FINANCIAL POSITION (RM'000)

Equity Attributable to Owners of the Company

Total Assets

PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)

Net Tangible Assets

Earnings

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

Group Financial Highlights

	2007	2008	2009	2010	2011
INCOME STATEMENT (RM'000)					
Revenue	263,063	469,875	507,085	451,533	563,408
Profit before tax	30,443	96,036	104,384	79,455	90,633
Profit after tax	22,674	71,463	81,563	59,525	71,610
FINANCIAL POSITION (RM'000)					
Paid-up share capital	171,459	209,957	302,253	304,237	305,287
Equity attributable to owners of the Company	313,887	385,923	391,098	421,970	445,143
Total assets	406,232	502,331	532,479	594,619	621,744
PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)					
Earnings	0.09*	0.22*	0.22	0.16	0.19
Net tangible assets	1.82	1.83	1.29	1.38	1.44
Dividends	0.10	0.18	0.36	0.10	0.12
Weighted average number of share in issue ('000)	239,442*	264,742*	300,520	303,271	304,657
FINANCIAL RATIO (%)					
Return on equity	7.00	17.78	19.47	12.95	14.57
Return on total assets	5.58	14.23	15.32	10.01	11.52

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

Statistics

	2007	2008	2009	2010	2011
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	11,065	11,193	11,193	12,818	13,074
Immature	1,067	1,042	1,104	732	794
Unplanted land	-	-	-	859	628
	12,132	12,235	12,297	14,409	14,496
Cocoa and others	166	167	122	115	108
Total plantable area	12,298	12,402	12,419	14,524	14,604
Infrastructure and unplantable land	706	646	629	629	592
Total land area	13,004	13,048	13,048	15,153	15,196
Production (MT)					
Fresh fruit bunches ("FFB")	220,908	248,268	272,334	262,687	227,325
Yield per mature hectare	19.96	22.18	24.33	21.71^	17.39
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	126,553	138,994	145,441	172,147	165,252
Oil extraction rate (% of FFB)	20.50	21.03	21.58	21.82	21.37
Palm kernel ("PK") (MT)	35,701	37,573	36,468	42,878	40,591
Kernel extraction rate (% of FFB)	5.78	5.69	5.41	5.43	5.25
Palm kernel oil ("PKO") (MT)	958	11,405	9,697	12,136	7,759
Oil extraction rate (% of PK)	45.12	45.30	45.40	44.83	44.92

^ Excluding FFB production from land acquired in January 2010.

GOOI SEONG LIM

Executive Chairman

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 2011.

RESULTS

The revenue and profit before tax ("PBT") of the Group were RM563.41 million and RM90.63 million respectively for the financial year 2011 compared to RM451.53 million and RM79.46 million respectively for the financial year 2010.

The 25% and 14% increases in revenue and PBT respectively compared to financial year 2010 were mainly due to the Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices being about 26% and 64% higher.

DIVIDEND

The Board has recommended a final dividend of 7 sen per share single tier tax exempt (2010: final dividend of 6 sen per share single tier tax exempt), for the financial year 2011 making a total dividend of 12 sen per share single tier tax exempt (2010: 10 sen per share single tier tax exempt).

REVIEW OF BUSINESS ACTIVITIES

PALM OIL MILLING OPERATIONS

The palm oil milling operations recorded a drop of 17% in profit or RM5.48 million to RM27.05 million as compared to RM32.53 million recorded for the last financial year. Profit margin in milling operations was squeezed by stiff competition for FFB supply. Competition was exacerbated by the significantly lower FFB production in all regions of Malaysia caused by the bad weather and yield stress in previous years. Total CPO production for the year under review was 165,200 MT, which was 4% lower than 172,100 MT recorded in the last financial year.

PLANTATION OPERATIONS

The profit from the plantation operations increased by 27% or RM14.03 million to RM66.23 million as compared to RM52.20 million recorded for the last financial year. The increase in profit was mainly due to higher palm oil prices, despite a fall in FFB production for the year under review to 227,300 MT, a drop of 13.5% or 35,400 MT as compared to the last financial year. The drop in FFB production was mainly in our estates in Keningau region and it was broadly in line with the drop in FFB production experienced in this region.

DEVELOPMENT AND PROSPECTS

The long term outlook for the palm oil industry in Malaysia remains good. Increasing world population, improved and more stable world economic conditions, scarce land resources and higher per capita consumption in China and India will undoubtedly sustain the demand for palm oil for the long term. High crude petroleum prices will also support commodity prices. We expect the palm oil prices to remain high but volatile in the financial year 2012 as in the financial year 2011.

The Group's production of FFB is expected to increase by at least 20% in the financial year 2012 owing to the expected recovery from its low production cycle and also contribution from our newly acquired operations in Sarawak. Strong growth in production is expected from this plantation over the next few years. Our main focus will be to speed up the development of our plantations in Sarawak and maintain good relationship with the joint venture native owners within our NCR land projects. Although we are disappointed with the recent High Court ruling, we believe that our joint venture native shareholders are with us. We believe that with sincerity and fairness in conducting our business, we will be able to develop the NCR projects into profitable estates in the near future for the mutual benefit of all stakeholders.

The Group will continue to look for opportunities to increase its land bank 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.

The Group expects the CPO production of its milling operations to be higher in the financial year 2012 as compared to that achieved in the financial year 2011. With the expected recovery in FFB production, competition should be less intense and processing margin should improve. In addition, most of our downstream projects have been commissioned and will be in full operation:-

1. Both solvent extraction plants in our Kota Tinggi and Keningau mills are running satisfactorily, generating substantial revenue for the Group.

2. Both biogas plants in our Kota Tinggi and Keningau mills are also operating as designed. We are waiting for the issuance of Certificates of Emission Reduction (CER's) from CDM of UNFCCC for our Kota Tinggi plant. We have also completed preliminary verification of our Keningau plant.

3. Empty bunch shredding and pressing plants in all three mills have been upgraded and are operating smoothly. As a result, maintenance costs have declined and substantial quantity of kernel shell is now being sold to third parties.

Our research effort is now focused on generating renewable electrical power from the biogas using gas engines. If successful, we will achieve full integration of the milling operation and extract maximum revenue from the FFB we process. At the same time, we will minimise the impact of our milling operations on the environment and contribute to improving the sustainability of palm oil as well as acceptance by the international markets.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group to perform better in the financial year ending 31 January 2012.

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 are honoured to receive the KPMG Best Shareholder Value Award for Agriculture & Fisheries category for the year 2010.

We also wish to record our thanks to Mr. Teoh Cheng Hai who retired in year 2010 for many years of contribution to the corporate development of the Group. We also take this opportunity to welcome Mr. Chan Weng Hoong to our Board of Directors.

Gooi Seong Lim

Executive Chairman
Johor Bahru, Johor

Dated: 24 June 2011

Bridge over Sanjau River in our Sungai Tenggang estate under construction

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 setting up 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 than the traditional crops. Our Keningau and Telupid Mills now accepts FFB from more than 400 smallholders.

HUMAN CAPITAL

Cognisant that a team of dedicated and motivated employees plays a crucial role in ensuring that the Group is well poised to meet present and future challenges, the Group continues to place emphasis on developing its human capital, the organisation's most valuable asset. The Group had a total workforce of 2,100 as at 31 January 2011.

The Group has also invested substantial sum on the construction of roads, employees housing, provision of free electricity and water supplies to the employees in the estates and mills with the objective of providing the residents better living conditions. Free transportation is provided for school going children to the nearest school. We also provide recreational activities for the residents e.g., football field, volleyball and sepak takraw courts for the residents. Vegetable and fruit tree planting within the housing compound are promoted to enhance food sufficiency by way of provision of seeds and young plant. An 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 training;
- Various staff activities including festival celebrations and sporting events through the In-House Sports Club; and
- Subsidised company trips to Vietnam and Pulau Tioman 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.

The Group has also constructed bridges along Sungai Tenggang, Sungai Sanjau and Sungai Kresik in Sarawak to improve connectivity between the areas and has benefited the neighbouring villages.

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 RM50,000 to worthy causes and organisations including governmental and non-governmental organisations to support their sports, cultural and welfare activities. Donations were also made to schools for their building funds, sports day and Persatuan Ibu Bapa & Guru in Johor, Sabah and Sarawak.

ENVIRONMENT SUSTAINABILITY

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

Zero burning in land clearing

The Group adheres strictly to the policy of zero burning in both new planting and replanting of oil palm. Zero burning not only keeps the air pollution-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, thus adding valuable organic matter to the soils, reducing the use of fertilisers during planting period. This policy is incorporated in the land clearing contract in which external contractors are engaged.

In the reporting year approximately 350 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 practices the planting of legumious cover crops. The fast growing plant 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 increase efficiency and 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 and as a last resort. Understanding the pest's life cycle and its natural enemies is also part of integrated pest management.

Optimise fertiliser use

The Company's fertiliser programme is recommended by the Planting Advisor. The recommendation 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. Empty fruit bunches are recycled back to the fields as mulching. 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 mill processing mills and harvesting fresh water and rainfall.

Waste treatment

The Group is aiming to reduce the reliance on inorganic fertilizer and to keep the cost down, By-products from the mill such as empty fruit bunches are composted to produce bio-organic fertilizer or are incinerated to produce ash which is used for field application.

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.

AWARD

The Group is pleased to report that KIM LOONG RESOURCES BERHAD has won an award as one of the 2010 Best Shareholder Value organised by KPMG.

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

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; developing investor relations programme; and reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

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 four (4) occasions where it deliberated upon and considered a variety of matters including approving the Group's financial results, strategic and investment decisions as well as financial and operating performance of its subsidiary companies. The agenda for each Board meeting and paper 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 minuted 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	4/4	100
Gooi Seong Heen	Managing Director	4/4	100
Gooi Seong Chneh	Executive Director	4/4	100
Gooi Seong Gum	Executive Director	4/4	100
Gan Kim Guan	Senior Independent Non-executive Director	4/4	100
Teoh Cheng Hai (retired on 30/7/2010)	Independent Non-executive Director	2/2	100
Chew Poh Soon	Independent Non-executive Director	4/4	100
Chan Weng Hoong (appointed on 24/3/2011)	Independent Non-executive Director	Not applicable	Not applicable

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).

Audit Committee

The Audit Committee reviews the issues of accounting policies and presentation for external financial reporting, monitors the work of internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. 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 40 to 42 of this Annual Report. The activities of the Audit Committee during the year ended 31 January 2011 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 43 of this Annual Report.

Nominating Committee

The Nominating Committee is empowered by the Board and its 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 44 of this Annual Report.

Board Balance

The Board currently has seven (7) members, comprising one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors, one (1) Senior Independent Non-executive Director and two (2) Independent Non-executive Directors. 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.

The Independent Directors contribute significantly to bring forth independent judgement in areas such as policy and strategy, business performance, advice and judgement to take account of the interests not only of the Company, but also the shareholders, employees, customers, suppliers and community as well as governance and control. It provides a pivotal role of corporate accountability.

Three (3) out of the seven (7) members of the Board are Independent Non-executive Directors. The Independent Non-executive Directors namely Mr Gan Kim Guan, Mr Chew Poh Soon and Mr Chan Weng Hoong 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. 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

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 implementation of Board decisions and clarifying matters relating to the Group's business to 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.

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 existing 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. Mr Chan Weng Hoong, a Director appointed during the year attended the program on 20 & 21 April 2011.

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.

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

Programmes / Seminar
An Economic Seminar “A Strong Start 2010”
Global Treasury Investment
Plantation Industry : Competitive Strategies In Achieving A Sustainable Future
SC-Bursa Malaysia Corporate Governance Week 2010 – Towards Corporate Governance Excellence
OFIC Conference : Oil and Fats Industry Challenges and Innovative Solutions
Bursa Malaysia Derivatives Annual Palm & Lauric Oils Conference & Exhibition Price Outlook
Workshop On Submission Of Returns 2009
Malaysian Corporate Tax practices And Principles
Tax Planning & Latest Tax Updates
2011 Budget Seminar – Highlights & Implications
Tax Audit, Incorrect Return And Tax Appeal

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 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 2011, 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	1,200,000	-	1,200,000
Bonus	585,000	-	585,000
Fees	23,000	140,000	163,000
Meeting allowance	11,500	8,000	19,500
Estimated monetary value of benefits-in-kind	13,325	-	13,325
Defined contribution plan	214,200	-	214,200
Share options granted under ESOS	44,711	-	44,711
Total	2,091,736	148,000	2,239,736

b. Remuneration Band

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

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 aims to present a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the annual financial statements and Chairman's Statement in the Annual Report.

In the annual financial statements and quarterly announcement of results to shareholders, the Directors present 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 and completeness of information.

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. The system can only 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 37 to 39 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 internal audit function includes the review of the adequacy of the internal controls, the efficiency of operations and ensures compliance with the established Group policies and procedures, and the statutory requirements.

The Head of IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The Audit Committee reviews and approves the audit plan, which identifies the scope of work for the year. During the financial year under review, the internal auditors conducted audits on business units and carried out regular reviews of the operations of the companies within the Group in accordance with the approved Internal Audit Plan

The main role of the IAD is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control within the Group so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. It is also the responsibility of IAD to assess the extent of the business units' compliance with Group's established procedures and relevant statutory requirements. The Audit Committee then deliberates on the internal audit reports to ensure that the recommendations in the reports are duly acted upon by management.

In an effort to provide value added services, the IAD also plays an active advisory role in the review and improvement of existing internal control within the Group.

The total cost incurred in relation to the internal audit function of the Group for financial year ended 31 January 2011 is approximately RM230,000.

External Audit Function

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

The Group maintains a transparent and professional relationship with its External Auditors i.e. Messrs Ernst & Young 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 Auditor's are invited to meetings to deliberate on their audit plan 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 their results, changes in equity and cash flows of the Group and of the Company 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 these 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, there was no purchase of its own shares by the Company. 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 25 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 2011 was RM50,000.

Variation in results

There was no material variation between the results for the financial year ended 31 January 2011 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.

Revaluation Policy

The Group does not adopt any revaluation policy.

Recurrent Related Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 32 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 2011 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 33. In addition, the composition of the Remuneration Committee has been fully disclosed on page 43 of the Annual Report.

The retirement of Mr Teoh Cheng Hai had resulted in the number of independent directors of the Group to reduce to only two members. This had resulted in the number of Audit Committee members to fall below the minimum required number of three. Approval was sought from Bursa Securities on this non-compliance and was granted extension until 30 April 2011 to resolve the non-compliance. This matter was resolved with the appointment of Mr Chan Weng Hoong on 24 March 2011.

This Statement is made in accordance with a resolution of the Board dated 24 June 2011.

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 internal audit function includes the review of the adequacy of the internal controls, the efficiency of operations and ensures compliance with the established Group policies and procedures, and the statutory requirements.

The Head of IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The Audit Committee reviews and approves the audit plan, which identifies the scope of work for the year. During the financial year under review, the internal auditors conducted audits on business units and carried out regular reviews of the operations of the companies within the Group in accordance with the approved Internal Audit Plan.

The main role of the IAD is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control within the Group so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. It is also the responsibility of IAD to assess the extent of the business units' compliance with Group's established procedures and relevant statutory requirements. The Audit Committee then deliberates on the internal audit reports to ensure that the recommendations in the reports are duly acted upon by management.

In an effort to provide value added services, the IAD also plays an active advisory role in the review and improvement of existing internal control within the Group.

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 the business objectives. The Group has established a Risk Management Committee ("RMC") that is chaired by the Managing Director and its members comprising 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.

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 and Executive Directors regularly visit the Group's estates to monitor their state of affairs. 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 and in-house Agronomist. The roles of the Planting Advisor 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 Mill Advisor. During the visits, the managers report on the mill performance, discuss and resolve all operational and key management issues faced by them.

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, potential areas for further development and training are highlighted by the 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:

- Regular site visits to the operations within the Group by the Executive Chairman, Managing Director and Executive Directors and senior management
- Some Independent Advisors also visit the Group's estates and mills. Their comments and suggestions for improvement are directed to the Executive Chairman, Managing Director and/or Executive Directors.
- 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.
- 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 2011. 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 24 June 2011.

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 2011 and in compliance with Paragraph 15.15 (1) of the Listing Requirements of Bursa Securities.

MEMBERS OF THE AUDIT COMMITTEE

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

Chairman : Gan Kim Guan
Members : Chew Poh Soon
Teoh Cheng Hai (ceased on 30/7/2010)
Chan Weng Hoong (appointed on 24/3/2011)

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 shall be 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 2011, 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
Teoh Cheng Hai	2	2
Chew Poh Soon	4	4
Chan Weng Hoong	Not applicable	Not applicable

The details of training attended by the above Directors are tabulated on page 32.

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 any information pertaining to the Group;
d. have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
e. be able to obtain independent professional advice; and
f. 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 2011, 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 operational reports;
- 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 outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Malaysian Code of Corporate Governance 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 2011 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) 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 2011; 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)

- Reviewed 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 24 June 2011.

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Teoh Cheng Hai (ceased on 30/7/2010) 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)
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 once during the financial year 2011. All members attended the meeting.

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

a) Reviewed the structure of the remuneration package for each of the Executive Directors; and
b) Reviewed the incentive / variable performance bonuses for the Executive Chairman cum Managing Director and Executive Directors.

Report of the Nominating Committee

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Teoh Cheng Hai (ceased on 30/7/2010) Chew Poh Soon (appointed as Chairman on 10/3/2011)
Members	:	Gan Kim Guan Chan Weng Hoong (appointed on 24/3/2011)
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 2011. All members attended the meeting.

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; and
b) Reviewed the re-election of Directors retiring at the AGM under Article 77 of the Articles of Association.

FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

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	58,255,720	28,543,243
Minority interests	13,353,944	-
Profit net of tax	71,609,664	28,543,243

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 other than the effects arising from the changes in accounting policies as disclosed in the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 January 2010 were as follows :

	RM
In respect of the financial year ended 31 January 2010	
- Final tax exempt (single-tier) dividend of 6% on 304,436,000 ordinary shares, paid on 18 August 2010	18,266,151
In respect of the financial year ended 31 January 2011	
- Interim tax exempt (single-tier) dividend of 5% on 305,197,000 ordinary shares, paid on 16 December 2010	15,259,852
	33,526,003

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2011, of 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 2012.

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 (appointed on 24 March 2011)
Teoh Cheng Hai (retired on 30 July 2010)

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 32 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	**1.2.2010**	**Bought/ Transferred**	**Sold**	**31.1.2011**
Gooi Seong Lim				
- direct interest	476,000	645,152	-	1,121,152
- indirect interest	196,360,964	2,749,797	8,960	199,101,801
Gooi Seong Heen				
- direct interest	1,108,760	645,152	-	1,753,912
- indirect interest	195,024,965	2,749,797	8,960	197,765,802
Gooi Seong Chneh				
- direct interest	879,760	734,152	-	1,613,912
- indirect interest	195,024,965	2,749,797	8,960	197,765,802
Gooi Seong Gum				
- direct interest	2,123,000	615,552	2,738,552	-
- indirect interest	195,080,965	2,749,797	8,960	197,821,802

Directors' interests (cont'd)

The Company	Number of warrants 2005/2012			
	1.2.2010	Granted	Exercised	31.1.2011
Gooi Seong Lim				
- indirect interest	2,285	-	2,285	-
Gooi Seong Heen				
- indirect interest	2,285	-	2,285	-
Gooi Seong Chneh				
- indirect interest	2,285	-	2,285	-
Gooi Seong Gum				
- indirect interest	2,285	-	2,285	-

The Company	Number of options under employees' share option scheme over ordinary shares of RM1 each			
	1.2.2010	Granted	Exercised	31.1.2011
Gooi Seong Lim	19,600	24,000	29,600	14,000
Gooi Seong Heen	19,600	24,000	29,600	14,000
Gooi Seong Chneh	108,600	24,000	118,600	14,000
Gooi Seong Gum	108,600	24,000	-	132,600

Holding company	Number of ordinary shares of RM100 each			
	1.2.2010	Transferred	Sold	31.1.2011
Sharikat Kim Loong Sendirian Berhad				
Gooi Seong Lim				
- direct interest	21,875	250	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	21,875	250	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	21,875	250	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	21,875	250	-	22,125
- indirect interest	11,250	-	-	11,250

Directors' interests (cont'd)

Related corporations	**1.2.2010**	**Number of ordinary shares of RM1 each** **Bought/ Transferred**	**Sold**	**31.1.2011**
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	140,000	1,043,452	-	1,183,452
- indirect interest	101,542,536	16,280,370	-	117,822,906
Gooi Seong Heen				
- direct interest	1,642,835	711,452	-	2,354,287
- indirect interest	99,368,700	15,711,452	-	115,080,152
Gooi Seong Chneh				
- direct interest	1,474,836	711,452	-	2,186,288
- indirect interest	99,334,700	15,711,452	-	115,046,152
Gooi Seong Gum				
- direct interest	-	711,452	711,452	-
- indirect interest	99,334,700	15,711,452	-	115,046,152

	1.2.2010	**Number of warrants 2009/2014** **Bought**	**Exercised**	**31.1.2011**
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	402,000	-	332,000	70,000
- indirect interest	52,049,899	-	15,568,918	36,480,981
Gooi Seong Heen				
- direct interest	905,417	-	-	905,417
- indirect interest	51,462,981	-	15,000,000	36,462,981
Gooi Seong Chneh				
- direct interest	821,418	-	-	821,418
- indirect interest	51,445,981	-	15,000,000	36,445,981
Gooi Seong Gum				
- indirect interest	51,445,981	-	15,000,000	36,445,981

	1.2.2010	**Number of options under employees' share option scheme over ordinary shares of RM1 each** **Granted**	**Exercised**	**31.1.2011**
Crescendo Corporation Berhad				
Gooi Seong Heen	228,000	-	-	228,000
Gooi Seong Chneh	149,000	-	-	149,000
Gooi Seong Gum	350,000	-	-	350,000

Directors' interests (cont'd)

	Number of irredeemable convertible unsecured loan stocks 2009/2016 at nominal value of RM1 each			
	1.2.2010	**Bought**	**Sold**	**31.1.2011**
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

	Number of ordinary shares of RM1 each			
Related corporations	**1.2.2010**	**Bought**	**Sold**	**31.1.2011**
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000

Directors' interests (cont'd)

Related corporations	1.2.2010	Number of ordinary shares of RM1 each Bought	Sold	31.1.2011
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) 621,400 ordinary shares of RM1 each were issued by virtue of the exercise of 158,600 share options (at par value), 106,200 shares options (at RM1.19 per share), 107,600 share options (at RM1.75 per share), 103,400 shares options (at RM2.12 per share) and 145,600 shares options (at RM2.27 per share) granted pursuant to the Company's Employees' Share Option Scheme.

(ii) 428,689 ordinary shares of RM1 each were issued pursuant to the exercise of 428,689 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 was approved by the shareholders on 26 January 2005. On 30 March 2009, the Directors approved to extend 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.

Employees' share option scheme (cont'd)

(ii) Not more than 10% shares available under ESOS is 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 staff 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 discretation 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.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option scheme as at 31 January 2011 are as follows :

Options granted on :	Exercise price RM	Number of shares options granted and unexercised as at 31 January 2011	Percentage of options exercisable in financial year 2012 %	2013 %	2014 %
31 March 2005	1.00	145,700	100	-	-
29 March 2006	1.00	7,700	100	-	-
29 March 2007	1.19	205,100	100	-	-
27 March 2008	2.27	843,400	100	-	-
30 March 2009	1.75	558,600	91	9	-
29 March 2010	2.12	737,900	81	17	2
		2,498,400			

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

During the financial year, the Company issued 895,000 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 300,000 ordinary shares of RM1 each.

No employee was granted options to subscribe for 300,000 or more ordinary shares of RM1 each during the financial year.

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

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, except as disclosed in Note 36 to the financial statements.

(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 company

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's 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 27 May 2011.

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 57 to 119 are drawn up in accordance with the provisions of Companies Act, 1965 and applicable Financial Reporting Standards 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 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 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 27 May 2011.

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 57 to 120 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 27 May)
2011.) **Gooi Seong Heen**

Before me,

Commissioner for Oaths

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 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 119.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 2011 and of their financial performance and cash flows of the Group and of the Company 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.

Other matters

The supplementary information set out in Note 43 on page 120 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 respect, 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 : 27 May 2011

Statements of Comprehensive Income

For the financial year ended 31 January 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	563,408,379	451,533,245	24,762,813	23,300,615
Cost of sales	5	(451,920,644)	(353,247,997)	(8,921,155)	(10,100,244)
Gross profit		111,487,735	98,285,248	15,841,658	13,200,371
Other items of income	6	4,637,619	3,262,362	25,350,879	26,888,138
Other items of expense					
Distribution cost		(9,655,065)	(9,906,242)	(1,854,931)	(1,718,528)
Administrative expenses		(12,479,049)	(9,411,954)	(7,016,109)	(5,112,040)
Finance cost	7	(2,232,619)	(1,359,337)	-	-
Other expenses		(1,126,095)	(1,414,875)	(142,609)	(105,421)
Profit before tax	8	90,632,526	79,455,202	32,178,888	33,152,520
Tax	11	(19,022,862)	(19,930,286)	(3,635,645)	(3,535,457)
Profit net of tax		71,609,664	59,524,916	28,543,243	29,617,063
Other comprehensive income					
Net movement on cash flow hedges	34	(6,959,775)	-	(1,391,955)	-
Tax relating to cash flow hedges	24	1,739,945	-	347,989	-
Other comprehensive income for the year, net of tax		(5,219,830)	-	(1,043,966)	-
Total comprehensive income for the year		66,389,834	59,524,916	27,499,277	29,617,063
Profit attributable to :					
Owners of the Company		58,255,720	48,137,545	28,543,243	29,617,063
Minority interests		13,353,944	11,387,371	-	-
		71,609,664	59,524,916	28,543,243	29,617,063
Total comprehensive income attributable to:					
Owners of the Company		54,372,167	48,137,545	27,499,277	29,617,063
Minority interests		12,017,667	11,387,371	-	-
		66,389,834	59,524,916	27,499,277	29,617,063
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	19.12	15.87		
- Diluted	12	19.01	15.78		

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

Consolidated Statement of Financial Position

As at 31 January 2011

	Note	2011 RM	2010 (restated) RM	As at 1.2.2009 (restated) RM
Assets				
Non-current assets				
Property, plant and equipment	13	369,162,347	360,995,733	331,111,238
Land use rights	14	2,821,758	2,936,418	3,051,078
Biological assets	15	72,932,842	71,670,912	65,330,218
Quoted investments	17	-	41,500	12,500
Intangible assets	18	4,634,285	3,130,293	1,452,590
Deferred tax assets	24	5,853,000	3,330,000	3,359,000
		455,404,232	442,104,856	404,316,624
Current assets				
Inventories	19	28,750,639	32,969,162	24,287,259
Trade and other receivables	20	17,342,036	16,971,930	23,083,851
Prepayments		4,069,604	7,089,659	3,234,727
Tax recoverable		1,070,326	956,898	1,177,275
Cash and bank balances	21	115,107,081	94,526,898	76,379,232
		166,339,686	152,514,547	128,162,344
TOTAL ASSETS		621,743,918	594,619,403	532,478,968
Equity and liabilities				
Current liabilities				
Trade and other payables	22	27,952,070	29,911,801	23,375,483
Loans and borrowings	23	14,376,162	8,371,468	9,315,447
Tax payable		3,036,728	2,901,362	2,617,913
Derivatives	34	6,959,775	-	-
		52,324,735	41,184,631	35,308,843
Net current assets		114,014,951	111,329,916	92,853,501
Non-current liabilities				
Loans and borrowings	23	21,190,000	36,747,326	22,323,440
Other payables	22	11,217,578	12,800,967	13,671,774
Deferred tax liabilities	24	45,388,476	44,129,470	42,348,191
		77,796,054	93,677,763	78,343,405
Total liabilities		130,120,789	134,862,394	113,652,248
Net assets		491,623,129	459,757,009	418,826,720
Equity attributable to owners of the Company				
Share capital	25	305,287,441	304,237,352	302,252,972
Other reserves	26	139,855,717	117,732,589	88,844,858
		445,143,158	421,969,941	391,097,830
Minority interests		46,479,971	37,787,068	27,728,890
Total equity		491,623,129	459,757,009	418,826,720
TOTAL EQUITY AND LIABILITIES		621,743,918	594,619,403	532,478,968

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

Company Statement of Financial Position

As at 31 January 2011

	Note	2011 RM	2010 (restated) RM	As at 1.2.2009 (restated) RM
Assets				
Non-current assets				
Property, plant and equipment	13	68,041,527	67,278,710	67,892,959
Biological assets	15	2,232,861	1,830,127	1,871,926
Investments in subsidiaries	16	49,479,911	48,624,901	44,674,901
Other receivables	20	108,499,447	94,383,217	106,782,905
		228,253,746	212,116,955	221,222,691
Current assets				
Inventories	19	278,464	648,496	942,760
Trade and other receivables	20	66,556,764	77,994,554	74,278,646
Prepayments		63,108	1,400,028	123,153
Cash and bank balances	21	53,948,859	60,284,940	45,385,942
		120,847,195	140,328,018	120,730,501
TOTAL ASSETS		349,100,941	352,444,973	341,953,192
Equity and liabilities				
Current liabilities				
Trade and other payables	22	2,401,062	2,621,679	4,716,727
Tax payable		472,813	406,813	97,813
Derivatives	34	1,391,955	-	-
		4,265,830	3,028,492	4,814,540
Net current assets		116,581,365	137,299,526	115,915,961
Non-current liabilities				
Deferred tax liabilities	24	9,661,089	9,802,878	9,876,678
Total liabilities		13,926,919	12,831,370	14,691,218
Net assets		335,174,022	339,613,603	327,261,974
Equity attributable to owners of the Company				
Share capital	25	305,287,441	304,237,352	302,252,972
Other reserves	26	29,886,581	35,376,251	25,009,002
Total equity		335,174,022	339,613,603	327,261,974
TOTAL EQUITY AND LIABILITIES		349,100,941	352,444,973	341,953,192

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 2011

				<---- Attributable to owners of the Company							
					<---- Non-Distributable				---->Distributable		
	Note	Total equity	Total	Share capital (Note 25)	Share premium (Note 27)	Other reserves, total	Revaluation reserve (Note 28)	Option reserve (Note 29)	Hedging reserve (Note 34(c))	Retained profits	Minority interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM	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	2.2(iii)	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 28)		-	-	-	-	(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 minority 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	-	-	-	-	-	-	-
Expenses in relation to issuance of shares		(27,780)	(27,780)	-	(27,780)	-	-	-	-	-	-
Minority interests share of loss set off against their advances		10,894	-	-	-	-	-	-	-	-	10,894
Dividends for the year ended											
- 31 January 2010		(18,266,151)	(18,266,151)	-	-	-	-	-	-	(18,266,151)	-
- 31 January 2011		(19,159,852)	(15,259,852)	-	-	-	-	-	-	(15,259,852)	(3,900,000)
		(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.

Consolidated Statement of Changes in Equity

For the financial year ended 31 January 2011

		<----- Attributable to owners of the Company							
				<----- Non-Distributable			----->Distributable		
	Total equity	Total	Share capital (Note 25)	Share premium (Note 27)	Other reserves, total	Revaluation reserve (Note 28)	Option reserve (Note 29)	Retained profits	Minority interests
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2009	418,826,720	391,097,830	302,252,972	623,425	44,738,856	44,520,967	217,889	43,482,577	27,728,890
Realisation of revaluation surplus on leasehold land, net of tax (Note 28)	-	-	-	-	(825,670)	(825,670)	-	825,670	-
Total comprehensive income	59,524,916	48,137,545	-	-	-	-	-	48,137,545	11,387,371
Transactions with owners									
Share-based payment under ESOS	47,234	47,234	-	-	47,234	-	47,234	-	-
Issuance of shares to minority interests of subsidiary company	1,050,000	-	-	-	-	-	-	-	1,050,000
Transfer of reserve arising from exercise of ESOS	-	-	-	105,143	(105,143)	-	(105,143)	-	-
Issue of shares pursuant to exercise of :									
- ESOS	924,948	924,948	851,900	73,048	-	-	-	-	-
- Warrants	1,132,480	1,132,480	1,132,480	-	-	-	-	-	-
Expenses in relation to issuance of shares	(14,175)	(14,175)	-	(14,175)	-	-	-	-	-
Minority interests share of loss set off against their advances	20,807	-	-	-	-	-	-	-	20,807
Dividends for the year ended									
- 31 January 2009	(7,194,155)	(7,194,155)	-	-	-	-	-	(7,194,155)	-
- 31 January 2010	(14,561,766)	(12,161,766)	-	-	-	-	-	(12,161,766)	(2,400,000)
Total transactions with owners	(18,594,627)	(17,265,434)	1,984,380	164,016	(57,909)	-	(57,909)	(19,355,921)	(1,329,193)
At 31 January 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

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 2011

	Note	Total equity	Share capital (Note 25)	Share premium (Note 27)	Revaluation reserve (Note 28)	Option reserve (Note 29)	Hedging reserve (Note 34(c))	Retained profits
				<------------------- Non-distributable			------------------->	Distributable
		RM	RM	RM	RM	RM	RM	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 28)		-	-	-	(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	40	(18,266,151)	-	-	-	-	-	(18,266,151)
- 31 January 2011	40	(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.

Company Statement of Changes in Equity

For the financial year ended 31 January 2011

	Note	Total equity	<----------- Non-distributable Share capital (Note 25)	Share premium (Note 27)	Revaluation reserve (Note 28)	Option reserve (Note 29) ------------->	Distributable Retained profits
		RM	RM	RM	RM	RM	RM
At 1 February 2009		327,261,974	302,252,972	623,425	14,700,001	217,889	9,467,687
Realisation of revaluation surplus on leasehold land, net of tax (Note 28)		-	-	-	(203,988)	-	203,988
Total comprehensive income		29,617,063	-	-	-	-	29,617,063
Transactions with owners							
Share-based payment under ESOS		47,234	-	-	-	47,234	-
Transfer of reserve arising from exercise of ESOS		-	-	105,143	-	(105,143)	-
Issue of shares pursuant to exercise of :							
- ESOS		924,948	851,900	73,048	-	-	-
- Warrants		1,132,480	1,132,480	-	-	-	-
Expenses in relation to issuance of shares		(14,175)	-	(14,175)	-	-	-
Dividends for the year ended							
- 31 January 2009	40	(7,194,155)	-	-	-	-	(7,194,155)
- 31 January 2010	40	(12,161,766)	-	-	-	-	(12,161,766)
Total transactions with owners		(17,265,434)	1,984,380	164,016	-	(57,909)	(19,355,921)
At 31 January 2010		339,613,603	304,237,352	787,441	14,496,013	159,980	19,932,817

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 2011

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating activities				
Cash receipts from customers	568,116,996	458,006,144	30,404,128	25,443,589
Rental received	55,922	67,800	33,000	-
Interest received	2,622,320	1,780,310	3,115,616	3,207,553
Dividends received	1,333	-	19,775,000	20,655,000
Cash paid to suppliers and employees	(453,310,853)	(355,169,011)	(14,987,560)	(16,413,583)
Cash generated from operations	117,485,718	104,685,243	38,340,184	32,892,559
Interest paid	(1,969,266)	(1,330,190)	-	-
Income tax paid	(18,524,973)	(17,616,181)	(3,363,445)	(3,300,257)
Net cash generated from operating activities	96,991,479	85,738,872	34,976,739	29,592,302
Investing activities				
Acquisition of biological assets, land use rights and property plant and equipment (Note a)	(31,058,527)	(36,288,772)	(1,595,863)	(2,531,179)
Advances to subsidiaries	-	-	(21,892,197)	(37,561,798)
Repayments from subsidiaries	-	-	15,112,346	47,624,040
Additional investment in existing subsidiaries	(5,010)	-	(855,010)	(3,950,000)
Addition of intangible assets (Note b)	(661,141)	(912,785)	-	-
Interest paid	-	(66,704)	-	-
Net cash effect on acquisition of a subsidiary (Note c)	-	(25,368,216)	-	-
Proceeds from disposal of property, plant and equipment (Note d)	525,424	228,031	20,000	27,818
Proceeds from disposal of quoted investments	42,686	-	-	-
Net cash flows (used in)/generated from investing activities	(31,156,568)	(62,408,446)	(9,210,724)	3,608,881
Financing activities				
Dividends paid	(33,526,003)	(19,355,921)	(33,526,003)	(19,355,921)
Dividends paid to minority interests	(3,900,000)	(2,400,000)	-	-
Expenses paid in relation to issuance of shares	(27,780)	(14,175)	(27,780)	(14,175)
Proceeds from issuance of shares to minority interests	300,000	1,050,000	-	-
Proceeds from issuance of shares	1,451,687	2,057,428	1,451,687	2,057,428
Proceeds from bank borrowings	2,500,000	20,000,000	-	-
Repayments to subsidiary companies	-	-	-	(989,517)
Repayments of bank borrowings	(11,197,114)	(7,093,669)	-	-
Net cash flows used in financing activities	(44,399,210)	(5,756,337)	(32,102,096)	(18,302,185)
Net increase/(decrease) in cash and cash equivalents	21,435,701	17,574,089	(6,336,081)	14,898,998
Cash and cash equivalents at beginning of the year	92,852,544	75,278,455	60,284,940	45,385,942
Cash and cash equivalents at the end of the year (Note 21)	114,288,245	92,852,544	53,948,859	60,284,940

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Biological assets, land use rights and property, plant and equipment acquired	32,400,101	32,586,469	2,934,863	1,192,179
Less expenses capitalised :				
- depreciation and amortisation	(168,698)	(197,208)	-	-
- interest	-	(66,704)	-	-
Cash paid in respect of prior year acquisition	3,575,225	2,195,638	-	-
Unpaid balances of current year's acquisition included under payables	(2,222,594)	(1,410,099)	-	-
Prepayment/deposits paid in prior years	(3,090,531)	(1,220,485)	(1,339,000)	-
Prepayment/deposits paid in current year	565,024	4,401,161	-	1,339,000
Cash paid	31,058,527	36,288,772	1,595,863	2,531,179

Note b : Intangible assets

Incurred during the year	1,433,389	1,677,703	-	-
Less : Depreciation of property, plant and equipments and amortisation of patent capitalised	(772,248)	(764,918)	-	-
Cash paid	661,141	912,785	-	-

Note c : Net cash effect on acquisition of a subsidiary

Non-current assets	-	24,392,274	-	-
Current assets	-	659,016	-	-
Current liabilities	-	(13,805,271)	-	-
	-	11,246,019	-	-
Goodwill on consolidation	-	368,226	-	-
Liabilities taken over	-	13,753,981	-	-
Total consideration	-	25,368,226	-	-
Less : Cash and cash equivalents acquired	-	(10)	-	-
Net cash effect	-	25,368,216	-	-

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

Proceeds from disposal of property, plant and equipment	1,275,424	228,031	20,000	27,818
Less: Unpaid balances included under receivables	(750,000)	-	-	-
	525,424	228,031	20,000	27,818

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

Notes to the Financial Statements
For the financial year ended 31 January 2011

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 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 January 2010 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 the financial statements 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 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations which are relevant to the operations of the Group and of the Company for the financial year ended 31 January 2011:

FRS 7 Financial Instruments: Disclosures
FRS 8 Operating Segments
FRS 101 Presentation of Financial Statements (Revised)
FRS 123 Borrowing Costs
FRS 139 Financial Instruments: Recognition and Measurements
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated
and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132 Financial Instruments: Presentation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement,
FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRS issued in 2009
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions

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

2.2 Changes in accounting policies (cont'd)

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for the followings:

FRS 7 Financial Instruments: Disclosures

Prior to 1 February 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 January 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117

Prior to 1 February 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

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

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 (cont'd)

The following are effects to the statements of financial position as at 31 January 2011 arising from the above change in accounting policy:

Group	**2011 RM**
Increase/(decrease) in:	
Property, plant and equipment	173,450,894
Land use rights	(173,450,894)

Company	
Increase/(decrease) in:	
Property, plant and equipment	61,319,903
Land use rights	(61,319,903)

The following comparatives have been restated:

	As previously stated	**Adjustments**	**As restated**
Consolidated statement of financial position 31 January 2010			
Property, plant and equipment	185,197,044	175,798,689	360,995,733
Land use rights	178,735,107	(175,798,689)	2,936,418
1 February 2009			
Property, plant and equipment	169,514,979	161,596,259	331,111,238
Land use rights	164,647,337	(161,596,259)	3,051,078
Company statement of financial position 31 January 2010			
Property, plant and equipment	5,074,731	62,203,979	67,278,710
Land use rights	62,203,979	(62,203,979)	-
1 February 2009			
Property, plant and equipment	4,804,904	63,088,055	67,892,959
Land use rights	63,088,055	(63,088,055)	-

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

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 February 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 February 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Equity instruments
Prior to 1 February 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, are designated at 1 February 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM41,500.

(ii) Financial guarantee contracts
During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 February 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 February 2010.

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the bank would have charged had these guarantees not been available.

The Directors have assessed the fair value of these financial guarantees to have no material financial impact on the results and the retained profits of the Company.

(iii) Amount owing to a minority shareholder of a subsidiary
Prior to 1 February 2010, this amount is recorded at cost in the Group's financial statements. Upon the adoption of FRS 139, the interest-free amount is recorded initially at a fair value that is lower than cost. The difference between the fair value and cost of the amount is recognised as income to the Group. Subsequent to initial recognition, the amount is measured at amortised cost. As at 1 February 2010, the Group has remeasured such amount at its amortised cost of RM4,145,750 and the adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings and minority interests as at that date.

The following are effects arising from the above change in accounting policy:

	Increase/(decrease)	
Consolidated statement of financial position	**As at 31 January 2011 RM**	**As at 1 February 2010 RM**
Other payables under non-current liabilities		
- Amount owing to a minority shareholder of a subsidiary	(722,495)	(1,004,250)
Minority interests	174,180	264,342
Retained profits	548,315	739,908

Consolidated statement of comprehensive income	**Increase 2011 RM**
Interest expense	
- Arising from amount owing to a minority shareholder of a subsidiary	281,755

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

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

(iii) Amount owing to a minority shareholder of a subsidiary (cont'd)

	Group Decrease 2011 Sen per share
Earnings per share :	
Basic	0.09
Diluted	0.09

(iv) Derivatives

Prior to 1 February 2010, all interest rate swap contracts and commodity swap contracts were recognised in the financial statements only upon settlement.

Upon the adoption of FRS 139, those derivatives held by the Group and the Company have not been designated or do not qualify for hedge accounting are recognised at their fair values and are classified as financial assets at fair value through profit or loss.

Those derivatives that meet the criteria for hedging are accounted for by using the cash flow hedge. Under the cash flow hedge, the effective portion of the gain or loss on the derivative is recognised directly in other comprehensive income into the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss.

The following are effects arising from the adoption of FRS 139:

	Increase/(decrease)	
	As at 31 January 2011 RM	As at 1 February 2010 RM
Consolidated statement of financial position		
Derivative liabilities	6,959,775	-
Deferred tax liabilities	(1,739,945)	-
Hedging reserve	(3,883,553)	-
Minority interests	(1,336,277)	-

Consolidated statement of comprehensive income	Increase/(decrease) 2011 RM
Interest expense	
- Arising from interest rate swap contract	62,336
Other comprehensive income for the year, net of tax	
- Arising from commodity swap contract	(5,219,830)

As at 31 January 2011, the fair value of the interest rate swap contract is immaterial.

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

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

(iv) Derivatives (cont'd)

	Increase/(decrease) As at 31 January 2011 RM	Increase/(decrease) As at 1 February 2010 RM
Company statement of financial position		
Derivative liabilities	1,391,955	-
Deferred tax liabilities	(347,989)	-
Hedging reserve	(1,043,966)	-

Company statement of comprehensive income

	Decrease 2011 RM
Other comprehensive income for the year, net of tax	
- Arising from commodity swap contract	1,043,966

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 2011:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements of FRSs (2010)	1 January 2011
Additional Exemptions for First-Time Adopters (Amendments to FRS 1)	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1 January 2011
FRS 124: Related Party Disclosures	1 January 2012

The Directors do not expect any material impact on the financial statements arising from the adoption of the above standards and interpretations.

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

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 purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.11(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.6 Transaction with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the Company's shareholders' equity. Transactions with minority interests are accounted for using the parent entity extension method, whereby, on acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to minority interests is recognised in profit or loss.

2.7 Foreign currency

(i) Functional and presentation currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Group and 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.

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

2.7 Foreign currency (cont'd)

(ii) Foreign currency transactions (cont'd)

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

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

2.8 Property, plant and equipment

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

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

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

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

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

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

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

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

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

2.9 Biological assets

New planting and replanting expenditure incurred on land clearing, development and upkeep of immature oil palms (including interest incurred) during the pre-maturity period (pre-cropping costs) is capitalised under biological assets and is not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping cost is amortised on a straight line basis over 15-20 years.

All replanting expenditure is also capitalised in biological assets and amortised on the abovementioned basis.

2.10 Land use rights

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

2.11 Intangible assets

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

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

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

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

(i) Goodwill

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

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

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

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

(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 charged to the profit or loss based on a straight line basis over a period of fifteen (15) years from the date of successful registration.

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

2.11 Intangible assets (cont'd)

(iii) Research and development expenditure

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

2.12 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.13 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition for the purpose of the first adoption of the standard, as at transitional date on 1 February 2010.

(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. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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.

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)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade 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 amount 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 manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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.

2.19 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

The Group does not identify segments by geographical location as it operates only in Malaysia.

The accounting policies adopted in segment reporting are identical to the accounting policies of the Group.

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

2.20 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.

2.23 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.

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

2.24 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 unused tax credits 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; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

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

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.

2.26 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.

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

2.27 Leases (cont'd)

(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 or the interest rate risk in an unrecognised firm commitment.

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.

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 intangible assets

During the year, the management reviewed and revised the useful lives of motor vehicle and intangible assets from 5 years to 10 years based on their life expectancies. The effects of the revision for property, plant and equipment is disclosed in Note 13 and there is no impact for intangible assets as it is yet to put in use. A 5% difference in the expected useful lives of these assets from management's estimates would result in less than 1% (2010: Nil) variance in the Group's profit for the year.

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(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.

4. Revenue

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of :				
Fresh fruit bunches	3,854,575	9,534,319	24,550,000	22,862,354
Palm oil milling products	559,339,481	441,555,380	-	-
Cocoa and others	214,323	443,546	212,813	438,261
	563,408,379	451,533,245	24,762,813	23,300,615

5. Cost of sales

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fresh fruit bunches	4,467,350	4,610,556	8,698,745	9,582,535
Palm oil milling products	447,230,884	348,100,040	-	-
Cocoa and others	222,410	537,401	222,410	517,709
	451,920,644	353,247,997	8,921,155	10,100,244

6. Other income

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income	2,641,358	1,817,351	3,110,008	3,221,356
Rental income	55,922	67,800	33,000	-
Sundry income	1,318,460	1,294,216	2,427,038	3,011,782
Gain on disposal of property, plant and equipment	620,546	82,995	5,833	-
Dividend income	1,333	-	19,775,000	20,655,000
	4,637,619	3,262,362	25,350,879	26,888,138

7. Finance costs

	Group 2011 RM	Group 2010 RM
Interest expense on:		
- bank borrowings	1,950,864	1,426,041
- amount due to a minority shareholder of a subsidiary	281,755	-
	2,232,619	1,426,041
Less: Interest capitalised to biological assets (Note 15)	-	(66,704)
	2,232,619	1,359,337

The interest expense on amount due to a minority shareholder of a subsidiary arose as a result of the outstanding amount was remeasured at its amortised cost on 1 February 2010.

8. Profit before tax

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Auditors' remuneration				
Statutory audit				
- current year	185,000	144,400	30,000	25,000
- underprovision in prior years	23,900	7,800	5,000	1,000
Other services	50,000	22,000	50,000	-
Depreciation and amortisation:				
- property, plant and equipment (Note 13)	15,878,471	14,406,789	1,253,404	1,282,909
- land use rights (Note 14)	114,660	114,660	-	-
- biological assets (Note 15)	5,002,598	4,459,193	479,451	497,660
Write off of:				
- goodwill on consolidation	-	368,226	-	-
- property, plant and equipment	448,509	690,659	22,288	39,456
- biological assets	2	84,600	2	-
- bad debts	636,765	63,963	25,882	-
- inventories	5	8,258	-	800
Write down/(back) of inventories	1,730,532	(96,586)	101	-
Allowance for impairment on:				
- other receivables	241,000	-	875,899	-
Rental of premises	241,902	256,602	190,392	190,392
Reversal of impairment loss on investment in quoted securities	-	(29,000)	-	-
Gain on disposal of investment in quoted securities	(1,186)	-	-	-
Employee benefits expense (Note 9)	29,391,033	27,805,263	7,660,409	6,931,774
(Gain)/loss on disposal of property, plant and equipment	(576,486)	(77,844)	(5,833)	385
Rental income	(55,922)	(67,800)	(33,000)	-
Gross dividend income from:				
- subsidiaries	-	-	(19,775,000)	(20,655,000)
- quoted securities	(1,333)	-	-	-
Interest income from:				
- deposit	(2,570,398)	(1,745,591)	(1,327,452)	(1,110,252)
- subsidiaries	-	-	(1,711,596)	(2,039,344)
- others	(70,960)	(71,760)	(70,960)	(71,760)

9. Employee benefits expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Salaries, wages and bonuses	28,292,773	26,638,582	6,985,198	6,419,243
Defined contribution plan	1,830,293	1,604,242	559,844	450,113
Social security costs	165,227	152,136	18,648	15,184
HRD fund	24,848	25,310	-	-
Retrenchment benefit	-	10,530	-	-
Share options granted under ESOS	163,238	47,234	163,238	47,234
Total employee benefits expenses	30,476,379	28,478,034	7,726,928	6,931,774
Amount capitalised in biological assets (Note 15)	(738,722)	(117,782)	(66,519)	-
Amount capitalised in development expenditure (Note 18)	(346,624)	(554,989)	-	-
Total employee benefit expenses charged to profit or loss	29,391,033	27,805,263	7,660,409	6,931,774

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM2,228,211 (2010 : RM1,663,922) and RM2,078,411 (2010 : RM1,539,922) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Directors of the Company				
Executive:				
Fees	153,000	133,000	23,000	23,000
Salaries and other emoluments	1,816,300	1,358,500	1,796,500	1,344,500
Defined contribution plan	214,200	160,140	214,200	160,140
Share options granted under ESOS	44,711	12,282	44,711	12,282
	2,228,211	1,663,922	2,078,411	1,539,922
Estimated monetary value of benefits-in-kind	13,325	13,325	13,325	13,325
	2,241,536	1,677,247	2,091,736	1,553,247
Non-Executive :				
Fees	140,000	140,000	140,000	140,000
Other emoluments	8,000	7,000	8,000	7,000
	148,000	147,000	148,000	147,000
	2,389,536	1,824,247	2,239,736	1,700,247

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	
	2011	**2010**
Executive directors:		
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	1
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	2	-
RM650,001 - RM700,000	1	-
Non-executive directors:		
RM0 - RM50,000	2	2
RM50,001 - RM100,000	1	1

11. Tax

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Income tax:				
- Current year	18,566,000	18,111,000	3,476,000	3,510,000
- (Over)/underprovision in prior year	(19,089)	35,101	(46,555)	99,257
	18,546,911	18,146,101	3,429,445	3,609,257
Real property gains tax:				
- Overprovision in prior year	-	(26,094)	-	-
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	1,277,750	1,482,739	279,000	39,000
Realisation of revaluation surplus on land	(288,960)	(288,960)	(121,800)	(121,800)
(Over)/underprovision in prior years	(512,839)	616,500	49,000	9,000
	475,951	1,810,279	206,200	(73,800)
	19,022,862	19,930,286	3,635,645	3,535,457

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

11. Tax (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense of the Group and of the Company is as follows :

	2011 RM	2010 RM
Group		
Profit before tax	90,632,526	79,455,202
Taxation at Malaysian statutory tax rate of 25%	22,658,132	19,863,801
Tax effects of:		
- Pre-acquisition interest income	-	434,839
- Expenses not deductible for tax purposes	1,218,172	1,101,777
- Income not subject to tax	(926,499)	(254,820)
- Deferred tax assets not recognised during the year on deductible temporary differences	999,375	53,177
- Double deductions	(23,446)	(21,423)
- Investment tax allowance	(2,645,000)	(209,000)
- Reinvestment allowance	(1,725,944)	(1,663,572)
(Over)/underprovision of income tax expense in prior years	(19,089)	35,101
Overprovision of real property gain tax in prior year	-	(26,094)
(Over)/underprovision of deferred tax in prior years	(512,839)	616,500
Tax expense for the year	19,022,862	19,930,286
Company		
Profit before tax	32,178,888	33,152,520
Taxation at Malaysian statutory tax rate of 25%	8,044,722	8,288,130
Tax effects of:		
- Income not subject to tax	(4,973,713)	(5,170,744)
- Expenses not deductible for tax purposes	562,191	309,814
(Over)/underprovision of income tax expense in prior years	(46,555)	99,257
Underprovision of deferred tax in prior years	49,000	9,000
Tax expense for the year	3,635,645	3,535,457

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	
	2011	2010
Profit net of tax, attributable to owners of the Company	58,255,720	48,137,545
Weighted average number of ordinary shares in issue	304,657,434	303,271,000
Basic earnings per share (sen)	19.12	15.87

12. Earnings per share (cont'd)

(b) Diluted

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2011	**2010**
Profit net of tax, attributable to owners of the Company	58,255,720	48,137,545
Weighted average number of ordinary shares in issue	304,657,434	303,271,000
Effect of dilution - share options	193,224	219,000
Effect of dilution - warrant	1,537,303	1,556,000
Adjusted weighted average number of ordinary shares in issue and issuable	306,387,961	305,046,000
Diluted earnings per share (sen)	19.01	15.78

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 74,800 (2010: 65,900) ordinary shares; and

(ii) Certain warranty holders have exercised their warrants to acquire 762,619 (2010: 55,160) 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 2009							
As previously stated	13,586,469	48,686,535	131,268,796	8,136,526	10,064,552	23,859,020	235,601,898
Effect of adopting amendments to FRS 117	172,756,423	-	-	-	-	-	172,756,423
As restated	186,342,892	48,686,535	131,268,796	8,136,526	10,064,552	23,859,020	408,358,321
Additions	1,553,493	1,724,134	8,688,456	1,114,465	691,936	16,535,776	30,308,260
Arising from acquisition of subsidiary company	14,927,095	579,215	79,283	22,715	542,230	-	16,150,538
Disposals	-	-	(257,911)	(2,030)	(441,750)	-	(701,691)
Written off	-	(140,710)	(1,830,030)	(62,288)	(480,666)	(4,102)	(2,517,796)
Reclassifications	-	7,320,312	9,192,186	-	(217,300)	(16,295,198)	-
At 31 January 2010 and 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	203,794,703	61,947,957	179,038,370	9,533,061	10,853,720	9,212,150	474,379,961

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
Accumulated depreciation							
At 1 February 2009							
As previously stated	-	10,010,658	45,200,760	4,654,975	6,220,526	-	66,086,919
Effect of adopting amendments to FRS 117	11,160,164	-	-	-	-	-	11,160,164
As restated	11,160,164	10,010,658	45,200,760	4,654,975	6,220,526	-	77,247,083
Charge for the year	2,278,158	2,297,804	9,299,180	605,237	888,536	-	15,368,915
Arising from acquisition of subsidiary company	-	102,519	28,341	8,993	224,689	-	364,542
Disposals	-	-	(176,815)	(582)	(374,107)	-	(551,504)
Written off	-	(61,283)	(1,246,962)	(41,813)	(477,079)	-	(1,827,137)
Reclassifications	-	-	68,098	-	(68,098)	-	-
At 31 January 2010 and 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	15,786,117	14,820,774	62,167,661	5,762,293	6,680,769	-	105,217,614
Net carrying amount							
At 31 January 2010	189,385,158	45,819,788	93,968,178	3,982,578	3,744,535	24,095,496	360,995,733
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
Net carrying amount of assets under restriction of title due to bank borrowings:							
At 31 January 2010	34,497,729	17,902,542	26,430,295	288,558	192,867	1,904,040	81,216,031
At 31 January 2011	33,393,927	17,330,081	29,337,775	281,114	195,528	1,174,671	81,713,096

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

^ Land consist of :

	2011 Cost RM	2011 Net book value RM	2010 Cost RM	2010 Net book value RM
Freehold land	13,586,469	13,586,469	13,586,469	13,586,469
Long leasehold land	190,208,234	174,422,117	189,237,011	175,798,689
	203,794,703	188,008,586	202,823,480	189,385,158

	2011 RM	2010 RM
Depreciation charge for the year:		
Amount capitalised in biological assets (Note 15)	168,698	197,208
Amount capitalised in development expenditure (Note 18)	767,961	764,918
Amount charged to profit or loss (Note 8)	15,878,471	14,406,789
	16,815,130	15,368,915

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 2009							
As previously stated	-	4,916,305	2,849,375	935,250	1,873,813	27,320	10,602,063
Effect of adopting amendments to FRS117	67,449,266	-	-	-	-	-	67,449,266
As restated	67,449,266	4,916,305	2,849,375	935,250	1,873,813	27,320	78,051,329
Additions	-	155,453	71,566	290,318	-	218,981	736,318
Disposals	-	-	(50,048)	(1,080)	(10,032)	-	(61,160)
Written off	-	(49,210)	(4,001)	(39,616)	(173,300)	-	(266,127)
Reclassification	-	165,408	73,197	-	-	(238,605)	-
At 31 January 2010 and 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	67,856,221	6,169,374	2,951,408	1,208,654	1,938,247	260,862	80,384,766
Accumulated depreciation							
At 1 February 2009							
As previously stated	-	1,484,486	2,195,712	513,131	1,603,830	-	5,797,159
Effect of adopting amendments to FRS117	4,361,211	-	-	-	-	-	4,361,211
As restated	4,361,211	1,484,486	2,195,712	513,131	1,603,830	-	10,158,370
Charge for the year (Note 8)	884,076	99,828	111,815	92,249	94,941	-	1,282,909
Disposals	-	-	(25,858)	(495)	(6,605)	-	(32,958)
Written off	-	(22,027)	(3,999)	(27,349)	(173,296)	-	(226,671)
At 31 January 2010 and 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	6,129,363	1,682,366	2,376,549	626,453	1,528,508	-	12,343,239

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
Net carrying amount							
At 31 January 2010	62,203,979	3,625,669	662,419	607,336	171,611	7,696	67,278,710
At 31 January 2011	61,726,858	4,487,008	574,859	582,201	409,739	260,862	68,041,527

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 provision of FRS 117.

During the financial year, the Group and the Company revised the residual value and estimated useful lives of motor vehicle from five to ten years, in order to be in line with the holding company's accounting policy. The revision in estimate has been applied on a prospective basis from 1 February 2010. The effects of the above revision on depreciation charge in current and future periods are as follows:

Group	2011 RM	2012 RM	2013 and subsequent years RM
(Decrease)/increase in depreciation charge	(421,873)	(428,702)	320,546
Company			
(Decrease)/increase in depreciation charge	(78,770)	(75,961)	64,492

14. Land use rights

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
At 1 February 2010/2009 (as previously stated)	178,735,107	164,647,337	62,203,979	63,088,055
Effect of adopting amendments to FRS117	(175,798,689)	(161,596,259)	(62,203,979)	(63,088,055)
As restated	2,936,418	3,051,078	-	-
Amortisation (Note 8)	(114,660)	(114,660)	-	-
At 31 January	2,821,758	2,936,418	-	-
Analysed as:				
Long term leasehold land	614,586	626,166	-	-
Short term leasehold land	2,207,172	2,310,252	-	-
	2,821,758	2,936,418	-	-
Net carrying amount under restriction of title due to bank borrowings	614,586	626,166	-	-
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 year	2,248,458	2,363,118	-	-

15. Biological assets

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cost				
At 1 February 2010/2009	104,442,002	93,566,504	10,001,721	9,545,860
Additions	6,264,530	2,278,209	882,187	455,861
Arising from acquisition of a subsidiary	-	9,175,093	-	-
Written off	(257,261)	(577,804)	(257,261)	-
At 31 January	110,449,271	104,442,002	10,626,647	10,001,721
Accumulated depreciation				
At 1 February 2010/2009	32,771,090	28,236,286	8,171,594	7,673,934
Amortisation for the year (Note 8)	5,002,598	4,459,193	479,451	497,660
Arising from acquisition of a subsidiary	-	568,815	-	-
Written off	(257,259)	(493,204)	(257,259)	-
At 31 January	37,516,429	32,771,090	8,393,786	8,171,594
Net carrying amount				
At 31 January	72,932,842	71,670,912	2,232,861	1,830,127

15. Biological assets (cont'd)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Net carrying amount				
Net carrying amount of assets under restriction of title due to bank borrowings	23,583,783	25,473,234	-	-

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Included in the addition of biological assets are :				
Depreciation of property, plant and equipment (Note 13)	168,698	197,208	-	-
Interest (Note 7)	-	66,704	-	-
Employee benefit expenses (Note 9)	738,722	117,782	66,519	-
Lease rental	-	72,000	-	-

16. Investment in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	50,941,740	50,086,730
Less: Accumulated impairment losses	(1,461,829)	(1,461,829)
	49,479,911	48,624,901

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2011	Proportion of effective ownership interest (%) 2010
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 operation during the financial year.	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
Kim Loong Corporation Sdn. Bhd.	Malaysia	Investment holding	100	100
Winsome Pelita (Pantu) Sdn. Bhd.	Malaysia	Cultivation of oil palm	60	60

16. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2011	2010
Okidville Holdings Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	100	100
Desa Okidville Sdn. Bhd.	Malaysia	Cultivation of oil palm	51	51
Desa Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products	70	70
Kim Loong Technologies (Sabah) Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	70	70
Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Trading of fresh fruit bunches and investment holding	100	100
Kim Loong Palm Oil Mills Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products	100	100
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
Winsome Yields Sdn. Bhd.	Malaysia	Investment holding	90	90
Winsome Al-Yatama Sdn. Bhd.	Malaysia	Cultivation of oil palm	68	68
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
Okidville Jaya Sdn. Bhd.	Malaysia	Investment holding	100	90
Sepulut Plantations Sdn. Bhd.	Malaysia	Dormant	100	90

(a) Acquisition of additional equity interest in a subsidiary

On 1 April 2010, the Company acquired additional 10% equity interest in one of its subsidiaries, Okidville Jaya Sdn. Bhd.. Upon the acquisition, the subsidiary has become a wholly owned subsidiary.

(b) Allotment of shares

During the financial year, the Company was allotted with the following:

(i) 150,000 ordinary shares of RM1 each by a subsidiary, Kim Loong Power Sdn. Bhd.. The consideration of the shares allotted amounting to RM150,000 was satisfied by cash of RM150,000.

(ii) 700,000 ordinary shares of RM1 each by a subsidiary, Palm Nutraceuticals Sdn Bhd. The total consideration of RM700,000 for the shares allotted was satisfied by cash of RM700,000.

(c) Acquisition of a subsidiary

In previous financial year, a wholly-owned subsidiary, Kim Loong Corporation Sdn. Bhd., acquired 60% equity interest in Winsome Pelita (Pantu) Sdn. Bhd. ("WPPSB"). Upon the acquisition, WPPSB became a subsidiary of the Group. WPPSB, an unlisted company incorporated in Malaysia, is involved in the cultivation of oil palm.

The effect of the acquisition of WPPSB on the financial results of the Group during the last financial year is shown below:

	2010 RM
Revenue	28,029
Loss before tax	(585,827)
Net loss for the financial year	(1,001,166)

16. Investment in subsidiaries (cont'd)

(c) Acquisition of a subsidiary (cont'd)

The effect of the acquisition of WPPSB on the financial position of the Group at the end of the last financial year is shown below:

	2010 RM
Non-current assets	12,358,052
Current assets	(13,275,661)
Current liabilities	(103,057)
Non-current liabilities	19,500
Decrease in Group's net assets	(1,001,166)

17. Quoted investments

	Group 2011 RM	**2010 RM**
Available-for-sale financial assets		
Securities quoted in Malaysia, at cost	-	362,081
Less : Provision for impairment loss	-	(320,581)
	-	41,500
Market value of securities		
- Securities quoted in Malaysia	-	41,500

18. Intangible assets

Group	**Development expenditure RM**	**Patents RM**	**Total RM**
Cost:			
At 1 February 2009	1,452,590	-	1,452,590
Additions	1,677,703	-	1,677,703
At 31 January 2010 and 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	4,563,682	74,890	4,638,572
Accumulated amortisation and impairment:			
At 1 February 2009 and 2010	-	-	-
Amortisation	-	4,287	4,287
At 31 January 2011	-	4,287	4,287
Carrying amount			
At 31 January 2010	3,130,293	-	3,130,293
At 31 January 2011	4,563,682	70,603	4,634,285

18. Intangible assets (cont'd)

	Group 2011 RM	Group 2010 RM
Included in the addition of development expenditure are:		
Depreciation of property, plant and equipment (Note 13)	767,961	764,918
Amortisation of patents	4,287	-
Employee benefit expenses (Note 9)	346,624	554,989

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".

Amortisation expense

The amortisation of patents is capitalised in development expenditure. There is no amortisation for development expenditure, as commercial production has not commenced.

19. Inventories

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cost				
Raw materials	465,736	386,281	-	-
Work-in-progress	27,540	26,620	-	-
Finished goods	5,862,868	16,462,308	-	-
Building materials, supplies, spare parts and consumables	5,123,869	6,498,503	196,614	613,946
	11,480,013	23,373,712	196,614	613,946
Net realisable value				
Finished goods	17,270,626	9,595,450	81,850	34,550
	28,750,639	32,969,162	278,464	648,496
Recognised in profit or loss:				
Inventories recognised as cost of sales	451,920,644	353,247,997	8,921,155	10,100,244
Write-down to net realisable value	1,784,406	71,236	101	3,728
Reversal of write downs	(53,874)	(167,822)	-	-

20. Trade and other receivables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade receivables				
Third parties	13,454,218	11,663,723	1,682	623,194
Amount owing from subsidiaries	-	-	466,787	1,584,633
Amount owing from related companies	7,140	80,641	7,140	4,560
	13,461,358	11,744,364	475,609	2,212,387
Other receivables				
Third parties	2,575,551	4,115,545	859,829	2,390,867
Refundable deposits	1,454,898	853,907	113,275	106,885
Amount owing from holding company	19,970	3,840	-	-
Amount owing from subsidiaries	-	-	65,102,051	73,280,415
Amount owing from related companies	71,259	254,274	6,000	4,000
	4,121,678	5,227,566	66,081,155	75,782,167
Less: Allowance of impairment				
Third parties	(241,000)	-	-	-
	3,880,678	5,227,566	66,081,155	75,782,167
Non-current				
Other receivables				
Amount owing from subsidiaries	-	-	109,375,346	94,383,217
Less: Allowance of impairment				
Amount owing from subsidiaries	-	-	(875,899)	-
	-	-	108,499,447	94,383,217
Total trade and other receivables (current and non-current)	17,342,036	16,971,930	175,056,211	172,377,771
Add : Cash and bank balances (Note 21)	115,107,081	94,526,898	53,948,859	60,284,940
Total loan and receivables	132,449,117	111,498,828	229,005,070	232,662,711

(a) Trade receivables

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

Ageing analysis of trade receivables

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

	Group		Company	
	2011	2010	2011	2010
Neither past due nor impaired	13,326,531	11,450,116	475,609	2,212,387
1 to 30 days past due not impaired	61,573	18,400	-	-
31 to 60 days past due not impaired	41,500	23,000	-	-
More than 60 days past due not impaired	31,754	252,848	-	-
	13,461,358	11,744,364	475,609	2,212,387

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

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 the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM134,827 (2010: RM294,248) 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 day terms (2010: 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

This amount is unsecured, non-interest bearing and with no fixed terms of repayment.

(d) Amount owing from subsidiaries - Non-trade

Included in the amounts are RM25,612,622 (2010 : RM22,884,997) which bear effective interest of 7.30% (2010 : 6.55%) per annum. All other balances are non-interest bearing. These amounts are unsecured and with 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. At the reporting date, the Company has provided an allowance of RM875,899 (2010 : RMNil) on amount owing by subsidiaries which are dormant.

(e) Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM241,000 (2010 : RMNil) for impairment of an unsecured fresh fruits bunch deposit. This deposit was paid to secure supply of fresh fruits bunch from a supplier.

21. Cash and bank balances

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and cash at bank	31,197,509	36,160,873	5,530,839	21,980,656
Time deposits with licensed banks	59,549,166	54,411,318	42,600,000	38,200,000
Short term deposits with other financial institution	24,360,406	3,954,707	5,818,020	104,284
	115,107,081	94,526,898	53,948,859	60,284,940
Less: Bank overdraft (Note 23)	(818,836)	(1,674,354)	-	-
Cash and cash equivalents	114,288,245	92,852,544	53,948,859	60,284,940

An arrangement has been made with a licensed bank whereby certain bank balances can earn interest on a daily rest basis. As at reporting date, bank balances under this arrangement for the Group and for the Company are RM24,374,418 (2010 : RM29,538,896) and RM3,480,112 (2010 : RM21,074,434) respectively. The average interest rate was 2.25% (2010 : 1.50%) per annum.

21. Cash and bank balances (cont'd)

Included in the deposits with licensed banks of the Group is an amount of RM2,217,400 (2010 : RM411,318) pledged to licensed banks as security for subsidiaries' overdraft and banker's guarantee facilities.

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 interests at the respective short-term deposit rates. The effective interest rates as at the end of the financial years are as follows:

	Group		Company	
	2011 % per annum	2010 % per annum	2011 % per annum	2010 % per annum
Time deposits with licensed banks	2.88	2.14	2.87	2.14
Short term deposits with other financial institutions	2.64	1.06	2.75	1.09

22. Trade and other payables

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade payables				
Third parties	15,453,877	18,802,159	516,686	919,168
Amount owing to holding company	-	179,825	-	-
Amount owing to related companies	60,793	145,484	-	-
	15,514,670	19,127,468	516,686	919,168
Other payables				
Sundry payables	2,110,053	4,042,306	227,259	213,237
Deposits	26,347	9,402	-	-
Accruals	9,440,092	5,882,625	1,616,095	1,382,810
Amount owing to holding company	10,158	-	557	43,240
Amount owing to related companies	750	-	-	-
Amount owing to subsidiaries	-	-	40,465	63,224
Amount owing to minority shareholder of a subsidiary	850,000	850,000	-	-
	12,437,400	10,784,333	1,884,376	1,702,511
Non-current				
Other payables				
Amount owing to minority shareholders of subsidiaries	11,217,578	12,800,967	-	-
Total trade and other payables (current and non-current)	39,169,648	42,712,768	2,401,062	2,621,679
Add: Loans and borrowings (Note 23)	35,566,162	45,118,794	-	-
Total financial liabilities carried at amortised cost	74,735,810	87,831,562	2,401,062	2,621,679

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60-day (2010: 60-day) terms.

(b) Amount owing to holding and related companies - Trade

These amounts are trade in nature with credit terms of less than 60 days.

22. Trade and other payables (cont'd)

(c) Amount owing to holding company, related companies and subsidiaries - Non Trade

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

(d) Amount owing to minority shareholders of subsidiaries

The amount arose from acquisition of a long leasehold land (classified under property, plant and equipment) and contributory loans payable to minority shareholders of subsidiaries. These are unsecured, interest-free and with the following repayment terms :

	Group	
	2011 RM	**2010 RM**
Payable within 12 months	850,000	850,000
Payable after 12 months	11,217,578	12,800,967
	12,067,578	13,650,967

Included in the amount payable after 12 months is RM7,610,000 (2010 : RM7,610,000) (treated as quasi equity) which is subordinated to one of the term loans as disclosed in Note 23 until the term loan is fully repaid.

Subsequent to the financial year end, the financial institution has waived the subordination of advances from shareholders.

23. Loans and borrowings

	Group	
	2011 RM	**2010 RM**
Current		
Bank overdrafts (Note 21)	818,836	1,674,354
Revolving credit	5,500,000	3,000,000
Term loans	8,057,326	3,697,114
	14,376,162	8,371,468
Non-current		
Term loans	21,190,000	36,747,326
	35,566,162	45,118,794

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

	Group	
	2011 RM	**2010 RM**
On demand or within one year	14,376,162	8,371,468
More than 1 year and less than 2 years	8,904,000	8,057,326
More than 2 years and less than 5 years	12,286,000	26,688,000
More than 5 years	-	2,002,000
	35,566,162	45,118,794

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.

23. Loans and borrowings (cont'd)

The principal amount of term loans is repayable over 53 monthly instalments of RM556,000 and RM186,000 each and a final instalment of RM532,000 and RM142,000 commencing from August 2010 and July 2011 respectively.

	Group	
	2011 % per annum	2010 % 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%

As at the end of the financial year, base lending rate ("BLR") is 6.30% per annum (2010: 5.55% per annum) and the cost of fund ("COF") is 3.15% per annum (2010: 2.67% per annum).

24. Deferred tax

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 February 2010/2009	40,799,470	38,989,191	9,802,878	9,876,678
Recognised in equity	(1,739,945)	-	(347,989)	-
Recognised in profit or loss (Note 11)	475,951	1,810,279	206,200	(73,800)
At 31 January	39,535,476	40,799,470	9,661,089	9,802,878
Presented after appropriate offsetting as follows :				
Deferred tax assets	(5,853,000)	(3,330,000)	-	-
Deferred tax liabilities	45,388,476	44,129,470	9,661,089	9,802,878
	39,535,476	40,799,470	9,661,089	9,802,878

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

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

24. Deferred tax (cont'd)

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

Group	At 1 February 2010 RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 January 2011 RM
Deferred tax assets				
Derivatives	-	(1,739,945)	-	(1,739,945)
Unutilised reinvestment allowance	(413,000)	-	(739,000)	(1,152,000)
Unutilised investment tax allowance	(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

Group	At 1 February 2009 RM	Recognised in profit or loss RM	At 31 January 2010 RM
Deferred tax liabilities			
Biological assets and property, plant and equipment	32,748,000	2,374,400	35,122,400
Accrued interest income	64,000	370,839	434,839
Revaluation of leasehold land	22,052,191	(288,960)	21,763,231
	54,864,191	2,456,279	57,320,470
Offsetting	(12,516,000)	(675,000)	(13,191,000)
	42,348,191	1,781,279	44,129,470
Deferred tax assets			
Unutilised reinvestment allowance	(266,000)	(147,000)	(413,000)
Unutilised investment tax allowance	(2,640,000)	362,000	(2,278,000)
Unabsorbed capital allowances	(5,498,000)	(322,000)	(5,820,000)
Unused tax losses	(6,369,000)	615,000	(5,754,000)
Unrealised profits	(1,102,000)	(1,154,000)	(2,256,000)
	(15,875,000)	(646,000)	(16,521,000)
Offsetting	12,516,000	675,000	13,191,000
	(3,359,000)	29,000	(3,330,000)
	38,989,191	1,810,279	40,799,470

24. Deferred tax (cont'd)

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

Company	At 1 February 2009 RM	Recognised in in profit or loss RM	At 31 January 2010 RM
Deferred tax liabilities			
Biological assets and property, plant and equipment	1,056,000	48,000	1,104,000
Revaluation of leasehold land	8,820,678	(121,800)	8,698,878
	9,876,678	(73,800)	9,802,878

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

	Group 2011 RM	Group 2010 RM
Unused tax losses	8,448,000	5,625,000
Unutilised investment tax allowance	9,669,000	-
Unutilised reinvestment allowance	185,000	248,000
Unabsorbed capital allowances	867,000	398,000
Other temporary differences	2,807,000	2,024,000
	21,976,000	8,295,000

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.

25. Share capital

	Number of ordinary shares of RM1 each 2011	2010	Amount 2011 RM	2010 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 February 2010/2009	304,237,352	302,252,972	304,237,352	302,252,972
Issued during the year :				
- exercise of ESOS	621,400	851,900	621,400	851,900
- exercise of Warrants	428,689	1,132,480	428,689	1,132,480
At 31 January	305,287,441	304,237,352	305,287,441	304,237,352

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

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

	Number of share options					
	Outstanding	Movement during the year			Outstanding	Exercisable
2011	**at 1 February**	**Granted**	**Exercised**	**Forfeited**	**at 31 January**	**at 31 January**
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
2010						
2005 options	991,300	-	(585,300)	(113,900)	292,100	292,100
2006 options	55,300	-	(35,400)	-	19,900	19,900
2007 options	502,900	-	(179,200)	(8,500)	315,200	315,200
2008 options	1,258,700	-	-	(100,300)	1,158,400	1,158,400
2009 options	-	935,900	(52,000)	(92,200)	791,700	447,700
	2,808,200	935,900	(851,900)	(314,900)	2,577,300	2,233,300
WAEP	1.60	1.75	1.09	1.63	1.82	1.84

25. Share capital (cont'd)

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

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

2011	**Original RM**	**Adjusted after bonus issue RM**	**Exercisable period**
2005 Options	1.14	1.00	21/3/2005 - 17/3/2015
2006 Options	1.22	1.00	29/3/2006 - 17/3/2015
2007 Options	1.67	1.19	29/3/2007 - 17/3/2015
2008 Options	3.18	2.27	27/3/2008 - 17/3/2015
2009 Options	1.75	N/A	30/3/2009 - 17/3/2015
2010 Options	2.12	N/A	29/3/2010 - 17/3/2015
2010			
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

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 621,400 (2010 : 851,900) ordinary shares at an average price of RM1.65 (2010 : RM1.09) each. The related weighted average share price at the date of exercise was RM2.28 (2010 : RM1.94).

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

The fair value of share options granted during the year was estimated using 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 :

	2011	**2010**
Fair value of share options at the following grant dates (RM)		
- 29 March 2010	0.510	-
- 30 March 2009	-	0.354
Weighted average share price (RM)	2.13	1.74
Weighted average exercise price (RM	2.12	1.75
Expected volatility (%)	37.60	42.27
Expected life (years)	4.50	5.91
Risk-free rate (%)	3.74	3.45
Expected dividend yield (%)	4.69	7.47

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.

25. Share capital (cont'd)

(c) Warrants 2005/2012

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 428,689 (2010 : 1,132,480) new ordinary shares being issued at RM1.00 each. The weighted average share price at the time of exercise was RM2.24 (2010 : RM1.95) per share.

The number of Warrants unexercised as at reporting date was 2,747,778 (2010 : 3,176,467).

26. Reserves

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable				
Share premium (Note 27)	1,354,779	787,441	1,354,779	787,441
Revaluation reserve (Note 28)	42,869,627	43,695,297	14,292,025	14,496,013
Option reserve (Note 29)	129,698	159,980	129,698	159,980
Hedging reserve (Note 34)	(3,883,553)	-	(1,043,966)	-
Distributable				
Retained profits (Note 30)	99,385,166	73,089,871	15,154,045	19,932,817
	139,855,717	117,732,589	29,886,581	35,376,251

27. Share premium (Non-distributable)

	Group and Company	
	2011 RM	2010 RM
At 1 February 2010/2009	787,441	623,425
Arising from :		
(a) Issuance of share arising from exercise of ESOS	401,598	73,048
(b) Transfer from option reserve arising from exercise of ESOS	193,520	105,143
Less : Expenses in relation to issuance of shares	(27,780)	(14,175)
At 31 January	1,354,779	787,441

28. Revaluation reserve (non-distributable)

Group and Company

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

29. Option reserve (non-distributable)

Group and Company

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.

30. Retained profits

As at 31 January 2011, the Company has elected for the irrevocable option to disregard the 108 balance. Accordingly, the Company may distribute dividends out of its entire retained earnings as at 31 January 2011 under the single tier system.

31. Transfer of reserves

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 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

32. 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	
	2011 RM	2010 RM	2011 RM	2010 RM
With holding company :				
Professional services	209,500	195,500	42,000	42,000
With subsidiaries:				
Management fee income	-	-	1,361,854	1,329,195
Commission income	-	-	750,910	699,605
Rental income	-	-	33,000	-
Purchase of property, plant and equipment	-	-	-	65,000
Sale of property, plant and equipment	-	-	-	24,190
Interest income	-	-	1,711,597	2,039,344
Sale of goods	-	-	23,874,678	15,166,714
With fellow subsidiaries of the holding company :				
Management fee income	77,928	54,720	77,940	54,720
Rental expenses	6,000	6,000	-	-
Purchase of goods	1,486,647	3,761,901	23,070	3,546
Sale of goods	191,747	259,614	-	-

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

32. Related party disclosures (cont'd)

(b) Key management compensation

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits	2,769,033	2,283,533	2,147,100	1,687,900
Defined contribution plan	308,976	256,153	253,512	200,689
Share options granted under ESOS	67,993	28,600	44,711	18,251
	3,146,002	2,568,286	2,445,323	1,906,840

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Included in the total remuneration of key management personnel are :				
Executive Directors' remuneration	2,228,211	1,663,922	2,078,411	1,539,922

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 :

	2011	2010
At 1 February 2010/2009	294,200	690,000
Granted	171,000	-
Exercised	(230,200)	(395,800)
At 31 January	235,000	294,200

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

33. Commitments

		Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
(a)	Capital expenditures :				
	Approved and contracted for				
	- property, plant and equipment	8,174,000	12,565,280	299,000	-
	Approved but not contracted for:				
	- property, plant and equipment	200,000	-	-	-

33. Commitments (cont'd)

(b) Rental payables 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	
	2011 RM	2010 RM
Future minimum rental payments :		
Not later than 1 year	67,200	72,000
Later than 1 year and not later than 5 years	268,800	288,000
Later than 5 years	1,103,200	1,254,000
	1,439,200	1,614,000

34. Derivatives

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

	Contract/ Nominal Amount	2011 <----Carrying Amount----> Assets	Liabilities
Company			
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 principle 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 hedge 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.

The cash flow hedges of the highly probable forecast CPO sales or firm sales commitments up to August 2011 were assessed to be highly effective. As at 31 January 2011, the net unrealised losses of the Group and of the Company are RM6,959,775 and RM1,391,955, with a related deferred tax asset of RM1,739,945 and RM347,989 respectively and were included in other comprehensive income of the Group and of the Company in respect of these contracts.

The amounts retained in other comprehensive income of the Group and of the Company at 31 January 2011 are expected to mature and affect the profit or loss by a loss of RM5,219,830 and RM1,043,966 in financial year 2012.

34. Derivatives (cont'd)

(b) Interest rate swap

During the financial year, the Group has entered into 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 from adverse fluctuations in interest rate on underlying debts instruments.

At 31 January 2011, the Group had an interest rate swap agreement in place with a notional amount of RM6,000,000 (2010: nil) whereby the Group pays a fixed rate of interest of 3.66% per annum and receives a variable rate equal to KLIBOR one month based upon 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 decrease in fair value of the interest rate swap of RM62,336 (2010: nil) has been recognised in finance costs and offset with a similar gain on the secured loan.

(c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date. Also recorded here as a separate component, is the effective portion of the gain or loss on hedging instruments in cash flow hedges.

35. 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 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

35. Segmental information (cont'd)

	Plantation RM	Milling RM	Elimination RM	Total RM
31 January 2011				
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
31 January 2010				
REVENUE AND EXPENSES				
Revenue				
External sales	9,977,865	441,555,380	-	451,533,245
Inter-segment sales	103,707,967	1,433,850	(105,141,817)	-
Total revenue	113,685,832	442,989,230	(105,141,817)	451,533,245
Results				
Segment results	52,197,927	32,532,043	(2,193,000)	82,536,970
Unallocated costs				(3,539,782)
Finance income				1,817,351
Finance costs				(1,359,337)
Profit before tax				79,455,202
Tax				(19,930,286)
Profit net of tax				59,524,916

35. Segmental information (cont'd)

	Plantation RM	Milling RM	Elimination RM	Total RM
31 January 2010				
ASSETS AND LIABILITIES				
Segment assets	433,126,760	217,880,488	(99,813,897)	551,193,351
Unallocated assets				43,426,052
Total assets				594,619,403
Segment liabilities	98,765,931	132,007,282	(99,813,897)	130,959,316
Unallocated liabilities				3,903,078
Total liabilities				134,862,394
OTHER INFORMATION				
Capital expenditure	9,796,287	22,790,182	-	32,586,469
Depreciation and amortisation	9,884,447	10,058,321	-	19,942,768
Other non-cash expenses	708,987	626,237	-	1,335,224

36. Contingent liabilities (unsecured)

Group

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

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

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

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

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

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

On 9 March 2011, the subsidiary has obtained for a stay of execution and filed an appeal against the judgement. 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 2011, the investment cost of the claimed areas is approximately RM3 million.

37. 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, foreign currency risk, market price 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 investment securities, 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, setting credit limit and the period of credit. 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 seven (2010 : seven) of its subsidiaries in respect of credit facilities totalling RM34,770,000 (2010 : RM35,270,000) 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 RM13,718,772 (2010 : RM14,854,156) 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 has not been available. The Directors have assessed the fair value of these corporate guarantees to have no material financial impact on the results and the retained profits of the Company.

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired disclosed in Note 20.

37. Financial instruments (cont'd)

(b) Liquidity risk

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

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and Company for managing liquidity risk included cash and short term deposits as disclosed in Note 21.

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.

2011 Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	27,952,070	3,400,000	8,540,073	39,892,143
Loans and borrowings	14,376,162	21,190,000	-	35,566,162
Total undiscounted financial liabilities	42,328,232	24,590,000	8,540,073	75,458,305
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.

<u>Sensitivity analysis for interest rate risk</u>

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 RM136,346 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, lower/higher interest income from cash and cash equivalent, and lower/higher positive fair value of an interest rate swap. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not materially exposed to foreign exchange risk as the Group's transactions and balances are denominated in Ringgit Malaysia.

37. Financial instruments (cont'd)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

(f) 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.

Sensitivity analysis for commodity price risk

At the reporting date, had CPO prices been 5% higher/lower, with all other variables held constant, the Group's and the Company's hedging reserve would have been RM990,000 and RM198,000 lower/higher, arising as a result of an increase/decrease in the fair value of derivative liability on which cash flow hedge accounting is applied.

38. 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	
	2011	2010	2011	2010
Group	RM	RM	RM	RM
Financial liabilities:				
Other payables (non-current) - Note 22				
- Amount owing to minority shareholders of subsidiaries				
- with fixed terms of repayment	3,577,505	5,150,000	3,577,505	4,145,750
- without fixed terms of repayment	7,640,073	7,650,967	*	*
Company				
Financial assets:				
Other receivables (non-current) - Note 20				
- Amount owing from subsidiaries	108,499,447	94,383,217	*	*

* 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.

38. Fair value of financial instruments (cont'd)

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)	20
Trade and other payables (current)	22
Loans and borrowings	23
Derivatives	34

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

39. 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 2011 and 31 January 2010.

40. Dividends

	Company	
	2011	**2010**
	RM	**RM**
Recognised during the year:		
In respect of financial year 2009:		
Dividends on ordinary shares		
- Final dividend for 2.5 sen per share less 25% taxation and 0.5 sen tax exempt per share	-	7,194,155
In respect of financial year 2010:		
- Interim tax exempt (single-tier) dividend of 4 sen per share	-	12,161,766
- 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	-
	33,526,003	19,355,921

40. Dividends (cont'd)

	Company 2011 RM	2010 RM
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 2011 : 7 sen (2010 : 6 sen) per share	21,370,121	18,266,151

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2011, of 7 sen (2010: 6 sen) tax exempt (single-tier) per ordinary shares 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 2012.

The proposed final dividend of RM21,370,121 is subject to change in proportion to changes in the Company's paid up capital, if any.

41. Comparatives

(a) The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation.

(b) The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

42. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2011 were authorised for issue in accordance with a resolution of the Directors on 27 May 2011.

43. 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 2011 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 RM	Company RM
Total retained profits of the Company and its subsidiaries		
- Realised	184,617,347	16,586,045
- Unrealised	(21,352,900)	(1,432,000)
	163,264,447	15,154,045
Less: Consolidation adjustments	(63,879,281)	-
Retained earnings as per financial statements	99,385,166	15,154,045

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM306,124,860
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	57	1.32	1,736	0.00
100 to 1,000 shares	351	8.15	260,572	0.09
1,001 to 10,000 shares	2,912	67.64	11,268,470	3.68
10,001 to 100,000 shares	845	19.63	25,410,946	8.30
100,001 to less than 5% of shares	139	3.23	73,231,286	23.92
5% and above of shares	1	0.03	195,951,850	64.01
Total	4,305	100.00	306,124,860	100.00

THIRTY LARGEST SHAREHOLDERS

(As per Record of Depositors)

Name of Shareholders	No of Shares held	% of Issued capital
1. Sharikat Kim Loong Sendirian Berhad	195,951,850	64.01
2. Citigroup Nominees (Tempatan) Sdn. Bhd. –Employees Provident Fund Board (PHEIM)	7,589,320	2.48
3. HSBC Nominees (Asing) Sdn. Bhd. –Krishnan Chellam (HBMB301-26)	5,342,400	1.75
4. Teo Chuan Keng Sdn. Bhd.	4,390,300	1.43
5. Timbas Helmi Bin Oesman Joesoef Helmi	3,663,800	1.20
6. ECML Nominees (Tempatan) Sdn. Bhd. –Libra Invest Berhad for ECM Libra Foundation (E00181)	3,009,949	0.98
7. Koperasi Polis DiRaja Malaysia Berhad	2,800,000	0.91
8. Neoh Choo Ee & Company, Sdn. Berhad	1,698,198	0.55
9. Khoo Heng Suan	1,553,660	0.51
10. Prudent Strength Sdn. Bhd.	1,230,600	0.40
11. Gooi Seow Mee	1,203,552	0.39
12. HSBC Nominees (Asing) Sdn. Bhd. –Exempt An For JPMorgan Chase Bank, National Association (Norges Bank Lend)	1,124,200	0.37
13. Ang Chai Eng	1,113,000	0.36
14. Lim Ah Choo	1,100,000	0.36
15. Herng Yuen Sdn. Bhd.	1,086,400	0.35
16. Citigroup Nominees (Tempatan) Sdn. Bhd. –Exempt An For OCBC Securities Private Limited (Client A/C-RES)	1,069,999	0.35
17. Golden Fresh Sdn. Bhd.	988,000	0.32
18. Gooi Seong Chneh	970,360	0.32
19. Kumpulan Wang Simpanan Guru-guru	940,000	0.31
20. Radeshah binti Ridzwani	835,800	0.27
21. Gan Tee Jin	798,000	0.26
22. Koay Swee Thye	760,000	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. HDM Nominees (Tempatan) Sdn. Bhd. –UOB Kay Hian Pte Ltd For Gooi Seong Lim (Margin)	645,152	0.21

Analysis of Shareholdings
As at 9 June 2011

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

Name of Shareholders	No of Shares held	% of Issued capital
27. ECML Nominees (Tempatan) Sdn. Bhd. –UOB Kay Hian Pte Ltd For Gooi Seong Heen (Margin)	615,552	0.20
28. Gooi Seong Chneh	615,552	0.20
29. Sharikat Kim Loong Sendirian Berhad	615,552	0.20
30. HSBC Nominees (Tempatan) Sdn. Bhd. –HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust (4892)	610,000	0.20
TOTAL	244,456,396	79.84

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 Sharikat Kim Loong Sendirian Berhad	No. of shares held or beneficially interested in Direct	Indirect	% of Issued capital Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	196,567,402	-	64.21	-
Gooi Seong Lim	1,121,152 [(a)]	199,101,801 [(b)]	0.37	65.04
Gooi Seong Heen	1,753,912 [(c)]	197,765,802 [(d)]	0.57	64.60
Gooi Seong Chneh	1,613,912	197,765,802 [(e)]	0.53	64.60
Gooi Seong Gum	-	197,821,802 [(f)]	-	64.62

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

Name of Directors	Direct Interest Shareholdings	%	Indirect Interest Shareholdings	%
Gooi Seong Lim	1,121,152 [(a)]	0.37	199,101,801 [(b)]	65.04
Gooi Seong Heen	1,753,912 [(c)]	0.57	197,765,802 [(d)]	64.60
Gooi Seong Chneh	1,613,912	0.53	197,765,802 [(e)]	64.60
Gooi Seong Gum	-	-	197,821,802 [(f)]	64.62
Gan Kim Guan	-	-	-	-
Chew Poh Soon	-	-	-	-
Chan Weng Hoong	-	-	-	-

Notes:-

[(a)] *645,152 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 196,567,402 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 196,567,402 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 196,567,402 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 196,567,402 shares, HY which holds 1,086,400 shares and his spouse, Teo Ai Mei, who holds 168,000 shares.*

No. of Warrants 2005/2012 issued	:	44,041,483
Exercise Price	:	RM1.00 for one ordinary share of RM1.00 each.
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each.
Exercise Period	:	22 April 2007 to 22 April 2012
No. of Warrants exercised	:	42,056,324
No. of Warrants unexercised	:	1,985,159

DISTRIBUTION OF WARRANT HOLDINGS
(As per Record of Depositors)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No.of Warrant	% of Warrant
Less than 100 warrants	76	18.22	4,402	0.22
100 to 1,000 warrants	122	29.26	79,857	4.02
1,001 to 10,000 warrants	174	41.73	668,870	33.69
10,001 to 100,000 warrants	44	10.55	1,128,490	56.85
100,001 and above of warrants	1	0.24	103,540	5.22
Total	417	100.00	1,985,159	100.00

THIRTY LARGEST WARRANT HOLDERS
(As per Record of Depositors)

Name of Warrant Holders	No. of Warrants Held	% of Warrants
1. ECML Nominees (Tempatan) Sdn. Bhd. –Heah Sieu Lay (PCS)	103,540	5.22
2. Sam Fong @ Chan Sam Fong	85,500	4.31
3. Quek Siow Leng	84,000	4.23
4. Victor Lim Fung Tuang	80,900	4.08
5. Cimsec Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Ng Kok Hin (K DMSR-CL)	65,800	3.31
6. Dato' Teo Soo Cheng	61,040	3.07
7. Timbas Helmi bin Oesman Joesoef Helmi	46,666	2.35
8. Public Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Lim Kee Yek (E-SS2)	44,300	2.23
9. How Li Min	38,080	1.92
10. Chin Kiam Hsung	29,400	1.48
11. Chin Kian Fong	28,000	1.41
12. Lee Pei Hoon @ Lee Poh	28,000	1.41
13. Lee Pei Hoon @ Lee Poh	28,000	1.41
14. Yoong Choy Chai	27,000	1.36
15. Phoa Kia Heng	25,200	1.27
16. Tan Eng Moo	25,000	1.26
17. Goh Tai Meng	24,500	1.23
18. Loo Kee Wat	22,400	1.13
19. Mayban Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Soon Lay Hee	21,500	1.08
20. Chin Kian Fong	20,440	1.03

Analysis of Warrant Holdings
As at 9 June 2011

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

Name of Warrant Holders	No. of Warrants Held	% of Warrants
21. Tai Kew @ Tai Kim Chan	19,000	0.96
22. Koo Hang Eng @ Koo Hang Chong	17,300	0.87
23. Chooi Pooi Yee	16,800	0.85
24. Mayban Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Ng Kwee Boon (REM 822)	16,800	0.85
25. Sia Tian Poh	16,800	0.85
26. How Li Min	15,504	0.78
27. Cheng Yean Yun @ Tay Yan Hoon	14,000	0.71
28. Goh Gek Ying @ Goh Sai Ying	14,000	0.71
29. Hing Leong Yian Sdn. Berhad	14,000	0.71
30. Lee Choong Wah	14,000	0.71
TOTAL	1,047,470	52.79

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

DIRECTORS' INTEREST IN WARRANTS 2005/2012
(As per Register of Directors' Warrant Holdings)

	Direct Interest		Indirect Interest	
Name of Directors	Warrant Holdings	%	Warrant Holdings	%
Gooi Seong Lim	–	–	–	–
Gooi Seong Heen	–	–	–	–
Gooi Seong Chneh	–	–	–	–
Gooi Seong Gum	–	–	–	–
Gan Kim Guan	–	–	–	–
Chew Poh Soon	–	–	–	–
Chan Weng Hoong	–	–	–	–

List of Properties held by the Group

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2011 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	1,970
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	9,373
- CL 085311306	31/12/2077	Oil palm plantation	121.45	31 Jan 2004	Not applicable	3,439
- CL 085311315	31/12/2077	Oil palm and cocoa	102.51	31 Jan 2004	Not applicable	2,825
- CL 085311244	31/12/2077	Oil palm and cocoa	166.53	31 Jan 2004	Not applicable	4,316
District of Labuk/Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	150
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	146
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	7,459
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	351
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	9,655
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	8,454
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	2,165
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	1,975
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	8,996
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	6,084
District of Kinabatangan, Sabah						
- Lot 7052, Section 64 Jalan Sekama Kuching, Sarawak	31/12/2779	Office	-	(01 Feb 2010)	27 years	1,350
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 095332639	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	28,876
- Part of CL 095332648	30/06/2032	Oil palm plantation	386.76 [2]	31 Jan 2004	Not applicable	4,165
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	48,726
Desa Okidville Sdn. Bhd. - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Oil palm plantation	4,419.57 [3] [4]	31 Jan 2004	Not applicable	66,548
Desa Kim Loong Palm Oil Sdn. Bhd. - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Palm oil mill and oil palm plantation	40.47 [3]	31 Jan 2004	8 years	8,685

List of Properties held by the Group

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2011 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	14 years	12,630
- 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
Kim Loong Evergrow Sdn. Bhd. - HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store [1]	-	Not applicable	5 years	423
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	(09 Nov 2004)	Not applicable	27,992
Palm Nutraceuticals Sdn. Bhd. - HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office [1]	-	Not applicable	6 years	1,164
Kim Loong Technologies Sdn. Bhd. - HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory [1]	-	Not applicable	5 years	1,007
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)	3 years	5,571
Kim Loong Technologies (Sabah) Sdn. Bhd. - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Factory [1]	-	Not applicable	1 year	1,469
Kim Loong Power Sdn. Bhd. - HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Store [1]	-	Not applicable	2 year	72
Winsome Pelita (Pantu) Sdn. Bhd. - Sungai Tenggang and Kranggas/Mawang Sri Aman, Sarawak	NCR Native Land 60 years	Oil palm plantation	2,154.85	(06 Jan 2010)	Not applicable	30,634
			15,257.63			**312,256**

[1] These buildings are sited on rented land held by related companies.
[2] These lands were subleased from third parties.
[3] They are registered owner of their undivided share in the land and pending issuance of sub-divided tittles in the name of the respective subsidiary company.
[4] Included approximately 56.65 hectares subleased from a third party.

FORM OF PROXY

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

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-sixth Annual General Meeting of the Company to be held at Dewan Johor, Level 2 of Mutiara Hotel, Jalan Dato Sulaiman, Taman Century, K.B. No. 779, 80990 Johor Bahru, Johor Darul Takzim on Friday, 29 July 2011 at 2.30 p.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 Heen		
4.	Re-election of Director: Mr. Gan Kim Guan		
5.	Re-election of Director: Mr. Chan Weng Hoong		
6.	Re-appointment of Auditors		
7.	Authority to issue shares		
8.	Proposed Renewal of Authority for Share Buy-Back		

(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 ______________ 2011

____
Signature of Member(s)

Number of Shares held	

NOTES:

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him.

To be valid, this Form duly completed must be deposited at the registered office of the Company at Unit No. 203, 2nd Floor, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the meeting.

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.

Where a member 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 shares of the Company standing to the credit of the said securities account.

If the appointor is a corporation, this Form must be executed under its common seal or under the hand of the attorney.

Please fold this flap for sealing

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STAMP

The Secretary

KIM LOONG RESOURCES BERHAD

Unit No. 203, 2nd Floor, Block C,

Damansara Intan,

No. 1, Jalan SS 20/27,

47400 Petaling Jaya.

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Kim Loong Resources Berhad (22703-K)
Unit No. 203, 2nd Floor, Block C, Damansara Intan,
No. 1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.
Tel: (603) 7118 2688 Fax: (603) 7118 2693