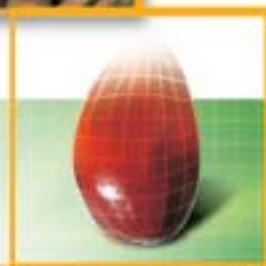


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Contents



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-seventh Annual General Meeting of Kim Loong Resources Berhad will be held at Meranti Room, LG Level, Eastin Hotel, 13, Section 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 23 July 2002 at 2.00 p.m. for the following purposes:-

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2002 together with the Auditors' Report thereon. *Resolution 1*
2. To declare a final dividend of 3% less tax in respect of the financial year ended 31 January 2002. *Resolution 2*
3. To approve the Directors' fees payable annually at an amount not exceeding RM400,000 in aggregate. *Resolution 3*
4. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965:-
Datuk Haji Mohd. Zamani bin Samah *Resolution 4*
Mdm. Loo Geok Eng *Resolution 5*
5. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-
Mr. Gooi Seong Gum *Resolution 6*
Ms. Gooi Seow Mee *Resolution 7*
6. To elect Mr. Teoh Cheng Hai retiring in accordance with Article 84 of the Articles of Association of the Company. *Resolution 8*
7. To re-appoint Messrs Liang & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 9*
8. 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 the Kuala Lumpur Stock Exchange provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (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 10

ORDINARY RESOLUTION II – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, approval be and is hereby given to renew the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.5 of the Circular dated 25 June 2002, provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

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

Notice of Annual General Meeting (cont'd)

and such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until:-

- a. the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
 - b. revoked or varied by resolution passed by shareholders in general meeting,
- whichever is the earlier;

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

Resolution 11

9. 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 Twenty-seventh Annual General Meeting, the final dividend of 3% less tax in respect of the financial year ended 31 January 2002 will be paid on 25 September 2002 to depositors registered in the Record of Depositors on 4 September 2002.

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

- a. shares transferred into the Depositor's Securities Account before 12.30 p.m. on 4 September 2002 in respect of ordinary transfers; and
- b. shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

CHONG FOOK SIN
NG KAM MAY
Company Secretaries

Petaling Jaya
25 June 2002

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 10 -

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.

- (3) Resolution 11 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 25 June 2002 which is enclosed together with the Annual Report.



Statement Accompanying Notice of

Annual General Meeting Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange

1. The following are the Directors standing for re-appointment, re-election and election at the Twenty-seventh Annual General Meeting:-
 - a. Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965:-

Datuk Haji Mohd. Zamani bin Samah
Mdm. Loo Geok Eng
 - b. Re-election of Directors pursuant to Article 77 of the Articles of Association of the Company:-

Mr. Gooi Seong Gum
Ms. Gooi Seow Mee
 - c. Election of Mr. Teoh Cheng Hai pursuant to Article 84 of the Articles of Association of the Company.
2. a. There were four (4) Board of Directors' Meetings, all held at Lot 18.02, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor during the financial year ended 31 January 2002. The date and hour of the Meetings were as follows:-

Date of Meetings	Time
Wednesday, 28 March 2001	11.00 a.m.
Tuesday, 26 June 2001	3.30 p.m.
Thursday, 27 September 2001	11.30 a.m.
Friday, 28 December 2001	3.40 p.m.



Statement Accompanying Notice of

Annual General Meeting Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange (cont'd)

b. Attendance of Directors at Board Meetings held during the financial year ended 31 January 2002 are as follows:-

Name of Director	Attendance at Meetings	Percentage of Attendance (%)
Datuk Haji Mohd. Zamani bin Samah	4/4	100
Gooi Seong Lim	4/4	100
Loo Geok Eng (f)	4/4	100
Gooi Seong Heen	4/4	100
Gooi Seong Chneh	4/4	100
Gooi Seong Gum	4/4	100
Gooi Seow Mee (f)	3/4	75
Gan Kim Guan (<i>Appointed on 28.03.2001</i>)	3/3	100
Mathew K. Mathai	3/4	75
Teoh Cheng Hai (<i>Appointed on 01.08.2001</i>)	2/2	100
Chew Poh Soon (<i>Resigned on 02.05.2001</i>)	1/1	100

- The Twenty-seventh Annual General Meeting will be held at Meranti Room, LG Level, Eastin Hotel, 13, Section 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 23 July 2002 at 2.00 p.m.
- The profile of Directors standing for re-appointment, re-election and election as mentioned in paragraph 1 above at the Twenty-seventh Annual General Meeting are set out in page 8 to 10 of this Annual Report.





Corporate Information

Board Of Directors

Datuk Haji Mohd. Zamani bin Samah
Gooi Seong Lim
Loo Geok Eng (f)
Gooi Seong Heen
Gooi Seong Chneh
Gooi Seong Gum
Gooi Seow Mee (f)
Mathew K. Mathai
Gan Kim Guan
Teoh Cheng Hai

(Independent Chairman)
(Managing Director)
(Executive Director)
(Executive Director)
(Executive Director)
(Executive Director)
(Executive Director)
(Executive Director)
(Non-executive Director)
(Independent Director)
(Independent Director - appointed on 01 . 08 . 2001)

Audit Committee

Gan Kim Guan
Gooi Seong Heen
Datuk Haji Mohd. Zamani bin Samah
Teoh Cheng Hai

(Chairman)

(Appointed on 27 . 09 . 2001)

Secretaries

Chong Fook Sin (MACS 00681)
Ng Kam May (f) (MAICSA 7020575)

Auditors

Liang & Co.
Chartered Accountants
(Firm No. AF 0312)
4L, Jalan Tun Abdul Razak (Susur 3)
80000 Johor Bahru

Registered Office

Unit 203, 2nd Floor, Block C
Damansara Intan
No 1, Jalan SS 20/27
47400 Petaling Jaya
Tel : 03-71182688
Fax : 03-71182693

Principals Bankers

OCBC Bank (Malaysia) Berhad (295400-W)
Malayan Banking Berhad (3813-K)

Registrar

Tacs Corporate Services Sdn. Bhd. (231621-U)
Unit 203, 2nd Floor, Block C
Damansara Intan
No 1, Jalan SS 20/27
47400 Petaling Jaya
Tel: 03-7118 2688
Fax: 03-7118 2693

Stock Exchange Listing

The Main Board of the Kuala Lumpur Stock Exchange



Board of Directors



Sitting from left to right

Loo Geok Eng (f)
Mathew K. Mathai
Datuk Haji Mohd. Zamani bin Samah (*Independent Chairman*)
Gooi Seong Lim (*Managing Director*)
Teoh Cheng Hai

Standing from left to right

Gooi Seow Mee (f)
Gooi Seong Chneh
Gooi Seong Gum
Gooi Seong Heen
Gan Kim Guan
Chong Fook Sin (*Company Secretary*)
Ng Kam May (f) (*Company Secretary*)



Profile of Directors

Datuk Haji Mohd. Zamani Bin Samah, aged 80, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") on 21 July 2000. He is currently the Independent Chairman of KLR and is also a member of the Audit Committee. He was the Chief Police Officer of Johor from 1973 to 1977. He has been active in the quarry, plantation and property development businesses for several years since retiring from Government service in July 1977. In 1978, he was involved in the oil palm industry through his shareholding and directorship in Kim Loong Palm Oil Sdn. Bhd. ("KLPO") and later in the quarry business in 1983 through his shareholding and directorship in Syarikat Kuari Sinaran Cemerlang Sdn Bhd. He also sits on the Board of Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE") and several private companies.

Datuk Haji Mohd. Zamani 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 2002.

Loo Geok Eng (f), aged 83, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. She is the founder and has been the Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), the holding company of KLR, since 11 August 1967. Her experience includes that of oil palm and rubber estate management and property development. She currently sits on the Board of CCB and several private companies.

Madam Loo has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with SKL Group (other than KLR) which are carried out in the ordinary course of business, by virtue of her directorship and having shares in SKL. She has not been convicted of any offences within the past 10 years. She attended all the four (4) Board Meetings held during the financial year 2002.

Gooi Seong Lim, aged 54, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently the Managing Director of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and obtained a Master's degree in Mechanical Engineering in 1973 both from the University of Toronto, Canada. 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, supply and construction of Canadian Nuclear Reactors. From 1975 until to-date, he has been the Managing Director of SKL, which is involved in oil palm plantation and property development. He was a director of KLPO, which is involved in palm oil milling, from 1977 to 1999. The success of the Group owes much to his extensive involvement in plantation and property development. He also sits on the Board of CCB and several 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 (other than KLR) which are carried out in the ordinary course of business, by virtue of his directorship and having shares 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 2002.



Profile of Directors (cont'd)

Gooi Seong Heen, aged 52, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR and is also a member of the Audit Committee. 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 1976, he has been a Director of SKL, which is involved in oil palm plantation and property development. He has been a director, since 1977, of KLPO Group, which is involved in palm oil milling. He is currently a director of CCB and several 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 (other than KLR) which are carried out in the ordinary course of business, by virtue of his directorship and having shares 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 2002.

Gooi Seong Chneh, aged 48, 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 degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of Professional Engineers Association of Alberta, Canada. He was formerly an engineering consultant for Campbell Engineering Consultants, 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. 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 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 (other than KLR) which are carried out in the ordinary course of business, by virtue of his directorship and having shares 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 2002.

Gooi Seong Gum, aged 47, 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. He was previously responsible for the management of the rubber and oil palm estate in Mukim Plentong, District of Johor Bahru, Johor Darul Takzim, from 1985 to 1988. He currently sits on the Board of CCB and several 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 (other than KLR) which are carried out in the ordinary course of business, by virtue of his directorship and having shares 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 2002.

Gooi Seow Mee (f), aged 45, a Malaysian, was appointed to the Board of KLR on 28 February 1990. She is currently an Executive Director of KLR. She graduated with a Bachelor's degree in Commerce from the University of Toronto in 1980 and later obtained a Master's degree in Business Administration from the University of San Francisco, United States of America in 1986 and a Graduate Diploma in Hotel Management from Domino Carlton Tivoli Hotel Management School, Lucerne, Switzerland in 1992. She was a senior assistant in the Management Service Division of SGV-Kassim Chan, Kuala Lumpur from 1981 to 1984 and was an investment executive with Wearne Brothers Services Pte Ltd, a company incorporated in Singapore for one (1) year from 1986 to 1987. Her extensive experience lies in management consultancy, plantation management and property development. She has been involved in the management of the housing development project known as Desa Cemerlang, in Mukim Plentong, District of Johor Bahru, Johor Darul Takzim since 1987. She was also involved in the management of KLR Group's Sabah plantations since 1998. She currently sits on the Board of CCB and several private companies.

Miss Gooi has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with SKL Group (other than KLR) which are carried out in the ordinary course of business, by virtue of her directorship and having shares in SKL. She has not been convicted of any offences within the past 10 years. She attended three (3) of the four (4) Board Meetings held during the financial year 2002.



Profile of Directors (cont'd)

Mathew K. Mathai, aged 69, a Malaysian, was appointed to the Board of KLR on 21 July 2000. He is currently a Non-executive Director of KLR. He resigned from the Audit Committee on 28 March 2001 because under the revamped Listing Requirements of the KLSE he is not an Independent Director. He sits as a member of both the Nomination and Remuneration Committees with effect from 27 March 2002. He graduated with Bachelor of Arts Degree in Economics from the University of Malaya in 1957 and is currently a director of a tax consultant firm. He is a director of CCB and several private companies. He is a Fellow of the Malaysian Institute of Taxation. He was attached to the Income Tax Department in Singapore from December 1957 to August 1960 and with the Inland Revenue Department, Malaysia from August 1960 to May 1968. He joined Coopers & Lybrand as a tax consultant in May 1968 and left in May 1974 to set up a tax consultancy firm.

Mr Mathai is not independent by virtue of his directorship in two companies which provide consultancy services to KLR Group. 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 three (3) of the four (4) Board Meetings held during the financial year 2002.

Gan Kim Guan, aged 40, a Malaysian, was appointed to the Board of KLR as an Independent Director on 28 March 2001. 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 Nomination and Remuneration Committees with effect from 27 March 2002. He is a partner of a firm of Chartered Accountants. He has extensive experience in auditing, investigation, financial planning and financing related work. He was previously actively involved in the Internal Audit Committee of the Malaysian Institute of Accountants. He is also a director of CCB and an international company incorporated in United Kingdom.

Mr Gan is a member of The Association of Chartered Certified Accountants, and 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 three (3) Board Meetings held during the financial year 2002 since his appointment to the Board of KLR.

Teoh Cheng Hai, aged 57, a Malaysian, was appointed to the Board of KLR as an Independent Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and also a member of both the Nomination and Remuneration Committees of KLR with effect from 27 March 2002. He graduated with a Bachelor of Agricultural Science degree from the University of Malaya in 1968. He has 32 years experience in the plantation industry, principally in research and development in total quality & environment management. He was formerly Director of R&D (1989-1995) and Director, Total Quality & Environment Management and Member of the Group Management Committee of Golden Hope Plantations Berhad from 1995 until his retirement from the Company in year 2000. Currently, he is the Managing Consultant for J.M. Juran Sdn Bhd, an associate company of Juran Institute Inc of USA. He is also an independent consultant on Total Quality and Environment Management and serves as the Honorary Advisor (Plantation Agriculture) to WWF Malaysia.

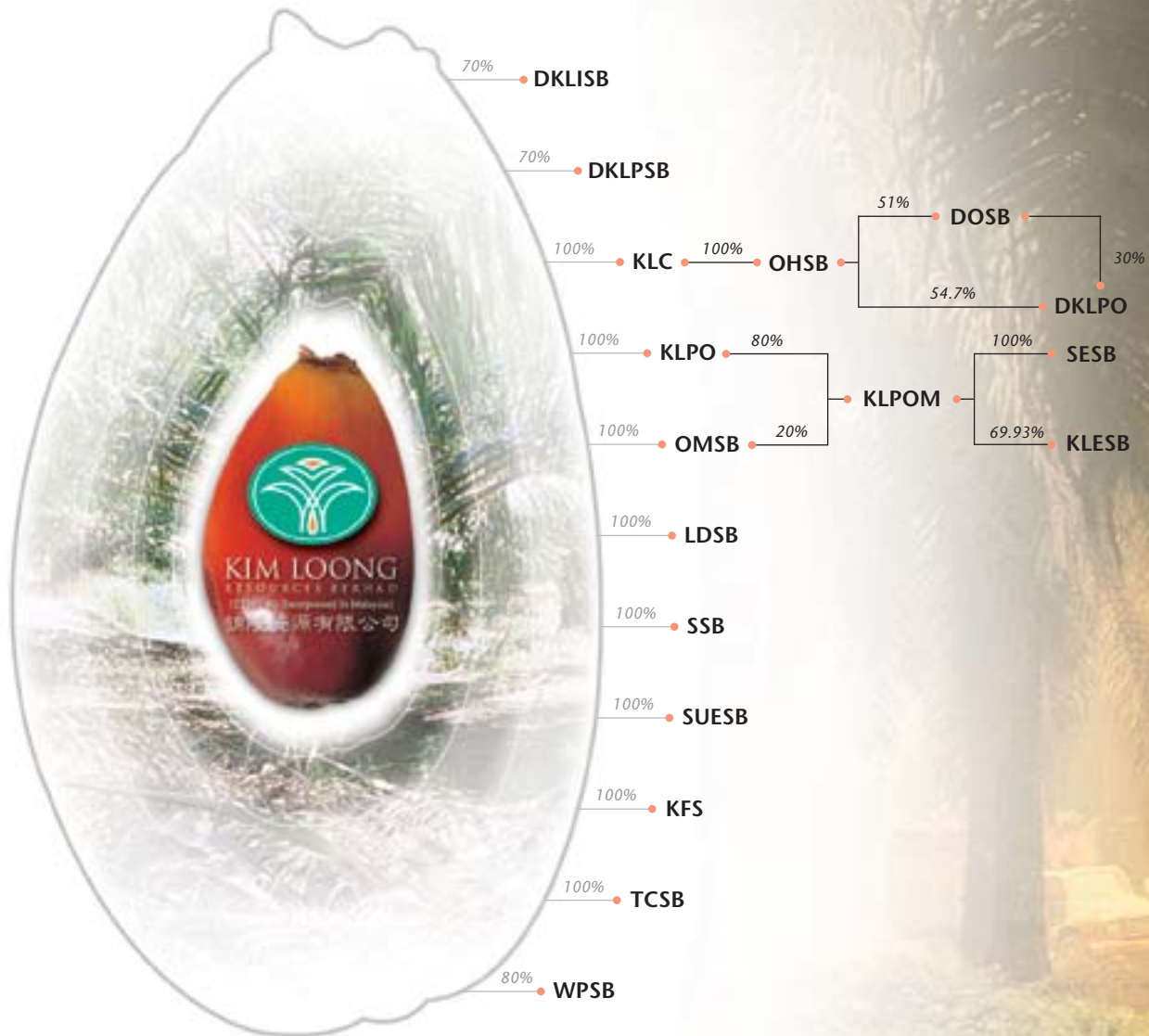
Mr Teoh has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the two (2) Board Meetings held during the financial year 2002 since his appointment to the Board of KLR.

Family Relationships

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh, Gooi Seong Gum and Gooi Seow Mee, who are brothers and sister, are the children of Loo Geok Eng.

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

Group Structure



DKLISB: Desa Kim Loong Industries Sdn. Bhd. (504278-K)
DKLPSB: Desa Kim Loong Plantations Sdn. Bhd. (416387-H)
KLC: Kim Loong Corporation Sdn. Bhd. (458947-T)
OHSB: Okidville Holdings Sdn. Bhd. (458944-P)
DOSB: Desa Okidville Sdn. Bhd. (463619-U)
DKLPO: Desa Kim Loong Palm Oil Sdn. Bhd. (463620-W)
KLPO: Kim Loong Palm Oil Sdn. Bhd. (30999-P)
OMSB: Okidville Manufacturing Sdn. Bhd. (254996-D)
KLPOM: Kim Loong Palm Oil Mills Sdn. Bhd. (267654-P)

SESB: Sungkit Enterprise Sdn. Bhd. (85011-K)
KLESB: Kim Loong Evergrow Sdn. Bhd. (487153-H)
LDSB: Lokan Development Sdn. Bhd. (43447-H)
SSB: Selokan Sdn. Bhd. (47569-V)
SUESB: Suhenson Estate Sdn. Bhd. (48091-V)
KFS: Syarikat Kong Fen Shin & Sons Sdn. Bhd. (48946-U)
TCSB: Tyeco Corporation Sdn. Bhd. (478277-W)
WPSB: Winsome Plantations Sdn. Bhd. (510158-W)



Group Financial Highlights

	Financial Year ended 31 January				
	1998	1999	2000	2001	2002
INCOME STATEMENT (RM'000)					
Revenue	2,009	11,074	12,029	116,641	98,513
Profit before tax	1,083	6,684	5,867	16,894	9,348
Profit after tax	1,076	6,684	4,364	13,289	6,589
BALANCE SHEET (RM'000)					
Paid-up share capital	10	10	10	106,750	106,750
Shareholders' equity	1,085	7,771	12,138	169,361	169,254
Total assets	18,117	25,706	32,435	206,884	210,218
PER SHARE (RM)					
Earnings	107.60	668.60	0.13	0.15	0.06
Net tangible assets	105.70	774.30	1,211.00	1.58	1.58
Dividend	-	-	-	0.05	0.05
Weighted average number of share in issue ('000)	10	10	10	61,187	106,750
FINANCIAL RATIO (%)					
Return on shareholders' equity (Pre-tax)	99.82	86.01	48.34	9.98	5.52
Return on total assets (Pre-tax)	5.98	26.00	18.09	8.17	4.45
PLANTATION					
Plantation area (Acres)					
Oil palm					
Matured	3,140	3,926	5,081	5,081	6,895
Immature	1,941	3,055	3,800	14,169	16,718
Unplanted land	-	1,900	-	6,800	2,437
Cocoa	435	435	435	435	435
Total plantable area	5,516	9,316	9,316	26,485	26,485
Infrastructure and unplanted land	243	443	443	1,342	1,342
Total land area	5,759	9,759	9,759	27,827	27,827
Production (MT)					
Fresh Fruit Bunches ("FFB")	25,874 ⁽¹⁾	21,116	44,477	51,376	59,111
Yield per matured acre	8.24	5.38	8.75	10.11	8.57
MILL					
Production and extraction rate					
Crude palm oil ("CPO") (MT)	N/A	N/A	N/A	87,150	78,006
Oil extraction rate (% of FFB)	N/A	N/A	N/A	18.13	18.33
Palm kernel oil ("PKO")(MT)	N/A	N/A	N/A	14,917	12,956
Oil extraction rate (% of Palm kernel ("PK"))	N/A	N/A	N/A	43.48	42.96

Notes:

(1) This is the production of FFB for the financial year 1998. The operations were transferred from Sharikat Kim Loong Sendirian Berhad and Kim Loong Plantations Sdn. Bhd. to the Company in Oct' 97.

Statement of Corporate Governance

The Board of Directors of KLR ("the Board") is committed to ensure that the highest standard of corporate governance is practised throughout the Company and its subsidiary companies ("the Group"). This is carried out by having in place the processes and structure to direct and manage the businesses and affairs of the Group towards good corporate governance. This enhances business prosperity and corporate accountability with the absolute objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders.

Additionally, the Board acknowledges the responsibility to comply with the Listing Requirements of the KLSE and other regulatory requirements. Steps are currently being taken towards implementation of the provisions on requirements as set out in the Malaysian Code of Corporate Governance ("the Code") and the Listing Requirements of the KLSE.

Set out below is a description of how the Group applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code throughout the twelve months ended 31 January 2002.

BOARD OF DIRECTORS

General

The Board plays a primary role in corporate governance by setting out strategic direction of the Group, establishing goals and monitoring the achievement of the goals.

Meetings

The Board meets on a scheduled basis, at least four times a year. Due notice is given for all scheduled meetings. At each meeting the Board considers the financial results of the Group for the immediately preceding quarter, the business performance of the Group, policies and strategic issues affecting the Group's business and factors imposing potential risks affecting the performance of the Group. Directors from time to time visit the business units to have a thorough understanding of their operation. The Group Managing Director has the principal responsibility of explaining, clarifying and informing matters to the Board.

During the financial year ended 31 January 2002, four (4) Board meetings were held at Lot 18.02, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. A majority of the Directors attended all the meetings held during their tenure.

Details of Directors' attendance at Board meetings held in the financial year ended 31 January 2002 are set out in page 5 of this Annual Report.

Board Balance

The Board comprises six (6) Executive Directors, three (3) Independent Directors and one (1) Non-executive Director. The Directors collectively have expertise and experience in various fields such as engineering, accounting, taxation, public services, property development, construction site management, plantation and investment. Their expertise, experience and background provide thorough examination and deliberations of various issues and matters affecting the Group. The Company's Independent Directors are persons of high calibre with exposure in various important posts in the government and private sectors and they constitute more than one third (1/3) of the Board membership.



Statement of Corporate Governance (cont'd)

Board Balance (cont'd)

There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority.

There is also balance in the Board with the presence of Independent Directors of calibre necessary to carry sufficient weight in Board decisions. All Directors have an equal responsibility for the Company's operations. However, the role of Independent Directors is particularly important in ensuring strategies proposed by the management are fully discussed and examined and taking account of the long term interests, not only of the shareholders, but also employees, customers, suppliers and the communities in which the Group conducts its businesses.

The Board has established three (3) committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to assist the Board in the execution of its responsibilities. All three committees ("the Board Committees") do not have executive powers but report to the Board on all matters considered and their recommendations thereon. The terms of reference of the three committees have been approved by the Board and, where applicable, comply with the recommendations of the Code and are set out in page 19 to 24 of this Annual Report.

Appointment and election to the Board

All directors appointed by the Board are subject to election by shareholders at the Annual General Meeting after their appointment. One third (1/3) or the nearest one third of the Board members except for the Managing Director and Directors retiring under other Articles or the Companies Act, 1965 requirement retire at regular intervals by rotation and are eligible re-election. Directors who are above 70 years of age retire at every Annual General Meeting as required under Section 129(2) of the Companies Act, 1965 and are subject to re-appointment by the shareholders of the Company.

The Managing Director is appointed for a period of three years and is only subject to retirement at the end of that period.

Directors' Remuneration

Remuneration of directors are decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of their own remuneration.

It is the Company's policy to review and determine the remuneration for Directors so as to attract and retain the Directors who are needed to run the Company successfully. The remuneration of Executive Directors is structured so as to link rewards to corporate and individual performance. In the case of Independent Directors, the level of remuneration reflects the responsibilities undertaken and the level of experience.

The aggregate Directors remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year are as follows:

Category	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Executive Directors	26	553	-	579
Non-executive Directors	202	4	-	206

Statement of Corporate Governance (cont'd)

Directors' Remuneration (cont'd)

The number of Directors of the Company who served during the financial year and whose income from the Company falling within the following bands are:

Executive Directors	Number
RM50,000 – RM100,000	4
RM100,001 – RM150,000	2
Non-executive Directors	
Below RM50,000	3
RM50,001 – RM100,000	1

The Directors' fees not exceeding RM250,000 per annum in aggregate have been approved earlier by shareholders. The Board has proposed to increase the limit to an amount not exceeding RM400,000 per annum. The proposed increase is commensurate with the scale of fees adopted by companies of similar standing to attract and retain high calibre directors.

Supply of Information

All Directors will receive the Notice of Board Meeting prior to the Board Meeting. This is issued in sufficient time to enable the Directors to obtain further explanation, where necessary, from Executive Directors and other key personnel in order to be properly briefed before the meeting. All Directors and members of the Board Committees have access to the advice and service of the Company Secretaries.

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group values its dialogue with shareholders and recognises that timely and equal dissemination of relevant information be provided to them. In this regard, it strictly adheres to the disclosure requirements of the KLSE.

The Group recognises the need for an independent third party assessment of KLR. In this regard, it conducts briefing on an annual basis to the press on the results, performance and the potential of new developments of the Group. The briefings enable a direct and frank dialogue to be established on the affairs of the Group with persons who are highly focused on business affairs of corporations

The Annual General Meeting ("AGM") is the principal forum of dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least fourteen (14) 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. Much effort is undertaken by the Company to produce an Annual Report which is informative with facts and figures, and a statutory report with disclosures and explanatory notes.

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 question or seek more information during the meeting. The Managing Director and Board members are available to respond to shareholders' queries.

Apart from the AGM and Annual Reports, quarterly announcements and other public information are reported through the KLSE from time to time on significant matters affecting the Group via KLSE Link announcements.



Statement of Corporate Governance (cont'd)

INVESTORS AND SHAREHOLDERS RELATIONSHIP (cont'd)

The financial highlights are disseminated on a quarterly basis to the KLSE and Annual Reports are issued to the shareholders.

The Board also encourages full participation by shareholders at every general meeting of the Company and every opportunity is given to the shareholders to ask question and seek clarification on the business performance of the Group.

The Company has also set up a web-site to link and reach out to all interested parties. Efforts are being taken to update the web-site with comprehensive information on the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly announcement to the KLSE and Annual Report to shareholders, the Board has a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and adequacy. The Statement of Directors pursuant to Section 169 of the Companies Act, 1965, is set out in page 39 of this Annual Report.

Internal Control

The Board recognises that an effective internal control system is essential to ensure that the affairs and management of the Group are conducted responsibly with clear lines of control and accountability. The rationale of the system of internal control is to enable the Group to achieve its corporate objective within acceptable risk profile and effectiveness of internal control has to be viewed in such context since elimination of risk is not absolutely assured.

The Internal Audit Department of the holding company ("IA Department") regularly reports on compliance with internal financial controls and procedures to the Audit Committee. They also ensure that recommendations to improve controls are being followed through by the management.

Information on all employees (excluding daily rated and general workers) is maintained. It contains information on their status and position description. This information on employee status acts as a guide in the manpower planning needs of the Group.

The Board undertakes ongoing reviews on key commercial and financial risks facing the Group's business activities together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure on control and operations are appropriate to the Group's situation and that there is an acceptable level of risk throughout the Group's business.

Relationship with the Auditors

The Company's External Auditors are elected every year during the AGM.

The role of the Audit Committee in relation to the External Auditors is set out in page 20 to 21 of this Annual Report.

CONVICTIONS FOR OFFENCES

None of the Directors has been convicted of offences within the past 10 years.

Statement of Internal Control

The Board recognises that controls are an important part of managing risk in an effort to achieve corporate objectives. Procedures have been designed for safeguarding assets against unauthorised use or disposal; for maintaining proper accounting records; for the reliability of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, losses or fraud.

On 27 March 2002, the Board set up a Risk Management Committee ("the RMC") comprising the Managing Director, several Executive Directors, key management personnel and Head of the IA Department with representatives from each business unit. The RMC will assist the Board to oversee the management of credit, compliance and other operational risks. The RMC reports to the Audit Committee and the Audit Committee then reports to the Board significant changes in the business and external environment which may effect key risks. In addition, the RMC is working towards complying with the guidelines issued by the Task Force on Internal Control. The Board, with the assistance of the Audit Committee and the RMC, is in the process of setting up a formal risk management policy and framework before a full review of significant risks is performed.

The Audit Committee in its quarterly meetings with the management will discuss the Board's attitude towards the various types of risks and as to what risks are generally acceptable by the Board.

There are clear lines of authority, responsibility and accountability within the Company. The staff knows what is expected of them and the discretion that they may exercise in the course of their work.

The staff is provided with the necessary resources to enable the achievement of corporate objectives by ensuring the existence of an adequate system of internal controls and by carrying out risk management activities.

The Company has a formalised recruitment and promotion policy that ensures appropriate persons of calibre are selected to fill positions available.

From an accounting perspective, monthly management accounts are prepared and control accounts are reconciled with the subsidiary records. Asset counts are done on a periodical basis and reconciled with the underlying records. All access to the assets and records of the Company are controlled to safeguard assets and reduce the risk against unauthorised access.

The Group's performance is monitored through the management accounts that requires all significant expenses to be identified and explained on a quarterly basis. Where budget is prepared the expenditure is compared against it and explanations are sought on material items. In addition, Executive Directors review the quarterly results to monitor the Group's progress towards achieving its objectives.

The Company's internal control systems ensure timely, relevant and reliable reports for decision making and management review purposes. The reports enable the Board and management to monitor progress against business objectives.

It is our opinion that the quarterly results and Annual Reports are effective in communicating a balanced and understandable account of the Group's position.

Individuals may report suspected breaches of laws or regulations or other improprieties to the Managing Director, Chairman of the Audit Committee or the Head of the IA Department.

The IA Department carries out the ongoing process of monitoring the effectiveness of the application of policies, processes and activities related to internal control, risk management and governance processes. The IA Department also conducts audit review on high risk operational areas on an annual basis to ensure that appropriate action is taken in response to changes in the risk and control assessments.

The IA Department regularly reports on compliance with internal financial controls and procedures to the Audit Committee. They also ensure that recommendations to improve controls are being followed through by the management.

Based on the above, the Board is of the opinion that there exist within the Company an efficient and effective system of internal control.

This Statement has been reviewed by the External Auditors and they have reported their observation to the Board.



Statement of Directors' Responsibilities

In Respect of The Audited Financial Statements

Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the 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 the KLSE, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and then applied them consistently; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and of the Company and, hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.



Audit Committee

COMPOSITION OF MEMBERS

1. MEMBERS

The Audit Committee presently consists of the following members:

Chairman : Gan Kim Guan

Members : Datuk Hj Mohd. Zamani bin Samah
Gooi Seong Heen
Teoh Cheng Hai (*Appointed on 27.09.2001*)

Secretaries to the Committee : Chong Fook Sin
Ng Kam May



2. MEETINGS

During the financial year ended 31 January 2002, the Audit Committee held a total of five (5) meetings. The members attendance at the meetings are as follows:-

Name	Date				
	28.03.2001	30.04.2001	26.06.2001	27.09.2001	28.12.2001
Gan Kim Guan	✓	✓	✓	✓	✓
Datuk Haji Mohd. Zamani bin Samah	✓	✓	✓	✓	✓
Gooi Seong Heen	✓	✓	✓	✓	✓
Teoh Cheng Hai	-	-	-	✓	✓
Mathew K. Mathai (<i>Resigned on 28.03.2001</i>)	✓	-	-	-	-
Chew Poh Soon (<i>Resigned on 02.05.2001</i>)	✓	✓	-	-	-

Details of the meetings

- 2.1 To form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be Independent Directors.
- 2.2 A minimum of four (4) meetings per year is to be planned, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda will be sent to all members of the Audit Committee and any other persons who may be required/invited to attend. Quarterly results and annual financial statements reviewed by the Audit Committee before being presented to the Board for approval.
- 2.3 Notwithstanding paragraph 2.2 above, upon request of any member of the Audit Committee, the External Auditors or the IA Department and the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider the matters brought to their attention.
- 2.4 Other Directors, representatives of the External Auditors, Group Accountant, Head of the IA Department and members of Senior Management or any other relevant employees within the Group may be invited to attend as determined by the Audit Committee Chairman.
- 2.5 The Chairman shall upon the request of the External Auditors, convene a meeting of the Audit Committee to consider any matter the External Auditors believe should be brought to the attention of the Directors or Shareholders. The External Auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.



TERMS OF REFERENCE

1. Membership

The Audit Committee shall be appointed by the Board from among the Directors of the Company and shall be composed of no fewer than 3 members, the majority of whom shall be independent directors as defined in Chapter 1 of the Listing Requirements of the KLSE.

The quorum shall be 2 members, a majority of whom shall be independent directors. The Chairman of the Audit Committee shall be elected by the members of the Audit Committee from among their members and shall be an independent director.

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 Audit Committee Meeting at the Audit Committee's invitation, specific to the relevant meeting.

3. Frequency and Procedures of Meetings

(1) Meetings shall be held not less than four times a year.

(2) The Audit 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 minutes; and
- e. the custody, production and inspection of such minutes.

4. Functions of Audit Committee

The Audit Committee shall amongst others, discharge the following functions:

(1) review and report to the Board;

- a. with the External Auditors, the audit plan;
- b. with the External Auditors, their evaluation of the system of internal controls;
- c. with the External Auditors, their audit report;
- d. the assistance given by employees of the Company to the External Auditors;
- e. the adequacy of the scope, functions and resources of the IA Department and that it has the necessary authority to carry out their work;
- f. the internal audit programme and processes and the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the IA Department;
- g. the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - i any changes in or implementation of major accounting policies;
 - ii significant and unusual events; and
 - iii compliance with accounting standards and other legal requirements;

4. Functions of Audit Committee (cont'd)

- 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.

(2) recommend the nomination of a person or persons as External Auditors.

5. Rights of Audit Committee

The Audit 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 Company;
- d. have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- e. be able to obtain independent professional or other advice; and
- f. be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

REPORT AND MINUTES

During the year, the Audit Committee has discharged all its duties and responsibilities as set out below:

1. DETAILS OF THE MEETINGS

The principal business of these meetings were:

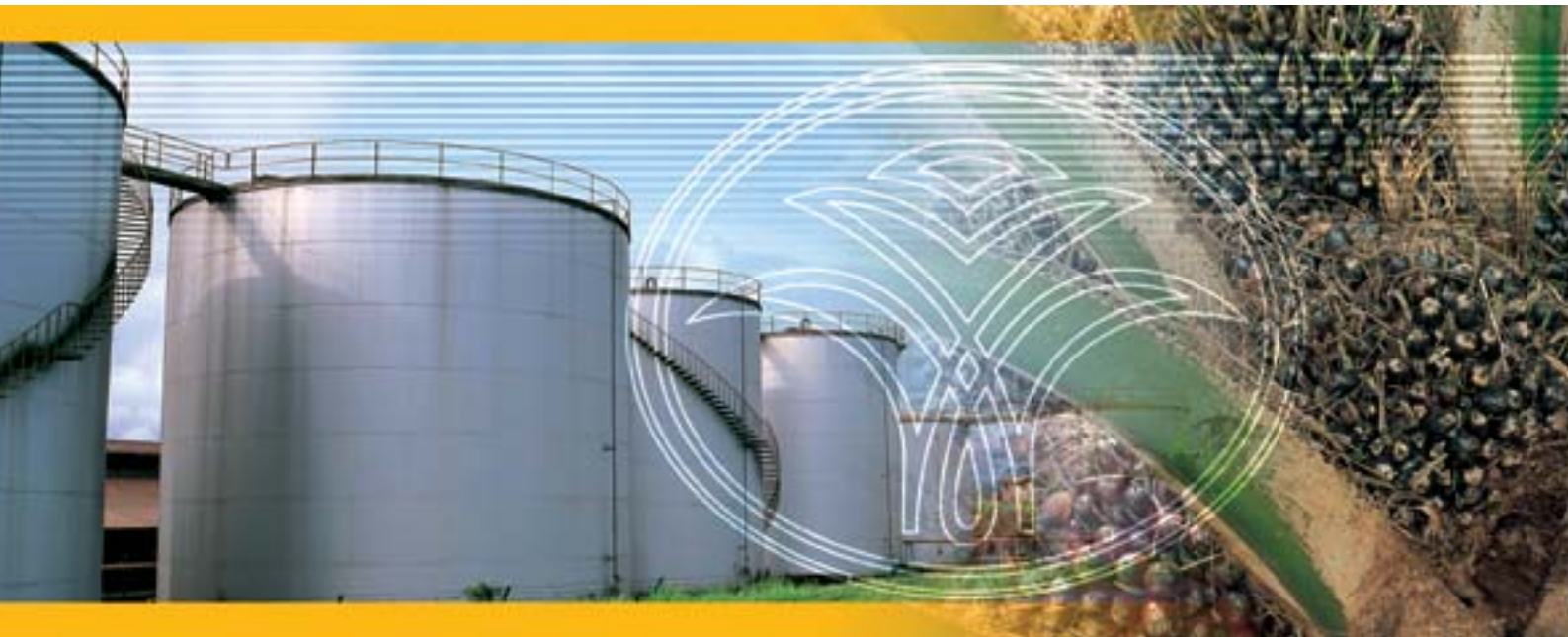
- a. Meeting with Head of the IA Department,
 - To review and approve the proposed internal audit plan and programme;
 - To monitor the implementation of the internal audit plan;
 - To review and approve changes to the internal audit plan;
 - To review and evaluate the effectiveness of the internal audit procedures;
 - To consider the findings of the IA Department, obtain necessary explanation from management where deemed necessary and make recommendations to the Board as appropriate; and
 - To ensure that the IA Department has adequate resources and has appropriate standing within the Group.
- b. Before the release of quarterly results,
 - To review the results for adequate and appropriate disclosure; and
 - To discuss the impact of any changes in accounting or financial reporting policies, significant adjustment, significant unusual transaction and the going concern assumption.
- c. After the completion of the annual statutory audit,
 - To review the draft financial statements and the audit report, and any significant adjustments required as a result of the audit, significant or unusual transaction and make the necessary recommendation to the Board for the approval of the financial statements; and
 - To review the nature and impact of any changes in accounting policies adopted by the Group during the year.



2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 January 2002, the activities of the Audit Committee included:

- a. Review of unaudited Quarterly Results and the Audited Financial Statements of the Group and of the Company and recommending for approval by the Board, upon being satisfied that, inter-alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with. Any significant issues resulting from the audit of the financial statements by the External Auditors have been noted.
- b. Review and approval of the annual internal audit plan for the financial year 2003. In its review of the annual internal audit plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group and the basis of assessment and risk rating of the proposed areas of audit.
- c. Review of related party transactions and conflict of interest situations that may arise within the Group.



COMPOSITION OF MEMBERS

1. MEMBERS

The Remuneration Committee presently consists of the following members:

- Gan Kim Guan
- Gooi Seong Lim
- Mathew K Mathai
- Teoh Cheng Hai

Secretaries to the Committee: Chong Fook Sin
Ng Kam May

This Committee was established on 27 March 2002.

TERMS OF REFERENCE

1. Membership

The Remuneration Committee shall be appointed by the Board from among the Directors of the Company and shall consist of at least 3 Directors, wholly or a majority of whom are non-executive directors.

The members of the Remuneration Committee shall elect the Chairman from among their number who shall be a non-executive director.

In order to form a quorum in respect of a meeting of the Remuneration Committee, the member presents must be a majority of whom are non-executive directors.

The Company Secretary shall be the Secretary of the Remuneration Committee.

2. Frequency of Meeting

Meetings shall be held not less than once a year.

3. Authority

The Remuneration Committee is authorised to draw from outside advice 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 decision on their own remuneration and should abstain from discussion of their own remuneration.

4. Duty

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

5. Reporting Procedures

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



COMPOSITION OF MEMBERS

1. MEMBERS

The Nomination Committee presently consists of the following members:

- Gan Kim Guan
- Mathew K Mathai
- Teoh Cheng Hai

Secretaries to the Committee: Chong Fook Sin
Ng Kam May

This Committee was established on 27 March 2002.

TERMS OF REFERENCE

1. Membership

The Nomination Committee shall be appointed by the Board from among the Directors of the Company and shall consist exclusively of a minimum of three (3) non-executive directors, a majority of whom are independent.

The members of the Nomination Committee shall elect the Chairman from among their number who shall be an independent director.

In order to form a quorum in respect of a meeting of the Nomination 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 Nomination Committee.

2. Frequency of Meeting

Meetings shall be held not less than once a year.

3. Authority

The Nomination Committee is to recommend new nominees for the Board and the Board Committees and to assess Directors on an on-going basis. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

4. Duty

The duties of the Nomination 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 / Chief Executive Officer and, within the bounds of practicability, candidates proposed by any other senior executive or any director or shareholder may be considered.
- (ii) to recommend to the Board, Directors to fill the seats on the 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.
- (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 Nomination Committee to all members of the Board.





Chairman's Statement

On behalf of the Board of Directors of KLR, I am pleased to present to you the Annual Report and Financial Statements for the financial year ended 31 January 2002.



FINANCIAL RESULTS

The Group recorded a revenue and profit before tax ("PBT") of RM98.5 million and RM9.4 million respectively for the financial year 2002. This represents a 16% decline in revenue and 31% in PBT as compared to RM116.64 million and RM16.9 million respectively recorded in the preceding financial year 2001.

The decline in revenue of RM18.1 million or 16% was caused by the drop in revenue from the palm oil milling operation of RM19.0 million because of lower palm oil prices and lower sales volume. However, the decline in revenue was mitigated by a marginal increase in revenue from the plantation operation.

The drop of RM7.4 million Group's PBT was attributable to a reduction of RM5.6 million and RM1.8 million in profits in the respective milling and plantation operations. The decline in palm oil milling operation's PBT was mainly due to competition for Fresh Fruit Bunches ("FFB") supplies among surrounding millers resulting in lower quantity of FFB purchased and a reduction in processing margin.

For the plantation operation, the decrease in operating profit was mainly due to the increase in newly matured oil palm areas of approximately 1,800 acres which had a negative contribution to the operating profit. However, this drop was cushioned by the 15% increase in production of FFB.

DIVIDENDS

The Board is pleased to recommend a final dividend of 3 sen per share, less 28% tax (2001: 3 sen per share, tax exempt), making a total dividend of 5 sen per share, less 28% tax (2001: 5 sen per share, tax exempt) for the financial year 2002.

PALM OIL MILLING OPERATION

The drop of RM5.6 million in PBT in the milling operation was mainly attributable to the disproportionate increase in the weighted average cost of FFB as compared to the theoretical impact of increase in actual weighted average palm oil prices and lower FFB processed. The disproportionate increase was mainly due to competition for FFB supplies among surrounding millers and lower quantities of FFB processed.

Chairman's Statement (cont'd)

PALM OIL MILLING OPERATION (cont'd)

The weighted average price of CPO and PKO had dropped by 4% and 32% respectively and the CPO and PKO sales volume had dropped by 9% and 13% respectively as compared to the preceding financial year.

The quantity of FFB processed has dropped by 11% from approximately 481,000 Metric Tonnes ("MT") in the financial year 2001 to 426,000 MT in the financial year 2002.

Palm oil milling operation was the main earning contributor for the Group, accounting for 76.2% (2001: 75.7%) of the Group PBT for the financial year 2002, and it is expected to continue to be the core-earning contributor for the next few years.

PLANTATION OPERATION

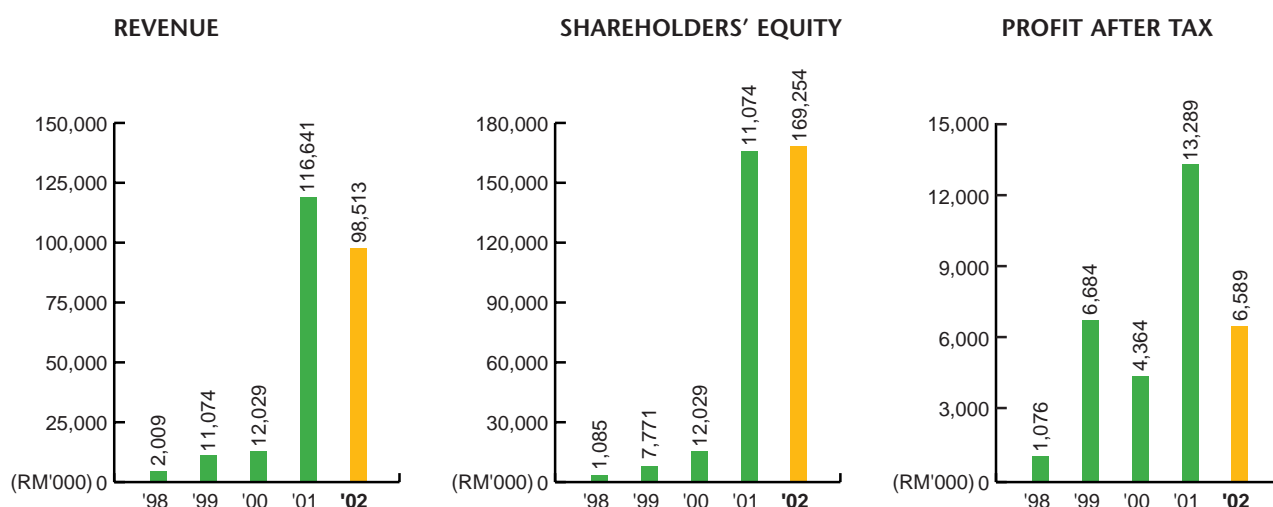
The production of FFB has increased from approximately 51,000 MT in the financial year 2001 to 59,000 MT in the financial year 2002. The matured acreage of oil palm plantations increased by about 1,800 acres, from approximately 5,100 acres in the financial year 2001 to approximately 6,900 acres in the financial year 2002. However, as productivity in the first year of maturity is normally low, the overall yield per acre of the Group had been lowered considerably by the inclusion of the new areas. This has contributed to a significant reduction in the PBT of the plantation operation for the financial year 2002.

The Group has planted an additional 4,400 acres of oil palm in the financial year 2002 as compared to 8,400 acres in the financial year 2001. The total planting and maintenance cost for immature oil palm for the financial year 2002 amounted to RM18.6 million as compared to RM17.6 million in the financial year 2001.

RESEARCH AND DEVELOPMENT ("R&D")

The Group takes a serious effort in improving the technology and processes of palm oil milling including the waste management or utilisation of bio-mass to provide cost saving and to minimise the pollution to the environment.

Malaysia currently has close to 300 palm oil mills operating in the country. Based on an average of over 10 million MT production of CPO annually, the quantity of Empty Fruit Bunch ("EFB") generated is translated to approximately 10 million MT and the discharge of Palm Oil Mill Effluent ("POME") to approximately 20 million MT. The stringent environmental requirement as stipulated by the Department of Environment ("DOE") has brought about much concern amongst most palm oil companies as regards to the disposal of these colossal amounts of wastes.





Chairman's Statement (cont'd)

RESEARCH AND DEVELOPMENT ("R&D") (cont'd)

The Group has the expertise and technologies to recycle the so-called "wastes" and convert them into value added products such as compost and bio-fertilizers. These activities not only clean up the environment but also generate revenues for the Group. Compost with its high organic content and bioactive components such as beneficial microorganisms can ameliorate nutrient and biologically depleted soils. This is particularly helpful for oil palm grown in marginal soil and sandy soil where soil organic matter is deficient. The bio-fertilizer, besides providing organic matter to the soil, also supply nutrients to the plants for better growth and higher yields. Enriched compost and bio-fertilizer, can be formulated to satisfy the nutrient demand of the palm tree.

The Group will also invest in R&D on environmentally friendly projects such as utilisation of waste materials for renewable power generation.

DEVELOPMENT AND PROSPECTS

The prospects for the oil palm industry appear to be good in view of the improvement in palm oil prices and increasing evidence suggesting that an economic recovery is already well under way.

For the palm oil milling operation, the new mill in Keningau, Sabah, which is expected to commence operation by the third quarter of the financial year 2003, will improve the earning capacity of the milling operation. However, there is some concern over the production of FFB as there are indications of the development of a mild El Nino event in 2002 and this may cause a dry spell in Malaysia. If the El-Nino phenomenon materialises, the Group expects the competition for supply of FFB to continue for the milling operation for the financial year 2003.

For the plantation operation, approximately 5,200 acres of palm oil plantation will be declared matured in the financial year 2003 and another 11,200 acres in the subsequent financial year. This will enable the group to achieve a significant increase in FFB production in the next few years in view of the increasing matured acreage and a more productive age profile of the palms. However for the current year, the yield per acre is expected to continue to be affected by the inclusion of newly matured areas and the anticipated El-Nino phenomenon will reduce the benefit from the expected good palm oil prices.

The Group is conscious that it must be competitive and it will further intensify efforts to improve efficiency, productivity and cost effectiveness in its operations. The Group has engaged a consultant to obtain ISO 9001 : 2000 certification for its palm oil milling operation.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 31 January 2003 to remain profitable.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to the Management and staff for their loyal and dedicated services to the Group. I also take this opportunity to acknowledge the contribution of our valued customers and suppliers for their continued support and confidence in the Group. Our gratitude also goes to various government authorities and agencies, bankers and business associates for their co-operation and continual support.

On behalf of the Board, I would like to extend a warm welcome to Mr. Teoh Cheng Hai who joined the Board on 1 August 2001.

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.

Datuk Haji Mohd. Zamani bin Samah
Chairman
Johor Bahru, Johor
12 June 2002

Bagi pihak Lembaga Pengarah KLR, saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan bagi tahun kewangan berakhir 31 Januari 2002.

KEPUTUSAN KEWANGAN

Kumpulan telah mencatatkan hasil dan keuntungan sebelum cukai ("PBT") masing-masing sebanyak RM98.5 juta dan RM9.4 juta bagi tahun kewangan 2002. Ini melambangkan penurunan dalam hasil dan PBT masing-masing sebanyak 16% dan 31% berbanding RM116.64 juta dan RM16.9 juta yang dicatatkan pada tahun kewangan 2001.

Penurunan dalam hasil sebanyak RM18.1 juta atau 16% itu disebabkan kejatuhan pendapatan daripada operasi pengilangan minyak sawit sebanyak RM19.0 juta kerana harga minyak sawit dan volum jualan yang rendah. Walau bagaimanapun, penurunan dalam hasil diringankan oleh peningkatan marginal hasil daripada operasi perladangan.

Penurunan sebanyak RM7.4 juta pada PBT Kumpulan disebabkan oleh pengurangan keuntungan sebanyak RM5.6 juta dan RM1.8 juta masing-masing dalam operasi pengilangan dan perladangan. Penurunan dalam PBT bagi operasi pengilangan minyak sawit adalah terutamanya disebabkan persaingan bekalan Tandan Buah Segar ("FFB") di kalangan pengilang-pengilang sekeliling yang menyebabkan kurangnya kuantiti belian FFB dan pengurangan margin pemrosesan.

Bagi operasi perladangan, penurunan dalam keuntungan operasi adalah disebabkan oleh bertambahnya kawasan kelapa sawit yang baru matang seluas lebih kurang 1,800 ekar yang memberi sumbangan negatif kepada keuntungan operasi. Walau bagaimanapun, penurunan ini diringankan oleh peningkatan pengeluaran FFB sebanyak 15%.

DIVIDEN

Lembaga sukacita mencadangkan dividen akhir sebanyak 3 sen sesaham, ditolak 28% cukai (2001: 3 sen sesaham, dikecualikan cukai), menjadikan jumlah dividen sebanyak 5 sen sesaham, ditolak 28% cukai (2001: 5 sen sesaham, dikecualikan cukai) bagi tahun kewangan 2002.

OPERASI PENGILANGAN MINYAK SAWIT

Penurunan PBT dalam operasi pengilangan sebanyak RM5.6 juta sebahagian besarnya disebabkan peningkatan tidak berkadar dalam kos purata wajaran FFB berbanding kesan teori daripada peningkatan purata wajaran harga sebenar minyak sawit dan kuantiti FFB diproses yang berkurangan. Punca utama peningkatan tidak berkadar adalah disebabkan oleh persaingan untuk bekalan FFB di kalangan pengilang-pengilang sekeliling dan kuantiti FFB diproses yang rendah.

Harga purata wajaran minyak sawit mentah ("CPO") dan minyak isirang sawit ("PKO") masing-masing jatuh sebanyak 4% dan 32% dan volum jualan masing-masing jatuh sebanyak 9% dan 13% berbanding tahun kewangan sebelumnya.

Kuantiti FFB yang diproses telah menurun 11% daripada lebih kurang 481,000 tan metrik pada tahun kewangan 2001 kepada 426,000 tan metrik pada tahun kewangan 2002.

Operasi pengilangan minyak sawit adalah penyumbang utama kepada hasil bagi Kumpulan, merupakan 76.2% (2001:75.7%) PBT Kumpulan bagi tahun kewangan 2002, dan dijangka akan terus menjadi penyumbang utama bagi beberapa tahun yang akan datang.



Penyata Pengerusi (samb)

OPERASI PERLADANGAN

Pengeluaran FFB telah meningkat daripada lebih kurang 51,000 tan metrik pada tahun kewangan 2001 kepada 59,000 tan metrik pada tahun kewangan 2002. Keluasan ladang kelapa sawit yang matang telah meningkat lebih kurang 1,800 ekar daripada hampir 5,100 ekar dalam tahun kewangan 2001 kepada hampir 6,900 ekar dalam tahun kewangan 2002. Walau bagaimanapun, disebabkan produktiviti dalam tahun pertama yang biasanya rendah, hasil purata keseluruhan setiap ekar bagi Kumpulan telah dikurangkan dengan kemasukan kawasan-kawasan baru ini. Ini telah menyumbang kepada kemerosotan yang agak besar kepada PBT operasi perladangan bagi tahun kewangan 2002.

Kumpulan telah menanam 4,400 ekar lagi kelapa sawit dalam tahun kewangan 2002 berbanding 8,400 ekar dalam tahun kewangan 2001. Jumlah kos penanaman dan penyelenggaraan kelapa sawit belum matang pada tahun kewangan 2002 berjumlah RM18.6 juta berbanding RM17.6 juta bagi tahun kewangan 2001.

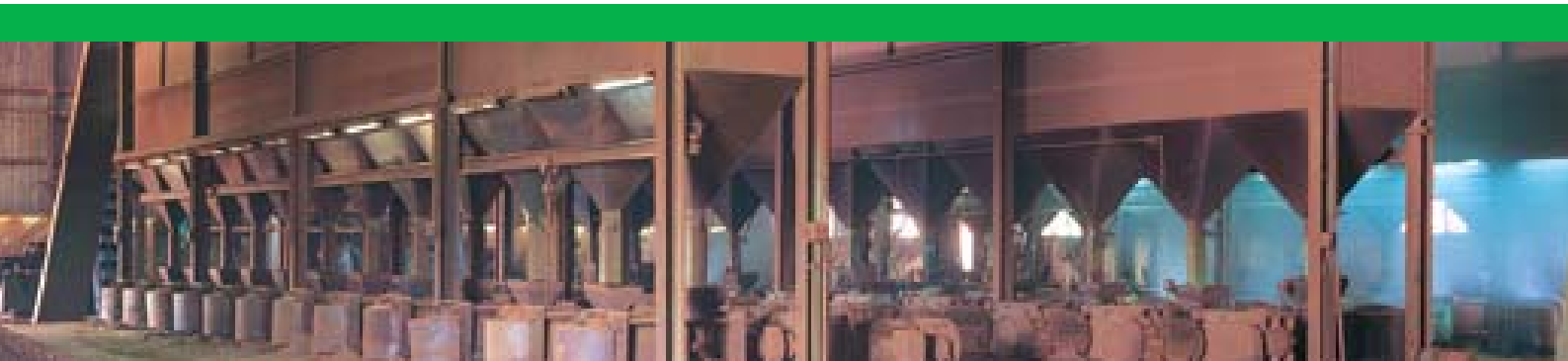
PENYELIDIKAN DAN PEMBANGUNAN ("R&D")

Kumpulan berusaha gigih dalam mempertingkatkan teknologi dan pemprosesan minyak sawit termasuk pengurusan sisa atau penggunaan biojisim untuk mendapatkan penjimatan kos dan meminimumkan pencemaran terhadap alam sekitar.

Malaysia kini mempunyai hampir 300 buah kilang minyak sawit yang beroperasi dalam negara ini. Berdasarkan purata pengeluaran CPO melebihi 10 juta tan metrik setahun, kuantiti Tandan Buah Kosong ("EFB") yang dihasilkan sama dengan lebih kurang 10 juta tan metrik dan pelepasan Efluen Kilang Minyak Sawit ("POME") lebih kurang 20 juta tan metrik. Keperluan-keperluan pemeliharaan alam sekitar yang ketat seperti yang telah ditetapkan oleh Jabatan Alam Sekitar ("DOE") telah menimbulkan kebimbangan di kalangan syarikat-syarikat minyak sawit berkaitan dengan pembuangan sisa yang meningkat itu.

Kumpulan mempunyai kepakaran dan teknologi untuk mengitar semula 'sisa' dan menukarkannya kepada produk bernilai tinggi seperti kompos dan baja biologi. Aktiviti-aktiviti ini bukan hanya membersihkan alam sekitar malah juga menyumbang hasil kepada Kumpulan. Kompos yang mempunyai kandungan organik yang tinggi dan komponen-komponen yang bioaktif seperti mikroorganisma yang memberi faedah memulihkan tanah yang kurang kandungan nutrien dan bahan biologinya. Ini terutamanya baik untuk kelapa sawit yang ditanam di tanah marginal dan berpasir di mana bahan-bahan organik didapati berkurangan. Baja biologi, selain membekatkan bahan-bahan organik kepada tanah, ia juga membekalkan nutrien kepada tumbuhan-tumbuhan untuk pertumbuhan yang lebih baik dan hasil yang lebih banyak. Kompos yang diperkayakan dan baja biologi boleh dirumuskan untuk memenuhi keperluan nutrien pokok-pokok kelapa sawit.

Kumpulan akan membuat pelaburan ke dalam R&D bagi projek-projek yang mesra alam seperti penggunaan bahan-bahan sisa buangan untuk menjana tenaga.



PEMBANGUNAN DAN PROSPEK

Prospek bagi industri minyak sawit nampaknya baik memandangkan peningkatan harga minyak sawit dan bukti-bukti yang menunjukkan pemulihan ekonomi sedang berlangsung.

Bagi operasi pengilangan minyak sawit, kilang baru di Keningau, Sabah, yang dijangka bermula operasi pada suku tahun ketiga tahun kewangan 2003, akan meningkatkan keupayaan pendapatan bagi operasi pengilangan. Walau bagaimanapun, terdapat sedikit kerisauan terhadap pengeluaran FFB kerana ada tanda-tanda yang menunjukkan berlakunya fenomena El Nino yang sederhana dalam tahun 2002 dan ini mungkin menyebabkan musim kemarau yang teruk di Malaysia. Jika fenomena El Nino ini benar-benar berlaku, Kumpulan dijangka akan bersaing untuk mendapat bekalan FFB bagi operasi pengilangan sepanjang tahun kewangan 2003.

Bagi operasi perladangan, lebih kurang 5,200 ekar ladang kelapa sawit akan diisytiharkan matang pada tahun kewangan 2003 dan 11,200 ekar lagi pada tahun kewangan berikutnya. Ini akan membolehkan Kumpulan mencapai peningkatan yang signifikan dalam pengeluaran FFB bagi beberapa tahun akan datang memandangkan penambahan keluasan kawasan matang dan profil umur sawit yang lebih baik. Walau bagaimanapun, bagi tahun semasa, hasil setiap ekar dijangka akan terus dipengaruhi oleh kawasan-kawasan yang baru matang dan fenomena El Nino yang akan mengurangkan manfaat daripada harga minyak sawit yang diharapkan baik.

Kumpulan sedar bahawa ia mestilah kekal kompetitif dan akan berusaha untuk mempertingkatkan kecekapan, produktiviti dan keberkesanan kos dalam operasinya. Kumpulan telah mengubah seorang konsultan bagi membantu mendapatkan sijil ISO 9001:2000 untuk operasi pengilangannya.

Berdasarkan faktor-faktor tersebut di atas dan dengan ketiadaan keadaan di luar jangkaan, Lembaga menjangkakan prestasi Kumpulan bagi tahun kewangan berakhir 31 Januari 2003 akan terus menguntungkan.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin merakamkan penghargaan saya kepada Pengurusan dan kakitangan atas perkhidmatan setia dan dedikasi kepada Kumpulan. Saya juga ingin mengambil kesempatan untuk mengiktiraf sumbangan para pelanggan dan pembekal yang kita hargai atas sokongan dan keyakinan mereka yang berterusan terhadap Kumpulan. Terima kasih juga kami ucapkan kepada jabatan-jabatan dan agensi-agensi kerajaan, bank-bank dan rakan-rakan niaga kita atas kerjasama dan sokongan mereka yang berterusan.

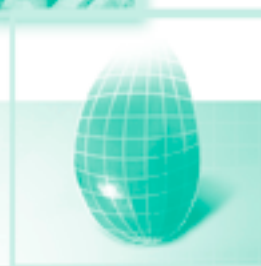
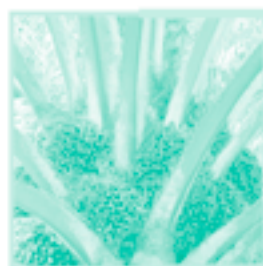
Bagi pihak Lembaga, saya ingin mengucapkan selamat datang kepada Encik Teoh Cheng Hai yang telah menyertai Lembaga pada 1 Ogos 2001.

Akhir sekali, saya ingin mengucapkan terima kasih kepada rakan-rakan seperjuangan saya dalam Lembaga kerana sokongan mereka, serta para pemegang saham atas keyakinan mereka terhadap Lembaga dan Pengurusan Kumpulan.

Datuk Haji Mohd. Zamani bin Samah
Pengerusi
Johor Bahru, Johor
12 Jun 2002



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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2002.

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 subsidiary companies are listed in note 4 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Profit after tax	6,589,497	15,534,751
Minority interests	178,262	-
Net profit for the financial year	<u>6,767,759</u>	<u>15,534,751</u>

Dividends

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 January 2001, as shown in the Directors' report of that year:	
Tax exempt interim dividend of 2 sen per share on 106,750,000 ordinary shares, paid on 12 February 2001	2,135,000
Tax exempt final dividend of 3 sen per share on 106,750,000 ordinary shares, paid on 20 September 2001	3,202,500
In respect of the financial year ended 31 January 2002, an interim gross dividend of 2 sen per share on 106,750,000 ordinary shares, less tax, paid on 28 January 2002	1,537,200
	<u>6,874,700</u>

The Directors recommend the payment of a final gross dividend of 3 sen per share on 106,750,000 ordinary shares, less tax, amounting to RM2,305,800 subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Reserves and provisions

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

Directors' Report (cont'd)

Issue of shares and share options

The Company did not issue any new shares or grant any share options during the financial year and there were no unissued shares under option at the end of the year.

Directors

The Directors who have held office since the date of the last report are:-

Datuk Haji Mohd. Zamani bin Samah
Gooi Seong Lim
Loo Geok Eng (f)
Gooi Seong Heen
Gooi Seong Chneh
Gooi Seong Gum
Gooi Seow Mee (f)
Mathew K. Mathai
Gan Kim Guan
Teoh Cheng Hai (*Appointed on 1.8.2001*)

In accordance with Article 77 of the Company's Articles of Association, Gooi Seong Gum and Gooi Seow Mee (f) retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 84 of the Company's Articles of Association, Teoh Cheng Hai, who was appointed during the period, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Loo Geok Eng (f) and Datuk Haji Mohd. Zamani bin Samah retire pursuant to Section 129 (2) of the Companies Act, 1965 and resolutions will be proposed for their re-appointment as Directors under the provisions of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to 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 those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Report (cont'd)

Directors' interest in shares and debentures

None of the Directors who held office at the end of the financial year had, according to the register of directors' shareholdings, any interest in shares in the Company and its related corporations except as stated below:

	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2001	Bought	Sold	At 31.1.2002
Datuk Haji Mohd. Zamani bin Samah				
- direct interest	647,000	-	597,000	50,000
Gooi Seong Lim				
- direct interest	170,000	50,000	-	220,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000
Loo Geok Eng (f)				
- direct interest	360,000	50,000	-	410,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000
Gooi Seong Heen				
- direct interest	120,000	50,000	-	170,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000
Gooi Seong Chneh				
- direct interest	160,000	50,000	-	210,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000
Gooi Seong Gum				
- direct interest	400,000	5,000	250,000	155,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000
Gooi Seow Mee (f)				
- direct interest	160,000	50,000	-	210,000
- indirect interest	66,112,000	10,785,000	882,000	76,015,000

	Number of ordinary shares of RM100 each in Sharikat Kim Loong Sendirian Berhad			
	At 1.2.2001	Bought	Sold	At 31.1.2002
Gooi Seong Lim				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Loo Geok Eng (f)				
- direct interest	1,250	-	-	1,250
Gooi Seong Heen				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250

Directors' Report (cont'd)

Directors' interest in shares and debentures (cont'd)

	Number of ordinary shares of RM100 each in Sharikat Kim Loong Sendirian Berhad			At 31.1.2002
	At 1.2.2001	Bought	Sold	
Gooi Seong Chneh				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seow Mee (f)				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250

By virtue of their interest in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Loo Geok Eng (f), Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh, Gooi Seong Gum and Gooi Seow Mee (f) are also deemed to have interest in the shares in the Company and its related corporations to the extent that the holding company has an interest.

No debentures have been issued by the Company or its related corporations.

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

Statutory information on the financial statements (cont'd)

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year to secure the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Holding and ultimate holding company

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

Auditors

The auditors, Messrs Liang & Co., have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors

GOOI SEONG LIM
Director

GOOI SEONG HEEN
Director

Dated : 20 May 2002

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Gooi Seong Lim and Gooi Seong Heen, being two of the Directors of KIM LOONG RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 41 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2002 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

On behalf of the Board,

GOOI SEONG LIM
Director

GOOI SEONG HEEN
Director

Dated : 20 May 2002

Statutory Declaration

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

I, Gooi Seong Lim, being the Director primarily responsible for the financial management of KIM LOONG RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 70 are, to the best of my knowledge and belief, 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)
Gooi Seong Lim,)
at Johor Bahru in the state of Johor)
this 20 May 2002) -----
GOOI SEONG LIM

Before me,

Commissioner for Oaths

Report of the Auditors to the Members of

KIM LOONG RESOURCES BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 41 to 70. These financial statements are the responsibility of the Company's Directors. 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 issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 January 2002 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements 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 these purposes.

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

LIANG & CO.
Firm Number : AF0312
Chartered Accountants

Johor Bahru
Dated : 20 May 2002

SOONG AH CHYE
Approval Number : 1767/5/04 (J)
Partner of the firm

Consolidated Balance Sheet

As at 31 January 2002

	NOTE	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	186,316,057	169,634,861
Quoted investments	5	8,334,169	7,397,682
Development expenditure	6	298,253	209,367
		194,948,479	177,241,910
CURRENT ASSETS			
Inventories	7	7,040,867	6,404,219
Trade debtors		2,114,552	1,870,924
Other debtors, deposits and prepayments		2,345,511	1,834,339
Tax recoverable		552,833	-
Amount owing by holding company		11,367	-
Amount owing by related companies	9	79,743	82,060
Fixed deposits with licensed banks		473,000	16,897,000
Cash and bank balances		2,652,240	2,553,634
		15,270,113	29,642,176
CURRENT LIABILITIES			
Trade creditors		6,364,172	4,527,487
Other creditors and accruals		3,140,522	2,740,765
Amount owing to related companies	9	172,530	841,605
Amount owing to a minority shareholder	10	-	165,000
Bank borrowings (secured)	11	2,567,146	-
Provision for tax		838,026	3,718,703
		13,082,396	11,993,560
Net Current Assets		2,187,717	17,648,616
NON-CURRENT LIABILITIES			
Amount owing to holding company		-	9,989,237
Bank borrowings (secured)	11	18,000,000	5,764,385
Other borrowings	12	6,479,772	6,380,011
Deferred tax	13	1,353,000	1,252,000
		25,832,772	23,385,633
		171,303,424	171,504,893
CAPITAL AND RESERVES			
Share capital	14	106,750,000	106,750,000
Reserves	15	62,504,464	62,611,405
		169,254,464	169,361,405
Minority interests		2,048,960	2,143,488
		171,303,424	171,504,893

Consolidated Income Statement

For the Financial Year Ended 31 January 2002

	NOTE	2002 RM	2001 RM
Revenue	19	98,513,030	116,641,027
Cost of sales	20	(81,932,198)	(94,661,635)
Gross profit		16,580,832	21,979,392
Other operating income		698,606	1,414,854
		17,279,438	23,394,246
Distribution costs		(1,076,276)	(1,074,773)
Administration expenses		(6,479,769)	(5,036,921)
Other operating expenses		(334,229)	(230,975)
Profit from operations	22	9,389,164	17,051,577
Finance costs	24	(41,327)	(157,969)
Profit before tax		9,347,837	16,893,608
Tax	25	(2,758,340)	(3,604,463)
Profit after tax		6,589,497	13,289,145
Pre-acquisition profit		-	(4,004,663)
Minority interests		178,262	(6,809)
Net profit for the financial year		6,767,759	9,277,673
Basic earnings per share (sen)	26	6	15
Dividends per share (sen)	27	5	5

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 January 2002

	Share capital RM	Share premium RM	Non-distributable Revaluation reserve RM	Reserve on consolidation RM	Distributable Retained profits RM	Total RM
Balance as at 1.2.2000	10,000	-	-	-	12,128,037	12,138,037
Net gains not recognised in the income statement:						
Surplus on revaluation of properties	-	-	32,478,509	-	-	32,478,509
Acquisition of subsidiary companies	-	-	-	11,355,980	-	11,355,980
	-	-	32,478,509	11,355,980	-	43,834,489
Bonus issue	32,371,000	-	(32,371,000)	-	-	-
Issue of share capital	74,369,000	31,732,800	-	-	-	106,101,800
Listing expenses	-	(1,990,594)	-	-	-	(1,990,594)
Net profit for the year	-	-	-	-	9,277,673	9,277,673
Balance as at 31.1.2001	106,750,000	29,742,206	107,509	11,355,980	21,405,710	169,361,405
Net profit for the year	-	-	-	-	6,767,759	6,767,759
Dividends for year ended						
- 31 January 2001	-	-	-	-	(5,337,500)	(5,337,500)
- 31 January 2002	-	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2002	106,750,000	29,742,206	107,509	11,355,980	21,298,769	169,254,464

Consolidated Cash Flow Statement

For the Financial Year Ended 31 January 2002

	2002 RM	2001 RM
Cash flows from operating activities		
Cash receipts from customers	98,269,990	67,564,930
Cash paid to suppliers and employees	(84,902,000)	(52,024,815)
Cash generated from operations	13,367,990	15,540,115
Interest paid	(41,327)	(14,558)
Tax paid	(6,040,280)	(4,473,880)
Net cash from operating activities	7,286,383	11,051,677
Cash flows from investing activities		
Net cash effects on acquisition of subsidiary companies (Note a)	-	(32,463,706)
Acquisition of property, plant and equipment (Note b)	(20,015,542)	(21,006,020)
Proceeds from disposal of plant and equipment	132,500	-
Development expenditure paid	(106,475)	(51,172)
Interest paid	(1,048,646)	(250,323)
Interest received	202,886	494,554
Dividend received	249,657	147,626
Proceeds from disposal of quoted investments	977,605	642,024
Acquisition of quoted investments	(1,781,203)	(1,485,531)
Net cash used in investing activities	(21,389,218)	(53,972,548)
Cash flows from financing activities		
Dividends paid	(6,874,700)	-
Proceeds from issuance of shares (Note c)	-	72,367,400
Proceeds from issuance of shares to minority shareholders	14,984	30,047
Listing expenses paid	-	(1,990,594)
Advances to holding company	(10,000,604)	(2,005,563)
Advances to related companies	-	(11,361,318)
Bank borrowings	12,235,615	2,890,562
Repayment to/advances from a minority shareholder	(165,000)	165,000
Net cash (used in)/from financing activities	(4,789,705)	60,095,534
Net (decrease)/increase in cash and cash equivalents	(18,892,540)	17,174,663
Cash and cash equivalents at beginning of year	19,450,634	2,275,971
Cash and cash equivalents at end of year (Note d)	558,094	19,450,634

Consolidated Cash Flow Statement (cont'd)

For the Financial Year Ended 31 January 2002

Note a : Net cash effects on acquisition of subsidiary companies

There were no acquisitions of new subsidiary companies during the financial year ended 31 January 2002.

During the financial year ended 31 January 2001, the fair value of assets and liabilities acquired by the Company were as follows:

	2001 RM
Property, plant and equipment	89,046,006
Quoted investments	6,393,326
Development expenditure	158,195
Deferred expenditure	70,456
Current assets	20,080,458
Current liabilities	(11,182,233)
Long term liabilities	(52,731,507)
Deferred tax	(678,000)
Minority interests	(2)
	<hr/>
Fair value of net assets acquired	51,156,699
Reserve on consolidation	(11,355,980)
	<hr/>
Liabilities taken over by Company	39,800,719
	<hr/>
	37,312,529
	<hr/>
Total consideration	77,113,248
Discharged by issuance of shares	(33,734,400)
	<hr/>
Cash paid	43,378,848
Less : Cash and cash equivalents acquired	(10,915,142)
	<hr/>
Net cash effects on acquisition of subsidiary companies	<u>32,463,706</u>

Note b : Acquisition of property, plant and equipment

	2002 RM	2001 RM
Property, plant and equipment acquired	22,321,395	56,567,398
Less expenses capitalised:		
- depreciation	(1,153,604)	(751,461)
- interest	(1,152,249)	(250,323)
Less revaluation surplus	-	(34,559,594)
	<hr/>	<hr/>
Cash paid	<u>20,015,542</u>	<u>21,006,020</u>

Consolidated Cash Flow Statement (cont'd)

For the Financial Year Ended 31 January 2002

Note c: Proceeds from issuance of shares

	2002 RM	2001 RM
Rights issue of 13,619,000 ordinary shares of RM1 each at par	-	13,619,000
Issue of 28,142,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of restricted issue to Bumiputera investors	-	50,655,600
Issue of 4,496,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of public issue	-	8,092,800
	-	<u>72,367,400</u>

Note d : Cash and cash equivalents at end of year

	2002 RM	2001 RM
Bank overdrafts (Note 11)	(2,567,146)	-
Cash and bank balances	2,652,240	2,553,634
Fixed deposits with licensed banks	473,000	16,897,000
	<u>558,094</u>	<u>19,450,634</u>

Balance Sheet

As at 31 January 2002

	NOTE	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	33,694,500	34,522,237
Investment in subsidiary companies	4	56,778,182	56,578,182
		90,472,682	91,100,419
CURRENT ASSETS			
Inventories	7	254,540	543,671
Trade debtors		434,145	351,027
Other debtors and deposits		1,224,706	1,226,920
Tax recoverable		468,524	-
Amount owing by subsidiary companies		72,477,450	65,073,612
Fixed deposit with licensed bank		-	6,000,000
Cash and bank balances		1,122,368	1,923,840
		75,981,733	75,119,070
CURRENT LIABILITIES			
Trade creditors		1,937,217	414,157
Other creditors and accruals		1,035,355	763,729
Amount owing to holding company		48,362	-
Amount owing to subsidiary companies	8	2,243,501	-
Amount owing to a related company	9	-	816,723
Provision for tax		-	1,440,714
		5,264,435	3,435,323
Net Current Assets		70,717,298	71,683,747
NON-CURRENT LIABILITIES			
Amount owing to holding company		-	9,989,237
Deferred tax	13	435,000	700,000
		435,000	10,689,237
		160,754,980	152,094,929
CAPITAL AND RESERVES			
Share capital	14	106,750,000	106,750,000
Reserves	15	54,004,980	45,344,929
		160,754,980	152,094,929

Income Statement

For the Financial Year Ended 31 January 2002

	NOTE	2002 RM	2001 RM
Revenue	19	8,668,686	8,425,763
Cost of sales	20	(6,094,280)	(4,536,533)
Gross profit		2,574,406	3,889,230
Other operating income	21	20,580,874	825,049
		23,155,280	4,714,279
Administration expenses		(1,783,754)	(536,787)
Other operating expenses		(96,105)	(45,271)
Profit from operations	22	21,275,421	4,132,221
Finance costs	24	-	-
Profit before tax		21,275,421	4,132,221
Tax	25	(5,740,670)	(835,000)
Net profit for the financial year		15,534,751	3,297,221
Basic earnings per share (sen)	26	15	5
Dividends per share (sen)	27	5	5

Statement of Changes in Equity

For the Financial Year Ended 31 January 2002

	Share capital RM	— Non-distributable — Share premium RM	Revaluation reserve RM	Distributable Retained profits RM	Total RM
Balance as at 1.2.2000	10,000	-	-	12,202,824	12,212,824
Net gains not recognised in the income statement:					
Surplus on revaluation of properties and investment in subsidiary companies	-	-	32,473,678	-	32,473,678
Bonus issue	32,371,000	-	(32,371,000)	-	-
Issue of share capital	74,369,000	31,732,800	-	-	106,101,800
Listing expenses	-	(1,990,594)	-	-	(1,990,594)
Net profit for the year	-	-	-	3,297,221	3,297,221
Balance as at 31.1.2001	106,750,000	29,742,206	102,678	15,500,045	152,094,929
Net profit for the year	-	-	-	15,534,751	15,534,751
Dividends for year ended					
-31 January 2001	-	-	-	(5,337,500)	(5,337,500)
-31 January 2002	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2002	106,750,000	29,742,206	102,678	24,160,096	160,754,980

Cash Flow Statement

For the Financial Year Ended 31 January 2002

	2002 RM	2001 RM
Cash flows from operating activities		
Cash receipts from customers	8,594,143	8,617,332
Cash paid to suppliers and employees	(5,323,964)	(4,462,033)
Cash generated from operations	3,270,179	4,155,299
Tax paid	(2,510,908)	(1,373,023)
Net cash from operating activities	759,271	2,782,276
Cash flows from investing activities		
Acquisition of additional investment in existing subsidiary companies	(200,000)	(6,136,318)
Proceeds from disposal of plant and equipment	36,000	-
Acquisition of property, plant and equipment	(558,398)	(1,118,518)
Dividends received	19,300,000	-
Tax paid on dividends received	(5,404,000)	-
Interest received	17,417	321,006
Net cash from/(used in) investing activities	13,191,019	(6,933,830)
Cash flows from financing activities		
Dividends paid	(6,874,700)	-
Proceeds from issuance of shares (Note a)	-	72,367,400
Listing expenses paid	-	(1,990,594)
Advances to holding company	(9,796,875)	(2,005,563)
Advances to subsidiary companies	(4,080,187)	(58,567,627)
Net cash (used in)/from financing activities	(20,751,762)	9,803,616
Net (decrease)/increase in cash and cash equivalents	(6,801,472)	5,652,062
Cash and cash equivalents at beginning of year	7,923,840	2,271,778
Cash and cash equivalents at end of year (Note b)	1,122,368	7,923,840

Cash Flow Statement (cont'd)

For the Financial Year Ended 31 January 2002

Note a : Proceeds from issuance of shares

	2002 RM	2001 RM
Rights issue of 13,619,000 ordinary shares of RM1 each at par	-	13,619,000
Issue of 28,142,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of restricted issue to Bumiputera investors	-	50,655,600
Issue of 4,496,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of public issue	-	8,092,800
	-	72,367,400

Note b : Cash and cash equivalents at end of year

	2002 RM	2001 RM
Cash and bank balances	1,122,368	1,923,840
Fixed deposit with licensed bank	-	6,000,000
	1,122,368	7,923,840

Notes to the Financial Statements

1. GENERAL INFORMATION

a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Kuala Lumpur Stock Exchange.

b) The address of the registered office of the Company is as follows:

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

c) The address of the principal place of business of the Company is as follows:

Lot 18.01, 18th Floor,
Public Bank Tower
19, Jalan Wong Ah Fook
80000 Johor Bahru
Johor

d) Employee information

	Group		Company	
	2002	2001	2002	2001
No. of employees at end of the financial year	1,251	1,313	250	369
Staff costs (RM)				
Amount charged to income statement	5,203,169	4,489,696	1,965,531	916,338
Amount capitalised in assets	4,416,718	3,857,663	-	-
Total	9,619,887	8,347,359	1,965,531	916,338

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The financial statements of the Group and of the Company are prepared under the historical cost convention (except for those disclosed in the summary of significant accounting policies) and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Subsidiary companies and basis of consolidation

Investment in subsidiary companies is stated at cost or valuation. A company is considered as a subsidiary when the Company owns directly or indirectly more than one half of the voting power of that company or the Company controls the composition of the board of directors or equivalent governing body.

The Group has adopted the policy of revaluing its investment in subsidiary companies on a regular basis at least once in every five years.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal. All inter-company transactions and balances are eliminated on consolidation.

Surpluses arising from revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of the previous surplus held in the revaluation reserve for the same assets. In all other cases, a decrease in carrying amount is charged to income statement.

Goodwill or reserve on consolidation represents the difference between the acquisition cost of shares in the subsidiary companies and the fair value of the attributable net assets acquired at the date of acquisition. No amortisation is provided on goodwill or reserve on consolidation.

The carrying amount is reviewed annually, and goodwill is written down when, in the opinion of the directors, its value has deteriorated or when it ceases to have a useful life.

c) Property, plant and equipment

Freehold land is stated at cost plus incidental expenditure on acquisition. No depreciation is provided on freehold land.

Long leasehold estate land is stated at cost/valuation. A long lease is a lease with an unexpired period of 50 years or more. No amortisation or depreciation is provided on long leasehold estate land.

Plantation development expenditure represents pre-cropping costs (including interest) incurred from the commencement of development to the date of maturity of the rootstock. Plantation development expenditure is capitalised at cost and amortised over a period of 15 to 20 years commencing from the date of maturity of the rootstock.

Other property, plant and equipment, including those transferred from the holding company and a related company are stated at cost less accumulated depreciation and amortisation and impairment losses, if any. Depreciation and amortisation are calculated on the straight line method so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

	No. of years
Buildings	50
Plantation development expenditure	15 to 20
Plant and machinery	10
Equipment, furniture and fittings	10
Motor vehicles	5

Work-in-progress on property, plant and equipment are stated at cost incurred to balance sheet date and no depreciation is provided on these assets until they are completed and brought into use.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement.

The Group has adopted the policy of revaluing its freehold and leasehold land on a regular basis at least once in every five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Surpluses arising from revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of the previous surplus held in the revaluation reserve for the same assets. In all other cases, a decrease in carrying amount is charged to income statement.

d) Investments

Quoted and unquoted investments which are held as long term investments are stated at cost. Allowance is made for diminution in value where, in the opinion of the Directors, there is a decline, other than temporary, in value of the investments. The market value of the quoted investments is calculated based on the last transacted prices of these investments quoted in the respective stock exchanges at the balance sheet date.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement; any amount in revaluation reserve relating to that investment is transferred to retained earnings.

e) Development expenditure

Development expenditure on bio-fertilizers is carried forward at cost and is to be amortised to the income statement over a period of 3 to 5 years depending on the expected product life. The amortisation will commence in the year when the commercial sale of the developed product commences.

f) Inventories

Finished goods are stated at the lower of cost and net realisable value on a first-in-first-out basis. Cost being the average cost, consists of materials, labour and attributable overheads in bringing the inventories to their present location and condition. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

Nursery stocks are valued at cost on a first-in-first-out basis. Cost includes cost of seedlings, labour, materials and attributable overheads in bringing the nursery stocks to their present location and condition.

Building materials, supplies, spare parts and consumables are valued at cost on the weighted average basis.

g) Debtors

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

i) Revenue recognition

Sales are recognised upon delivery of products and after customer acceptance, net of discounts and returns.

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

Interest income is recognised on a time proportion basis and takes into account the effective yield on the asset.

Management fee income is recognised on the accrual basis in accordance with the substance of the agreement.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Deferred tax

Deferred tax is provided using the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future. However, where timing differences result in net deferred tax benefits, the tax effects will generally be recognised upon actual realisation.

The potential tax saving relating to a loss carry forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

Where there is intention to dispose of revalued assets, the deferred tax relating to such assets is recognised through a transfer from the related revaluation surplus. No provision or disclosure is made of this tax effect where the Group intends to hold such assets for the foreseeable future.

k) Interest capitalisation

Interest incurred on borrowings related to plant and equipment and plantation development is capitalised during the period when activities to plan, develop and construct the assets are undertaken. Capitalisation ceases when the assets are ready for their intended use.

3. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value as at					
1 February 2001	137,695,519	23,306,205	4,162,884	4,470,253	169,634,861
Additions	20,017,706	913,699	133,630	1,256,360	22,321,395
Disposals	(15,850)	(208,170)	(5,408)	(60,847)	(290,275)
Reclassifications	(136,137)	660,581	-	(524,444)	-
Depreciation charge	(1,326,197)	(2,366,144)	(383,382)	(1,274,201)	(5,349,924)
Net book value as at					
31 January 2002	156,235,041	22,306,171	3,907,724	3,867,121	186,316,057
<u>At 31 January 2001</u>					
Cost	108,616,747	39,119,050	5,505,914	8,715,977	161,957,688
Valuation	34,559,594	-	-	-	34,559,594
Accumulated depreciation	(5,480,822)	(15,812,845)	(1,343,030)	(4,245,724)	(26,882,421)
Net book value	137,695,519	23,306,205	4,162,884	4,470,253	169,634,861
<u>At 31 January 2002</u>					
Cost	128,475,213	41,243,531	5,631,994	8,442,408	183,793,146
Valuation	34,559,594	-	-	-	34,559,594
Accumulated depreciation	(6,799,766)	(18,937,360)	(1,724,270)	(4,575,287)	(32,036,683)
Net book value	156,235,041	22,306,171	3,907,724	3,867,121	186,316,057

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Properties consist of:

	2002		2001	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
<u>Freehold</u>				
At cost:				
Land	8,000,000	8,000,000	8,000,000	8,000,000
Buildings	4,481,430	3,721,784	4,453,746	3,827,195
Buildings under construction	2,805	2,805	118,267	118,267
Roads, culverts and fencing	2,882,094	1,932,245	2,882,094	2,105,170
<u>Long leasehold</u>				
At cost:				
Land	39,857,306	39,857,306	39,842,492	39,842,492
Buildings	6,996,372	6,008,260	4,348,234	3,610,900
Buildings under construction	375,992	375,992	1,664,381	1,664,381
Plantation development expenditure	56,354,078	52,251,919	37,775,077	34,435,064
At valuation:				
Land - Original cost	9,525,136	9,525,136	9,532,456	9,532,456
- Revaluation surplus	34,559,594	34,559,594	34,559,594	34,559,594
	<u>163,034,807</u>	<u>156,235,041</u>	<u>143,176,341</u>	<u>137,695,519</u>

Certain properties are pledged with licensed banks to secure loan facilities granted to subsidiary companies (Note 11).

At 31 January 2002, the titles of certain parcels of long leasehold land of subsidiary companies with carrying value totalling approximately RM32,000,000 (2001: RM32,000,000) have not been sub-divided and/or registered in the names of the respective subsidiary companies.

	2002 RM	2001 RM
Included in the addition of plantation development expenditure during the year are:		
Depreciation	1,153,604	916,313
Interest	1,152,249	250,323
Rental	44,000	-

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company

	Long leasehold properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value as at					
1 February 2001	32,473,114	958,274	535,030	555,819	34,522,237
Additions	52,432	98,642	27,324	380,000	558,398
Disposals	-	(5,269)	-	-	(5,269)
Reclassifications	(17,870)	253,594	-	(235,724)	-
Depreciation charge	(774,612)	(270,026)	(76,650)	(259,578)	(1,380,866)
Net book value as at					
31 January 2002	31,733,064	1,035,215	485,704	440,517	33,694,500
<u>At 31 January 2001</u>					
Cost	19,213,285	1,420,248	656,201	2,104,776	23,394,510
Valuation	17,329,818	-	-	-	17,329,818
Accumulated depreciation	(4,069,989)	(461,974)	(121,171)	(1,548,957)	(6,202,091)
Net book value	32,473,114	958,274	535,030	555,819	34,522,237
<u>At 31 January 2002</u>					
Cost	19,247,593	2,355,175	683,525	1,623,415	23,909,708
Valuation	17,329,818	-	-	-	17,329,818
Accumulated depreciation	(4,844,347)	(1,319,960)	(197,821)	(1,182,898)	(7,545,026)
Net book value	31,733,064	1,035,215	485,704	440,517	33,694,500

Long leasehold properties consist of:

	2002		2001	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost:				
Buildings	4,080,326	3,198,707	3,834,434	3,104,458
Buildings under construction	11,006	11,006	222,590	222,590
Plantation development expenditure	9,545,860	5,583,132	9,545,860	6,205,847
At valuation:				
Land				
- Original cost	5,610,401	5,610,401	5,610,401	5,610,401
- Revaluation surplus	17,329,818	17,329,818	17,329,818	17,329,818
	36,577,411	31,733,064	36,543,103	32,473,114

Certain freehold and long leasehold land of the Group and of the Company were revalued by the Directors in the financial year 2001 based on valuations carried out by a firm of independent professional valuers on a fair market value basis on 18 June 1999 and approved by the Securities Commission. The book values of the land were adjusted to the revaluations and the resultant surpluses were credited to revaluation reserve.

Notes to the Financial Statements (cont'd)

4. SUBSIDIARY COMPANIES

a) Investment in subsidiary companies consist of unquoted shares as follows:

	2002 RM	2001 RM
At valuation	17,037,464	16,837,464
At cost	39,740,718	39,740,718
	56,778,182	56,578,182

The original cost of unquoted shares at valuation amounts to RM1,893,604 (2001 : RM1,693,604).

All long leasehold land of certain subsidiary companies were revalued by a firm of independent professional valuers on a fair market value basis on 18 June 1999. Based on this valuation which was approved by the Securities Commission, the Directors revalued the investment in subsidiary companies. The book values of the investment in subsidiary companies were adjusted to the revaluations and the resultant surpluses were credited to revaluation reserve.

b) The subsidiary companies which are incorporated in Malaysia are as follows:

Name of subsidiary company	Group's effective equity interest		Principal activity
	2002 %	2001 %	
Suhenson Estate Sdn. Bhd.	100	100	Owning and letting of leasehold land
Selokan Sdn. Bhd.	100	100	Owning and letting of leasehold land
Syarikat Kong Fen Shin & Sons Sdn. Bhd.	100	100	Owning and letting of leasehold land
Lokan Development Sdn. Bhd.	100	100	Owning and letting of leasehold land
Desa Kim Loong Plantations Sdn. Bhd.	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Dormant
Winsome Plantations Sdn. Bhd.	80	80	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Corporation Sdn. Bhd.	100	100	Investment holding
Okidville Holdings Sdn. Bhd.*	100	100	Cultivation of oil palm and investment holding
Desa Okidville Sdn. Bhd.*	51	51	Cultivation of oil palm and investment holding
Desa Kim Loong Palm Oil Sdn. Bhd. *	70	70	Intended for processing and marketing of oil palm products
Kim Loong Palm Oil Sdn. Bhd.	100	100	Trading of fresh fruit bunches and investment holding

Notes to the Financial Statements (cont'd)

4. SUBSIDIARY COMPANIES (cont'd)

Name of subsidiary company	Group's effective equity interest		Principal activity
	2002	2001	
Kim Loong Palm Oil Mills Sdn. Bhd. **	100	100	Processing and marketing of oil palm products
Sungkit Enterprise Sdn. Bhd. **	100	100	Processing and trading of palm kernel products
Kim Loong Evergrow Sdn. Bhd. **	70	51	Manufacturing of compost fertilizers
Okidville Manufacturing Sdn. Bhd.	100	100	Investment holding

* subsidiary of Kim Loong Corporation Sdn. Bhd.

** subsidiary of Kim Loong Palm Oil Sdn. Bhd.

5. QUOTED INVESTMENTS

Group

	2002 RM	2001 RM
Securities quoted in Malaysia, at cost	9,372,729	8,788,167
Less : diminution in value	(1,111,527)	(1,463,452)
	8,261,202	7,324,715
Securities quoted outside Malaysia, at cost	95,957	95,957
Less : diminution in value	(22,990)	(22,990)
	72,967	72,967
	8,334,169	7,397,682
Market value of securities		
- quoted in Malaysia	7,384,220	5,890,950
- quoted outside Malaysia	68,940	84,600
	7,453,160	5,975,550

6. DEVELOPMENT EXPENDITURE

Group

	2002 RM	2001 RM
Balance brought forward	209,367	-
Arising from acquisition of subsidiaries	-	158,195
Incurred during the year	106,475	51,172
Written off during the year	(17,589)	-
Balance carried forward	298,253	209,367

The development expenditure relates to expenditure incurred in developing bio-fertilizers from the waste of the palm oil mill.

Notes to the Financial Statements (cont'd)

7. INVENTORIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>At cost:</u>				
Finished goods	183,332	141,266	-	50,880
Nursery stocks	18,631	97,502	18,631	97,502
Building materials, supplies, spare parts and consumables	1,972,939	2,966,957	136,092	395,289
	2,174,902	3,205,725	154,723	543,671
<u>At realisable value:</u>				
Finished goods	4,865,965	3,198,494	99,817	-
	7,040,867	6,404,219	254,540	543,671

8. AMOUNT OWING TO SUBSIDIARY COMPANIES

The amount owing to subsidiary companies is unsecured, interest-free and have no fixed terms of repayment.

9. AMOUNTS OWING BY/TO RELATED COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>Amount owing by related companies</u>				
Kim Loong Plantations Sdn. Bhd.	19,606	15,695	-	-
Crescendo Technologies Sdn. Bhd.	35,248	26,324	-	-
Panoramic Housing Development Sdn. Bhd.	10,411	19,630	-	-
Unibase Concrete Industries Sdn. Bhd.	-	5,806	-	-
Crescendo Corporation Berhad	6,029	4,709	-	-
Crescendo Development Sdn. Bhd.	8,449	9,896	-	-
	79,743	82,060	-	-
<u>Amount owing to related companies</u>				
Kim Loong Plantations Sdn. Bhd.	140,583	841,605	-	816,723
Unibase Trading Sdn. Bhd.	31,326	-	-	-
Unibase Concrete Industries Sdn. Bhd.	621	-	-	-
	172,530	841,605	-	816,723

The amounts owing by/to related companies are unsecured, interest-free and have no fixed terms of repayment.

Related companies refer to fellow subsidiary companies of Sharikat Kim Loong Sendirian Berhad, the holding company.

10. AMOUNT OWING TO A MINORITY SHAREHOLDER

The amount owing to a minority shareholder is unsecured, interest-free and has no fixed term of repayment.

Notes to the Financial Statements (cont'd)

11. BANK BORROWINGS (SECURED)

Group	Limit RM	Amount utilised	
		2002 RM	2001 RM
Term loan 1	18,000,000	18,000,000	5,764,385
Term loan 2	10,000,000	-	-
Overdraft 1	2,000,000	1,975,113	-
Overdraft 2	8,310,000	592,033	-
Trade facilities	2,000,000	-	-
	40,310,000	20,567,146	5,764,385
Current		2,567,146	-
Non-current		18,000,000	5,764,385
		20,567,146	5,764,385

The bank borrowings carry interest ranging from 6.75% (2001 : 8.3%) to 7.65% (2001 : 9.25%) per annum.

The facilities extended by a financial institution are secured by:

- a) a deed of assignment to assign all rights, title and interest over a property of a subsidiary company; and
- b) fixed and floating charges over all the assets of certain subsidiary companies.

Term loan 1 is repayable over 41 monthly instalments of RM430,000 each with a final instalment of RM370,000 commencing from July 2003.

12. OTHER BORROWINGS

Other borrowings consist of loans from minority shareholders of subsidiary companies and are unsecured, interest-free and not repayable within 12 months.

13. DEFERRED TAX

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Balance brought forward	1,252,000	1,155,000	700,000	1,155,000
Arising from acquisition of subsidiaries	-	678,000	-	-
Transfer from/(to) income statement	101,000	(581,000)	(265,000)	(455,000)
Balance carried forward	1,353,000	1,252,000	435,000	700,000

The deferred tax provision represents the tax effect of excess of capital allowance over depreciation which is expected to reverse in the foreseeable future.

Notes to the Financial Statements (cont'd)

13. DEFERRED TAX (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deferred tax liability not provided for:				
Tax effect on timing differences which are not expected to reverse in the foreseeable future in respect of excess of capital allowances over depreciation	5,975,000	6,068,000	1,750,000	1,500,000

14. SHARE CAPITAL

Group and Company

	2002 RM	2001 RM
Authorised - 500,000,000 ordinary shares of RM1 each		
Balance brought forward	500,000,000	25,000
Created during the year	-	499,975,000
Balance carried forward	500,000,000	500,000,000
Issued and fully paid - 106,750,000 ordinary shares of RM1 each		
Balance brought forward	106,750,000	10,000
Issued during the year	-	106,740,000
Balance carried forward	106,750,000	106,750,000

15. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>Non-distributable</u>				
Share premium (Note 16)	29,742,206	29,742,206	29,742,206	29,742,206
Revaluation reserve (Note 17)	107,509	107,509	102,678	102,678
Reserve on consolidation (Note 18)	11,355,980	11,355,980	-	-
<u>Distributable</u>				
Retained profits	21,298,769	21,405,710	24,160,096	15,500,045
	62,504,464	62,611,405	54,004,980	45,344,929

Notes to the Financial Statements (cont'd)

16. SHARE PREMIUM (NON-DISTRIBUTABLE)

Group and Company

	2002 RM	2001 RM
Balance brought forward	29,742,206	-
a) Issue of 28,112,000 ordinary shares of RM1 each at an issue price of RM1.20 per share to acquire Kim Loong Palm Oil Sdn. Bhd., Kim Loong Corporation Sdn. Bhd. and Okidville Manufacturing Sdn. Bhd.	-	5,622,400
b) Issue of 28,142,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of restricted issue to Bumiputera investors	-	22,513,600
c) Issue of 4,496,000 ordinary shares of RM1 each at an issue price of RM1.80 per share in respect of public issue	-	3,596,800
	<u>29,742,206</u>	<u>31,732,800</u>
Less : listing expenses	-	(1,990,594)
Balance carried forward	<u>29,742,206</u>	<u>29,742,206</u>

17. REVALUATION RESERVE (NON-DISTRIBUTABLE)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Revaluation surplus arising from revaluation of:				
- landed properties	32,478,509	32,478,509	17,329,818	17,329,818
- investment in subsidiary companies	-	-	15,143,860	15,143,860
	<u>32,478,509</u>	<u>32,478,509</u>	<u>32,473,678</u>	<u>32,473,678</u>
Less : bonus issue	(32,371,000)	(32,371,000)	(32,371,000)	(32,371,000)
	<u>107,509</u>	<u>107,509</u>	<u>102,678</u>	<u>102,678</u>

18. RESERVE ON CONSOLIDATION (NON-DISTRIBUTABLE)

Group

	2002 RM	2001 RM
Reserve on consolidation arising from acquisition of subsidiary companies	<u>11,355,980</u>	<u>11,355,980</u>

Notes to the Financial Statements (cont'd)

19. REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of:				
- Fresh fruit bunches	9,335,970	8,264,061	8,453,403	8,264,061
- Palm oil milling products	88,961,402	107,448,867	-	-
- Cocoa and others	215,658	928,099	215,283	161,702
	<u>98,513,030</u>	<u>116,641,027</u>	<u>8,668,686</u>	<u>8,425,763</u>
Revenue from existing continuing operations	98,513,030	8,665,613	8,668,686	8,425,673
Revenue from new acquisitions of continuing operations	-	107,975,414	-	-
	<u>98,513,030</u>	<u>116,641,027</u>	<u>8,668,686</u>	<u>8,425,763</u>

20. COST OF SALES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Fresh fruit bunches	6,138,000	4,288,397	5,895,977	4,288,397
Palm oil milling products	75,556,540	89,957,924	-	-
Cocoa and others	237,658	415,314	198,303	248,136
	<u>81,932,198</u>	<u>94,661,635</u>	<u>6,094,280</u>	<u>4,536,533</u>

21. OTHER OPERATING INCOME

Company

Other operating income for the current financial year includes gross dividends from subsidiary companies amounting to RM19,300,000 (2001 : Nil).

22. PROFIT FROM OPERATIONS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
The following items have been charged/ (credited) in arriving at profit from operations:				
Auditors' remuneration				
- current year	75,500	69,100	20,000	15,000
- under provision in prior years	5,525	16,800	5,000	-

Notes to the Financial Statements (cont'd)

22. PROFIT FROM OPERATIONS (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Amortisation of plantation development expenditure	762,146	295,010	622,715	295,010
Depreciation				
- current year	3,236,283	2,938,075	560,260	388,401
- under provision in prior years	197,891	-	197,891	-
Deferred expenditure written off	-	98,591	-	-
Directors' remuneration				
- fees	382,000	137,000	228,000	60,000
- other emoluments	746,583	188,798	556,640	-
Rental	74,400	49,925	74,400	49,925
Staff costs	5,203,169	4,489,696	1,965,531	916,338
Interest received	(202,886)	(580,626)	(665,201)	(321,006)
Loss/gain on disposal of plant and equipment	156,406	-	(30,731)	-
Gain on disposal of quoted investments	(132,889)	-	-	-
Gross dividend income from investments quoted				
- in Malaysia	(248,500)	(179,750)	-	-
- outside Malaysia	(1,157)	(974)	-	-
Gross dividend income from subsidiary companies	-	-	(19,300,000)	-
Profit from existing continuing operations	9,389,164	4,136,140	21,275,421	4,132,221
Profit from new acquisitions of continuing operations	-	12,915,437	-	-
	9,389,164	17,051,577	21,275,421	4,132,221

23. DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Directors:				
- fees	151,000	62,500	26,000	-
- other emoluments	742,483	185,798	553,140	-
Non-executive Directors:				
- fees	231,000	74,500	202,000	60,000
- other emoluments	4,100	3,000	3,500	-
	1,128,583	325,798	784,640	60,000

Notes to the Financial Statements (cont'd)

24. FINANCE COSTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expenses on bank borrowings	41,327	157,969	-	-

25. TAX

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current year provision	2,668,670	4,198,475	6,017,000	1,290,000
Over provision in prior years	(11,330)	(13,012)	(11,330)	-
Deferred tax	101,000	(581,000)	(265,000)	(455,000)
	2,758,340	3,604,463	5,740,670	835,000

Group

The effective tax rate is higher than the statutory rate mainly because of losses suffered by certain subsidiary companies and those losses cannot be utilised to set-off against the profits of other companies in the Group.

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108(6) of the Income Tax Act 1967 and credit balance in the exempt income account to pay net dividends of approximately RM22,132,000 (2001 : RM12,684,000) out of retained profits without incurring additional tax liability.

26. EARNINGS PER SHARE

Group and Company

Earnings per share for the Group and the Company are calculated based on profit after tax and minority interests of RM6,767,759 (2001 : RM9,277,673) and RM15,534,751 (2001 : RM3,297,221) respectively over the weighted average number of ordinary shares in issue during the financial year of 106,750,000 (2001 : 61,186,549).

There are no diluted earnings per share for the financial years 2002 and 2001.

Notes to the Financial Statements (cont'd)

27. DIVIDENDS

Dividends declared or proposed in respect of the financial year ended 31 January 2002 are as follows :

	2002		2001	
	Gross dividend per share Sen	Amount of dividend, less tax RM	Gross dividend per share Sen	Amount of dividend, tax exempt RM
Interim dividend	2	1,537,200	2	2,135,000
Proposed final dividend	3	2,305,800	3	3,202,500
	5	3,843,000	5	5,337,500

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2002 of 3 sen per share, less tax, (2001 : 3 sen per share, tax exempt) amounting to RM2,305,800 (2001 : RM3,202,500) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as liability in the financial year ending 31 January 2003 when approved by shareholders.

28. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
With holding company:				
Internal audit expenses	69,000	-	46,000	-
With subsidiary companies:				
<u>Desa Kim Loong Plantations Sdn. Bhd.</u>				
Management fee income	-	-	144,000	144,000
Interest income	-	-	647,784	227,693
Commission income	-	-	66,980	9,067
Income from hire of plant	-	-	24,000	123,230
<u>Desa Okidville Sdn. Bhd.</u>				
Management fee income	-	-	335,108	-
With fellow subsidiary companies of the holding company:				
<u>Kim Loong Plantations Sdn. Bhd.</u>				
Purchase of fresh fruit bunches	1,688,771	1,929,765	-	-
<u>Panoramic Industrial Development Sdn. Bhd.</u>				
Rental expenses	-	6,525	-	6,525
<u>Unibase Trading Sdn. Bhd.</u>				
Purchases	31,326	-	-	-

Notes to the Financial Statements (cont'd)

28. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>Unibase Concrete Industries Sdn. Bhd.</u>				
Rental expenses	6,000	-	-	-
Purchases	87,657	-	-	-
 With companies in which at least one director has interest:				
<u>Heng Yuen Sdn. Bhd.</u>				
Management fee expense	-	124,750	-	18,000

The transactions have been entered into in the normal course of business and on arm's length negotiated terms.

29. ACQUISITION OF SUBSIDIARY COMPANIES

There was no acquisition or disposal of subsidiary companies during the financial year ended 31 January 2002.

The effect of the acquisition of subsidiaries on the financial results of the Group during the financial year ended 31 January 2001 is shown below.

	2001 RM
Revenue	107,975,414
Cost of sales	(90,110,431)
Gross profit	17,864,983
Other operating income	970,565
	18,835,548
Distribution costs	(914,162)
Administration expenses	(4,835,588)
Other operating expenses	(170,361)
Profit from operations	12,915,437
Finance costs	(157,969)
Profit before tax	12,757,468
Tax	(2,765,988)
Profit after tax	9,991,480
Pre-acquisition profits	(4,004,663)
Minority interests	6,854
Increase in net profit for the financial year	5,993,671

Notes to the Financial Statements (cont'd)

29. ACQUISITION OF SUBSIDIARY COMPANIES (cont'd)

The effect of the acquisition of subsidiaries on the financial position at the end of the financial year 2001 is as follows :

	2001 RM
Property, plant and equipment	104,404,113
Quoted investments	7,397,682
Development expenditure	209,367
Current assets	19,841,457
Current liabilities	(9,732,467)
Long term liabilities	(13,374,385)
Deferred tax	(552,000)
Minority interests	6,677
Increase in Group's net assets	<u>108,200,444</u>

30. SEGMENTAL INFORMATION

Group

	Revenue RM	Profit before tax RM	Total assets employed RM
2002			
Plantation division	9,551,628	2,226,856	153,684,811
Oil milling division	88,961,402	7,120,981	56,533,781
	<u>98,513,030</u>	<u>9,347,837</u>	<u>210,218,592</u>
2001			
Plantation division	8,676,970	4,109,738	141,108,945
Oil milling division	107,964,057	12,783,870	65,775,141
	<u>116,641,027</u>	<u>16,893,608</u>	<u>206,884,086</u>

There were no inter-segment transactions during the current and previous financial year.

No segmental reporting by geographical segment is required as the Group operates only in Malaysia.

31. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided a corporate guarantee for its subsidiary company in respect of credit facilities totalling RM30,000,000 (2001 : Nil) granted to the subsidiary company by financial institutions. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by its subsidiary company.

Notes to the Financial Statements (cont'd)

32. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously stated RM	Effect of change in presentation RM	As restated RM
Group			
Income statement			
Cost of sales	93,681,852	979,783	94,661,635
Distribution costs	914,162	160,611	1,074,773
Administration expenses	6,140,128	(1,103,207)	5,036,921
Other operating expenses	268,162	(37,187)	230,975
Company			
Income statement			
Cost of sales	3,396,139	1,140,394	4,536,533
Administration expenses	1,639,994	(1,103,207)	536,787
Other operating expenses	82,458	(37,187)	45,271

The reclassifications made are for better presentation of the financial statements and to conform with the holding company's presentation.

The reclassifications do not have any financial impact on the profit before tax or the financial position of the Group and the Company.

Analysis of Shareholdings as at 5 June 2002

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM106,750,000
Class of Share	:	Ordinary shares of RM1 each fully paid
Voting Right	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
1 – 999	0	0.00	0	0.00
1,000 – 10,000	3,134	95.55	5,876,000	5.51
10,001 – 100,000	109	3.32	3,249,000	3.04
100,001 – 5,337,499	36	1.10	20,498,000	19.20
5,337,500 and above*	1	0.03	77,127,000	72.25
Total	3,280	100.00	106,750,000	100.00

* 5% and above of Issued Capital

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Sharikat Kim Loong Sendirian Berhad	77,127,000	72.25
2. Malaysia Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Mokhzani Bin Abdul Rahim (01-00744-000)	5,000,000	4.68
3. Timbas Helmi Bin Oesman Joesoef Helmi	2,600,000	2.44
4. Lembaga Tabung Angkatan Tentera	2,000,000	1.87
5. Mariam Binti Mahmood @ Kassim	1,023,000	0.96
6. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Koperasi Polis Diraja Malaysia Berhad (3309 Daya)	1,000,000	0.94
7. Chellam Investments Sdn. Bhd.	777,000	0.73
8. Radeshah Binti Ridzwani	597,000	0.56
9. Yayasan Kelantan Darul Naim	500,000	0.47
10. Hui Hoong Tho	468,000	0.44
11. Rizal Shah Bin Abdullah @ Mahadevan A L Chellam	465,000	0.44

Analysis of Shareholdings as at 5 June 2002 (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of Shareholders	No. of Shares Held	% of Issued Capital
12. Dexia JMF Asset Management Sdn. Bhd. <i>- Ahmad Kamal Bin Abdullah AL-YAFII</i>	455,000	0.43
13. Wong Kwee Yin	450,000	0.42
14. Loo Geok Eng	410,000	0.38
15. Heng Yuen Sdn. Bhd.	388,000	0.36
16. Mayfin Nominees (Tempatan) Sdn. Bhd. <i>- Pledged Securities Account for Yayasan Kemiskinan Kelantan (MDTS)</i>	320,000	0.30
17. Ang Chai Eng	310,000	0.29
18. Abu Seman Bin Hj Yusop	300,000	0.28
19. Goh Wai Kah	260,000	0.24
20. Eng Nominees (Tempatan) Sdn. Bhd. <i>- Pledged Securities Account for Rizal Shah Bin Abdullah @ Mahadevan A L Chellam</i>	250,000	0.23
21. Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. <i>- Arab-Malaysian Trustee Bhd for BHLB Pacific Dana AL-IHSAN</i>	250,000	0.23
22. JB Nominees (Tempatan) Sdn. Bhd. <i>- Pledged Securities Account for Cheah Chee Choong</i>	246,000	0.23
23. Universal Trustee (Malaysia) Bhd. <i>- BHLB Pacific Emerging Companies Growth Fund</i>	216,000	0.20
24. Lye Kok Loong	202,000	0.19
25. Dexia JMF Asset Management Sdn. Bhd. <i>- Koperasi Angkatan Tentera Malaysia Berhad</i>	200,000	0.19
26. M & A Nominee (Asing) Sdn. Bhd. <i>- M&A Securities (HK) Ltd for Pedigree Limited</i>	189,000	0.18
27. Ho Ah Keong @ Hoo Ah Keong	185,000	0.17
28. Gooi Seong Lim	170,000	0.16
29. Gooi Seow Mee	160,000	0.15
30. Gooi Seong Chneh	160,000	0.15

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 person).

Analysis of Shareholdings as at 5 June 2002 (cont'd)

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Issued Capital	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	77,127,000	-	72.25	-
Loo Geok Eng	410,000	77,515,000*	0.38	72.61
Gooi Seong Lim	220,000	77,515,000*	0.21	72.61
Gooi Seong Heen	170,000	77,515,000*	0.16	72.61
Gooi Seong Chneh	170,000	77,515,000*	0.16	72.61
Gooi Seong Gum	155,000	77,515,000*	0.15	72.61
Gooi Seow Mee	210,000	77,515,000*	0.20	72.61

Note:-

- * Deemed interest by virtue of their interest in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares) and Heng Yuen Sdn. Bhd. (388,000 shares).

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Datuk Haji Mohd. Zamani bin Samah	50,000	0.05	-	-
Loo Geok Eng	410,000	0.38	77,515,000*	72.61
Gooi Seong Lim	220,000	0.21	77,515,000*	72.61
Gooi Seong Heen	170,000	0.16	77,515,000*	72.61
Gooi Seong Chneh	170,000	0.16	77,515,000*	72.61
Gooi Seong Gum	155,000	0.15	77,515,000*	72.61
Gooi Seow Mee	210,000	0.20	77,515,000*	72.61
Mathew K. Mathai	-	-	-	-
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-

Note:-

- * Deemed interest by virtue of their interest in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares) and Heng Yuen Sdn. Bhd. (388,000 shares).

Particulars of Properties

Beneficial owner/ Location	Tenure/leasehold interest expiring on	Description and existing use	Land area (acres)
Kim Loong Resources Berhad			
- CL 085311253	31/12/2077	Oil palm plantation	199.80
- CL 085313079	31/12/2078		949.50
District of Labuk/Sugut, Sabah			
Kim Loong Resources Berhad			
- CL 095317552	31/12/2085	Oil palm plantation	15.00
- CL 095317561	31/12/2085		14.66
- CL 095315058	31/12/2085		749.70
- CL 095317436	31/12/2087		35.21
- CL 095310777	31/12/2078		978.00
- CL 095315049	31/12/2085		849.80
- CL 095316957	31/12/2086		199.70
- CL 095310428	31/12/2077		200.30
District of Kinabatangan, Sabah			
Selokan Sdn. Bhd.			
- CL 085311306	31/12/2077	Oil palm and cocoa plantation	300.10
District of Labuk/Sugut, Sabah			
Lokan Development Sdn. Bhd.			
- CL 095310526	31/12/2077	Oil palm and cocoa plantation	602.30
Suhenson Estate Sdn. Bhd.			
- CL 085311315	31/12/2077	Oil palm and cocoa plantation	253.30
District of Labuk/Sugut, Sabah			
Syarikat Kong Fen Shin & Sons Sdn. Bhd.			
- CL 085311315	31/12/2077	Oil palm and cocoa plantation	411.50
District of Labuk/Sugut, Sabah			
Desa Kim Loong Industries Sdn. Bhd.			
- CL 135345069	Not applicable	Factory/quarter	(1)
Sook, District of Keningau, Sabah			
Desa Kim Loong Plantations Sdn. Bhd.			
- CL 095332639	31/12/2086	Oil palm plantation	3,978.00
District of Kinabatangan, Sabah			
Okidville Holdings Sdn. Bhd.			
- CL 135328782	31/12/2083	Oil palm plantation	6,850.00
Sook, District of Keningau, Sabah			
- CL 135320295	31/12/2077	Being planed with oil palm	389.00
Mile 32, Keningau-Pensiangan Keningau, Sabah			

Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of Building	Net book value as at 31 January 2002 RM'000
18 June 1999	Not applicable	}	1,519
		} Nil	7,213
18 June 1999	Not applicable	}	114
		}	112
		}	5,601
		}	321
		} Nil	7,435
		}	6,459
		}	1,435
		}	1,523
18 June 1999	Not applicable	Nil	2,267
18 June 1999	Not applicable	Nil	4,550
18 June 1999	Not applicable	Nil	1,913
18 June 1999	Not applicable	Nil	3,108
Not applicable	648.00	2 years	156
18 June 1999	Not applicable	Nil	20,005
(20 July 2000)	Not applicable	Nil	30,328
(20 July 2000)	Not applicable	Nil	1,022

Particulars of Properties (cont'd)

Beneficial owner/ Location	Tenure/leasehold interest expiring on	Description and existing use	Land area (acres)
Desa Okidville Sdn. Bhd. - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Being planted with oil palm	10,781.00 ⁽²⁾
Desa Kim Loong Palm Oil Sdn. Bhd. - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Designated for palm oil mill and cattle rearing	100.00 ⁽²⁾
Kim Loong Palm Oil Mills Sdn. Bhd. - HS (D) 15057 Kota Tinggi, Johor	Freehold	Palm oil mill	59.74
			<hr/> 27,916.61 <hr/>

(1) This building is sited on the leasehold land CL 135345069 held by Desa Kim Loong Palm Oil Sdn. Bhd.

(2) The land are still in the name of the vendor.

Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of Building	Net book value as at 31 January 2002 RM'000
(20 July 2000)	Not applicable	Nil	46,299
(20 July 2000)	Not applicable	Nil	1,198
(20 July 2000)	32,137.00	5 years	13,657
			<u>156,235</u>



Form of Proxy



KIM LOONG
RESOURCES BERHAD
(22703-K) (Incorporated In Malaysia)

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 Twenty-seventh Annual General Meeting of the Company to be held at Meranti Room, LG Level, Eastin Hotel, 13, Section 16/11, Pusat Dagang Seksyen 16, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 23 July 2002 at 2.00 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.	Payment of Directors' fees		
4.	Re-appointment of Director: Datuk Haji Mohd. Zamani bin Samah		
5.	Re-appointment of Director: Mdm. Loo Geok Eng		
6.	Re-election of Director: Mr. Gooi Seong Gum		
7.	Re-election of Director: Ms. Gooi Seow Mee		
8.	Election of Director: Mr. Teoh Cheng Hai		
9.	Re-appointment of Auditors		
10.	Authority to issue shares		
11.	Proposed Renewal of Shareholders' Mandate		

(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 _____, 2002

Signature of Member

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 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.

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

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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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