



SEE THE VALUE



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司

Annual Report 2008

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Telupid Mill under construction

Value Creation

Our business strategy is to create values in a sustainable manner for our shareholders.



Kim Loong - KPD Plantations

corporate milestones (1967-2007)

2007

The Group undertakes another CDM project in Keningau mill.

Commissioned the first palm-pressed fibre oil extraction plant.



2006

The Group undertakes a biogas plant in Kota Tinggi mill as a Clean Development Mechanism ("CDM") project under the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("UNFCCC").



2005

Kim Loong Resources Berhad completed the issuance of 64,050,000 new ordinary shares together with 42,700,000 detachable free warrants pursuant to a rights issue exercise.

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



2004

The Group entered into a Development cum Joint Venture with Al-Yatama Berhad to develop 2,702 acres of land in Kota Tinggi, Johor.

Capacity of our Keningau Mill was successfully expanded to 45 MT of FFB per hour.



2003

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

2002

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

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

2000

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

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



Incorporation of Kim Loong Corporation Sdn. Bhd. to enter into a JV with Desa Cattle (S) Sdn. Bhd. to develop 17,731 acres of land in Keningau, Sabah into oil palm plantation and to erect new palm oil mill in Sook, Keningau, Sabah.

1998



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

1997

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



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

1993

Expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah.

1981



Commenced construction of palm oil mill under Kim Loong Palm Oil Sdn. Bhd. (currently a subsidiary of Kim Loong Resources Berhad) in its estate at Ulu Tiram, Johor.

1980

Sharikat Kim Loong Sendirian Berhad (currently the holding company of Kim Loong Resources Berhad) commenced business with 1,000-acre rubber plantation at Ulu Tiram, Johor. (The first planting of oil palm started in 1968)

1967

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-third Annual General Meeting of Kim Loong Resources Berhad will be held at Jasmine Junior Ball Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 July 2008 at 2.30 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 2008 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 5 sen less 25% tax in respect of the financial year ended 31 January 2008. **(Resolution 2)**
3. To re-appoint Loo Geok Eng as a Director pursuant to Section 129(6) of the Companies Act, 1965. **(Resolution 3)**
4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-

Gooi Seong Heen **(Resolution 4)**
Gan Kim Guan **(Resolution 5)**
5. To re-appoint SKW Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. As Special Business, to consider and if thought fit, to pass the following resolutions:-

ORDINARY RESOLUTION I – AUTHORITY TO ISSUE SHARES

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

(Resolution 7)

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

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, 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 7 July 2008, 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 relationships of the related parties involved in each type of recurrent transactions made with the Company,
 and such authority shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, such authority is renewed;
 - (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the said Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting;

Notice Of Annual General Meeting (cont'd)

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 8)

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-third Annual General Meeting, the final dividend of 5 sen less 25% tax in respect of the financial year ended 31 January 2008 will be paid on 22 August, 2008 to depositors registered in the Record of Depositors on 13 August 2008.

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

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 13 August 2008 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

CHONG FOOK SIN (MACS 00681)
NG KAM MAY (MAICSA 7020575)
Company Secretaries

Petaling Jaya
7 July 2008

NOTES:

(1) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time set for holding the meeting. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

(2) Resolution 7 -

This resolution, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

(3) Resolution 8 -

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 7 July 2008 which is enclosed together with the Annual Report 2008.

Statement Accompanying Notice Of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

(1) The following are the Directors standing for re-appointment or re-election at the Thirty-third Annual General Meeting :-

(a) Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965:-

Loo Geok Eng (f)

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

Gooi Seong Heen
Gan Kim Guan

(2) (a) There were four (4) Board of Directors' Meetings during the financial year ended 31 January 2008, all held at Lot 18.02, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. The date and time of the Meetings were as follows:-

Date of Meeting	Time
Friday, 30 March 2007	2.05 p.m.
Thursday, 28 June 2007	2.45 p.m.
Thursday, 27 September 2007	10.55 a.m.
Thursday, 27 December 2007	11.25 a.m.

(b) Attendance of Directors at the Board Meetings held during the financial year ended 31 January 2008 was as follows -

Name of Director	Attendance at Meeting	Percentage of Attendance (%)
Loo Geok Eng (f)	4/4	100
Gooi Seong Lim	4/4	100
Gooi Seong Heen	4/4	100
Gooi Seong Chneh	4/4	100
Gooi Seong Gum	4/4	100
Gan Kim Guan	4/4	100
Teoh Cheng Hai	4/4	100
Chew Poh Soon	4/4	100

(3) The Thirty-third Annual General Meeting will be held at Jasmine Junior Ball Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 July 2008 at 2.30 p.m.

(4) The profile of Directors standing for re-appointment or re-election at the Thirty-third Annual General Meeting are set out in pages 12 to 16 of this Annual Report.

Corporate Information

BOARD OF DIRECTORS

Gooi Seong Lim
Executive Chairman

Gooi Seong Heen
Managing Director

Loo Geok Eng (f)
Executive Director

Gooi Seong Chneh
Executive Director

Gooi Seong Gum
Executive Director

Gan Kim Guan
Senior Independent Non-Executive
Director

Teoh Cheng Hai
Independent Non-Executive Director

Chew Poh Soon
Independent Non-Executive Director

AUDIT COMMITTEE

Gan Kim Guan
Chairman

Teoh Cheng Hai

Chew Poh Soon

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

SKW Associates
Chartered Accountants
(Firm No. AF 0312)
4L, Jalan Tun Abdul Razak (Susur 3)
80200 Johor Bahru
Johor

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad
Stock Short Name : KML00NG
Stock Code : 5027





Winsome Al-Yatama

Commitment to growth

Our goal is to stay ahead in a highly competitive industry through strategic expansions and technological downstream diversifications.



Solvent extraction plant at Kota Tinggi



Bio-fertiliser plant at Kota Tinggi



Board Of Directors



Gooi Seong Lim
Chairman

Gan Kim Guan
Senior Independent
Non-Executive Director

Gooi Seong Heen
Managing Director

Teoh Cheng Hai
Independent Non-
Executive Director

Loo Geok Eng (f)
Executive Director

Profile Of Directors



GOOI SEONG LIM

aged 59, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), an investment holding company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and property development. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2008.



Gooi Seong Chneh
Executive Director

Chew Poh Soon
Independent Non-
Executive Director

Gooi Seong Gum
Executive Director

Chong Fook Sin
Company Secretary

Ng Kam May
Company Secretary



GOOI SEONG HEEN

Aged 57, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He was also a member of the Audit Committee until 8 January 2008. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2008.

Profile Of Directors (cont'd)



LOO GEOK ENG (f)

aged 88, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. She is the founder of SKL, an investment holding company which owns a controlling stake in KLR and CCB and has been a Director of SKL 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 other 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 (excluding KLR) which are carried out in the ordinary course of business, by virtue of her directorship and shareholding 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 2008.



GOOI SEONG CHNEH

Aged 53, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. He has been responsible for the development and management of oil palm and cocoa estates in Sabah since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2008.

Profile Of Directors (cont'd)



GOOI SEONG GUM

aged 52, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2008.



GAN KIM GUAN

Aged 45, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 28 March 2001. He is currently the Senior Independent Non-executive Director of KLR. He was appointed as a member of the Audit Committee on 28 March 2001 and currently, he is the Chairman of the Audit Committee. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He is a partner of a firm of Chartered Accountants. He has extensive experience in auditing, investigation, financial planning and financing related work. He was previously involved in the Internal Audit Committee of the Malaysian Institute of Accountants. He is also a director of CCB.

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 four (4) Board meetings held during the financial year 2008.

Profile Of Directors (cont'd)



TEOH CHENG HAI

Aged 63, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and is the Chairman of both the Nominating 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 more than 35 years experience in the plantation industry, principally in research and development and in total quality & environment management. He was formerly Director of R&D (1989-1995) and Director, 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. He was the 1st Secretary-General of the Roundtable on Sustainable Palm Oil ("RSPO") in 2004/05 and served as Advisor to the RSPO Executive Board 2005/06, Advisor to the RSPO Indonesia Liaison Office (2006/2007) and Chairman of the Organising Committee of the 5th Roundtable Meeting (RT5) on Sustainable Palm Oil in November 2007. He served as the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature ("WWF") Malaysia from 2001 - 2004. He is a member of the Faculty of SustainAbility Ltd, UK.

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 four (4) Board meetings held during the financial year 2008.



CHEW POH SOON

Aged 63, a Malaysian, was an Independent Non-executive Director of KLR from 21 July 2000 to 30 April 2001. He was re-appointed an Independent Non-executive Director and a member of the Audit Committee of KLR on 30 March 2006. A graduate from University of Malaya with Bachelor of Agricultural Science (Hon) in 1967 and Master of Agricultural Science in 1976, he started his professional career as an agronomist at Highlands Research Unit (subsequently HRU Sdn. Bhd.) and was its Head of Agricultural Research till 1986. Subsequently, he assumed the same position in Applied Agricultural Research Sdn. Bhd., a joint venture between Boustead Holdings Berhad and Kuala Lumpur Kepong Berhad till his retirement in March 2000. He was Plantation Director (Peninsula Malaysia) of IOI Corporation Berhad from 2 May 2001 to 30 April 2003 and has wide experience in the oil palm, cocoa and rubber sectors, having conducted research and rendered agronomic and management advice to plantations in Peninsula Malaysia, Sabah, Sarawak, Indonesia and Philippines. He has been closely involved in professional activities in the plantation industry and holds fellowships from the Incorporated Society of Planters, Malaysian Society of Soil Science and Malaysian Oil Scientists' and Technologists' Association.

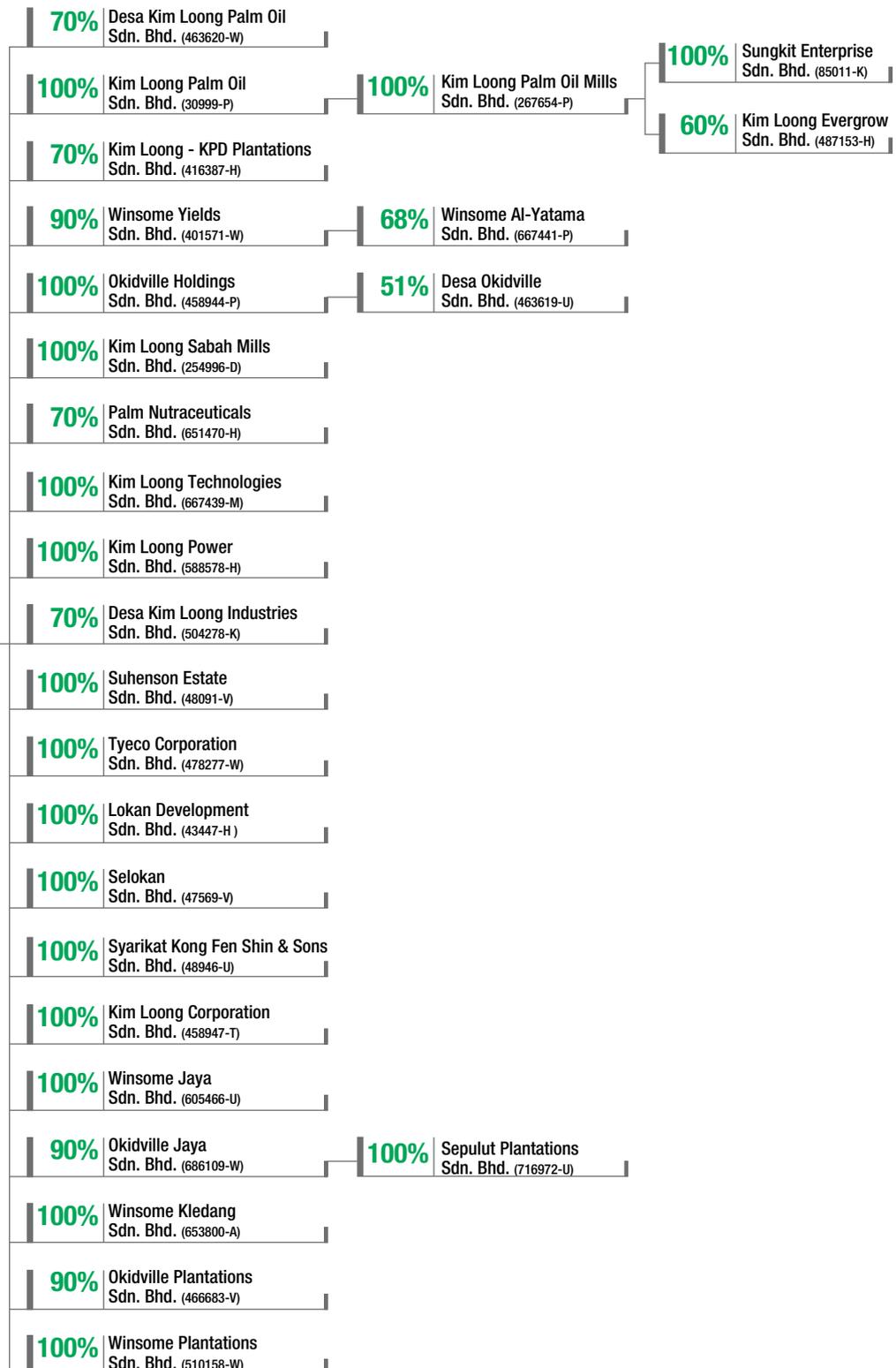
Mr Chew has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2008.

FAMILY RELATIONSHIPS

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

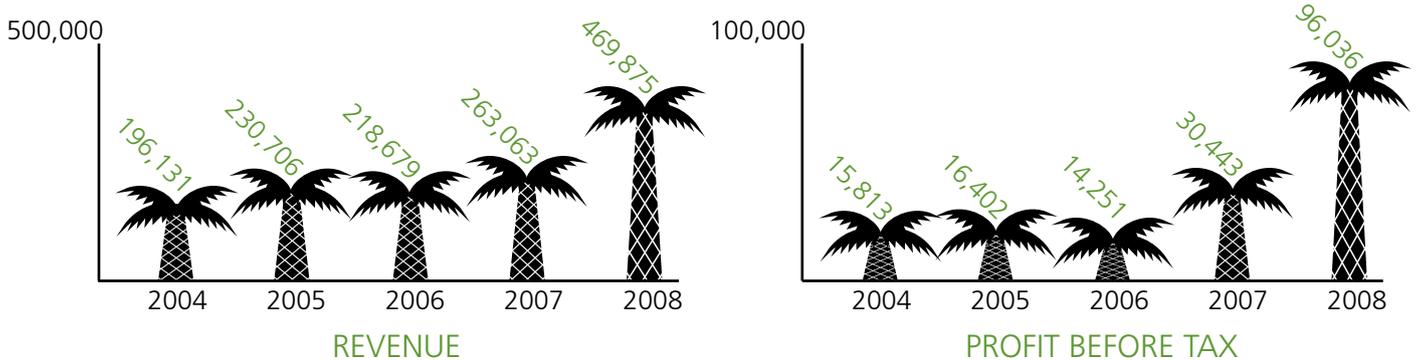
Save for the above, none of the other Directors are related.

Group Structure As At 31 January 2008

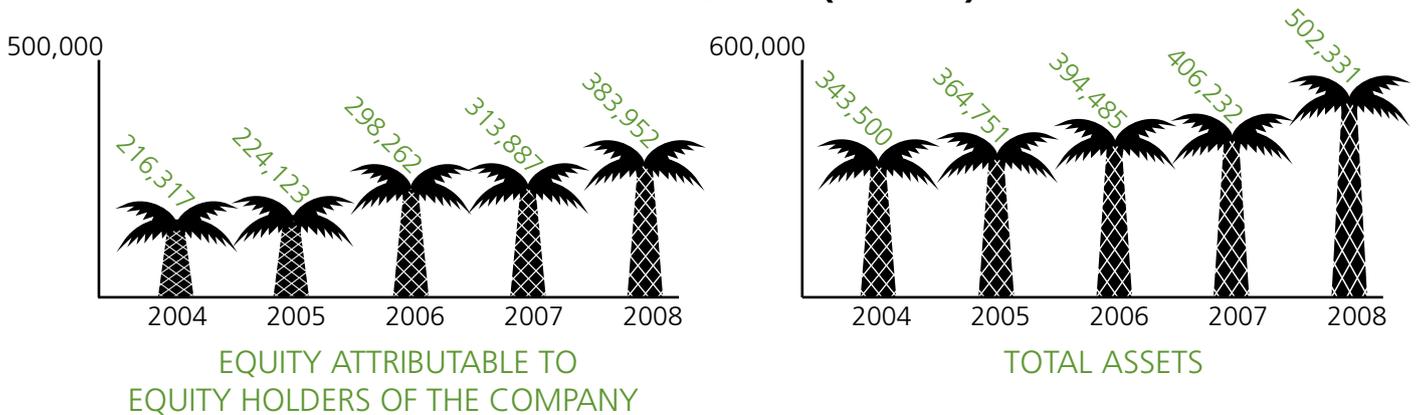


Group Financial Highlights

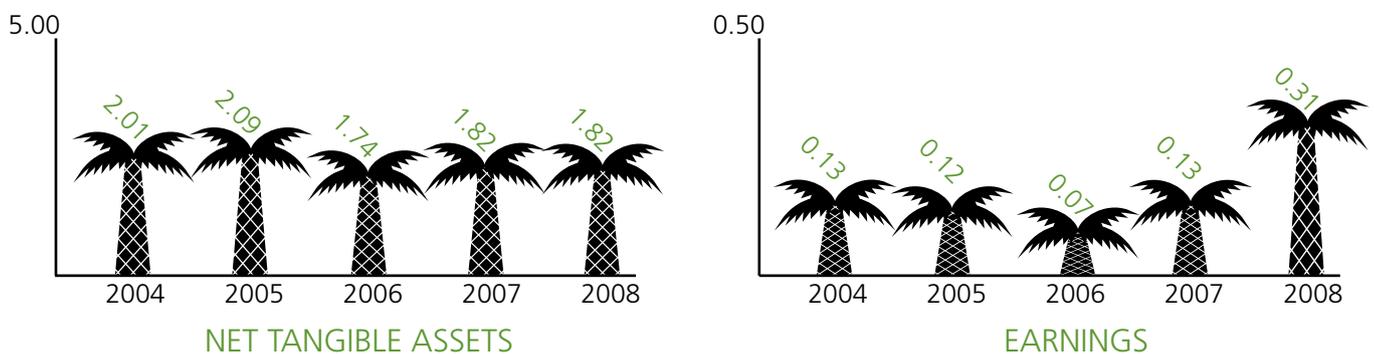
INCOME STATEMENT (RM'000)



BALANCE SHEET (RM'000)



PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)



Group Financial Highlights (cont'd)

	GROUP				2008
	2004	Financial year ended 31 January			
		2005	2006	2007	
INCOME STATEMENT (RM'000)					
Revenue	196,131	230,706	218,679	263,063	469,875
Profit before tax	15,813	16,402	14,251	30,443	96,036
Profit after tax	11,411	11,551	9,938	22,674	72,511
BALANCE SHEET (RM'000)					
Paid-up share capital	106,750	106,750	170,864	171,459	209,957
Equity attributable to equity holders of the Company	216,317	224,123	298,262	313,887	383,952
Total assets	343,500	364,751	394,485	406,232	502,331
PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)					
Earnings	0.13	0.12	0.07	0.13	0.31
Net tangible assets	2.01	2.09	1.74	1.82	1.82
Dividends	0.07	0.07	0.07	0.10	0.18
Weighted average number of shares in issue ('000)	106,750	106,750	156,809	171,030	189,102
FINANCIAL RATIO (%)					
Return on shareholders' equity (Pretax)	7.31	7.32	4.78	9.70	25.01
Return on total assets (Pretax)	4.60	4.50	3.61	7.49	19.12
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	9,671	10,918	10,918	11,065	11,193
Immature	1,648	401	1,522	1,067	1,042
Unplanted land	428	1,521	400	-	-
	11,747	12,840	12,840	12,132	12,235
Cocoa and others	166	166	166	166	167
Total plantable area	11,913	13,006	13,006	12,298	12,402
Infrastructure and unplantable land	556	556	556	706	646
Total land area	12,469	13,562	13,562	13,004	13,048
Production (MT)					
Fresh fruit bunches ("FFB")	105,276	148,875	180,119	220,908	248,268
Yield per mature hectare	10.89	13.64	16.50	19.96	22.18
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	94,072	100,079	108,471	126,553	138,994
Oil extraction rate (% of FFB)	19.02	19.68	20.23	20.50	21.03
Palm kernel ("PK") (MT)	32,094	31,819	31,879	35,701	37,573
Kernel extraction rate (% of FFB)	6.44	6.26	5.94	5.78	5.69
Palm kernel oil ("PKO") (MT)	12,809	11,673	8,272	958	11,405
Oil extraction rate (% of PK)	42.83	43.02	43.82	45.12	45.30



Biogas plant at Kota Tinggi

Innovation

The competitive strength of Kim Loong lies in our capabilities to innovate and create value out of oil palm wastes as well as to reduce impact on the environment.

Statement On Corporate Governance

INTRODUCTION

The Malaysian Code on Corporate Governance [the "Code"] sets out the principles and best practices for directing and managing the business and affairs of the Group with transparency, integrity and accountability. The Code ensures that a sound framework of corporate governance practices are in place at all levels of the Group's business thus discharging its principal responsibility towards protecting and enhancing corporate accountability with the objective of realising long-term shareholders' value, whilst taking into account the interests of other stakeholders consistent with the principles and best practices as enshrined in the Code.

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the performance of the Group.

The Board is pleased to report to the shareholders on the manner the Group has applied the principles of good corporate governance and the extent of compliance with the Best Practices of Good Governance as set out in the Code throughout the financial year ended 31 January 2008

THE BOARD OF DIRECTORS

Board Responsibilities

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

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

The Group has a succession plan, which inter alia includes appointing, training, fixing of compensation and replacing senior management of the Group, if required.

Composition and Balance

The control environment is driven by an effective Board of Directors which consists of competent individuals with appropriate specialist skills and knowledge to ensure capable management of the Group. The composition of independent and non-independent Directors is carefully considered to ensure that the Board is well balanced and effectively manages the Group's businesses.

The Board as at 31 January 2008, consisted of eight directors:

- An Executive Chairman;
- A Managing Director;
- Three Executive Directors;
- A Senior Independent Non-Executive Director; and
- Two Independent Non-Executive Directors.

The presence of Independent Non-Executive Directors brings unbiased and independent views, advice and judgement to the decisions making of the Board taking account of the interests of the Group, shareholders, employees, customers and suppliers. A profile of each Director is presented on pages 12 to 16 of this Annual Report.

The Board has reviewed the size of the Board and considered the current composition as optimum and effective given the scope, size and complexity of the business affairs of the Group and taking compliance of Independent Non-Executive Directors criteria set out under the Listing Requirements of Bursa Malaysia Securities Berhad into account.

The Board has appointed Gan Kim Guan to act as the Senior Independent Non-Executive Director of the Board to whom concerns regarding the Group may be conveyed. He may be contacted at 03-92871889 or e-mail : gankg@kimloong.com.my

Statement On Corporate Governance (cont'd)

Division of roles and responsibilities between Executive Chairman and Managing Director

The Board has appointed Gooi Seong Lim, as its Executive Chairman, and Gooi Seong Heen as the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses.

The Group practises separate and divided responsibilities between the Executive Chairman and the Managing Director and these two positions are held by two separate persons. As part of good governance, the Chairman is responsible for ensuring board effectiveness and conduct. He encourages a healthy debate on issues raised at meetings and gives every opportunity to directors who wish to speak out. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not individuals or an interest group.

The Group's Managing Director has the overall responsibility for the profitability and development of the Group. He is responsible for the stewardship of all the Group's assets, day to-day running of the business and implementation of Board decisions and clarifying matters relating to the Group's business to the Board. The Managing Director's in-depth and intimate knowledge of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.

Board Meetings

Board meetings are scheduled at least once every quarter, with additional meetings convened as and when required. During the financial year ended 31 January 2008, there were four (4) Board meetings. All Directors attended all the Board meetings held during the financial year.

The composition of the Board and the attendance of each Director at the Board meetings held during the financial year were as follows:

Name of Director	Status of Directorship	Attendance at Meeting
Gooi Seong Lim	Executive Chairman	4 of 4
Gooi Seong Heen	Managing Director	4 of 4
Loo Geok Eng	Executive Director	4 of 4
Gooi Seong Chneh	Executive Director	4 of 4
Gooi Seong Gum	Executive Director	4 of 4
Gan Kim Guan	Senior Independent Non-Executive Director	4 of 4
Teoh Cheng Hai	Independent Non-Executive Director	4 of 4
Chew Poh Soon	Independent Non-Executive Director	4 of 4

APPOINTMENT AND ELECTION TO THE BOARD

Appointment

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

The appointment of new member(s) of the Board as well as the proposed re-appointment / re-election of Directors seeking re-appointment/re-election at the Annual General Meeting ("AGM") are recommended by the Nominating Committee to the Board for its approval.

The Board constantly reviews its effectiveness as a whole, the various Committees of the Board and the contributions of each director. All assessments and evaluations carried out by the Nominating Committee in discharging all its functions are properly documented.

New members of the Board are briefed by the Managing Director or Executive Directors to familiarise themselves with the operations of the Group. All newly appointed Directors are subject to re-election by the shareholders at the AGM following their appointment.

Re-election

The Company's Articles of Association provides that at least one-third (1/3) of the Board are subject to retirement by rotation at each AGM provided always that each Director shall retire at least once in every three years. The Directors to retire in each year are the

Statement On Corporate Governance (cont'd)

Directors who have been longest in office since their appointment or re-appointment. This provides an opportunity for shareholders to renew their mandate. To assist shareholders in their decision, sufficient information such as personal profile and meeting attendance of each Director standing for election at the forthcoming AGM are shown in the Notice of AGM (Ordinary Resolution 4 & 5) on page 6.

Directors over seventy years old are required to submit themselves for re-appointment annually pursuant to Section 129(6), Companies Act, 1965. A Director seeking re-appointment under this Section at the forthcoming AGM is shown in the Notice of AGM (Ordinary Resolution 3) on page 6.

Director's Continuing Development

All existing Directors have completed the "Mandatory Accreditation Programme" conducted by the Research Institute of Investment Analyst Malaysia (RIIAM) as prescribed by Listing Requirements of Bursa Malaysia Securities Berhad. They have also participated in various Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience in order to fulfil their duties as Directors.

During the year, the Directors have attended training on Updates on Financial Reporting Standards organised by the Group and facilitated by industry experts. Directors are also encouraged to attend seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training to further enhance their skills and knowledge as well as update themselves on new developments in the business environment. During the financial year under review, the Directors collectively or individually attended the training courses and conferences listed below:

Seminar/Training Title	Organiser
2006 Corporate Governance Scorecard Analysis	Minority Shareholder Watchdog Group
2006 Dividend Survey	Minority Shareholder Watchdog Group
Crucial Updates on New Corporate Governance Requirements in Malaysia	Columbus Circle Governance Sdn Bhd
Peat and other Soil Factors in Crop Production	Malaysian Society of Soil Science, Department of Agriculture, Sarawak and UNDP/GEF – Mal/99/G31
MPOB International Palm Oil Congress 2007 (PIPOC 2007)	Malaysian Palm Oil Board
4th International Conference on Oils & fats Market	FAO China
5th Roundtable Meeting on Sustainable Palm Oil (RT5)	Roundtable on Sustainable Palm Oil
Hasil Tax Seminar 2007	Inland Revenue Officer's Union
Tax Audit and Tax Investigation	Bridge Knowle Events
A Critique of Tax cases & Issues	Malaysian Institute of Taxation
Corporate Tax Planning and Updates on Public Ruling	Malaysian Institute of Certified Public Accountant
National Tax Conference 2007	Malaysian Institute of Taxation & Lembaga Hasil Dalam Negeri
2007 National Conference on Internal Auditing	The Institute of Internal Auditors of Malaysia

Supply of Information to the Board

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to the advice and services of the Company Secretary, who is available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. In addition and in furtherance of their duties, the Directors may seek independent professional advice at the Company's expenses.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group.

Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic

Statement On Corporate Governance (cont'd)

issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group.

Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

The Chairman is primarily responsible for ensuring that sufficient information is provided to the Directors and they have full and timely access to information to assist them in their deliberations.

Board Committees

To assist the Board in discharging its duties three committees, namely, the Audit, Nominating and Remuneration Committees were established. All Board Committees have their functions, written terms of reference and operating procedures clearly defined and have their Terms of Reference approved by the Board.

Each Committee submits reports of their respective proceedings and deliberations to the Board. Their respective Chairmen will report to the Board the outcome of the Committee meetings and such reports will be incorporated in the minutes of the Board meeting. The Board retains full responsibility for the direction and control of the Group.

The Board has initiated a process of evaluation carried out by the Remuneration Committee annually. The evaluation process includes assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. Through the Nominating Committee, the Board will also review its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

The salient terms of reference and frequency of meetings are as follow:

Audit Committee

- The terms of reference of the Audit Committee are set out under the Report of the Audit Committee on pages 36 to 38 of this Annual Report.
- The Audit Committee meets at least once every quarter.

Remuneration Committee

- The terms of reference of the Remuneration Committee are set out under the Report of the Remuneration Committee on page 39 of this Annual Report;
- The Remuneration Committee meets as and when required, and at least once a year.

Nominating Committee

- The terms of reference of the Nominating Committee are set out under the Report of the Nominating Committee on page 40 of this Annual Report
- The Nominating Committee meets as and when required, and at least once a year.

Director's Remuneration

The remuneration of Directors is determined at levels which enable the Group to attract and retain Directors of calibre and relevant experience and expertise to manage the Group successfully. For Executive Directors, the remunerations are structured to link rewards to Group and individual performances. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Remuneration Committee is responsible for setting the policy framework of the Executive Directors' remuneration packages and makes recommendations to the Board on the elements of the remuneration and other terms of appointment to the Board. The Executive Directors abstain from the deliberations and voting decision in respect of their remuneration. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors.

All Non-Executive Directors are paid director's remuneration for attending Board and Committee meetings. All Directors are paid a meeting allowance for attendance at each Board meeting.

Statement On Corporate Governance (cont'd)

Save that the fees of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall be divisible among the Directors as they may agree, the determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board to decide as a whole.

A summary of the remuneration of the Directors for the year ended 31 January 2008, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000, is set out as below:

a. Summary of Directors' Remuneration

Aggregate Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Salary	1,086,000	-	1,086,000
Bonus	474,000	-	474,000
Fees	38,000	140,000	178,000
Meeting Allowances	10,000	6,000	16,000
Estimated monetary value of benefits-in-kind	13,325	-	13,325
Defined Contribution Plan	164,760	-	164,760
Share options granted under ESOS	25,180	-	25,180
Total	1,811,265	146,000	1,957,265

b. Remuneration Band

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

SHAREHOLDERS

Dialogue between the Group and Investors

The Group values its dialogue with shareholders and recognises that timely dissemination of relevant information is important. In this regard, it strictly adheres to the disclosure requirements of Bursa Malaysia Securities Berhad. The Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

In addition, the Group recognises the need for independent third party assessment of itself. In this regard, it conducts briefing to Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. The briefings enable a direct and frank dialogue on the affairs of the Group.

AGM

The 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 twenty one (21) days prior to the meeting. Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution.

Statement On Corporate Governance (cont'd)

At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Managing Director and Board members are available to respond to all shareholders' queries.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

Apart from the AGM and Annual Reports, the financial highlights are disseminated on a quarterly basis to Bursa Securities. Other public information and significant items affecting the Group are reported through the Bursa Securities from time to time via announcements. Analyst briefing is carried out as and when the need arises.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data and access via the Company's website at www.kimloong.com.my.

Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices. Much effort is undertaken by the Company to produce the Annual Report which is informative with facts and figures.

The Company's Annual Report can be obtained by accessing the Company's website at www.kimloong.com.my.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors are responsible to present a balanced, clear and meaningful assessment of the Group's financial positions and future prospects. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy.

A Statement on Directors' Responsibilities in preparing the financial statements is set out in page 33 of this Annual Report.

Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal control for the Group, which provides reasonable assessment of effective and efficient operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

A Statement on Internal Control which provides an overview of the state of internal control within the Group is set out in pages 29 to 31 of this Annual Report.

Internal Audit Function

The Internal Audit Function has been undertaken by the Internal Audit Department ("IAD") of the Group's holding company, Sharikat Kim Loong Sendirian Berhad. The Board has chosen to outsource this audit function as it is of the opinion that the operations of the Group by itself cannot support an effective IAD in terms of availability of appropriate skills and resources.

The Audit Committee reviews and approves the audit plan, which identifies the scope of work for the year.

The Head of IAD reports to the Audit Committee.

External Audit Function

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

The Group has maintained a close, transparent and professional relationship with its External Auditors i.e. Messrs SKW Associates in

Statement On Corporate Governance (cont'd)

seeking professional advice and ensuring compliance with the applicable accounting standards in Malaysia as well as the auditors' professional requirements. Messrs SKW Associates reports to the shareholders of the Company on its opinion which are included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements.

The External Auditors also highlight to the Audit Committee and Board of Directors on matters that require Board's attention. A meeting was held between the External Auditors and members of the Audit Committee in the absence of the management during the financial year under review, in line with its previous terms of reference. Going forward, the Audit Committee will hold at least two [2] meetings a year with the External Auditors as promoted by the Amended Code on Corporate Governance and the amended Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad.

Investor Relations

The Company also holds regular briefings for institutional investors to explain the Group's strategies and major developments, all within the legal and regulatory framework in respect of the release of information.

Compliance to code

The Group has in all material respects complied with the Code of Corporate Governance throughout the financial year ended 31 January 2008.

Conclusion

This Statement is made in accordance with a resolution of the Board dated 27 June 2008.



Statement On Internal Control

1.0 INTRODUCTION

Listing Requirements of Bursa Malaysia Securities Berhad requires the Board to make a statement in the Company's Annual Report about the state of its internal control and the Malaysian Code on Corporate Governance requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Accordingly, the Board is pleased to set out below the Statement on Internal Control ("Statement") that was prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by Bursa Securities. The Board recognises that the practice of good governance is an important continuous process. Set out below is the outline of the key elements of internal control for the financial year ended 31 January 2008.

2.0 BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities for maintaining sound internal control systems to safeguard shareholders' interests and the Group's assets; and for reviewing the adequacy and integrity of these systems. Such systems, however, are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable rather than absolute assurance against material misstatement or loss. The process to identify, evaluate and manage the significant risks is a concerted and continuing effort throughout the financial year under review.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risks by considering the overall control environment of the organisation and an effective monitoring mechanism. The Managing Director and his management carry out the process of implementation and maintenance of the control systems. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis to and managed by the respective Boards within the Group.

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

3.0 KEY INTERNAL CONTROL PROCESSES

3.1 Risk Management Framework

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include monitoring of all internal controls on its behalf, with the assistance of the Internal Audit Department ("IAD").

The Group has put in place a Risk Management Committee ("RMC") that is chaired by the Managing Director and comprises Executive Directors, Heads of Divisions & Departments ("HODS") and includes representatives from operations.

HODS are trained to lead the risk management functions of their respective operations. They have been trained to identify the risks relating to their area; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the Risk Management Committee and also Audit Committee of the Board.

The RMC is tasked to develop and maintain an effective risk management system in the Group. Reviews are to cover matters such as responses to major risks identified, changes to internal control systems and outputs from monitoring processes. The RMC reports to the Audit Committee on a regular basis.

Statement On Internal Control (cont'd)

Risk assessment and evaluation will form an integral part of the strategic planning cycle. Having identified the risks involved in achieving strategic, financial and operational, and other business objectives, each operation is required to document actions to mitigate all significant risks. New areas will be introduced for assessment as the business risk profile changes.

Under this system, each section of the Group will prepare a 'risk map' which will summarise risks, controls and processes for managing them with the means of assuring management that the controls and processes are effective. The RMC will also consider any risks to the Group's strategic objectives, which are not addressed by the operations. The risk maps and any proposed changes to the controls and processes are reported to the RMC. A summary is then furnished for consideration by the Audit Committee.

3.2 Internal Audit Function

The Internal Audit Function has been undertaken by the IAD of the Group's holding company, Sharikat Kim Loong Sendirian Berhad.

The IAD undertakes regular reviews of the Group's operations and their systems of internal control. They provide continuous improvement to the controls and risk management procedures. Internal audit findings are discussed at management level and actions are agreed in response to the Internal Auditors' recommendations. The status of implementation of the agreed actions is followed up by the Internal Auditors to ensure that satisfactory control is maintained.

The IAD regularly reports on compliance with internal control and procedures to the Audit Committee. They also ensure that recommendations to improve control are being followed through by the management. The Audit Committee reviews all internal audit findings and management responses and the effectiveness of the risk management process. Significant risk issues are referred to the Board for consideration. The Board reviews the minutes of the Audit Committee meetings.

3.3 Other Key Elements of Internal Control

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

- An organisational structure with clearly defined authority limits and reporting mechanism to higher levels of management and to the Board, which supports the maintenance of a strong control environment.
- Specific responsibilities have been delegated to relevant Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.
- The Plantation General Manager, Planting Advisor and the Executive Directors regularly visit the Group's estates to monitor their state of affairs. During the visits, the estate managers report on the progress and performance and discuss and resolve the estates' operational and key management issues.
- The Milling Operations are regularly visited by the Executive Directors and Mill Advisor. During the visits, the mill managers will report on performance and discuss and resolve operational and key management issues.
- Other Directors also visit the Group's estates and mills. Their comments and suggestions for improvement are directed to the Executive Chairman, Managing Director and/or Executive Directors.
- Periodic management meetings are held to provide a forum where management undertakes overall responsibility for periodic reviews of the risk management system. The risk-based decisions shall be made at the operating company level where knowledge and expertise reside. Executive Directors and managers responsible for the operations play an integral part in monitoring the effectiveness of risk management in their activities.
- The Finance Department monitors the active subsidiaries' performances through the monthly management accounts and ensure control accounts are reconciled with the subsidiary records.
- Subsidiaries prepare budgets for next financial year which are approved by Executives Directors. Monitoring of actual results against budget is carried out on a quarterly basis, with major variances being acted upon.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.

Statement On Internal Control (cont'd)

- The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.
- All recurrent related party transactions are dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.

There were no material internal control failures or reported weaknesses which resulted in material losses or contingencies or uncertainties that would require disclosure in the Group's Annual Report during the financial year.

4.0 REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 January 2008 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

5.0 CONCLUSION

The Board is of the view that the system of internal control in place for the year under review and up to the date of issuance of the audited financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees and the Group's assets.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2008.



Additional Compliance Issues

To comply with the Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

1) Utilisation of Proceeds

During the financial year, there was no proceed raised by the Company from any corporate proposals.

2) Share Buy-Back

During the financial year, there was no purchase of its own shares by the Company.

3) Options, Warrant or Convertible Securities

There were no options, warrant or convertible securities issued to any parties during the financial year, other than those disclosed in Note 17 to the Financial Statements

4) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

5) Sanctions and/or Penalties

The following are the sanctions and/or penalties, imposed on the Company and/or its subsidiary companies, Directors or Management arising from breach of rules/guidelines/legislation by relevant regulatory bodies during financial year.

Name of company	Penalty imposed by the regulatory bodies	Action taken
Kim Loong Palm Oil Mills Sdn. Bhd.	The subsidiary was fined RM1,000/- for not labelling of schedule waste for offences under Peraturan-peraturan Kualiti Alam Sekeliling (Buang Terjadual) 2005.	Labelled the schedule waste and kept in store with under locked
Kim Loong Palm Oil Mills Sdn. Bhd.	The subsidiary was fined RM15,000 for Concentration of BOD (3 days at 30°C) excess the DOE Standard under Seksyen 18 (1) Akta Kualiti Alam Sekeliling 1974	Modified the effluent system (new bio-flow polishing pond & clarifying pond)

6) Non-audit fees

There was no non-audit fee paid and payable to the External Auditors, Messrs SKW Associates, during the financial year 2008.

7) Variation in results

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

8) Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

9) Material Contracts involving Directors and major shareholders' interest

There was no material contract entered into by the Company and its subsidiaries involving Directors and/or major shareholders and/or related parties.

10) Revaluation Policy

The Group's revaluation policy is stated in Notes 2(c) and 2(d) to the Financial Statements.

11) Recurrent related-party transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 39 to the Financial Statements.

CONCLUSION

This Statement is made in accordance with a resolution of the Board dated 27 June 2008.

Statement On Directors' Responsibilities

In Respect of The Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and their results, changes in equity and cash flows of the Group and of the Company for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the Financial Statements have been prepared in accordance with the MASB Approved Accounting Standards for Entities Other than Private Entities and the provisions of the Act.

Therefore, in preparing these Financial Statements, the Directors have:

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

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2008.



Corporate Social Responsibilities

The Group does not have any formal Corporate Social Responsibilities ("CSR") Policy to be its guiding principles. CSR activities are carried out based on the Group's values in guiding the decision making and operations.

Marketplace

The setting up a palm oil mill at Keningau in the Interior District of Sabah by our Group has spurred the economic activities in the surrounding area. More locals are earning higher income by cultivating oil palm which is more profitable than the traditional crops. Our Keningau Mill now accepts FFB from more than 300 smallholders. We also provide some advisory services to smallholders on oil palm cultivation.

Workplace

The Group provides employment to about 2100 people directly.

We are in the process of replacing our workers quarters from wooden structures to concrete buildings with the objective of providing better living conditions. Free/subsidised transportation is provided for school going children to the nearest school. We also provide open space for recreational activities for the residents e.g., football field, volleyball and sepak takraw courts. Annual kenduri was conducted to foster better relations between the staffs and workers. The roads leading to the estates are properly maintained to facilitate the movements of vehicles. Our main roads have benefited the neighbouring villagers as they also use these roads to go to the nearest town.

In order to enhance our staff's knowledge, the Group has conducted in-house trainings for them. Where specialist training is required, the staff are sent for external training. During the year, the staff have attended various trainings/courses in communication, legal, accounting, technical issues and management skills.

Through the In-House Sports Club, various staff activities were carried out including festival celebrations and sporting events. The Group has also organised a partially subsidised company trip to Shanghai, China, Club Med, Cherating, Pahang and Malacca - Genting for the staff's and their family members.

In appreciating the contribution of our staff, business associates and partners an annual dinner was organised at a five star hotel in Johor Bahru. One of the highlights of the annual dinner was the presentation of long service awards to our staff.

Community

The Group is involved in the development of land belonging to an orphanage into an oil palm estate under a joint venture agreement, providing high long term income and development fund to the Al-Yatama organisation for its charity work.

During the year, we have assisted 40 trainees from various universities, institutes of higher learning and training centres to undergoing their practical training. Suitable candidates have been identified for employment after they have completed their training.

During the year, the Group made several contributions and donations amounting to approximately RM50,000 to worthy causes and organisations including:

- Jawatankuasa Tabung Bencana Negeri for the State Natural Disaster Relief Fund
- Persatuan Penganut Agama Buddha Wang Foo Yen, Kota Tinggi;
- Hari Rakan Cop Daerah Kota Tinggi;
- Sekretariat Cegah Jenayah towards the Crime Eradication Programme;
- Ikatan Relawan Rakyat Malaysia for their uniform and activities;
- Pesta Kaamatan to two organising committees;
- 50th Merdeka Day Celebration to one government organising committee;
- Various amounts were donated to non-governmental organisations for sports, culture and welfare activities during the year; and
- Donations to schools for building funds, sports day and Persatuan Ibu Bapa & Guru in Johor and Sabah.

Environment

The Group undertakes soil and water conservation measures and avoids planting and management practices that may harm the environment irreversibly in its plantation.

Corporate Social Responsibilities (cont'd)

The Group is involved in various downstream milling projects aimed at improving efficiency and reducing palm oil mill wastes through innovations and new technologies as follows:

- (i) Installing of palm-pressed fibre oil extraction plant at its mills;
- (ii) Installation of a new bio-fertilizer plant capable of producing 1,000 MT of bio-fertilizer per month to convert part of the oil palm biomass and decanter solids into bio-fertilizers.
- (iii) Developed and operated an empty bunch shredding and pressing system and utilises shredded empty bunches in the boiler.

The Group has successfully implemented the methane capture and power generation project which will reduce greenhouse gas emissions as well as supply low cost steam and electricity for milling operations and other downstream activities of the Group. This is the first project in the world that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change ("UNFCCC") on biogas generated from palm oil mill effluent and the sales of the Certified Emission Reduction ("CER") generated by the project to third party will start in third quarter 2008.

These projects will contribute towards reducing the environmental impact and improve sustainability of the palm oil industry.



Report Of The Audit Committee

MEMBERS

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

- Chairman** : Gan Kim Guan
- Members** : Teoh Cheng Hai
Chew Poh Soon
Gooi Seong Heen (Resigned on 9 January 2008)
- Secretaries** : Chong Fook Sin
Ng Kam May

Pursuant to the Malaysian Code of Corporate Governance (Revised 2007) which came into effect in October 2007, Gooi Seong Heen resigned as member of the Audit Committee with effect from 9 January 2008.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall be composed of no fewer than three (3) members. All the members must be Non-Executive Directors, with a majority of them Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quorum shall be two (2) members, a majority of whom being Independent Directors. The Chairman of the Committee shall be elected by the members of the Committee from among their members and shall be an Independent Director.

At least one member of the Committee:

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

Gan Kim Guan, the Chairman of the Audit Committee is a Senior Independent Non-Executive Director and a Fellow of Association of Chartered Certified Accountants and the MIA. The Company is therefore in compliance with paragraph 15.10(1)(c)(i) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Company Secretary shall be the Secretary of the Committee.

2. Attendance At Meetings

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

3. Frequency and Procedures of Meetings

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

Report Of The Audit Committee (cont'd)

During the financial year 2008, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the year was as follows:

Member	Total number of meetings held in the financial year during Member's tenure in office	Meetings attended by Members
Gan Kim Guan	4	4
Teoh Cheng Hai	4	4
Chew Poh Soon	4	4
Gooi Seong Heen	4	4

4. Functions of Audit Committee

- (i) to review the following and report on the same to the Board;
 - a. with the External Auditors, the audit plan;
 - b. with the External Auditors, their evaluation of the system of internal control;
 - c. with the External Auditors, the audit report;
 - d. the assistance given by employees of the Group to the External Auditors;
 - e. the adequacy of the scope, functions, competency and resources of the Internal Auditors and that they have the necessary authority to carry out their work;
 - f. the internal audit programme, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
 - g. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, particularly on:
 - any changes in or implementation of major accounting policies;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
 - h. any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. any letter of resignation from the External Auditors of the Company; and
 - j. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.
- (ii) to recommend the nomination of a person or persons as External Auditors and the external audit fee.

5. Rights of the Audit Committee

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

- a. have authority to investigate any matter within its Terms of Reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Group;
- d. have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- e. be able to obtain independent professional advice; and
- f. be able to convene meetings with the External Auditors, the Internal Auditors or both, without the attendance of other directors and employees of the Company, whenever deemed necessary.

6. Reporting Procedures

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

Report Of The Audit Committee (cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee met at scheduled times; with due notices of meetings issued; and with agenda planned and itemised so that issues raised were deliberated and discussed in a focused and detailed manner.

During the financial year 2008, the Audit Committee discharged its duties and responsibilities in accordance with its terms of reference. The main activities undertaken by the Audit Committee were as follows:

- Reviewed with the External Auditors, their scope of work and annual audit plan and discussed results of their examinations and recommendations.
- Reviewed with the External Auditors, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon.
- Reviewed the annual audited financial statements of the Group and the Company with the External Auditors prior to submission to the Board for approval. The review entails due compliance with the provisions of the Companies Act, 1965, Listing Requirements of Bursa Malaysia Securities Berhad, applicable approved accounting standards in Malaysia as well as other legal and regulatory requirements.
- Reviewed the Company's compliance, in particular the quarterly reports with the Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- Reviewed the Internal Audit Department's ("IAD") resource requirement, programmes and plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries.
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by management
- Reviewed and recommended for the Board's approval the quarterly reports for announcement to the Bursa Securities in compliance with the approved accounting standards and adhered to other legal and regulatory requirements.
- Reviewed and recommended adoption of the various statements included in the Annual Report to the Board.
- Reviewed the disclosure on related party transactions entered by the Group and the Company and the appropriateness of such transactions before recommending to the Board for its approval.
- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans.
- Reviewed the list of eligible employees and the allocation of options to be offered to them in accordance with the By-laws of the Employees' Share Option Scheme.

INTERNAL AUDIT FUNCTION

The Internal Audit function has been outsourced to the IAD of the Group's holding company, Sharikat Kim Loong Sendirian Berhad. The Board has chosen to outsource this audit function as the Board is of the opinion that the operations of the Group by itself cannot support an effective IAD in terms of availability of appropriate skills and resources.

The IAD carries out their audits according to the audit plan approved by the Audit Committee. Risk identification and assessment are carried out as part of the routine audit process, where audit emphasis is given on high and critical risk areas and compliance regulatory guidelines. When a major risk is identified, significant audit resources would be directed to investigate the weakness and to recommend corrective actions.

The main role of the IAD is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control within the Group. The IAD has conducted the evaluation of the system of internal control that encompassed the Group's governance, operations, and information systems. The internal audit reports were deliberated by the Audit Committee and recommendations were duly acted upon by management.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2008.

Report Of The Remuneration Committee

COMPOSITION OF MEMBERS

(1) Members

The Remuneration Committee comprises the following members:

Chairman : Teoh Cheng Hai

Members : Gan Kim Guan
Gooi Seong Lim
Chew Poh Soon

Secretaries : Chong Fook Sin
Ng Kam May

TERMS OF REFERENCE

(1) Membership

The Remuneration Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise at least three (3) Directors, wholly or a majority of whom are Non-Executive Directors.

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

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

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

(2) Frequency of Meeting

Meeting shall be held not less than once in a financial 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 deciding their own remuneration and should abstain from discussion of their own remuneration.

(4) Function of Remuneration Committee

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

REPORTS AND MINUTES

(1) Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee met twice during the financial year 2008. All members attended the meeting.

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

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

Report of The Nominating Committee

COMPOSITION OF MEMBERS

(1) Members

The Nominating Committee comprises the following members:

Chairman	:	Teoh Cheng Hai
Members	:	Gan Kim Guan Chew Poh Soon
Secretaries	:	Chong Fook Sin Ng Kam May

TERMS OF REFERENCE

(1) Membership

The Committee shall be appointed by the Board from among the Directors of the Company and shall consist exclusively of Non-Executive Directors, minimum three (3), a majority of whom are Independent Directors.

The members of the Nominating Committee shall elect the Chairman from among their members who shall be an Independent Director.

In order to form a quorum in respect of a meeting of the Nominating Committee, the member present must be wholly or a majority of whom must be Independent Directors.

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

(2) Frequency of Meeting

Meeting shall be held not less than once in a financial year.

(3) Authority

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

(4) Function of Nominating Committee

The duties of the Nominating Committee shall be:

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

REPORT AND MINUTES

(1) Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE NOMINATING COMMITTEE

The Committee met once during the financial year 2008. All members attended the meeting.

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

- a) Reviewed the composition and the required mix of skills, experience and other qualities of the Board; and
- b) Reviewed the re-appointment of a director who retired under Section 129(2) of the Companies Act, 1965 and re-election of directors retiring at the AGM under Article 77 of the Articles of Association.

Chairman's Statement

“On behalf of the Board of Directors of Kim Loong Resources Berhad (“KLR”), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2008.”

RESULTS

I am pleased to report that the Group achieved a three fold increase in Profit Before Tax (“PBT”) compared to the financial year 2007. Revenue and PBT were record high at RM469.9 million and RM96.0 million respectively for the financial year 2008 compared to RM263.1 million and RM30.4 million for the financial year 2007.

The impressive results achieved were due mainly to the high Crude Palm Oil (“CPO”) price which was 65% higher than that for the last financial year. The more efficient operations of both the plantation and milling sectors also contributed to the better profit margin for the Group.

DIVIDEND

In view of the good financial performance, the Board has recommended a final dividend of 5 sen per share less 25% tax (2007: final dividend of 4 sen per share, less 27%), for the financial year 2008 making a total dividend of 18 sen per share, of which 13 sen is less 26% tax and 5 sen is less 25% tax (2007: 3 sen per share, less 28% tax and 7 sen per share, less 27% tax).

CORPORATE ACHIEVEMENTS AND DEVELOPMENTS

1. Proposed Bonus Issue

The Company has proposed to carry out a bonus issue of up to 87,922,680 ordinary shares of RM1.00 each in the Company on the basis of two new shares for every five existing shares of RM1.00 each held in the Company by way of capitalising the Company's share premium account and part of retained earnings. The proposed Bonus Issue will increase the



Chairman's Statement (cont'd)



Quarry at Desa Okidville



Telubid Mill under construction

Company's share capital base to better reflect the size of the operations of the Group and also reward the shareholders of the Company for their support and loyalty to the Group. The proposed Bonus Issue will also enable the shareholders of the Company to have greater participation in the equity of the Company in terms of number of shares held while maintaining their percentage of equity interest.

The above proposal is subject to the shareholders' approval at the Extraordinary General Meeting to be convened on 30 July 2008.

2. First Palm-pressed Fibre Oil Extraction Plant in the World

The Group successfully commissioned the first palm-pressed fibre oil extraction plant in the world at its Kota Tinggi mill during the year. This breakthrough in the palm oil industry uses solvent extraction technology to recover the residual palm oil from pressed fibres. The oil extracted from the palm fibres is sold for production of chicken feed and the de-oiled fibres can be used as downstream material for wood based industrial products. This process will increase the oil extraction rate by approximately 0.5%.

3. Reduction of Greenhouse Gas emissions

The Group has successfully implemented the methane capture and power generation project which will reduce greenhouse gas emissions. The benefit from sales of the Certified Emission Reductions ("CER") generated by the project to third parties is expected to commence from third quarter 2008. This project is expected to contribute positively to the Group's operation through revenue from sales of the CERs and supply of low cost steam and electricity for the milling operation and other downstream activities of the Group. This is the first project in the world that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change ("UNFCCC") on biogas generated from palm oil mill effluent.

PALM OIL MILLING OPERATIONS

The palm oil milling operations recorded an increase of 79% in revenue to RM411.8 million (inclusive of inter-segment adjustments) as a result of the high CPO price and an increase in FFB processed by the mills by 7% or 43,500 MT.

The profit from the milling operations improved by 181% or RM15.3 million to RM23.8 million, compared to RM8.5 million for the financial year 2007. The significant increase in profit was mainly due to higher volume of production and better processing margin as a result of better utilisation of processing capacity and oil extraction rates.

PLANTATION OPERATIONS

The revenue from the plantation operations also increased significantly by RM60.2 million or 94% to RM124.2 million in the financial year 2008 as a result of the good palm oil prices and increase in FFB production by 27,000 MT. The increase in FFB production was due mainly to a more productive age profile of the palms.

As a result of the improved revenue, the plantation operations also achieved a record high profit of RM75.7 million as compared to RM22.8 million in the financial year 2007.

DEVELOPMENT AND PROSPECTS

The outlook for the palm oil industry in Malaysia is expected to remain bright in the coming year. CPO price will remain high buoyed by strong demand fueled partly by biodiesel needs and tight supplies of edible oil worldwide. Global demand for edible oil is strong, underpinned by rising consumption in countries like China and India.

The Group plans to increase the production capacity of its Keningau mill, Sabah, from 45MT of FFB/hour to 60 MT of FFB/hour. The construction of the third palm oil mill with an initial capacity of 20MT of FFB/hour is currently in progress and it is

Chairman's Statement (cont'd)

expected to be operational in the third quarter of the financial year 2009. It is expected that the third mill will be expanded to 45MT of FFB/hour by the financial year 2010. With the proposed expansion in Sabah, the processing capacity of the Group will increase from approximately 750,000 MT of FFB per annum to 950,000 MT of FFB per annum.

Downstream milling projects aimed at value-addition, efficiency improvement and waste utilisation through innovations and new technologies are under development:

- (i) The palm nutraceuticals project involves designing, constructing and extracting tocotrienols (less common members of the vitamin E) from CPO using non-destructive processes and utilizing renewable energy generated from biogas and biomass. Non-destructive processes preserve CPO for food applications whereas the utilisation of renewable energy reduces production costs and contributes to reduction in greenhouse gas emission. These strategies are most appropriate amidst the current food, energy and environment crises. In addition, our production cost is insensitive to CPO price fluctuation as the bulk of the CPO used is preserved. Currently we are looking into niche market to capitalise on our unsurpassed unique quality with low α -tocopherol and high δ -tocotrienol contents. The production facility was successfully commissioned in January 2008. A patent has been granted for the innovative processes.
- (ii) The Group is currently in the process of planning and installing the second palm-pressed fibre oil extraction plant at its Keningau mill, Sabah.
- (iii) The Group plans to install a palm kernel oil solvent extraction plant at its Kota Tinggi mill to increase PKO extraction efficiency.
- (iv) Kim Loong Evergrow Sdn. Bhd. has successfully installed a new bio-fertilizer plant capable of producing 1,000 MT of bio-fertilizer per month to convert part of the oil palm biomass and decanter solids into bio-fertilizers. Higher selling price will increase profitability of this project.
- (v) Kim Loong Palm Oil Mills Sdn. Bhd. has successfully developed and operated an empty bunch shredding and pressing system which extracts residual oil from empty bunches and utilises shredded empty bunches in the boiler to generate steam and power for milling operation. This system replaces the incinerators which emit a lot of smoke to the atmosphere.

We believe we have created a prototype of milling complex which extracts maximum value from various integrated operations and at the same time minimises the impact to the environment. This is a progressive approach that contributes towards sustainable production in the long term.

The Group will benefit from the current good palm oil prices as the production of FFB is expected to increase by 10% to 15% in the financial year 2009 with a higher yield per hectare due to more favourable age profile. The Group will continue to look into opportunities for increasing its landbank in the states of Johor, Pahang, Sabah, and in Sarawak and suitable land near its existing palm oil mills through acquisition or joint venture to provide a sustainable and synergistic growth in revenue and profit.

The Group's milling operations are expected to perform better with higher utilisation of processing capacity of its existing mills and the contribution of the third mill in Telupid, Sabah.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group to achieve another year of increased earnings in the financial year ending 31 January 2009.

APPRECIATION

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

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

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor

Date: 27 June 2008

Penyata Pengerusi

“Bagi pihak Lembaga Pengarah Kim Loong Resources Berhad (“KLR”), saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Teraudit bagi tahun kewangan berakhir 31 Januari 2008.”

KEPUTUSAN

Saya dengan sukacitanya melaporkan bahawa Kumpulan telah meraih tiga kali ganda peningkatan dalam Untung Sebelum Cukai (“PBT”) berbanding dengan tahun kewangan 2007. Hasil serta PBT telah mencatatkan rekod tertinggi, iaitu masing-masing sebanyak RM469.9 juta dan RM96.0 juta bagi tahun kewangan 2008 berbanding dengan RM263.1 juta dan RM30.4 juta bagi tahun kewangan 2007.

Pencapaian keputusan yang membanggakan ini sebahagian besarnya berpunca dari harga Minyak Sawit Mentah (“CPO”) yang lebih tinggi 65% berbanding dengan tahun kewangan sebelumnya. Kecekapan pengendalian di kedua-dua sektor

perladangan dan pengilangan juga turut menyumbang kepada margin keuntungan yang lebih baik untuk Kumpulan.

DIVIDEN

Memandangkan prestasi kewangan yang baik, Lembaga Pengarah telah mencadangkan dividen akhir sebanyak 5 sen sesaham tolak 25% cukai (2007: dividen akhir sebanyak 4 sen sesaham, tolak 27%), bagi tahun kewangan 2008 dan menjadikan jumlah dividen sebanyak 18 sen sesaham, yang mana 13 sen sesaham tolak 26% cukai dan 5 sen sesaham tolak 25% cukai (2007: 3 sen sesaham, tolak 28% cukai dan 7 sen sesaham, tolak 27% cukai).

PENCAPAIAN DAN KEMAJUAN KORPORAT

1. Cadangan Terbitan Bonus

Syarikat telah mencadangkan untuk melaksanakan terbitan bonus sehingga 87,922,680 saham biasa bernilai RM1.00 sesaham di dalam Syarikat atas dasar dua saham baru bagi setiap lima saham yang sedia ada bernilai RM1.00 sesaham yang dipegang di dalam Syarikat dengan cara mempermodalkan akaun premium saham Syarikat dan sebahagian lagi daripada perolehan tertahan. Cadangan Terbitan Bonus ini akan meningkatkan asas modal saham Syarikat bagi mewujudkan gambaran yang lebih baik tentang saiz operasi Kumpulan dan juga memberi ganjaran kepada para pemegang saham Syarikat di atas sokongan serta kesetiaan mereka terhadap Kumpulan. Cadangan Terbitan Bonus ini juga akan membolehkan para pemegang saham Syarikat mendapat penyertaan yang lebih besar dalam ekuiti Syarikat dari segi bilangan saham yang dipegang sambil mengekalkan peratusan kepentingan ekuiti mereka.

Cadangan di atas adalah tertakluk kepada kelulusan para pemegang saham pada Mesyuarat Agung Luar Biasa yang akan diadakan pada 30 Julai 2008.



Penyata Pengerusi (cont'd)



Steriliser yard, Desa Kim Loong Palm Oil



Culvert Plant, Desa Kim Loong Industries

2. Loji Pengekstrakan Minyak Sabut Sawit Kempa yang Pertama di Dunia

Kumpulan telah berjaya menubuhkan sebuah loji pengekstrakan minyak sabut sawit kempa yang pertama di dunia di kilang Kota Tinggi pada tahun ini. Kejayaan cemerlang dalam industri minyak sawit ini menggunakan teknologi pengekstrakan pelarut untuk mendapatkan sisa minyak sawit daripada sabut kempa. Minyak yang diekstrak daripada sabut sawit dijual untuk penghasilan makanan ayam dan sabut yang dinyahminyak boleh digunakan sebagai bahan hiliran untuk produk perindustrian berasaskan kayu. Proses ini akan meningkatkan kadar pengekstrakan minyak lebih kurang 0.5%.

3. Pengurangan pengeluaran Gas Rumah Hijau

Kumpulan telah berjaya melaksanakan tawanan metana serta projek penjanaan kuasa yang akan mengurangkan pengeluaran gas rumah hijau. Faedah daripada penjualan *Certified Emission Reductions* ("CER") yang dihasilkan oleh projek kepada pihak ketiga dijangka akan bermula dari suku ketiga tahun 2008. Projek ini dijangka akan memberikan sumbangan positif kepada operasi Kumpulan menerusi hasil daripada jualan CER serta pembekalan stim dan elektrik berkos rendah bagi operasi kilang serta aktiviti hiliran Kumpulan yang lain. Ini merupakan projek pertama di dunia yang didaftarkan dengan Lembaga Eksekutif *United Nations Framework Convention on Climate Change* ("UNFCCC") berhubung biogas yang dijana daripada efluen kilang minyak sawit untuk Mekanisme Pembangunan Bersih ("CDM").

OPERASI PENGILANGAN MINYAK SAWIT

Operasi pengilangan minyak sawit telah mencatatkan lonjakan hasil sebanyak 79% kepada RM411.8 juta (termasuk pelarasan antara segmen) yang disebabkan oleh harga CPO yang tinggi serta peningkatan dalam Buah Tandan Segar (FFB) yang diproses oleh kilang, iaitu sebanyak 7% atau 43,500 MT.

Untung daripada operasi pengilangan meningkat sebanyak 181% atau RM15.3 juta kepada RM23.8 juta, berbanding dengan RM8.5 juta bagi tahun kewangan 2007. Peningkatan untung yang ketara ini banyak berpunca dari jumlah pengeluaran yang lebih tinggi serta margin pemprosesan yang lebih mantap akibat daripada penggunaan kapasiti pemprosesan dan kadar perahan minyak yang lebih baik.

OPERASI PERLADANGAN

Hasil daripada operasi perladangan turut meningkat dengan ketara sebanyak RM60.2 juta atau 94% kepada RM124.2 juta bagi tahun kewangan 2008 akibat daripada harga minyak sawit yang mantap serta pertambahan dalam pengeluaran FFB sebanyak 27,000 MT. Kenaikan dalam pengeluaran FFB sebahagian besarnya disebabkan oleh profil umur sawit yang lebih produktif.

Akibat daripada peningkatan hasil, operasi perladangan turut mencapai rekod keuntungan yang tinggi sebanyak RM75.7 juta berbanding RM22.8 juta pada tahun kewangan 2007.

KEMAJUAN DAN PROSPEK

Gambaran industri minyak sawit di Malaysia dijangka kekal cerah bagi tahun mendatang. Harga CPO akan kekal tinggi disokong oleh permintaan yang kuat dan sebahagiannya didorong oleh keperluan terhadap biodiesel serta pembekalan minyak makan yang ketat di serata dunia. Permintaan global untuk minyak makan adalah tinggi, dan ia diperkukuhkan lagi oleh peningkatan penggunaan di negara-negara seperti China dan India.

Kumpulan merancang meningkatkan kapasiti pengeluaran di kilangnya di Keningau, Sabah dari 45MT FFB/jam kepada 60MT FFB/jam. Pembinaan kilang minyak sawit yang ketiga dengan kapasiti permulaan pada 20MT FFB/jam sedang dijalankan dan dijangka beroperasi pada suku ketiga tahun kewangan 2009. Kilang ketiga ini dijangka akan diperbesarkan kepada 45MT

Penyata Pengerusi (cont'd)

FFB/jam menjelang tahun kewangan 2010. Dengan cadangan pembesaran di Sabah, kapasiti pemprosesan Kumpulan akan meningkat daripada lebih kurang 750,000 MT FFB setahun kepada 950,000 MT FFB setahun.

Projek pengilangan hiran yang disasarkan bagi menambah nilai, meningkatkan kecekapan dan penggunaan sisa menerusi inovasi dan teknologi baru yang sedang diusahakan:

- (i) Projek nutraseutikal sawit yang melibatkan reka cipta, pembinaan dan pengekstrakan pati tokotrienol (anggota vitamin E yang jarang diperolehi) daripada CPO menggunakan proses yang tidak membinasakan dan pemakaian tenaga boleh diperbaharui yang dijana daripada biogas dan biojisim. Proses yang tidak membinasakan ini memelihara CPO untuk penggunaan makanan manakala pemakaian tenaga boleh diperbaharui mengurangkan kos pengeluaran dan menyumbang kepada pengurangan pengeluaran gas rumah hijau. Strategi ini amat bersesuaian berlatarkan krisis makanan, tenaga dan persekitaran yang berlaku kini. Selain itu, kos pengeluaran kami tidak sensitif terhadap turun naik harga CPO kerana sebahagian besar CPO yang digunakan telah diawet. Buat masa ini kami sedang mencari peluang pasaran bagi mengambil kesempatan ke atas kualiti kami yang unik dengan kandungan α -tokoferol yang lebih rendah serta δ -tokotrienol yang lebih tinggi. Kemudahan pengeluaran ini telah berjaya dilaksanakan pada Januari 2008. Paten telahpun diberikan untuk proses inovatif ini.
- (ii) Kumpulan sedang dalam proses merancang dan mendirikan loji pengekstrakan minyak sabut sawit kempa yang kedua di kilangnya di Keningau, Sabah.
- (iii) Kumpulan merancang mendirikan loji pengekstrakan pelarut minyak isirung sawit di kilangnya di Kota Tinggi untuk meningkatkan kecekapan pengekstrakan Minyak Isirung Sawit (PKO).
- (iv) Kim Loong Evergrow Sdn. Bhd. telah berjaya mendirikan sebuah loji biobaja baru yang berupaya menghasilkan 1,000 MT biobaja sebulan bagi menukar sebahagian daripada biomas kelapa sawit dan pepejal penyiring kepada biobaja. Harga jualan yang lebih tinggi akan meningkatkan kadar keuntungan projek ini.
- (v) Kim Loong Palm Oil Mills Sdn. Bhd. telah berjaya membangun dan mengendalikan sebuah sistem pemayang dan pengempaan buah tandan kosong yang mengekstrak sisa minyak daripada tandan kosong dan menggunakan buah tandan kosong yang dimayang di dalam dandang bagi menghasilkan stim serta tenaga untuk operasi kilang. Sistem ini menggantikan pembakar yang banyak mengeluarkan asap ke udara.

Kami percaya kami telah menghasilkan prototaip kompleks pengilangan yang mengekstrak nilai maksimum daripada pelbagai operasi bersepadu dan pada waktu yang sama meminimumkan kesan terhadap alam sekitar. Ini merupakan satu langkah progresif yang menyumbang ke arah pengeluaran kelapa sawit yang mapan dalam jangka panjang.

Kumpulan akan meraih faedah dari harga minyak sawit semasa yang bagus di mana pengeluaran FFB dijangka meningkat sebanyak 10% hingga 15% bagi tahun kewangan 2009 dengan pengeluaran sehektar yang lebih tinggi yang disebabkan oleh profil umur yang lebih memberangsangkan. Kumpulan akan terus mencari peluang bagi menambah simpanan tanahnya di negeri Johor, Pahang, Sabah dan Sarawak dan juga tanah yang bersesuaian berhampiran dengan kilang kelapa sawitnya yang sedia ada menerusi pengambil alihan ataupun usaha sama bagi menyediakan pertumbuhan yang mapan dan bersinergi dari segi hasil dan untung.

Operasi pengilangan Kumpulan dijangka menunjukkan prestasi yang lebih baik dengan penggunaan kapasiti pemprosesan yang lebih tinggi di kilang-kilang sedia ada dan juga menerusi sumbangan kilang ketiga di Telupid, Sabah.

Berdasarkan faktor-faktor di atas dan melainkan berlakunya sebarang keadaan yang tidak dijangka, Lembaga menjangkakan Kumpulan akan mencapai satu lagi tahun dengan peningkatan perolehan bagi tahun kewangan berakhir 31 Januari 2009.

PENGHARGAAN

Saya ingin mengambil kesempatan ini untuk menyampaikan penghargaan saya kepada pihak Pengurusan dan Kakitangan di atas kesetiaan dan khidmat mereka yang berdedikasi kepada Kumpulan, serta kepada pelbagai pihak berkuasa dan agensi kerajaan, pihak bank, para pelanggan dan pembekal serta rakan niaga yang amat dihargai di atas kerjasama serta sokongan mereka yang berterusan.

Akhir kata, saya ingin mengucapkan terima kasih kepada ahli Lembaga Pengarah di atas sokongan mereka serta para pemegang saham di atas keyakinan mereka terhadap Lembaga Pengarah dan pihak Pengurusan Kumpulan.

Gooi Seong Lim

Pengerusi Eksekutif
Johor Bahru, Johor

Tarikh: 27 Jun 2008

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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 2008.

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 7 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 attributable to :		
Equity holders of the Company	59,251,005	61,580,195
Minority interests	13,259,861	-
Net profit for the financial year	72,510,866	61,580,195

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 2007, as shown in the Directors' report of that year, a final gross dividend and a special dividend of 4 sen per share and 3 sen per share respectively on 174,523,900 ordinary shares, less tax, paid on 16 August 2007	8,918,171
In respect of the financial year ended 31 January 2008, an interim gross dividend of 3 sen per share on 206,960,897 ordinary shares, less tax, paid on 21 December 2007	4,594,532
In respect of the financial year ended 31 January 2008, a special dividend of 10 sen per share on 209,356,563 ordinary shares, less tax, paid on 28 January 2008	15,492,386
	29,005,089

The Directors recommend the payment of a final gross dividend in respect of the financial year ended 31 January 2008 of 5 sen per share less tax, 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, SHARE OPTIONS AND DEBENTURES

During the financial year:

- i) 3,575,400 ordinary shares of RM1 each were issued by virtue of the exercise of 3,049,400 share options, 317,900 share options and 208,100 share options granted pursuant to the Company's Employees' Share Option Scheme at an exercise price of RM1.14 per share, RM1.22 per share and RM1.67 per share respectively for cash.
- ii) 34,922,595 ordinary shares of RM1 each were issued pursuant to the exercise of 34,922,595 Warrants.

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

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

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 18 March 2005 for a period of 5 years. The ESOS is governed by the By-Laws which was approved by the shareholders on 26 January 2005.

The main features of the ESOS are :

- (i) The total number of new ordinary shares to be issued by the Company under the ESOS shall not exceed 15% of the total issued and paid up ordinary shares of the Company, and such that not more than 50% of the shares available under ESOS is allocated in aggregate to the directors and senior management.
- (ii) Not more than 10% shares available under ESOS is allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid up capital of the Company.
- (iii) Only staff and executive directors of the Group are eligible to participate in the scheme. Executive directors are those involved in a full time day-to-day managerial and executive capacity in any company within the Group and on the payroll of the Group.
- (iv) The option price under the ESOS is the five (5) days weighted average market price of the shares of the Company at the time the option is granted, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give, or the par value of the shares of the Company of RM1, whichever is the higher.
- (v) The options granted will be valid up to the expiry of the ESOS on 17 March 2010.
- (vi) An option holder may, in a particular year, exercise up to such maximum number of shares as specified in the option certificate in accordance with By-law 7.4.

The percentage of options exercisable in each of the years during the period of ESOS is as follows :

Options issued in :	Number of share options granted and unexercised as at 31 January 2008	Percentage of options exercisable in financial year	
		2009 %	2010 %
2005	1,600,900	59	41
2006	186,000	89	11
2007	495,600	60	40
	2,282,500		

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

Directors' Report (cont'd)

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

During the financial year, the Company issued 735,000 new options to eligible employees. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 300,000 ordinary shares of RM1 each.

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

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

DIRECTORS

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

Gooi Seong Lim
Gooi Seong Heen
Loo Geok Eng (f)
Gooi Seong Chneh
Gooi Seong Gum
Gan Kim Guan
Teoh Cheng Hai
Chew Poh Soon

In accordance with Article 77 of the Company's Articles of Association, Gooi Seong Heen and Gan Kim Guan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Loo Geok Eng (f) retires at the forthcoming Annual General Meeting pursuant to Section 129 (2) of the Companies Act, 1965 and resolution will be proposed for her re-appointment as Director 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 substantial financial interests.

DIRECTORS' INTERESTS 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 interests in shares, debentures and options over shares in the Company and its related corporations except as stated below :

Directors' Report (cont'd)

Number of ordinary shares of RM1 each in the Company

Name of the Director	At 1.2.2007	Bought	Sold	At 31.1.2008
Gooi Seong Lim				
- direct interests	452,000	296,000	-	748,000
- indirect interests	114,586,400	31,070,000	(8,000,000)	137,656,400
Gooi Seong Heen				
- direct interests	372,000	256,000	-	628,000
- indirect interests	114,394,400	31,022,000	(8,000,000)	137,416,400
Loo Geok Eng (f)				
- direct interests	756,000	1,372,000	-	2,128,000
- indirect interests	113,709,600	30,850,800	(8,000,000)	136,560,400
Gooi Seong Chneh				
- direct interests	335,600	212,400	-	548,000
- indirect interests	114,394,400	31,022,000	(8,000,000)	137,416,400
Gooi Seong Gum				
- direct interests	248,000	270,000	-	518,000
- indirect interests	114,426,400	31,150,000	(8,000,000)	137,576,400

Number of Warrants 2005/2012 in the Company

Name of the Director	At 1.2.2007	Bought	Exercised	At 31.1.2008
Gooi Seong Lim				
- direct interests	88,000	-	(88,000)	-
- indirect interests	31,007,600	-	(31,006,000)	1,600
Gooi Seong Heen				
- direct interests	68,000	-	(48,000)	20,000
- indirect interests	31,007,600	-	(31,006,000)	1,600
Loo Geok Eng (f)				
- direct interests	164,000	-	(164,000)	-
- indirect interests	30,852,400	-	(30,850,800)	1,600
Gooi Seong Chneh				
- direct interests	68,000	-	(68,000)	-
- indirect interests	31,007,600	-	(31,006,000)	1,600
Gooi Seong Gum				
- direct interests	62,000	-	(62,000)	-
- indirect interests	31,007,600	-	(31,006,000)	1,600

Directors' Report (cont'd)

Number of options under Employees' Share Option Scheme over ordinary shares of RM1 each in the Company

Name of the Director	At 1.2.2007	Granted	Exercised	At 31.1.2008
Gooi Seong Lim	342,000	-	(208,000)	134,000
Gooi Seong Heen	342,000	-	(208,000)	134,000
Loo Geok Eng (f)	342,000	-	(208,000)	134,000
Gooi Seong Chneh	278,400	-	(144,400)	134,000
Gooi Seong Gum	342,000	-	(208,000)	134,000

Number of ordinary shares of RM1 each in related corporations

Name of the Director	At 1.2.2007	Bought	Sold	At 31.1.2008
Crescendo Corporation Berhad				
Gooi Seong Lim	1,787,836	490,000	-	2,277,836
Gooi Seong Heen	2,142,835	-	-	2,142,835
Loo Geok Eng (f)	1,721,827	-	-	1,721,827
Gooi Seong Chneh	1,974,836	-	-	1,974,836
Gooi Seong Gum	1,835,437	-	-	1,835,437
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim	9,800	-	-	9,800
Gooi Seong Heen	9,800	-	-	9,800
Gooi Seong Chneh	9,800	-	-	9,800
Gooi Seong Gum	9,800	-	-	9,800
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim	4,560	-	-	4,560
Gooi Seong Heen	4,560	-	-	4,560
Gooi Seong Chneh	4,560	-	-	4,560
Gooi Seong Gum	4,560	-	-	4,560

Number of options under Employees' Share Option Scheme over ordinary shares of RM1 each in a related corporation, Crescendo Corporation Berhad

Name of the Director	At 1.2.2007	Granted	Exercised	At 31.1.2008
Gooi Seong Lim	350,000	-	(350,000)	-
Gooi Seong Heen	228,000	-	-	228,000
Loo Geok Eng (f)	186,000	21,000	-	207,000
Gooi Seong Chneh	107,000	21,000	-	128,000
Gooi Seong Gum	308,000	21,000	-	329,000

Directors' Report (cont'd)

Number of ordinary shares of RM100 each in holding company, Sharikat Kim Loong Sendirian Berhad

Name of the Director	At 1.2.2007	Bought	Sold	At 31.1.2008
Gooi Seong Lim				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Heen				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Loo Geok Eng (f)				
- direct interests	1,250	-	-	1,250
Gooi Seong Chneh				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Gum				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) 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
- (b) 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 :

- (a) 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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.

Directors' Report (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 of 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, SKW Associates, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors

GOOI SEONG HEEN

Director

GOOI SEONG CHNEH

Director

Dated : 27 May 2008

Statement by Directors Pursuant To Section 169(15) Of The Companies Act, 1965

We, Gooi Seong Heen and Gooi Seong Chneh, being two of the Directors of KIM LOONG RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 57 to 106 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 2008 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 provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards for Entities Other than Private Entities.

On behalf of the Board,

GOOI SEONG HEEN
Director

GOOI SEONG CHNEH
Director

Dated : 27 May 2008

Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

I, Gooi Seong Heen, being the Director primarily responsible for the financial management of KIM LOONG RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 57 to 106 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 Heen,)
at Johor Bahru in the state of Johor)
this 27 May 2008)

GOOI SEONG HEEN

Before me,

Commissioner for Oaths

Report Of The Independent Auditors To The Members Of Kim Loong Resources Berhad (22703 – K)

We have audited the financial statements set out on pages 57 to 106. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 about whether 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 MASB Approved Accounting Standards for Entities Other than Private Entities 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 2008 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.

SKW Associates
Firm Number : AF 0312
Chartered Accountants

Johor Bahru
Dated : 27 May 2008

KEE YANG KHIAW
Approval Number : 1909/8/08 (J)
Partner of the firm

Consolidated Balance Sheet As At 31 January 2008

ASSETS	NOTE	2008 RM	2007 RM
Non-current assets			
Property, plant and equipment	4	121,915,879	103,601,529
Prepaid land lease payments	5	166,621,545	168,993,694
Biological assets	6	64,929,336	65,359,973
Quoted investments	8	55,500	2,211,780
Intangible assets	9	1,532,447	1,031,563
Deferred tax assets	25	927,000	270,000
		355,981,707	341,468,539
Current assets			
Inventories	11	15,218,123	10,662,943
Trade receivables	12	20,479,473	7,849,363
Other receivables, deposits and prepayments	13	8,493,747	5,521,522
Tax recoverable		224,752	637,971
Amount owing by related companies	15	290,117	262,762
Bank and cash balances	16	101,642,798	39,829,098
		146,349,010	64,763,659
TOTAL ASSETS		502,330,717	406,232,198
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	209,956,695	171,458,700
Reserves	18	173,995,389	142,428,682
		383,952,084	313,887,382
Minority interests		15,222,195	10,150,974
Total equity		399,174,279	324,038,356
Non-current liabilities			
Other borrowings	23	12,143,510	7,574,595
Interest bearing borrowings (secured)	24	7,538,109	12,669,442
Deferred tax liabilities	25	41,356,185	33,935,317
		61,037,804	54,179,354
Current liabilities			
Trade payables	26	17,992,854	11,352,550
Other payables and accruals	26	9,377,916	5,850,007
Amount owing to holding company	27	160,973	170,339
Amount owing to related companies	15	376,983	245,236
Other borrowings	23	400,000	400,000
Interest bearing borrowings (secured)	24	9,651,446	8,832,894
Tax payable		4,158,462	1,163,462
		42,118,634	28,014,488
Total liabilities		103,156,438	82,193,842
TOTAL EQUITY AND LIABILITIES		502,330,717	406,232,198

Consolidated Income Statement For The Financial Year Ended 31 January 2008

	NOTE	2008 RM	2007 RM
Revenue	28	469,875,491	263,062,840
Cost of sales	29	(358,647,834)	(218,944,657)
Gross profit		111,227,657	44,118,183
Other income		3,130,325	3,583,737
Distribution costs		(7,943,047)	(6,865,507)
Administration expenses		(8,872,962)	(7,670,388)
Other expenses		(625,987)	(1,336,456)
Finance costs	31	(879,812)	(1,386,647)
Profit before tax	32	96,036,174	30,442,922
Tax expense	35	(23,525,308)	(7,768,654)
Net profit for the financial year		72,510,866	22,674,268
Attributable to :			
Equity holders of the Company		59,251,005	22,449,223
Minority interests		13,259,861	225,045
		72,510,866	22,674,268
Earnings per share (sen) :			
- Basic	36	31	13
- Diluted	36	30	10

Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 January 2008

	Attributable to equity holders of the Company							Total equity RM
	Share capital RM	Non-distributable			Distributable		Total RM	
		Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM		
Balance as at 1 February 2006								
As previously stated	170,863,600	35,154,071	11,352,722	45,980,867	-	35,381,047	298,732,307	307,511,410
Prior year adjustments:								
Effects of adopting FRS 3 on goodwill on consolidation	-	-	-	-	-	(470,000)	(470,000)	(470,000)
As restated	170,863,600	35,154,071	11,352,722	45,980,867	-	34,911,047	298,262,307	307,041,410
Effect of adopting FRS 3 on reserve on consolidation	-	-	(11,352,722)	-	-	11,352,722	-	-
Realisation of revaluation surplus on leasehold land, net of tax (Note 38)	-	-	-	(1,791,081)	-	1,791,081	-	-
Reduction in deferred tax arising from change in tax rate	-	-	-	1,007,402	-	-	1,007,402	1,113,197
Income and expenses recognised directly in equity	-	-	-	(783,679)	-	1,791,081	1,007,402	1,113,197
Net profit for the year	-	-	-	-	-	22,449,223	22,449,223	22,674,268
Total recognised income and expenses for the year	-	-	-	(783,679)	-	24,240,304	23,456,625	23,787,465

Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 January 2008 (cont'd)

	Attributable to equity holders of the Company							Total equity RM
	Share capital RM	Non-distributable			Distributable		Total RM	
		Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM		
Dividends for the year ended	-	-	-	-	-	(4,923,377)	(4,923,377)	(4,923,377)
- 31.1.2006	-	-	-	-	-	(3,697,389)	(3,697,389)	(4,351,389)
- 31.1.2007	-	-	-	-	-	-	-	(654,000)
Minority interests' share of loss set off against their advances	-	-	-	-	-	-	-	1,925,057
Share-based payment under ESOS	-	-	-	-	109,842	-	109,842	-
Transfer of reserve arising from exercise of ESOS	-	46,242	-	-	(46,242)	-	-	-
Issue of shares pursuant to exercise of ESOS	595,100	84,274	-	-	-	-	679,374	-
Issue of shares to minority interests	-	-	-	-	-	-	-	80,000
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	(310,026)
Balance as at 31 January 2007	171,458,700	35,284,587	-	45,197,188	63,600	61,883,307	313,887,382	10,150,974
								324,038,356

Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 January 2008 (cont'd)

	Attributable to equity holders of the Company							Minority interests RM	Total equity RM
	Share capital RM	Non-distributable			Distributable		Total RM		
		Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM			
Balance as at 1 February 2007	171,458,700	35,284,587	-	45,197,188	63,600	61,883,307	313,887,382	10,150,974	324,038,356
Realisation of revaluation surplus on leasehold land, net of tax (Note 38)	-	-	-	(817,790)	-	817,790	-	-	-
Underprovision of deferred tax in prior years	-	-	-	(163,284)	-	-	(163,284)	-	(163,284)
Reduction in deferred tax arising from change in tax rate	-	-	-	569,209	-	-	569,209	104,275	673,484
Income and expenses recognised directly in equity	-	-	-	(411,865)	-	817,790	405,925	104,275	510,200
Net profit for the year	-	-	-	-	-	59,251,005	59,251,005	13,259,861	72,510,866
Total recognised income and expenses for the year	-	-	-	(411,865)	-	60,068,795	59,656,930	13,364,136	73,021,066

Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 January 2008 (cont'd)

	Attributable to equity holders of the Company							Total equity RM	
	Share capital RM	Non-distributable			Distributable		Total RM		
		Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM			
	Share capital RM	Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
Dividends for the year ended	-	-	-	-	-	(8,918,171)	(8,918,171)	-	(8,918,171)
- 31.1.2007	-	-	-	-	-	(20,086,918)	(20,086,918)	(3,324,000)	(23,410,918)
- 31.1.2008	-	-	-	-	-	-	-	-	-
Reversal of minority interests' share of loss previously set off against their advances	-	-	-	-	-	-	-	(4,968,915)	(4,968,915)
Share-based payment under ESOS	-	-	-	-	278,585	-	278,585	-	278,585
Transfer of reserve arising from exercise of ESOS	-	342,185	-	-	(342,185)	-	-	-	-
Issue of shares pursuant to exercise of:									
- ESOS	3,575,400	636,281	-	-	-	-	4,211,681	-	4,211,681
- Warrant	34,922,595	-	-	-	-	-	34,922,595	-	34,922,595
Balance as at 31 January 2008	209,956,695	36,263,053	-	44,785,323	-	92,947,013	383,952,084	15,222,195	399,174,279

Consolidated Cash Flow Statement For The Financial Year Ended 31 January 2008

	2008 RM	2007 RM
Cash flows from operating activities		
Cash receipts from customers	457,542,025	260,542,484
Rental received	37,200	28,300
Interest received	1,954,362	734,584
Dividends received	42,500	130,263
Cash paid to suppliers and employees	(358,754,681)	(214,410,597)
Cash generated from operations	100,821,406	47,025,034
Interest paid	(906,086)	(1,448,154)
Tax paid	(12,843,021)	(6,159,091)
Net cash from operating activities	87,072,299	39,417,789
Cash flows from investing activities		
Acquisition of biological assets and property, plant and equipment (Note a)	(29,917,218)	(21,896,924)
Land lease payment	(400,000)	(400,000)
Proceeds from disposal of leasehold land, biological assets and property, plant and equipment	493,133	1,761,580
Development expenditure paid	(407,396)	(394,210)
Interest paid	(258,224)	(210,427)
Net cash effect on disposal of subsidiary company (Note b)	-	2,981,629
Additional investments in existing subsidiary companies	-	(217,144)
Acquisition of quoted investments	-	(6,800)
Proceeds from disposal of quoted investments	2,761,944	4,644,122
Net cash used in investing activities	(27,727,761)	(13,738,174)
Cash flows from financing activities		
Dividends paid	(29,005,089)	(8,620,766)
Dividends paid to minority interests	(3,324,000)	(654,000)
Expenses paid in relation to bonus issue	(23,244)	-
Proceeds from issuance of shares	39,134,276	679,374
Proceeds from issuance of shares to minority interests	-	80,000
Proceeds from bank borrowings	500,000	3,500,000
Repayments of bank borrowings	(5,253,555)	(12,098,000)
Other borrowings	-	(545,030)
Net cash from/(used in) financing activities	2,028,388	(17,658,422)
Net increase in cash and cash equivalents	61,372,926	8,021,193
Cash and cash equivalents at beginning of year	38,749,762	30,728,569
Cash and cash equivalents at end of year (Note c)	100,122,688	38,749,762

Consolidated Cash Flow Statement For The Financial Year Ended 31 January 2008 (cont'd)

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

	2008 RM	2007 RM
Biological assets and property, plant and equipment acquired	30,295,091	21,947,601
Less expenses capitalised :		
- depreciation	(270,072)	(264,527)
- interest	(258,224)	(210,427)
Cash paid in respect of prior year acquisition	590,645	1,004,161
Unpaid balances included under payables	(1,012,422)	(590,645)
Deposits paid in prior years	(132,000)	(121,239)
Deposits paid in current year	704,200	132,000
Cash paid	29,917,218	21,896,924

Note b : Net cash effect on disposal of subsidiary company

Details of net liabilities and cash flows arising from disposal were as follows :

	2008 RM	2007 RM
Non-current assets	-	147,500
Current assets	-	389
Current liabilities	-	(704)
Non-current liabilities	-	(1,284,473)
Net liabilities	-	(1,137,288)
Incidental cost on acquisition of subsidiary previously capitalised	-	17,982
Goodwill on consolidation	-	1,154,441
Gain on disposal of subsidiary company	-	74,865
Consideration for disposal of subsidiary company	-	110,000
Consideration for liability taken over by purchasers	-	2,890,000
Total consideration	-	3,000,000
Less incidental cost on acquisition	-	(17,982)
Less cash and cash equivalent disposed	-	(389)
Net cash effect	-	2,981,629

Note c : Cash and cash equivalents at end of year

	2008 RM	2007 RM
Bank and cash balances (Note 16)	101,642,798	39,829,098
Bank overdrafts (Note 24)	(1,520,110)	(1,079,336)
	100,122,688	38,749,762

Company Balance Sheet As At 31 January 2008

ASSETS	NOTE	2008 RM	2007 RM
Non-current assets			
Property, plant and equipment	4	4,652,397	4,695,345
Prepaid land lease payments	5	63,972,131	64,856,207
Biological assets	6	2,374,400	2,879,385
Investment in subsidiary companies	7	89,466,098	89,366,100
		160,465,026	161,797,037
Current assets			
Inventories	11	291,098	283,752
Trade receivables	12	1,863,498	781,888
Other receivables, deposits and prepayments	13	1,079,906	1,677,538
Amount owing by subsidiary companies	14	151,842,689	131,040,369
Amount owing by a related company	15	-	28,757
Bank and cash balances	16	74,414,842	21,513,534
		229,492,033	155,325,838
TOTAL ASSETS		389,957,059	317,122,875
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	17	209,956,695	171,458,700
Reserves	18	145,667,211	112,139,083
Total equity		355,623,906	283,597,783
Non-current liabilities			
Deferred tax liabilities	25	10,423,178	10,972,422
Current liabilities			
Trade payables	26	1,162,552	1,861,759
Other payables and accruals	26	1,786,778	1,121,573
Amount owing to holding company	27	47,683	47,103
Amount owing to subsidiary companies	14	18,897,498	18,918,701
Amount owing to related companies	15	32	-
Tax payable		2,015,432	603,534
		23,909,975	22,552,670
Total liabilities		34,333,153	33,525,092
TOTAL EQUITY AND LIABILITIES		389,957,059	317,122,875

Company Income Statement For The Financial Year Ended 31 January 2008

	NOTE	2008 RM	2007 RM
Revenue	28	33,627,090	19,275,351
Cost of sales	29	(9,594,482)	(9,001,459)
Gross profit		24,032,608	10,273,892
Other income	30	63,673,552	8,306,620
Administration expenses		(5,131,107)	(4,107,294)
Other expenses		(69,733)	(146,945)
Finance costs		-	-
Profit before tax	32	82,505,320	14,326,273
Tax expense	35	(20,925,125)	(4,228,616)
Net profit for the financial year		61,580,195	10,097,657

Company Statement Of Changes In Equity For The Financial Year Ended 31 January 2008

	Share capital RM	Non-distributable			Distributable		Total RM
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM		
Balance as at 1 February 2006	170,863,600	35,154,071	43,384,982	-	31,561,581	280,964,234	
Realisation of revaluation surplus on leasehold land, net of tax (Note 38)	-	-	(198,540)	-	198,540	-	
Reduction in deferred tax arising from change in tax rate	-	-	367,442	-	-	367,442	
Income and expenses recognised directly in equity	-	-	168,902	-	198,540	367,442	
Net profit for the year	-	-	-	-	10,097,657	10,097,657	
Total recognised income and expenses for the year	-	-	168,902	-	10,296,197	10,465,099	
Dividends for the year ended :-							
- 31.1.2006	-	-	-	-	(4,923,377)	(4,923,377)	
- 31.1.2007	-	-	-	-	(3,697,389)	(3,697,389)	
Share-based payment under ESOS	-	-	-	109,842	-	109,842	
Transfer of reserve arising from exercise of ESOS	-	46,242	-	(46,242)	-	-	
Issue of shares pursuant to exercise of ESOS	595,100	84,274	-	-	-	679,374	
Balance as at 31 January 2007	171,458,700	35,284,587	43,553,884	63,600	33,237,012	283,597,783	

Company Statement Of Changes In Equity For The Financial Year Ended 31 January 2008 (cont'd)

	Share capital RM	Non-distributable			Distributable		Total RM
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM		
Balance as at 1 February 2007	171,458,700	35,284,587	43,553,884	63,600	33,237,012	283,597,783	
Realisation of revaluation surplus on leasehold land, net of tax (Note 38)	-	-	(201,264)	-	201,264	-	
Under provision of deferred tax in prior years	-	-	(163,284)	-	-	(163,284)	
Reduction in deferred tax arising from change in tax rate	-	-	201,440	-	-	201,440	
Income and expenses recognised directly in equity	-	-	(163,108)	-	201,264	38,156	
Net profit for the year	-	-	-	-	61,580,195	61,580,195	
Total recognised income and expenses for the year	-	-	(163,108)	-	61,781,459	61,618,351	
Dividends for the year ended :-							
- 31.1.2007	-	-	-	-	(8,918,171)	(8,918,171)	
- 31.1.2008	-	-	-	-	(20,086,918)	(20,086,918)	
Share-based payment under ESOS	-	-	-	278,585	-	278,585	
Transfer of reserve arising from exercise of ESOS	-	342,185	-	(342,185)	-	-	
Issue of shares pursuant to exercise of:							
- ESOS	3,575,400	636,281	-	-	-	4,211,681	
- Warrant	34,922,595	-	-	-	-	34,922,595	
Balance as at 31 January 2008	209,956,695	36,263,053	43,390,776	-	66,013,382	355,623,906	

Company Cash Flow Statement For The Financial Year Ended 31 January 2008

	2008 RM	2007 RM
Cash flows from operating activities		
Cash receipts from customers	35,540,929	20,713,500
Dividends received	59,311,081	5,542,466
Interest received	1,322,023	1,870,949
Cash paid to suppliers and employees	(12,136,180)	(10,613,925)
Cash generated from operations	84,037,853	17,512,990
Tax paid	(20,024,315)	(4,051,626)
Net cash from operating activities	64,013,538	13,461,364
Cash flows from investing activities		
Additional investment in existing subsidiary companies	(99,998)	(412,139)
Acquisition of property, plant and equipment	(339,652)	(533,370)
Proceeds from disposal of plant and equipment	45,000	-
Net cash used in investing activities	(394,650)	(945,509)
Cash flows from financing activities		
Dividends paid	(29,005,089)	(8,620,766)
Expenses paid in relation to bonus issue	(23,244)	-
Proceeds from issuance of shares	39,134,276	679,374
Advances to subsidiary companies	(20,823,523)	(8,814,981)
Net cash used in financing activities	(10,717,580)	(16,756,373)
Net increase/(decrease) in cash and cash equivalents	52,901,308	(4,240,518)
Cash and cash equivalents at beginning of year	21,513,534	25,754,052
Cash and cash equivalents at end of year (Note 16)	74,414,842	21,513,534

Notes To The Financial Statements – 31 January 2008

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 Bursa Malaysia Securities Berhad.

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
Selangor

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical convention (unless indicated in the significant accounting policies) and comply with the provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards for Entities Other than Private Entities.

The preparation of financial statements in conformity with the applicable MASB Approved Accounting Standards for Entities Other than Private Entities requires the use of certain significant accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

b) Adoption of new and revised financial reporting standards

The Group adopted the following new FRSs which are relevant to their operations for the current financial year :

FRS 117 Leases
FRS 124 Related Party Disclosures

The adoption of FRS 124 does not have any financial impact on the Group and the Company.

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated amortisation and impairment loss, if any. The adoption of the revised FRS 117 has resulted in the change in the accounting policy relating to the classification of leases of land. Leasehold land held for own use is now classified as operating lease. The up-front payment represents prepaid land lease payments and are amortised on a straight line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The classification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparatives are restated as follows :

Notes To The Financial Statements – 31 January 2008 (cont'd)

	As previously stated RM	Effects on adoption of FRS 117 RM	As restated RM
Group			
As at 31 January 2007			
Property, plant and equipment	272,595,223	(168,993,694)	103,601,529
Prepaid land lease payments	-	168,993,694	168,993,694
Company			
As at 31 January 2007			
Property, plant and equipment	69,551,552	(64,856,207)	4,695,345
Prepaid land lease payments	-	64,856,207	64,856,207

Group and Company

As a result of adoption of FRS 117, "Realisation of revaluation surplus on property, plant and equipment, net of tax" disclosed in the statement of changes in equity is renamed accordingly as "Realisation of revaluation surplus on leasehold land, net of tax".

The Group has not elected for early adoption of the following FRSs relevant to the current operations of the Group, which were issued but not yet effective for the financial year ended 31 January 2008 :

- FRS 107 Cash Flows Statements
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 119 Employee Benefits
- FRS 137 Provision, Contingent Liabilities and Contingent Assets
- FRS 139 Financial Instruments : Recognition and Measurement

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in FRS 139.

The initial application of the other FRSs and amendments to FRSs are not expected to have any material impact on the financial statements of the Group except for:

FRS 112 Income Taxes

The revised FRS 112 requires that entities with unused reinvestment or other similar allowance in excess of the normal capital allowance will have to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unused reinvestment or other similar allowance can be utilised. The Directors estimate that the initial adoption of the revised FRS will give rise to deferred tax assets amounting to approximately RM2,815,000 on the consolidated financial statements for financial year ending 31 January 2009, based on the unused reinvestment allowance of approximately RM10,829,000 at 31 January 2008.

c) Subsidiary companies and basis of consolidation

Investment in subsidiary companies is stated at cost or valuation less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(u). 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 based on valuation of land in subsidiary companies on a regular basis at least once in every five years. Investment in subsidiary companies without land is stated at cost less impairment losses, if any. In the Company's separate financial statements, investments in subsidiaries are stated at cost or valuation less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Notes To The Financial Statements – 31 January 2008 (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 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.

The consolidated financial statements include the financial statements of the Company and 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. Inter-company transactions, balances and unrealised gains or losses are eliminated on consolidation.

Minority interests in the net assets (excluding goodwill) of the consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets at the date of disposal.

d) Property, plant and equipment and depreciation and amortisation

Freehold land is stated at cost/valuation less impairment losses, if any. Cost consists of the purchase price and incidental expenditure on acquisition. No depreciation is provided on freehold land.

All other items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight line basis so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows :

	No. of years
Buildings	20 - 50
Plant and machinery	10 - 17
Equipment, furniture and fittings	10 - 17
Motor vehicles	5 - 10

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(u).

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 available for use.

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

Surpluses arising from revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of 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.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Notes To The Financial Statements – 31 January 2008 (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

e) Biological assets

Expenditure on development of biological assets represents planting and replanting cost (including interest) incurred from the commencement of development to the date of maturity of the crops. Expenditure on development of biological assets is capitalised at cost and amortised over their estimated useful lives of 15 to 20 years on straightline basis commencing from the date of maturity of the crops. Biological assets are reviewed for impairment in accordance with Note 2(u).

f) Prepaid land lease payments

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring a leasehold land are accounted as prepaid lease land payments and amortised over the remaining lease term.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.

g) 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. When there is a reversal of decline in value of these investments, the reversal is credited to the income statement. Such reversal shall be limited to the extent of previous decline in value for the same assets. 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.

h) Intangible assets

Research and development costs

All research costs are recognised in the income statement as incurred.

Development expenditure relating to the development of new products are recognised as intangible assets.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Development expenditure is reviewed for impairment in accordance with Note 2(u).

Goodwill

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the asset acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Notes To The Financial Statements – 31 January 2008 (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill represents the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination. Negative goodwill is recognised immediately to the income statement.

i) 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.

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

j) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

l) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits in the period in which the obligation to pay is established.

m) Other borrowings

Other borrowings are stated based on the proceeds received and payments made on behalf of the Group or Company less subsequent repayments.

n) Interest bearing borrowings

Interest bearing borrowings are initially stated based on the proceeds received or the amount of drawdown. Transaction costs are charged to the income statement. In subsequent periods, borrowings are stated at amount of drawdown less repayment after deducting interest charges.

o) Payables

Payables are carried at fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

p) Revenue recognition

Revenue from the sales of goods is recognised when significant risks and rewards of ownership of goods are transferred to buyer, net of discounts and returns.

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

Notes To The Financial Statements – 31 January 2008 (cont'd)

Management fee income is recognised on the accrual basis.

Rental income is recognised on the accrual basis in accordance with the substance of the rental agreement.

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

q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Capitalisation commences when activities to plan, develop and construct the qualifying asset are undertaken and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. All other borrowing costs are charged to the income statement.

r) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities are charged to the income statement.

s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

The Group contributes to the Employees Provident Fund (EPF), the national defined contribution plan. Contributions to the defined contribution plan are charged to the income statement in the period in which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based Compensation

The Kim Loong Resources Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

t) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable and real property gains taxes payable on disposal of properties.

Notes To The Financial Statements – 31 January 2008 (cont'd)

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

u) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Notes To The Financial Statements – 31 January 2008 (cont'd)

v) Financial instruments

(i) Recognition of financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instruments classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Fair value estimation for disclosure purposes

The fair value of quoted securities is based on the quoted market prices at the balance sheet date.

In assessing the fair value of non-traded financial instruments, the Group makes assumptions that are based on market conditions existing at the balance sheet date. Estimated discounted value of future cash flows is used to determine the fair value of the financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group.

The carrying amounts for financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

w) Segment reporting

A business segment is identified as a separate segment where the product or services provided by the segment is subject to risks and returns that are different from those of other business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

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

x) Reporting currency

The financial statements are presented in Ringgit Malaysia.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below :

Deferred tax assets

Deferred tax assets are recognised to the extent that is probable that future taxable profits will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax assets have been recognised.

The total amount of recognised deferred tax assets of the Group was approximately RM5,763,000 (2007 : RM6,477,000). The amount of temporary differences not recognised as deferred tax assets of the Group was approximately RM2,416,000 (2007 : RM787,000).

Depreciation of property, plant and equipment and biological assets

The cost of property, plant and equipment and biological assets for the palm oil industry is depreciated on a straight line basis over the useful lives of the assets. Management estimates the useful lives of these assets to be within 5 to 50 years. The estimation of the useful lives of property, plant and equipment and biological assets are based on the internal technical evaluation and experience with similar assets. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

Notes To The Financial Statements – 31 January 2008 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT Group

At 31 January 2008	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost					
At 1 February 2007	47,392,508	90,805,284	7,250,637	8,637,576	154,086,005
Additions	7,909,965	16,733,436	276,528	1,689,820	26,609,749
Disposals/write-offs	(20,708)	(696,444)	(57,096)	(523,635)	(1,297,883)
Reclassifications	-	(45,809)	45,809	-	-
At 31 January 2008	55,281,765	106,796,467	7,515,878	9,803,761	179,397,871
Accumulated Depreciation					
At 1 February 2007	6,828,764	34,586,869	3,700,196	5,368,647	50,484,476
Depreciation for the year	1,469,268	4,934,149	533,829	914,427	7,851,673
Disposals/write-offs	(4,588)	(327,788)	(38,868)	(482,913)	(854,157)
At 31 January 2008	8,293,444	39,193,230	4,195,157	5,800,161	57,481,992
Net Book Value					
At 31 January 2008	46,988,321	67,603,237	3,320,721	4,003,600	121,915,879
Net book value of assets under restriction of title due to bank borrowings	14,059,118	23,894,850	201,631	245,901	38,401,500
Net book value of assets under construction	2,899,839	15,670,299	-	-	18,570,138

Notes To The Financial Statements – 31 January 2008 (cont'd)

At 31 January 2007	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost					
At 1 February 2006	41,065,312	82,896,792	7,046,468	8,349,324	139,357,896
Additions	6,503,591	10,956,550	248,130	692,135	18,400,406
Disposals/write-offs	(77,378)	(2,662,134)	(43,961)	(251,883)	(3,035,356)
Arising from disposal of subsidiary company	(99,017)	(537,924)	-	-	(636,941)
Reclassifications	-	152,000	-	(152,000)	-
At 31 January 2007	47,392,508	90,805,284	7,250,637	8,637,576	154,086,005
Accumulated Depreciation					
At 1 February 2006	5,863,632	32,481,014	3,209,643	4,873,977	46,428,266
Depreciation for the year	1,079,850	4,656,507	503,135	843,726	7,083,218
Disposals/write offs	(15,701)	(2,164,728)	(12,582)	(197,056)	(2,390,067)
Arising from disposal of subsidiary company	(99,017)	(537,924)	-	-	(636,941)
Reclassifications	-	152,000	-	(152,000)	-
At 31 January 2007	6,828,764	34,586,869	3,700,196	5,368,647	50,484,476
Net Book Value					
At 31 January 2007	40,563,744	56,218,415	3,550,441	3,268,929	103,601,529
Net book value of assets under restriction of title due to bank borrowings	11,874,236	24,144,821	227,559	333,868	36,580,484
Net book value of assets under construction	2,233,504	13,420,687	-	-	15,654,191

Notes To The Financial Statements – 31 January 2008 (cont'd)

Properties consist of :

	2008		2007	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
Freehold				
At cost :				
Land	13,586,469	13,586,469	12,742,030	12,742,030
Buildings	8,259,496	6,445,751	5,904,699	4,331,753
Buildings under construction	33,844	33,844	574,642	574,642
Roads, culverts and fencing	3,073,270	1,044,500	2,999,636	1,153,422
Long leasehold				
At cost :				
Buildings	25,669,049	21,574,403	21,725,335	18,582,333
Buildings under construction	2,865,995	2,865,995	1,658,862	1,658,862
Roads, culverts and fencing	1,793,642	1,437,359	1,787,304	1,520,702
	55,281,765	46,988,321	47,392,508	40,563,744

	2008 RM	2007 RM
Depreciation charge for the year:		
Amount capitalised in biological assets (Note 6)	49,799	44,255
Amount capitalised in development expenditure (Note 9)	119,462	106,437
Amount charged to income statement	7,682,412	6,932,526
	7,851,673	7,083,218

Included in the addition of property, plant and equipment during the year are :

Interest (Note 31)	50,504	79,055
Staff costs (Note 33)	52,064	37,259

Borrowing costs capitalised arose from financing in relation to the construction of factory and installation of plant.

Notes To The Financial Statements – 31 January 2008 (cont'd)

Company					
At 31 January 2008	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost					
At 1 February 2007	4,636,327	2,462,117	856,043	1,894,483	9,848,970
Additions	152,578	128,936	58,138	-	339,652
Disposals/write-offs	-	-	(4,417)	(80,664)	(85,081)
At 31 January 2008	4,788,905	2,591,053	909,764	1,813,819	10,103,541
Accumulated Depreciation					
At 1 February 2007	1,295,991	1,946,592	372,689	1,538,353	5,153,625
Depreciation for the year	91,385	118,427	72,892	98,607	381,311
Disposals/write-offs	-	-	(3,129)	(80,663)	(83,792)
At 31 January 2008	1,387,376	2,065,019	442,452	1,556,297	5,451,144
Net Book Value At 31 January 2008	3,401,529	526,034	467,312	257,522	4,652,397
Net book value of assets under construction	4,134	-	-	-	4,134
At 31 January 2007					
Cost					
At 1 February 2006	4,390,136	2,419,175	840,441	1,673,633	9,323,385
Additions	246,191	42,942	23,387	220,850	533,370
Disposals/write-offs	-	-	(7,785)	-	(7,785)
At 31 January 2007	4,636,327	2,462,117	856,043	1,894,483	9,848,970
Accumulated Depreciation					
At 1 February 2006	1,206,699	1,759,931	306,288	1,449,555	4,722,473
Depreciation for the year	89,292	186,661	70,070	88,798	434,821
Disposals/write-offs	-	-	(3,669)	-	(3,669)
At 31 January 2007	1,295,991	1,946,592	372,689	1,538,353	5,153,625
Net Book Value At 31 January 2007	3,340,336	515,525	483,354	356,130	4,695,345
Net book value of assets under construction	90,145	12,959	-	-	103,104

Notes To The Financial Statements – 31 January 2008 (cont'd)

Properties consist of :

	2008		2007	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost :				
Buildings	4,784,771	3,397,395	4,546,182	3,250,191
Buildings under construction	4,134	4,134	90,145	90,145
	4,788,905	3,401,529	4,636,327	3,340,336

5. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 February 2007/2006	168,993,694	172,877,479	64,856,207	65,740,283
Additions	-	-	-	-
Disposals	-	(1,353,077)	-	-
Arising from disposal of subsidiary company	-	(147,500)	-	-
Amortisation for the year	(2,372,149)	(2,383,208)	(884,076)	(884,076)
At 31 January 2008/2007	166,621,545	168,993,694	63,972,131	64,856,207
Analysed as:				
Long term leasehold land	164,105,133	166,374,202	63,972,131	64,856,207
Short term leasehold land	2,516,412	2,619,492	-	-
	166,621,545	168,993,694	63,972,131	64,856,207
Amortisation charge for the year:				
Amount capitalised in biological assets (Note 6)	220,273	220,272	-	-
Amount charged to income statement	2,151,876	2,162,936	884,076	884,076
	2,372,149	2,383,208	884,076	884,076

Group and Company

Valuations of certain long leasehold land were carried out on 10 and 11 December 2003 by a firm of independent qualified professional valuers using the comparison method to reflect fair value.

Net book value of leasehold land under restriction on title due to bank borrowings

	33,891,881	34,359,365	-	-
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Notes To The Financial Statements – 31 January 2008 (cont'd)

6. BIOLOGICAL ASSETS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost				
At 1 February 2007/2006	85,417,312	82,789,690	9,545,860	9,545,860
Additions	3,685,342	3,547,195	-	-
Disposals	-	(919,573)	-	-
At 31 January 2008/2007	89,102,654	85,417,312	9,545,860	9,545,860
Accumulated Depreciation and Impairment Losses				
At 1 February 2007/2006	20,057,339	16,090,546	6,666,475	6,157,388
Depreciation for the year	3,993,479	4,024,401	504,985	509,087
Disposals	-	(130,273)	-	-
Impairment losses for the year	122,500	72,665	-	-
At 31 January 2008/2007	24,173,318	20,057,339	7,171,460	6,666,475
Analysed as :				
Accumulated depreciation	23,752,114	19,758,635	-	-
Accumulated impairment losses	421,204	298,704	-	-
	24,173,318	20,057,339	-	-
Net Book Value				
At 31 January 2008/2007	64,929,336	65,359,973	2,374,400	2,879,385
Net book value of assets under restriction of title due to bank borrowings	29,252,136	31,141,587	-	-
Included in the addition of biological assets are :				
Depreciation and amortisation (Note 4 and 5)	270,072	264,527	-	-
Interest (Note 31)	207,720	131,372	-	-
Staff costs (Note 33)	228,208	193,790	-	-
Rental	72,000	72,000	-	-

7. SUBSIDIARY COMPANIES

Company

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

	2008 RM	2007 RM
At valuation	50,447,938	50,447,938
Accumulated impairment loss	(1,584,968)	(1,584,968)
	48,862,970	48,862,970
At cost	40,603,128	40,503,130
	89,466,098	89,366,100

The original cost of unquoted shares at valuation amounts to RM5,033,604 (2007 : 5,033,604).

Notes To The Financial Statements – 31 January 2008 (cont'd)

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2008 %	2007 %	
Suhenson Estate Sdn. Bhd.	100	100	Dormant
Selokan Sdn. Bhd.	100	100	Dormant
Syarikat Kong Fen Shin & Sons Sdn. Bhd.	100	100	Dormant
Lokan Development Sdn. Bhd.	100	100	Dormant
Kim Loong - KPD Plantations Sdn. Bhd.	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Cultivation of coconut
Winsome Plantations Sdn. Bhd.	100	100	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Sabah Mills Sdn. Bhd.	100	100	Intended for processing and marketing of oil palm products
Kim Loong Power Sdn. Bhd.	100	100	Intended for power generation activities and selling of Certified Emission Reduction
Okidville Plantations Sdn. Bhd.	90	90	Investment holding
Winsome Kledang Sdn. Bhd.	100	100	Dormant
Kim Loong Corporation Sdn. Bhd.	100	100	Dormant
Okidville Holdings Sdn. Bhd.	100	100	Cultivation of oil palm and investment holding
Desa Okidville Sdn. Bhd.	51	51	Cultivation of oil palm
Desa Kim Loong Palm Oil Sdn. Bhd.	70	70	Processing and marketing of oil palm products
Kim Loong Palm Oil Sdn. Bhd.	100	100	Trading of fresh fruit bunches and investment holding
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.	60	60	Manufacturing of bio-fertilizers
Winsome Yields Sdn. Bhd.	90	90	Investment holding
Winsome Al-Yatama Sdn. Bhd.	61	61	Cultivation of oil palm
Winsome Jaya Sdn. Bhd.	100	100	Dormant
Palm Nutraceuticals Sdn. Bhd.	70	70	Manufacturing of health supplements and food ingredients
Kim Loong Technologies Sdn. Bhd.	100	100	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre
Okidville Jaya Sdn. Bhd.	90	90	Investment holding
Sepulut Plantations Sdn. Bhd.	90	90	Dormant

Notes To The Financial Statements – 31 January 2008 (cont'd)

8. QUOTED INVESTMENTS

Group	2008 RM	2007 RM
Securities quoted in Malaysia, at cost	362,081	2,566,582
Less : diminution in value	(306,581)	(354,802)
	55,500	2,211,780
Market value of securities - quoted in Malaysia	55,500	2,211,780

9. INTANGIBLE ASSETS

Group	2008 RM	2007 RM
Balance brought forward	1,031,563	530,915
Incurred during the year	526,858	500,648
Less: Amortisation charged to income statement	(25,974)	-
Balance carried forward	1,532,447	1,031,563

Intangible assets represent expenditure on the development of health and food supplements from palm oil.

Included in development expenditure incurred during the year are depreciation and staff costs capitalised of RM119,462 (2007 : RM106,437) (**Note 4**) and RM396,298 (2007 : RM349,619) (**Note 33**) respectively.

10. GOODWILL ON CONSOLIDATION

Group	2008 RM	2007 RM
As previously stated	-	1,624,441
Prior year adjustment	-	(470,000)
As restated	-	1,154,441
Disposal of subsidiary company	-	(1,154,441)
	-	-

Notes To The Financial Statements – 31 January 2008 (cont'd)

11. INVENTORIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost :				
Raw materials	467,898	250,676	-	-
Work-in progress	-	3,068	-	-
Finished goods	10,682,323	144,099	101,378	-
Nursery stocks	11,008	94,577	5,323	3,546
Building materials, supplies, spare parts and consumables	3,996,885	4,053,205	184,397	161,875
	15,158,114	4,545,625	291,098	165,421
At realisable value :				
Work in progress	48,212	-	-	-
Finished goods	11,797	6,117,318	-	118,331
	60,009	6,117,318	-	118,331
Total	15,218,123	10,662,943	291,098	283,752

12. TRADE RECEIVABLES

Group and Company

Normal credit terms of trade receivables are less than 60 days.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	2,430,032	3,221,283	847,462	1,519,593
Deposits and prepayments	6,063,715	2,300,239	232,444	157,945
	8,493,747	5,521,522	1,079,906	1,677,538

14. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

Company

Included in the amount owing by subsidiary companies, RM221,735 (2007 : RM313,783) is trade in nature and with credit terms of less than 60 days.

Included in the amount owing by subsidiary companies are RM19,368,249 (2007 : RM11,942,070) which bear effective interest of 7.75% (2007 : 7.67%) per annum. All other balances are non-interest bearing. The amounts owing by/to subsidiary companies are unsecured and repayable on demand.

Notes To The Financial Statements – 31 January 2008 (cont'd)

15. AMOUNTS OWING BY/TO RELATED COMPANIES

Group

Included in the amount owing to related companies, RM376,951 (2007 : RM245,236) is trade in nature and with credit term of less than 60 days.

All other balances are unsecured, interest-free and repayable on demand.

Related companies refer to fellow subsidiary companies of the holding company.

Company

All balances are unsecured, interest-free and repayable on demand.

Related companies refer to fellow subsidiary companies of the holding company.

16. BANK AND CASH BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Balance at banks and cash in hand	18,693,654	2,503,575	6,481,588	1,813,534
Deposits with licensed banks	10,010,245	27,325,523	9,200,000	19,700,000
Short term deposits with other financial institution	72,938,899	-	58,733,254	-
	101,642,798	39,829,098	74,414,842	21,513,534

The weighted average interest rates for deposits that were effective during the financial year were:

	Group		Company	
	2008 % p.a.	2007 % p.a.	2008 % p.a.	2007 % p.a.
- Deposits with licensed banks	3.26	3.33	3.27	3.34
- Short term deposits with other financial institution	2.92	N/A	2.99	N/A

Group

Included in the fixed deposits with licensed banks is an amount of RM228,845 (2007 : RM220,000) pledged to licensed banks as security for overdraft and banker's guarantee facilities.

Fixed deposits have an average maturity of 34 days (2007 : 40 days) from the end of the financial year.

Company

Fixed deposits have an average maturity of 36 days (2007 : 47 days) from the end of the financial year.

Notes To The Financial Statements – 31 January 2008 (cont'd)

17. SHARE CAPITAL

Group and Company

	2008 RM	2007 RM
Authorised - 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid - 209,956,695 ordinary shares of RM1 each		
Balance brought forward	171,458,700	170,863,600
Issued during the year pursuant to exercise of:		
- ESOS	3,575,400	595,100
- Warrants	34,922,595	-
	38,497,995	595,100
Balance carried forward	209,956,695	171,458,700

Employees' Share Option Scheme ("ESOS")

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

	Outstanding at 1 February	Number of Share Options Movement during the year				Outstanding at 31 January	Exercisable at 31 January
		Granted	Exercised	Forfeited	Expired		
2008							
2005 Options	4,751,400	-	(3,049,400)	(101,100)	-	1,600,900	100,400
2006 Options	505,900	-	(317,900)	(2,000)	-	186,000	67,300
2007 Options	-	735,000	(208,100)	(31,300)	-	495,600	164,900
	5,257,300	735,000	(3,575,400)	(134,400)	-	2,282,500	332,600
WAEP	1.15	1.67	1.18	1.26	-	1.26	1.42
2007							
2005 Options	5,488,200	-	(583,100)	(153,700)	-	4,751,400	2,088,600
2006 Options	-	575,300	(12,000)	(57,400)	-	505,900	267,400
	5,488,200	575,300	(595,100)	(211,100)	-	5,257,300	2,356,000
WAEP	1.14	1.22	1.14	1.16	-	1.15	1.15

Notes To The Financial Statements – 31 January 2008 (cont'd)

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

	Exercise price RM	Exercisable Period
2008		
2005 Options	1.14	21/3/2005 - 17/3/2010
2006 Options	1.22	29/3/2006 - 17/3/2010
2007 Options	1.67	29/3/2007 - 17/3/2010
2007		
2005 Options	1.14	21/3/2005 - 17/3/2010
2006 Options	1.22	29/3/2006 - 17/3/2010

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

(ii) Share options exercised during the year :

Share options exercised during the financial year resulted in the issuance of 3,575,400 (2007 : 595,100) ordinary shares at an average price of RM1.18 (2007 : RM1.14) each. The related weighted average share price at the date of exercise was RM2.23 (2007 : RM1.59).

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

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

	2008 RM	2007 RM
Fair value of share options at the following grant dates (RM):		
29 March 2007	0.427	-
29 March 2006	-	0.135
Weighted average share price (RM)	2.11	1.26
Weighted average exercise price (RM)	1.67	1.22
Expected volatility (%)	20.30	18.77
Expected life (years)	2.27	3.29
Risk-free rate (%)	3.44	4.18
Expected dividend yield (%)	4.74	5.56

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

Warrants 2005/2012

The main features of the Warrants are as follows :

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

Notes To The Financial Statements – 31 January 2008 (cont'd)

- (b) The Warrants may be exercised at any time on or after 22 April 2007 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of seven (7) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.
- (c) The new ordinary shares of RM1 each allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends that may be declared in respect of the financial year prior to the date of allotment and issue of the new shares, nor shall they be entitled to any rights, allotments, distributions or such entitlements for which the record date is prior to the date of allotment and issue of the new shares.

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

Warrants exercised during the financial year resulted in 34,922,595 new ordinary shares being issued at RM1.00 each. The weighted average share price at the time of exercise was RM2.49 per share.

The number of Warrants unexercised as at balance sheet date was 7,777,405 (2007 : 42,700,000).

18. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share premium (Note 19)	36,263,053	35,284,587	36,263,053	35,284,587
Revaluation reserve (Note 20)	44,785,323	45,197,188	43,390,776	43,553,884
Option reserve (Note 21)	-	63,600	-	63,600
Distributable				
Retained profits (Note 22)	92,947,013	61,883,307	66,013,382	33,237,012
	173,995,389	142,428,682	145,667,211	112,139,083

Notes To The Financial Statements – 31 January 2008 (cont'd)

19. SHARE PREMIUM (NON-DISTRIBUTABLE)

Group and Company	2008 RM	2007 RM
Balance brought forward	35,284,587	35,154,071
Arising from :		
a) Issuance of 3,049,400 (2007 : 583,100) ordinary shares of RM1 each at an issue price of RM1.14 per share pursuant to ESOS	426,916	81,634
b) Issuance of 317,900 (2007 : 12,000) ordinary shares of RM1 each at an issue price of RM1.22 per share pursuant to ESOS	69,938	2,640
c) Issuance of 208,100 ordinary shares of RM1 each at an issue price of RM1.67 per share pursuant to ESOS	139,427	-
d) Transfer from option reserve arising from exercise of ESOS	342,185	46,242
Balance carried forward	36,263,053	35,284,587

20. REVALUATION RESERVE (NON-DISTRIBUTABLE)

Group

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

Company

The revaluation reserve represents surplus, net of tax, arising from the revaluation of certain leasehold land and investment in certain subsidiary companies less amount capitalised through bonus issue.

21. OPTION RESERVE (NON-DISTRIBUTABLE)

Group and Company

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

22. RETAINED PROFITS

Company

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has not elected for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 January 2008, the Company has sufficient credit in the 108 balance and the exempt income account to pay net dividends out of the entire retained profits without incurring additional tax liability.

Notes To The Financial Statements – 31 January 2008 (cont'd)

23. OTHER BORROWINGS

Group

Other borrowings consist of an amount which arose from the acquisition of a long leasehold land and contributory loans from minority shareholders of subsidiary companies. These borrowings are unsecured and interest-free.

	2008 RM	2007 RM
Repayable :		
Within 1 year	400,000	400,000
After 1 year	12,143,510	7,574,595
	12,543,510	7,974,595

24. INTEREST BEARING BORROWINGS (SECURED)

Group

	Amount utilised	
	2008 RM	2007 RM
Overdrafts	1,520,110	1,079,336
Revolving credit	3,000,000	2,500,000
Term loan 1	-	400,000
Term loan 2	3,920,000	5,744,000
Term loan 3	7,055,000	9,779,000
Term loan 4	694,445	1,000,000
Term loan 5	1,000,000	1,000,000
	17,189,555	21,502,336
Group		
Current	9,651,446	8,832,894
Non-current	7,538,109	12,669,442
	17,189,555	21,502,336
Maturity profile of non-current borrowings		
Amounts payable :		
More than 1 year and less than 5 years	7,538,109	12,669,442

The facilities extended by financial institutions are secured by :

- a deed of assignment to assign all rights, title and interest over a property of a subsidiary company;
- fixed and floating charges over all the assets of a subsidiary company;
- fixed deposits of RM200,000 (2007 : RM200,000) of a subsidiary company;
- corporate guarantee from the Company;
- personal guarantee of RM960,000 from a shareholder of a subsidiary company; and
- personal guarantee of RM480,000 by certain directors of a subsidiary company.

Notes To The Financial Statements – 31 January 2008 (cont'd)

Term loan 1 was fully repaid during the financial year.

The principal amount of term loan 2 is repayable over 65 monthly instalments of RM152,000 each and a final instalment of RM120,000 commencing from October 2004.

The principal amount of term loan 3 is repayable over 65 monthly instalments of RM227,000 each and a final instalment of RM245,000 commencing from March 2005.

The principal amount of term loan 4 is repayable over 36 monthly instalments of RM27,778 each commencing from March 2007.

The principal amount of term loan 5 is repayable over 35 monthly instalments of RM27,778 each and a final instalment of RM27,770 commencing from May 2008.

Effective interest rates

	2008 % p.a.	2007 % p.a.
Overdrafts	7.77	7.74
Term loans	5.63	5.91
Revolving credit	4.93	5.33

Unutilised facilities

	2008 RM	2007 RM
Revolving credit	500,000	1,000,000
Trade facilities	3,000,000	3,000,000
Overdrafts	16,690,000	17,131,000
	20,190,000	21,131,000

Notes To The Financial Statements – 31 January 2008 (cont'd)

25. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Disclosed as :				
Deferred tax liabilities	41,356,185	33,935,317	10,423,178	10,972,422
Deferred tax assets	(927,000)	(270,000)	-	-
	40,429,185	33,665,317	10,423,178	10,972,422
Brought forward	33,665,317	34,835,255	10,972,422	11,724,408
(Credit)/charged to income statement :				
- biological assets and property, plant and equipment	7,187,000	269,259	(60,000)	(105,000)
- accrued interest income	(2,000)	(150,000)	-	(148,000)
- tax losses	1,184,000	(176,000)	-	-
- revaluation of leasehold land	(624,932)	-	(451,088)	(131,544)
- unrealised profits	(470,000)	-	-	-
	7,274,068	(56,741)	(511,088)	(384,544)
Credited to equity :				
- revaluation of leasehold land	(510,200)	(1,113,197)	(38,156)	(367,442)
Carried forward	40,429,185	33,665,317	10,423,178	10,972,422
Subject to income tax				
Deferred tax liabilities				
(before offsetting)				
Revaluation of leasehold land	23,164,185	24,299,317	9,300,178	9,789,422
Biological assets and property, plant and equipment	22,958,000	15,771,000	1,123,000	1,183,000
Accrued interest income	70,000	72,000	-	-
	46,192,185	40,142,317	10,423,178	10,972,422
Offsetting	(4,836,000)	(6,207,000)	-	-
Deferred tax liabilities				
(after offsetting)	41,356,185	33,935,317	10,423,178	10,972,422
Deferred tax assets				
(before offsetting)				
Tax losses	5,293,000	6,477,000	-	-
Unrealised profits	470,000	-	-	-
	5,763,000	6,477,000	-	-
Offsetting	(4,836,000)	(6,207,000)	-	-
Deferred tax assets (after offsetting)	927,000	270,000	-	-

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future available profits is probable. The Directors are of the opinion that the particular companies will be able to generate sufficient profits in the foreseeable future to fully utilise the deferred tax assets.

Notes To The Financial Statements – 31 January 2008 (cont'd)

Group

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

	2008 RM	2007 RM
Excess of capital allowances over depreciation	(2,212,000)	(138,000)
Unabsorbed capital allowances	3,003,000	344,000
Unused tax losses	1,625,000	581,000
	2,416,000	787,000

26. TRADE AND OTHER PAYABLES

Group and Company

Normal credit terms of trade and other payables are less than 60 days.

27. AMOUNT OWING TO HOLDING COMPANY

Group and Company

The amount owing to holding company is trade in nature and with credit terms of less than 60 days.

28. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of :				
- Fresh fruit bunches	57,821,078	32,224,285	33,350,337	19,088,437
- Palm oil milling products	411,777,660	230,648,521	-	-
- Cocoa and others	276,753	190,034	276,753	186,914
	469,875,491	263,062,840	33,627,090	19,275,351

29. COST OF SALES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fresh fruit bunches	18,601,210	15,304,100	9,229,778	8,617,324
Palm oil milling products	339,665,383	203,211,010	-	-
Cocoa and others	381,241	429,547	364,704	384,135
	358,647,834	218,944,657	9,594,482	9,001,459

30. OTHER INCOME

Company

Other income for the current financial year includes gross dividend from subsidiary companies amounting to RM59,311,081 (2007 : RM5,542,466).

Notes To The Financial Statements – 31 January 2008 (cont'd)

31. FINANCE COSTS

Group

	2008 RM	2007 RM
Total interest expense	1,138,036	1,597,074
Interest capitalised to property, plant and equipment (Note 4)	(50,504)	(79,055)
Interest capitalised to biological assets (Note 6)	(207,720)	(131,372)
Charged to income statement	879,812	1,386,647

32. PROFIT BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
The following items have been charged/(credited) in arriving at profit before tax :				
Auditors' remuneration :				
Statutory audit - current year	120,400	105,350	24,000	23,000
- under provision in prior years	14,950	3,600	2,000	-
Depreciation and amortisation :				
- property, plant and equipment	7,682,412	6,932,526	381,311	434,821
- prepaid land lease payments	2,151,876	2,162,936	884,076	884,076
- biological assets	3,993,479	4,024,401	504,098	509,087
- development expenditure	25,974	-	-	-
Bad debts	14,605	4,527	-	650
Rental of premises	196,776	185,704	125,658	115,992
Property, plant and equipment written off	79,534	166,534	1,288	4,116
Inventories written off	2,700	375	-	-
Impairment loss of assets	122,500	72,665	-	-
Staff costs (Note 33)	23,418,385	20,403,777	5,646,152	5,114,851
Loss/(gain) on disposal of biological assets and property, plant and equipment	(128,940)	750,643	(44,999)	-
Write-down of inventories	152,784	86,985	-	70,337
Gain on foreign exchange - realised	(1,731)	-	-	-
Gain on disposal of quoted investments	(612,664)	(430,094)	-	-
Gain on disposal of a subsidiary company	-	(74,865)	-	-
Gain on assignment of debt in a subsidiary company	-	(1,605,526)	-	-
Rental income	(63,400)	(28,300)	-	-
Gross dividend income from investments quoted :				
- in Malaysia	(42,500)	(128,630)	-	-
- outside Malaysia	-	(1,633)	-	-
Gross dividend income from subsidiary companies	-	-	(59,311,081)	(5,542,466)
Interest income from :				
- deposits	(1,882,602)	(642,283)	(1,322,023)	(524,032)
- subsidiaries	-	-	(1,168,430)	(745,587)
- others	(71,760)	(92,301)	(71,760)	(71,760)
Allowance for/(reversal of) diminution in value of quoted securities	7,000	(285,480)	-	-

Notes To The Financial Statements – 31 January 2008 (cont'd)

33. STAFF COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries, wages and bonuses	22,363,008	19,597,023	5,014,482	4,679,213
Defined contribution plan	1,287,226	1,122,836	340,776	314,569
Social security costs	130,221	121,925	12,309	11,227
HRD fund	35,915	32,819	-	-
Share options granted under ESOS	278,585	109,842	278,585	109,842
	24,094,955	20,984,445	5,646,152	5,114,851
Amount capitalised in property, plant and equipment (Note 4)	(52,064)	(37,259)	-	-
Amount capitalised in biological assets (Note 6)	(228,208)	(193,790)	-	-
Amount capitalised in development expenditure (Note 9)	(396,298)	(349,619)	-	-
	23,418,385	20,403,777	5,646,152	5,114,851

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,977,760 (2007 : RM1,727,875) and RM1,797,940 (2007 : RM1,596,025) respectively as further disclosed in Note 34.

34. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors				
- fees	163,000	175,500	38,000	38,000
- overprovision of fees in prior year	-	(13,750)	-	-
- salaries and other emoluments	1,621,700	1,395,300	1,608,160	1,372,000
- overprovision of bonus in prior year	-	(20,000)	-	-
- defined contribution plan	167,880	147,900	126,600	143,100
- share options granted under ESOS	25,180	42,925	25,180	42,925
	1,977,760	1,727,875	1,797,940	1,596,025
- estimated monetary value of benefits-in-kind	13,325	18,638	13,325	18,638
	1,991,085	1,746,513	1,811,265	1,614,663
Non-executive Directors				
- fees	140,000	140,000	140,000	140,000
- other emoluments	6,000	8,000	6,000	8,000
	146,000	148,000	146,000	148,000
	2,137,085	1,894,513	1,957,265	1,762,663

Notes To The Financial Statements – 31 January 2008 (cont'd)

35. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax				
- Malaysian income tax	16,203,910	7,816,895	21,436,213	4,613,160
- foreign tax	-	-	-	-
- Real Property Gains Tax (RPGT)	47,330	8,500	-	-
Deferred tax	7,274,068	(56,741)	(511,088)	(384,544)
	23,525,308	7,768,654	20,925,125	4,228,616
Current Malaysian tax				
Current year	16,220,819	7,783,450	21,421,000	4,400,000
(Over)/under provision in prior years (net)	(16,909)	33,445	15,213	213,160
Real Property Gains Tax (RPGT)				
- current year	-	8,500	-	-
- under provision in prior year	47,330	-	-	-
Deferred tax				
Origination/(reversal) of temporary differences	8,269,000	794,200	(27,000)	(68,000)
Realisation of revaluation surplus on land	(300,516)	(322,741)	(126,672)	(131,544)
Over provision in prior years (net)	(346,916)	(207,200)	(313,416)	(139,000)
Reduction in tax rate	(347,500)	(321,000)	(44,000)	(46,000)
	23,525,308	7,768,654	20,925,125	4,228,616

Notes To The Financial Statements – 31 January 2008 (cont'd)

The explanation of the relationship between tax expense and profit before tax is as follows :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Numerical reconciliation between tax expense and the result before tax multiplied by the applicable Malaysian tax rates				
Profit before tax	96,036,174	30,442,922	82,505,320	14,326,273
Tax calculated at a Malaysia tax rate of 26% (2007 : 27%)	24,969,405	8,219,589	21,451,383	3,868,094
Tax effects of :				
- reduction in tax rates for subsidiary companies with paid up share capital of RM2,500,000 and below	(120,056)	(105,637)	-	-
- expenses not deductible for tax purposes	744,087	1,005,535	349,478	332,362
- income not subject to tax	(376,693)	(732,776)	(533,533)	-
- deferred tax assets not recognised on:				
a) current year's tax loss of subsidiaries	276,488	3,409	-	-
b) current year's deductible temporary differences	16,128	17,677	-	-
- deferred tax assets recognised on previously unrecognised tax losses	-	(20,039)	-	-
- double deductions	(20,833)	(20,250)	-	-
- reinvestment allowance	(1,299,223)	(104,099)	-	-
Reduction in tax rate	(347,500)	(321,000)	(44,000)	(46,000)
(Over)/under provision of income tax in prior years (net)	(16,909)	33,445	15,213	213,160
Over provision of deferred tax in prior years (net)	(346,916)	(207,200)	(313,416)	(139,000)
Under provision of RPGT in prior year (net)	47,330	-	-	-
Tax expense	23,525,308	7,768,654	20,925,125	4,228,616

For companies with a paid-up share capital of RM2,500,000 and below, the applicable tax rates are 20% on the first RM500,000 taxable income and 26% (2007 : 27%) on the remaining taxable income.

Domestic current income tax is calculated at the statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 26% from the previous year's rate of 27%. The computation of deferred tax as at 31 January 2008 has reflected these changes.

36. EARNINGS PER SHARE

Group

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM59,251,005 (2007 : RM22,449,223) over the weighted average number of ordinary shares in issue during the financial year of 189,101,532 (2007 : 171,030,142).

Diluted earnings per share for the Group for the financial year ended 31 January 2008 is calculated based on profit after tax and minority interests of RM59,251,005 (2007 : RM22,449,223) over the adjusted weighted average number of shares of 194,961,362 (2007 : 215,034,610).

Notes To The Financial Statements – 31 January 2008 (cont'd)

The adjusted weighted average number of shares is calculated based on the weighted average number of ordinary shares in issue during the financial year and adjusted for the following :

- 1) the number of ordinary shares that could have been issued under the Company's ESOS; and
- 2) the number of ordinary shares that could have been converted from the Warrants issued by the Company

Shares that are anti-dilutive are ignored in the computation of diluted earnings per share.

The diluted earnings per share for financial year ended 31 January 2008 is calculated as follows :

	2008 RM	2007 RM
Net profit attributable to equity holders of the Company	59,251,005	22,449,223
Weighted average number of ordinary shares in issue	189,101,532	171,030,142
Impact on shares under option that would have been issued at fair value:		
- ESOS	1,050,900	1,304,468
- Warrants	4,808,930	42,700,000
	194,961,362	215,034,610
Diluted earnings per share (sen)	30	10

37. DIVIDENDS

Company

Dividends declared or proposed in respect of the financial year ended 31 January 2008 are as follows :

	Dividends in respect of year		Dividends recognised in year	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividends recognised during the year :				
Financial year 2006:				
Final : 4 sen per share less 28% tax	-	-	-	4,923,377
Financial year 2007:				
Interim : 3 sen per share less 28% tax	-	3,697,389	-	3,697,389
Final : 4 sen per share less 27% tax	-	5,096,098	5,096,098	-
Special : 3 sen per share less 27% tax	-	3,822,073	3,822,073	-
Financial year 2008:				
Interim : 3 sen per share less 26% tax	4,594,532	-	4,594,532	-
Special : 10 sen per share less 26% tax	15,492,386	-	15,492,386	-
Dividends proposed for approval at AGM (not recognised as a 31 January):				
Financial year 2008:				
Final : 5 sen per share less 25% tax	7,873,376	-	-	-
	27,960,294	12,615,560	29,005,089	8,620,766

Notes To The Financial Statements – 31 January 2008 (cont'd)

At the forthcoming Annual General Meeting (“AGM”), a final gross dividend of 5 sen per share (2007 : 4 sen per share and a special dividend of 3 sen per share) less tax will be proposed for shareholders’ approval. These financial statements do not reflect the final dividend which will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2009 when approved by shareholders. The proposed final dividend of RM7,873,376 is subject to change in proportion to changes in the Company’s paid-up capital, if any.

38. TRANSFER OF RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Realisation of revaluation surplus on leasehold land, net of tax, arising from :				
- excess of amortisation based on revalued leasehold land over their original costs	817,790	815,783	201,264	198,540
- disposal of land	-	975,298	-	-
	817,790	1,791,081	201,264	198,540

39. SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
With holding company :				
Professional services	177,000	176,800	46,000	46,000
With subsidiary companies :				
Management fee income	-	-	1,128,139	1,033,335
Commission income	-	-	613,247	367,996
Purchase of plant and equipment	-	-	64,000	50,000
Sale of plant and equipment	-	-	45,000	-
Interest income	-	-	1,168,430	745,587
With fellow subsidiary companies of the holding company:				
Purchase of goods	4,876,008	3,352,412	-	-
Rental expenses	6,000	6,000	-	-
Sale of goods	73,950	72,754	-	-
Sale of plant and equipment	65,000	-	-	-

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

Notes To The Financial Statements – 31 January 2008 (cont'd)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	2,421,914	2,041,995	1,892,700	1,617,800
Defined contribution plan	259,872	226,740	202,080	172,596
Share options granted under ESOS	41,044	66,166	29,444	50,743
	2,722,830	2,334,901	2,124,224	1,841,139

Included in the total remuneration of key management personnel are :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors' remuneration	1,977,760	1,727,875	1,797,940	1,596,025

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

	2008 RM	2007 RM
At 1 February 2007/2006		
Granted	2,384,400	2,381,400
Exercised	18,000	177,000
At 31 January 2008/2007	(1,365,200)	(174,000)
	1,037,200	2,384,400

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

Notes To The Financial Statements – 31 January 2008 (cont'd)

40. SEGMENTAL INFORMATION

The Group operates solely in Malaysia and is organised into two main business segments :

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

	Plantation RM	Milling RM	Eliminations RM	Group RM
Year ended 31 January 2008				
Revenue				
External sales	58,099,307	411,776,184	-	469,875,491
Intersegment sales	66,083,917	-	(66,083,917)	-
Total sales	124,183,224	411,776,184	(66,083,917)	469,875,491
Results				
Segment results	75,650,158	23,790,191	(1,806,000)	97,634,349
Unallocated costs				(3,327,889)
Finance income				1,954,362
Finance costs				(879,812)
Other investment income				655,164
Profit before tax				96,036,174
Tax expense				(23,525,308)
Net profit for the financial year				72,510,866
At 31 January 2008				
Segment assets	345,898,628	158,063,504	(71,046,675)	432,915,457
Unallocated assets				69,415,260
Total assets				502,330,717
Segment liabilities	60,808,948	112,092,478	(71,046,675)	101,854,751
Unallocated liabilities				1,301,687
Total liabilities				103,156,438
Year ended 31 January 2008				
Other information				
Capital expenditure	10,221,706	20,073,385	-	30,295,091
Depreciation and amortisation	8,473,942	5,769,333	-	14,243,275
Other non-cash expenses	453,175	95,159	-	548,334

Notes To The Financial Statements – 31 January 2008 (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
Year ended 31 January 2007				
Revenue				
External sales	32,414,319	230,648,521	-	263,062,840
Inter-segment sales	31,560,994	32,766	(31,593,760)	-
Total sales	63,975,313	230,681,287	(31,593,760)	263,062,840
Results				
Segment results	22,750,475	8,460,729	-	31,211,204
Unallocated costs				(2,735,329)
Finance income				734,584
Finance costs				(1,386,647)
Other investment income				2,619,110
Profit before tax				30,442,922
Tax expense				(7,768,654)
Net profit for the financial year				22,674,268
At 31 January 2007				
Segment assets	295,265,518	121,457,712	(32,421,369)	384,301,861
Unallocated assets				21,930,337
Total assets				406,232,198
Segment liabilities	48,758,401	65,109,072	(32,421,369)	81,446,104
Unallocated liabilities				747,738
Total liabilities				82,193,842
Year ended 31 January 2007				
Other information				
Capital expenditure	9,534,864	12,412,737	-	21,947,601
Depreciation and amortisation	8,148,584	5,342,243	-	13,490,827
Other non-cash expenses	787,044	277,699	-	1,064,743

41. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided corporate guarantees for seven (2007 : seven) of its subsidiary companies in respect of credit facilities totalling RM40,595,000 (2007 : RM45,543,000) granted to the subsidiary companies by licensed financial institutions. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities of RM16,804,269 (2007 : RM25,055,331) utilised by these subsidiary companies.

Notes To The Financial Statements – 31 January 2008 (cont'd)

42. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses.

(b) Credit risk

Credit risk arises because substantial sales are made on deferred payment terms. Credit risk is controlled by careful selection of customers, setting credit limits and limiting the period of credit. The carrying amount of receivables represents the Group's maximum credit risk exposure. The Group does not have any significant exposure to any individual customer.

(c) Market risk

The Group is exposed to market risk caused by changes in debt and equity prices because of its investment in quoted securities. The risk is not significant as the Group's investment in quoted securities is not significant.

(d) Interest rate risk

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining as far as practical, a mix of fixed and floating rate borrowings.

The Group's other interest rate risk relates to its placement of fixed deposits with financial institutions. The Group's policy is to obtain the most favourable interest rates available.

(e) Liquidity and cash flow risks

The Group seeks to achieve a balance between cash outflows and cash inflows. Financial commitments are monitored so as not to go beyond the Group's ability to repay or finance.

(f) Foreign currency exchange risk

The Group is not materially exposed to foreign exchange risk as the Groups' transactions and balances are denominated in Ringgit Malaysia.

(g) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet dates approximated their fair values at these dates except as set out below :

Group

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current liabilities				
Other borrowings :				
- with fixed terms of repayment	6,400,000	4,540,000	6,800,000	4,640,000
- without fixed terms of repayment	6,143,510	*	774,595	*
	12,543,510		7,574,595	

* It is not practical to estimate reliably the fair value of these other borrowings as they have no fixed terms of repayment.

Notes To The Financial Statements – 31 January 2008 (cont'd)

43. CAPITAL COMMITMENTS

	2008 RM	2007 RM
Group		
Approved and contracted for :		
Property, plant and equipment	35,162,000	7,472,000
Approved but not contracted for :		
Property, plant and equipment	4,368,000	-

44. UTILISATION OF PROCEEDS FROM RIGHTS ISSUE

The Group completed the issuance and quotation of the Rights Share on Bursa Malaysia Securities Berhad ("Bursa Securities") on 29 April 2006.

The total proceeds of RM70,455,000 arising from this corporate exercise were fully utilised during the financial year in accordance with the approval by Securities Commission as follows :

	Approved by Securities Commission RM
a) Repayment of bank borrowings	30,000,000
b) Property, plant and equipment	24,250,000
c) Working capital	15,205,000
d) Expenses relating to Rights Issue	1,000,000
Total	70,455,000

45. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the paid-up share capital of the Company was increased to RM214,886,526 consisting of 214,886,526 ordinary shares of RM1 each, through the exercise of:

- a) 1,033,100 options under ESOS; and
- b) 3,896,731 Warrants

46. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 27 May 2008.

Analysis Of Shareholdings As At 16 June 2008

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid Up Capital	:	RM215,103,426.00
Class of Share	:	Ordinary shares of RM1.00 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
Less than 100 shares	19	0.54	697	0.00
100 to 1,000 shares	1,114	32.05	1,041,190	0.48
1,001 to 10,000 shares	1,740	50.06	7,616,422	3.54
10,001 to 100,000 shares	494	14.21	16,247,678	7.56
100,001 to less than 5% of issued shares	108	3.11	53,643,439	24.94
5% and above of issued shares	1	0.03	136,554,000	63.48
Total	3,476	100.00	215,103,426	100.00

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholder	No. of Shares held	% of Issued capital
1. Sharikat Kim Loong Sendirian Berhad	136,554,000	63.48
2. ECM Libra Investment Bank Berhad –IVT (A02) for ECM Libra Investment Bank Berhad (Account 1)	6,535,200	3.04
3. HSBC Nominees (Asing) Sdn. Bhd. –Krishnan Chellam (HBMB301-26)	3,816,000	1.77
4. Alliancegroup Nominees (Tempatan) Sdn. Bhd. –Pheim Asset Management Sdn. Bhd. for Employees Provident Fund	3,422,800	1.59
5. Timbas Helmi Bin Oesman Joesoef Helmi	2,617,000	1.22
6. Koperasi Polis Diraja Malaysia Berhad	2,000,000	0.93
7. ECML Nominees (Tempatan) Sdn. Bhd. –ECM Libra Foundation	1,717,773	0.80
8. Amanah Raya Nominees (Tempatan) Sdn. Bhd. –Public Smallcap Fund	1,647,200	0.76
9. Loo Geok Eng	1,278,400	0.59
10. HLG Nominee (Tempatan) Sdn. Bhd. –PB Trustee Services Berhad for HLG Growth Fund	1,200,000	0.56
11. AMSEC Nominees (Tempatan) Sdn. Bhd. –Amtrustee Berhad for HLG Penny Stock Fund (UT-HLG-PSF)	1,070,800	0.50
12. Khoo Heng Suan	1,070,400	0.50
13. Malaysia Nominees (Tempatan) Sendirian Berhad –Pledged Securities Account for Gooi Seong Gum (10-00040-000)	1,030,000	0.48
14. Loo Geok Eng	920,000	0.43
15. AMSEC Nominees (Tempatan) Sdn. Bhd. –Amtrustee Berhad for HLG Strategic Fund (UT-HLG-SF)	916,700	0.43
16. Neoh Choo Ee & Company, Sdn. Berhad	871,000	0.40
17. Prudent Strength Sdn. Bhd.	841,000	0.39
18. Herng Yuen Sdn. Bhd.	776,000	0.36
19. Malaysia Nominees (Tempatan) Sendirian Berhad –Great Eastern Life Assurance (Malaysia) Berhad (LPF)	775,400	0.36
20. HSBC Nominees (Tempatan) Sendirian Berhad –HSBC (M) Trustee BHD for OSK-UOB Small Cap Opportunity Unit Trust (3548)	703,800	0.33
21. Gan Tee Jin	675,000	0.31
22. Gooi Seong Chneh	608,400	0.28

Analysis Of Shareholdings As At 16 June 2008 (cont'd)

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

Name of Shareholder	No. of Shares held	% of Issued capital
23. Radeshah binti Ridzwani	597,000	0.28
24. Lim Ah Choo	535,000	0.25
25. Chellam Investments Sdn. Berhad	500,000	0.23
26. Yayasan Kelantan Darul Naim	500,000	0.23
27. Malaysia Nominees (Tempatan) Sendirian Berhad –Great Eastern Life Assurance (Malaysia) Berhad (LSF)	422,100	0.20
28. Gooi Seow Mee	420,000	0.20
29. Mayban Nominees (Tempatan) Sdn. Bhd. –Mayban Trustees Berhad for PB Asean Dividend Fund (270334)	389,900	0.18
30. Public Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Gooi Seong Lim (E-JBU)	388,400	0.18
TOTAL	174,799,273	81.26

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

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees) (As per Register of Substantial Shareholders)

Name of Substantial Shareholder	No. of shares held or beneficially interested in		% of Issued capital	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	136,554,000	6,400 ^(a)	63.48	0.00
Loo Geok Eng	2,198,400	136,560,400 ^(b)	1.02	63.48
Gooi Seong Lim	828,400 ^(c)	137,656,400 ^(d)	0.39	63.99
Gooi Seong Heen	818,400 ^(e)	137,416,400 ^(f)	0.38	63.88
Gooi Seong Chneh	628,400	137,416,400 ^(g)	0.29	63.88
Gooi Seong Gum	1,030,000 ^(h)	137,576,400 ⁽ⁱ⁾	0.48	63.96
Gooi Seow Mee	420,000	137,336,400 ^(j)	0.20	63.85

Notes:-

- ^(a) Deemed interest through Kim Loong Plantations Sdn. Bhd.
- ^(b) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- ^(c) Includes 388,400 shares held in bare trust by Public Nominees (Tempatan) Sdn. Bhd.
- ^(d) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Lim Phaik Ean (320,000 shares).
- ^(e) Includes 200,000 and 278,000 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- ^(f) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Looi Kok Yean (80,000 shares).
- ^(g) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Lee T'ian C'ean (80,000 shares).
- ^(h) All 1,030,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.
- ⁽ⁱ⁾ Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Teo Ai Mei (240,000 shares).
- ^(j) Deemed interests by virtue of her interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares)

Analysis Of Shareholdings As At 16 June 2008 (cont'd)

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

Name of Director	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Loo Geok Eng	2,198,400	1.02	136,560,400 ^(a)	63.48
Gooi Seong Lim	828,400 ^(b)	0.39	137,656,400 ^(c)	63.99
Gooi Seong Heen	818,400 ^(d)	0.38	137,416,400 ^(e)	63.88
Gooi Seong Chneh	628,400	0.29	137,416,400 ^(f)	63.88
Gooi Seong Gum	1,030,000 ^(g)	0.48	137,576,400 ^(h)	63.96
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Chew Poh Soon	-	-	-	-

Notes:-

- ^(a) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares)
- ^(b) Includes 388,400 shares held in bare trust by Public Nominees (Tempatan) Sdn. Bhd.
- ^(c) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Lim Phaik Ean (320,000 shares).
- ^(d) Includes 200,000 and 278,000 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- ^(e) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Looi Kok Yean (80,000 shares).
- ^(f) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Lee T'ian C'ean (80,000 shares).
- ^(g) All 1,030,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.
- ^(h) Deemed interests by virtue of his interests in Sharikat Kim Loong Sendirian Berhad (136,554,000 shares), Heng Yuen Sdn. Bhd. (776,000 shares), Kim Loong Plantations Sdn. Bhd. (6,400 shares) and his spouse, Teo Ai Mei (240,000 shares).

Analysis Of Warrant Holdings As At 16 June 2008

No. of Warrants 2005/2012	:	3,778,474
Exercise Price	:	RM1.00 for one ordinary share of RM1.00 each.
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each.
Exercise Period	:	22 April 2007 to 22 April 2012.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100 warrants	80	14.79	4,235	0.11
100 to 1,000 warrants	177	32.72	106,620	2.82
1,001 to 10,000 warrants	225	41.59	874,106	23.13
10,001 to 100,000 warrants	54	9.98	1,480,391	39.18
100,001 to less than 5% of warrants	2	0.37	239,432	6.34
5% and above of warrants	3	0.55	1,073,690	28.42
Total	541	100.00	3,778,474	100.00

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

Name of Warrant Holder	No. of Warrants held	% of Warrants
1. Neoh Choo Ee & Company, Sdn. Berhad	449,999	11.91
2. ECML Nominees (Tempatan) Sdn. Bhd. –ECM Libra Foundation	432,191	11.44
3. Mah Yoke Lian	191,500	5.07
4. Lee Chee Beng	133,332	3.53
5. Southern Investment Bank Berhad –Employee's Provident Fund	106,100	2.81
6. Heah Sieu Lay	100,000	2.65
7. Neoh Brothers Sdn. Berhad	90,666	2.40
8. Lee Kok Chuan	80,500	2.13
9. RHB Capital Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Chay Yew Meng (CEB)	70,500	1.87
10. Chew Gim Hye	68,400	1.81
11. Quek Siow Leng	60,000	1.59
12. Ng Swee Huat	47,000	1.24
13. Dato' Teo Soo Cheng	43,600	1.15
14. Kuan Mee Hock	40,000	1.06
15. Eyu Chin Wat	35,000	0.93
16. Timbas Helmi bin Oesman Joesoef Helmi	33,333	0.88
17. Eng Watt Ya @ Eng Watt Ying	30,000	0.79
18. Lim Kim Chew	30,000	0.79
19. Tan Peng Lee	30,000	0.79
20. Lee Seng Low	28,000	0.74
21. How Li Min	27,200	0.72
22. Goh Tai Meng	27,100	0.72
23. A. A. Anthony Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Sam Mun Yee @ Suum Mun Yee	24,200	0.64
24. Wong Sin Kiew	22,400	0.59
25. Mayban Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Chee Kah Khuin	22,000	0.58
26. Puneet Kumar a/l Mohan Lal	22,000	0.58
27. Chin Kiam Hsung	21,000	0.56

Analysis Of Warrant Holdings As At 16 June 2008 (cont'd)

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

Name of Warrant Holder	No. of Warrants held	% of Warrants
28. HDM Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Neoh Soon Kean (M01)	20,666	0.55
29. HDM Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Chan Hong Ee (M01)	20,666	0.55
30. A. A. Anthony Nominees (Tempatan) Sdn. Bhd. –Pledged Securities Account for Lee Seng Low	20,000	0.53
TOTAL	2,327,353	61.60

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

Name of Director	Direct Interest		Indirect Interest	
	Warrant Holdings	%	Warrant Holdings	%
Loo Geok Eng	–	–	1,600*	0.04
Gooi Seong Lim	–	–	1,600*	0.04
Gooi Seong Heen	–	–	1,600*	0.04
Gooi Seong Chneh	–	–	1,600*	0.04
Gooi Seong Gum	–	–	1,600*	0.04
Gan Kim Guan	–	–	–	–
Teoh Cheng Hai	–	–	–	–
Chew Poh Soon	–	–	–	–

Note:-

* Deemed interests by virtue of their interests in Kim Loong Plantations Sdn Bhd.

Particulars Of Properties

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net book value as at 31 January 2008 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	2,099
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	9,985
- CL 085311306	31/12/2077	Oil palm and cocoa	121.45	31 Jan 2004	Not applicable	3,170
- CL 085311315	31/12/2077	Oil palm and cocoa	102.51	31 Jan 2004	Not applicable	2,676
- CL 085311244	31/12/2077	Oil palm and cocoa	166.53	31 Jan 2004	Not applicable	4,345
District of Labuk/Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	159
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	154
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	7,916
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	372
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	10,284
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	8,973
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	2,110
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	2,104
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	9,044
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	6,357
District of Kinabatangan, Sabah						
Desa Kim Loong Industries Sdn. Bhd.						
- CL 135345069	31/12/2080	Factory/quarter ⁽¹⁾		Not applicable	5 years	182
Sook, District of Keningau, Sabah						
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 095332639	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	29,593
- Part of CL 095332648	30/06/2032	Oil palm plantation	386.76 ⁽²⁾	31 Jan 2004	Not applicable	4,865
District of Kinabatangan, Sabah						
Okidville Holdings Sdn. Bhd.						
- CL 135328782	31/12/2083	Oil palm plantation	2,772.10	31 Jan 2004	Not applicable	51,057
Sook, District of Keningau, Sabah						
Desa Okidville Sdn. Bhd.						
- CL 135345069	31/12/2080	Oil palm plantation	4,419.57 ⁽³⁾⁽⁴⁾	31 Jan 2004	Not applicable	69,140
Sook, District of Keningau, Sabah						
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135345069	31/12/2080	Oil palm plantation / Palm oil mill	40.47 ⁽³⁾	31 Jan 2004	5 years	8,063
Sook, District of Keningau, Sabah						

Particulars Of Properties (cont'd)

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net book value as at 31 January 2008 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	11 years	12,811
- HS (D) 708, MLD 598	Freehold	Vacant land	4.32	(10 Mar 2003)	Not applicable	2,321
- HS (D) 709, MLD 599	Freehold	Vacant land	4.93	(10 Mar 2003)	Not applicable	2,645
- HS (M) 118	Freehold	Vacant land	2.05	(17 Feb 2003)	Not applicable	620
Hulu Sg Sedeli Besar, Kota Tinggi, Johor						
Kim Loong Evergrow Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Factory/store ⁽¹⁾	-	Not applicable	2 years	458
Hulu Sg Sedeli Besar, Kota Tinggi, Johor						
Winsome Al-Yatama Sdn. Bhd.						
- HSD 13896, PTD 828	31/10/2064	Oil palm plantation	1,093.46	(09 Nov 2004)	Not applicable	23,338
Mukim Hulu Sg Sedeli Besar Kota Tinggi, Johor						
Palm Nutraceuticals Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Factory/office ⁽¹⁾	-	Not applicable	3 years	1,241
Hulu Sg Sedeli Besar, Kota Tinggi, Johor						
Kim Loong Technologies Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Factory ⁽¹⁾	-	Not applicable	2 year	1,015
Hulu Sg Sedeli Besar, Kota Tinggi, Johor						
Kim Loong Sabah Mills Sdn. Bhd.						
- Part of CL 095332648	31/12/2086	Palm oil mill	13.84	(2 August 2007)	Construction in progress	1,429
District of Kinabatangan, Sabah						
Tyeco Corporation Sdn Bhd						
- NT 02313683, NT 02313684	01/04/2032	Planted with coconut	6.60 ⁽²⁾	Not applicable	Not applicable	13
- NT 023192556, NT 023192565						
- NT 023192574						
District of Papar, Sabah						
			13,109.38			278,539

⁽¹⁾These buildings are sited on rented land held by related companies.

⁽²⁾These lands were subleased from third parties.

⁽³⁾They are registered owner of their undivided share in the land and pending subdivision and registration in the name of the respective company.

⁽⁴⁾Included approximately 56.65 hectares subleased from a third party.



Form Of Proxy

I/We, _____

of _____

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

of _____

or failing whom, _____ of _____

or failing whom, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty-third Annual General Meeting of the Company to be held at Jasmine Junior Ball Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 July 2008 at 2.30 p.m and at any adjournment thereof in the manner as indicated below:-

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Re-appointment of Director: Loo Geok Eng		
4.	Re-election of Director: Gooi Seong Heen		
5.	Re-election of Director: Gan Kim Guan		
6.	Re-appointment of Auditors		
7.	Authority to issue shares		
8.	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 _____ 2008

Signature of Member(s)

Number of Shares held	
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NOTES:

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

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

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account.

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

Please fold this flap for sealing

Please fold here

The Secretary
KIM LOONG RESOURCES BERHAD
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya.

Stamp

Please fold here

KIM LOONG RESOURCES BERHAD (2719-K)

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