



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

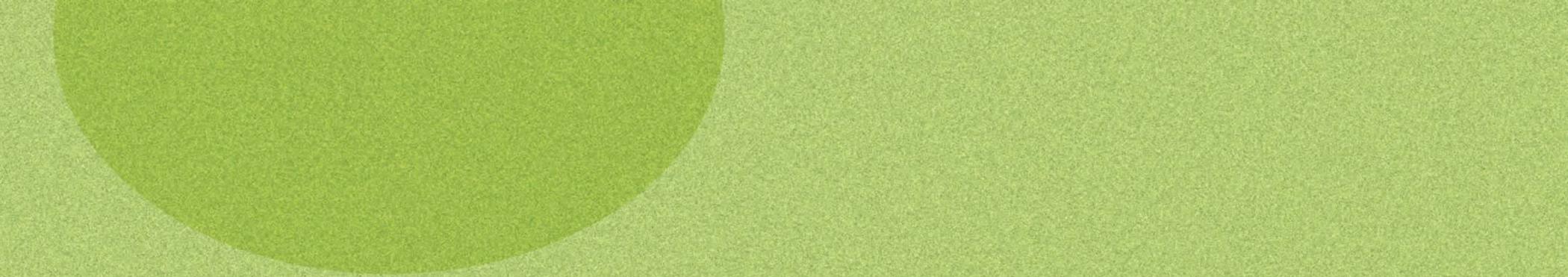
ANNUAL REPORT  
2004





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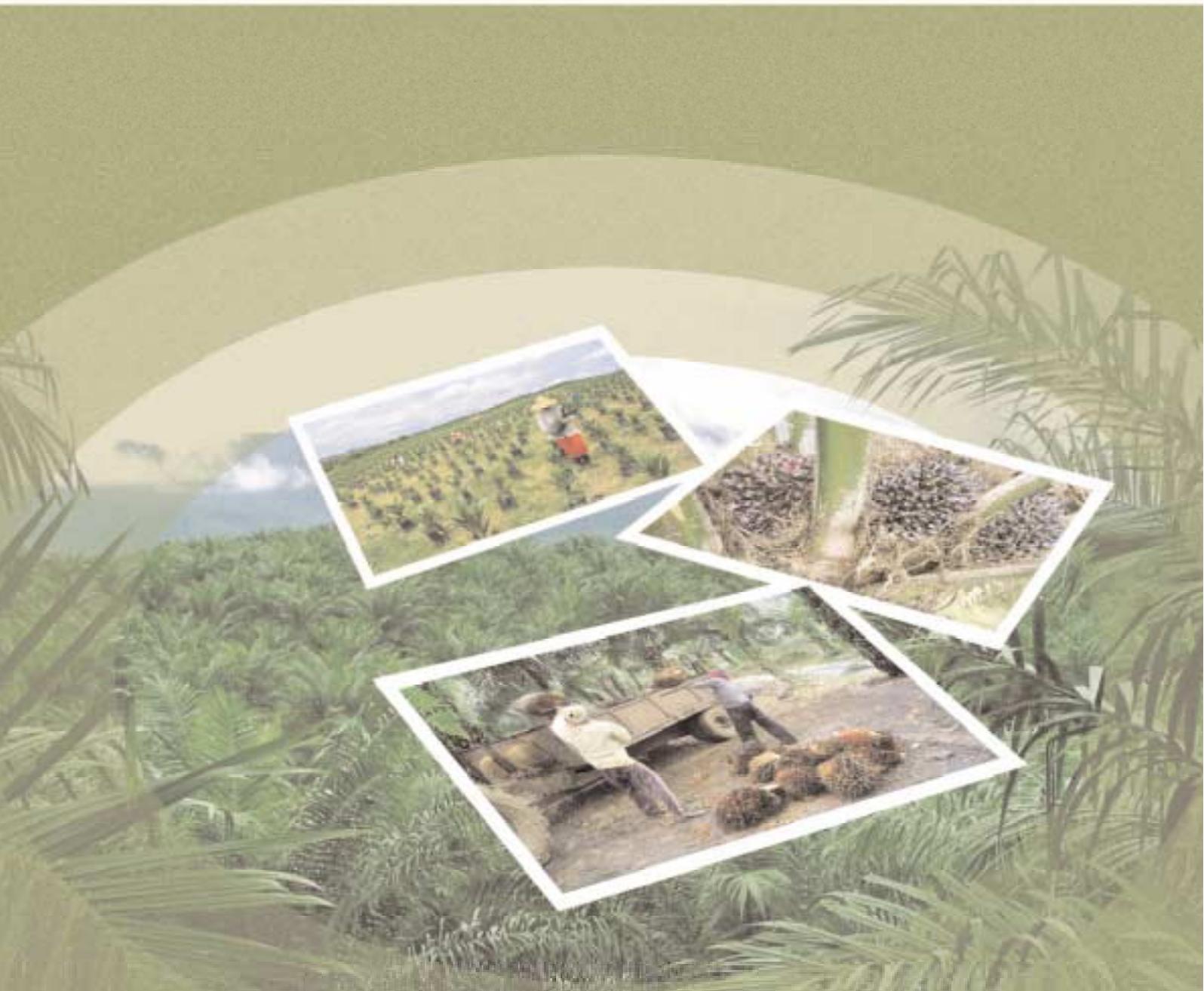




# Contents

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Notice of Annual General Meeting 2 || Statement Accompanying Notice of Annual General Meeting 4 || Corporate Information 5 || Board of Directors 6 || Profiles of Directors 7 || Group Financial Highlights 11 || Group Structure 12 || Statement on Corporate Governance 13 || Statement on Internal Control 19 || Statement on Directors' Responsibilities 22 || Audit Committee Report 23 || Remuneration Committee Report 28 || Nomination Committee Report 29 || Chairman's Statement 30 || Penyata Pengerusi 34 || Financial Statements 37 || Analysis of Shareholdings 82 || List of Properties 85 || Form of Proxy **Enclosed**





## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-ninth Annual General Meeting of Kim Loong Resources Berhad will be held at Sheraton Subang Hotel & Towers, Melati Room, Mezzanine Floor, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 26 July 2004 at 11.00 a.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 2004 together with the Auditors' Report thereon. Resolution 1
2. To declare a final dividend of 4% less tax in respect of the financial year ended 31 January 2004. Resolution 2
3. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965 :-  
Datuk Haji Mohd. Zamani bin Samah Resolution 3  
Mdm. Loo Geok Eng Resolution 4  
Mr. Mathew K. Mathai Resolution 5
4. To re-elect Mr. Gooi Seong Lim, a Director retiring in accordance with Article 110 of the Articles of Association of the Company. Resolution 6
5. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-  
Mr. Gooi Seong Chneh Resolution 7  
Mr. Gan Kim Guan Resolution 8
6. To re-appoint Messrs Liang & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 9
7. 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 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 10**

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

" THAT, subject always to the Listing Requirements of 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 3 July 2004, 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 recurrent transactions made; and
  - (b) the names of the related parties involved in each type of recurrent transactions made and their relationship 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;

whichever is the earlier;

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

Resolution 11

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

#### NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Twenty-ninth Annual General Meeting, the final dividend of 4% less tax in respect of the financial year ended 31 January 2004 will be paid on 20 September 2004 to depositors registered in the Record of Depositors on 30 August 2004.

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 30 August 2004 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board  
CHONG FOOK SIN (MACS 00681)  
NG KAM MAY (MAICSA 7020575)  
Company Secretaries

Petaling Jaya  
3 July 2004

#### NOTES:

- (1) Proxy -  
*A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time set for holding the meeting. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.*
- (2) Resolution 10 -  
*This resolution, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.*
- (3) Resolution 11 -  
*The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 3 July 2004 which is enclosed together with the Annual Report 2004.*

# 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 Twenty-ninth Annual General Meeting :-

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

Datuk Haji Mohd. Zamani bin Samah  
Mdm. Loo Geok Eng  
Mr. Mathew K. Mathai

(b) Re-election of Mr. Gooi Seong Lim, a Director pursuant to Article 110 of the Articles of Association of the Company.

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

Mr. Gooi Seong Chneh  
Mr. Gan Kim Guan

(2) (a) There were four (4) Board of Directors' Meetings, all held at Lot 18.01, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, during the financial year ended 31 January 2004. The dates and time of the Meetings were as follows:-

Date of Meetings	Time
Friday, 28 March 2003	9.15 a.m.
Friday, 27 June 2003	11.00 a.m.
Monday, 29 September 2003	11.00 a.m.
Tuesday, 30 December 2003	4.15 p.m.

(b) Attendance of Directors at the Board of Directors' Meetings held during the financial year ended 31 January 2004 are as follows :-

Name of Director	Attendance at Meetings	Percentage of Attendance (%)
Datuk Haji Mohd. Zamani bin Samah	4/4	100
Gooi Seong Lim	4/4	100
Loo Geok Eng (f)	4/4	100
Gooi Seong Heen	4/4	100
Gooi Seong Chneh	4/4	100
Gooi Seong Gum	4/4	100
Gooi Seow Mee (f)	4/4	100
Gan Kim Guan	4/4	100
Teoh Cheng Hai	4/4	100
Mathew K. Mathai	3/4	75

(3) The Twenty-ninth Annual General Meeting will be held at Sheraton Subang Hotel & Towers, Melati Room, Mezzanine Floor, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 26 July 2004 at 11.00 a.m.

(4) The profiles of Directors standing for re-appointment or re-election as mentioned in paragraph 1 above at the Twenty-ninth Annual General Meeting are set out in pages 7 to 10 of this Annual Report.

# Corporate Information

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## BOARD OF DIRECTORS

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

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## AUDIT COMMITTEE

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

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## SECRETARIES

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

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## REGISTERED OFFICE

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

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## REGISTRAR

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

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## AUDITORS

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

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## PRINCIPAL BANKERS

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

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## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

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## Board of Directors

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### Sitting from left to right

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

### Standing from left to right

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

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KIM LOONG  
RESOURCES BERHAD  
檳隆資源有限公司



Datuk Haji Mohd. Zamani bin Samah  
Chairman



Gooi Seong Lim  
Managing Director



Loo Geok Eng  
Executive Director

## Profiles of Directors

Datuk Haji Mohd. Zamani Bin Samah, aged 82, a Malaysian, was appointed to the Board of Directors ("the Board") of Kim Loong Resources Berhad ("KLR") on 21 July 2000. He is currently the Independent Non-executive Chairman of KLR and is also a member of the Audit Committee. He was the Chief Police Officer of Johor from 1973 to 1977. He has been active in the quarry, plantation and property development businesses for several years since retiring from the Government service in July 1977. He has been involved in the oil palm industry since 1978 through his shareholding and directorship in Kim Loong Palm Oil Sdn. Bhd. ("KLPO") and later in the quarry business in 1983 through his shareholding and directorship in Syarikat Kuari Sinaran Cemerlang Sdn Bhd. He also sits on the Board of Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and several other private companies.

Datuk Haji Mohd. Zamani has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2004.

Gooi Seong Lim, aged 56, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently the Managing Director of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and obtained a Master's degree in Mechanical Engineering in 1975 both from the University of Toronto, Canada. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design, supply and construction of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Syarikat Kim Loong Sendirian Berhad ("SKL"), an investment holding company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of 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 2004.

Loo Geok Eng (f), aged 85, 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 the Director of SKL since 11 August 1967. Her experience includes 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 2004.



KIM LOONG  
KIM LOONG HOLDINGS BERHAD  
金隆興有限公司



Gooi Seong Heen  
Executive Director



Gooi Seong Chneh  
Executive Director



Gooi Seong Gum  
Executive Director

## Profiles of Directors (cont'd)

Gooi Seong Heen, aged 54, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR and is also a member of the Audit Committee. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1976, he has been a Director of SKL, 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 2004.

Gooi Seong Chneh, aged 50, 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 of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of Professional Engineers Association of Alberta, Canada. He was formerly 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 2004.

Gooi Seong Gum, aged 49, 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 2004.



KIM LOONG  
KUALA LUMPUR STOCK EXCHANGE  
吉隆坡證券交易所



Gooi Seow Mee  
Executive Director



Mathew K. Mathai  
Non-executive Director

## Profiles of Directors (cont'd)

Gooi Seow Mee (f), aged 47, a Malaysian, was appointed to the Board of KLR on 28 February 1990. She is currently an Executive Director of KLR. She graduated with a Bachelor's degree in Commerce from the University of Toronto in 1980 and later obtained a Master's degree in Business Administration from the University of San Francisco, United States of America in 1986. In 1992, she obtained a Graduate Diploma in Hotel Management from Domino Carlton Tivoli Hotel Management School, Lucerne, Switzerland. She was a senior assistant in the Management Service Division of SGV-Kassim Chan, Kuala Lumpur from 1981 to 1984 and was an investment executive with Wearne Brothers Services Pte Ltd, a company incorporated in Singapore for a short period of time in 1986 to 1987. Her extensive experience lies in management consultancy, plantation management and property development. Since 1980, she has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. Since 1987, she has been involved in the management of the housing development project known as Desa Cemerlang, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim and since 1998, she has been involved in the management of KLR Group's Sabah plantations. She currently sits on the Board of CCB and several private companies.

Miss Gooi has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with SKL Group (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 2004.

Mathew K. Mathai, aged 71, a Malaysian, was appointed to the Board of KLR on 21 July 2000. He is currently a Non-executive Director of KLR. He resigned from the Audit Committee on 28 March 2001 because under the then revamped Listing Requirements of Kuala Lumpur Stock Exchange (currently known as the Listing Requirements of Bursa Malaysia) he is not an Independent Director. He sits as a member of both the Nomination and Remuneration Committees with effect from 27 March 2002. He graduated with Bachelor of Arts Degree in Economics from the University of Malaya in 1957 and is currently a director of a tax consultant firm. He is a director of CCB and of several other private companies. He is a Fellow of the Malaysian Institute of Taxation. He was attached to the Income Tax Department in Singapore from December 1957 to August 1960 and with the Inland Revenue Department, Malaysia from August 1960 to May 1968. He joined Coopers & Lybrand as a tax consultant in May 1968 and left in May 1974 to set up a tax consultancy firm.

Mr Mathai is not independent by virtue of his directorship in two companies which provide consultancy services to KLR Group. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended three (3) of the four (4) Board meetings held during the financial year 2004.



KIM LOONG  
KUALA LUMPUR  
吉隆坡美隆有限公司



Gan Kim Guan  
Senior Independent Director



Teoh Cheng Hai  
Independent Director

## Profiles of Directors (cont'd)

Gan Kim Guan, aged 42, 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 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 Nomination and Remuneration Committees with effect from 27 March 2002. He is a partner of a firm of Chartered Accountants. He has extensive experience in auditing, investigation, financial planning and financing related work. He was previously 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 2004.

Teoh Cheng Hai, aged 59, 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 Nomination and Remuneration Committees of KLR with effect from 27 March 2002. He graduated with a Bachelor of Agricultural Science Degree from the University of Malaya in 1968. He has 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. Currently, he is the Secretary-General of the Roundtable on Sustainable Palm Oil ("RSPO"). He served as the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature ("WWF") Malaysia from 2000-2004. 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 2004.

### Family Relationships

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

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

# Group Financial Highlights

	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<b>INCOME STATEMENT (RM'000)</b>					
Revenue	12,029	116,641	98,513	147,318	196,131
Profit before tax	5,782	16,610	8,818	13,568	16,283
Profit after tax	4,169	11,884	4,989	9,057	11,881
<b>BALANCE SHEET (RM'000)</b>					
Paid-up share capital	10	106,750	106,750	106,750	106,750
Shareholders' funds	11,833	156,593	155,044	160,720	216,787
Total assets	32,241	206,646	209,450	229,769	343,970
<b>PER SHARE (RM)</b>					
Earnings	0.13*	0.12	0.05	0.09	0.13
Net tangible assets	1,180.46	1.46	1.45	1.50	2.01
Dividend	-	0.05	0.05	0.06	0.07
Weight average number of share in issue ('000)	10	61,187	106,750	106,750	106,750
<b>FINANCIAL RATIO (%)</b>					
Return on shareholders' funds (Pretax)	48.86	10.61	5.69	8.44	7.51
Return on total assets (Pretax)	17.93	8.04	4.21	5.91	4.73

\* Earnings per share is adjusted to reflect the effect of bonus issue of 32,371,000 ordinary shares in the financial year 2001.

## PLANTATIONS

### Plantation Area (Acres)

#### Oil palm

Mature	5,081	5,081	6,895	14,088	23,897
Immature	3,800	14,169	16,718	11,211	4,071
Unplanted land	-	6,800	2,437	745	1,058
	8,881	26,050	26,050	26,044	29,026
Cocoa	435	435	435	395	411
Total plantable area	9,316	26,485	26,485	26,439	29,437
Infrastructure and unplanted land	443	1,342	1,342	1,388	1,374
Total land area	9,759	27,827	27,827	27,827	30,811

### Production (MT)

Fresh fruit bunches ("FFB")	44,477	51,376	59,111	70,623	105,276
Yield per mature acre	8.75	10.11	8.57	5.01	4.41

## MILLS

### Production and extraction rate

Crude palm oil ("CPO") (MT)	N/A	87,150	78,006	73,618	94,072
Oil extraction rate (% of FFB)	N/A	18.13	18.33	18.50	19.02
Palm kernel oil ("PKO") (MT)	N/A	14,917	12,956	11,456	12,809
Oil extraction rate (% palm kernel "PK")	N/A	43.48	42.96	42.84	42.83



**KIM LOONG**  
RESOURCES BERHAD  
锦隆资源有限公司



**KIM LOONG**  
RESOURCES BERHAD  
(2270-K) (Incorporated in Malaysia)  
锦隆资源有限公司

## Group Structure as at 31 January 2004



# Statement on Corporate Governance

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The Board of KLR is committed to ensure that the standards of corporate governance are practised throughout KLR and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group. The Board fully supports the recommendations of the Malaysian Code of Corporate Governance ("the Code") and believes that good corporate governance is essential to attain the Group's business and social objectives.

Set out below is the manner with which the Company's application of the principles and the extent to which the Company has complied with the Code during the financial year ended 31 January 2004.

## THE BOARD OF DIRECTORS

The Board has the overall responsibility to instill a corporate culture that emphasises good corporate governance and is practised throughout the Group. The Group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the objective of realising long term shareholders' value, whilst taking into account the interest of other stakeholders.

The Group will continue to endeavour to comply with all the key principles of the Code in an effort to observe a high standard of transparency, accountability and integrity. This is to sustain optimal governance with conscientious accountability for continuous effectiveness, efficiency and competitiveness of the Group.

### Composition and Balance

The control environment sets the tone for the Group and it is driven by an effective Board of Directors consisting of competent individuals with appropriate specialist skills and knowledge to ensure capable management of the Group. The Board is responsible for overseeing the conduct and performance of the Group's businesses and provides an oversight to the Group's internal controls. The composition of independent and non-independent directors is carefully considered to ensure that the Board is well balanced.

The Board comprises Datuk Haji Mohd. Zamani bin Samah, who is an Independent Chairman, six (6) Executive Directors, two (2) Independent Directors (of which, one is a Senior Independent Director) and one (1) Non-executive Director. Together, the Directors bring characteristics which allow a mix of qualification, skills and experience necessary for the successful guidance of the Group. A brief profile of each Director is presented on pages 7 to 10 of this Annual Report.

The Group practises a division of responsibilities between the Independent Chairman and the Group Managing Director. Their roles are separated and clearly defined, and are held by two different persons. The Independent Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group Managing Director has the responsibility over the business units, organisational effectiveness and implementation of the Board's policies, strategies and decisions.

There is also a balance in the Board as reflected by the presence of Independent Non-executive Directors with the necessary calibre to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts its business.

All the Independent Non-executive Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement. The Company's Independent Directors are persons of high calibre with exposure in various important posts in the government and/or private sector.

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

The Board has nominated Mr Gan Kim Guan to act as the Senior Independent Non-executive Director to whom any concerns regarding the Group may be conveyed.

The Board is satisfied that the current Board composition fairly represents the interest of minority shareholders in the Company.

### Board Meetings

Meetings of the Board are scheduled every quarter, with additional meetings convened as and when required. During the financial year ended 31 January 2004, four (4) Board meetings were held. A majority of the Directors attended all Board meetings held during their tenure.

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

Name of Director	Status of Directorship	Attendance Of Meetings
Datuk Haji Mohd Zamani bin Samah	Independent Chairman	All 4 meetings
Gooi Seong Lim	Group Managing Director	All 4 meetings
Loo Geok Eng (f)	Executive Director	All 4 meetings
Gooi Seong Heen	Executive Director	All 4 meetings
Gooi Seong Chneh	Executive Director	All 4 meetings
Gooi Seong Gum	Executive Director	All 4 meetings
Gooi Seow Mee (f)	Executive Director	All 4 meetings
Mathew K. Mathai	Director	3 out of 4 meetings
Gan Kim Guan	Senior Independent Director	All 4 meetings
Teoh Cheng Hai	Independent Director	All 4 meetings

### Appointment and election to the Board

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the Board. The Nomination Committee of the Board was established on 27 March 2002 to identify, nominate and recommend the appointments of directors to the Board and committees of the Board.

In accordance with the Company's Articles of Association, all directors appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Article further provides that at least one third (1/3) or the nearest one third of the Board members, except for the Managing Director and Directors retiring under other Articles or the Companies Act, 1965 requirement, retire at regular intervals by rotation and are eligible for re-election. Directors who are above 70 years of age retire at every Annual General Meeting ("AGM") as required under section 129(2) of the Companies Act, 1965 and are subject to re-appointment by the shareholders of the Company

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

### Director's Training

As an integral element of the process of appointing new Directors, the Nomination Committee ensures that there is an orientation and education programme for new Board members. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

All Directors have successfully completed the Mandatory Accreditation Programme. During the year, the Directors also attended other Bursa Malaysia accredited continuing education programme for directors of public listed companies. Apart from these trainings, the Group encourages its Directors to attend training programmes on a continuous basis to enhance their understanding and to keep abreast with current developments.

### Information for the Board

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties, which is not only quantitative but also other information deemed suitable such as customer satisfaction, product and service quality, market share and market reaction.

## Statement on Corporate Governance (cont'd)

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In advance of each Board meeting, the members of the Board are each provided with relevant documents and information to enable the Directors to obtain further explanation, where necessary, in order to be briefed properly before the meeting. Comprehensive Board papers are presented details of the Group's performance, other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's business and factors imposing potential risks affecting the performance of the Group.

In addition to Group performances discussed at the meeting, other matters highlighted for the Board's decision include the approval of corporate plans and budgets, 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.

All Directors have access to the advice and service of the Company Secretary, who is responsible for ensuring that Board meeting procedures are followed and all applicable rules and regulations are complied with.

The Board, whether as a full board or in their individual capacity, in furtherance of their duties, may seek independent professional advice at the Company's expenses.

### Board Committees

The Board has established the following Board Committees to assist the Board in the execution of its responsibilities. The number of meetings of the Board Committees held during the financial year were:

Audit Committee	4 meetings
Nomination Committee	2 meetings
Remuneration Committee	3 meetings

The terms of reference of each committee have been approved by the Board, the salient terms of reference and frequency of meetings are as follows:-

#### Audit committee

- The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 23 to 27 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 Remuneration Committee Report on page 28 of this Annual Report.
- The Remuneration Committee meets as and when required, and at least once a year.

#### Nomination Committee

- The terms of reference of the Nomination Committee are set out under the Nomination Committee Report on page 29 of this Annual Report.
- The Nomination Committee meets as and when required, and at least once a year.



### Director's Remuneration

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the calibre needed to manage the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. 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 recommends to the Board, the framework of the Executive Director's remuneration and the remuneration package for each Executive Director and in framing the Group's remuneration policy. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. Save that the fees of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) 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 as a whole. Individual Director does not participate in decision regarding his/her own remuneration package.

The remuneration package of the Directors is as follows:

#### Basic salary

The basic salary (inclusive of statutory employer contributions to the Employee Provident Fund) for the Executive Director is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar positions in a selected group of comparable companies. The salary is reviewed annually.

#### Fees

The Board, based on the fixed sum as authorised by the shareholders, determines fees payable to Non-executive Directors after considering comparable industry rates and the level of responsibilities undertaken by Non-executive Directors.

#### Bonus scheme

The Group operates a bonus scheme for all employees, including Executive Directors. The criteria for the scheme is dependent on the level of profit achieved from certain aspects of the Group's business activities as measured against targets, together with an assessment of each individual's performance during the period. Bonuses payable to Executive Directors are reviewed by the Remuneration Committee and approved by the Board.

#### Benefits-in-kind

Executive Directors are also entitled to other customary benefits such as private medical cover and car.

A summary of the remuneration of the Directors for the financial year ended 31 January 2004, distinguishing between Executive and Non-executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 are set out as follows:

Aggregate Remuneration	Executive Directors (RM'000)	Non-executive Directors (RM'000)	Total (RM'000)
Fees	45	227	272
Salary and Other Emoluments	1,145	8	1,153

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

Analysis of Remuneration	Executive Directors (RM'000)	Non-executive Directors (RM'000)
0 – RM50,000		1
RM50,000 – RM100,000		3
RM100,001 – RM150,000	1	
RM150,001 – RM200,000	1	
RM200,001 – RM250,000	4	

## Statement on Corporate Governance (cont'd)

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### INVESTORS AND SHAREHOLDERS RELATIONSHIP

As a public listed company, KLR acknowledges the need for transparency and disclosure in its business dealings.

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 the Bursa Malaysia and the Malaysian Accounting Standards Board. The Annual Report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information.

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

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. Much effort is undertaken by the Company to produce an Annual Report which is informative with facts and figures, and a statutory report with disclosures and explanatory notes.

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

Apart from the AGM and Annual Reports, the financial highlights are disseminated on a quarterly basis to Bursa Malaysia. Other public information and significant items affecting the Group are reported through the Bursa Malaysia from time to time via Bursa Malaysia announcements.





KIM LOONG  
KIM LOONG HOLDINGS  
1978 (Incorporated in Singapore)  
標產集團有限公司

## Statement on Corporate Governance (cont'd)

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### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial positions and prospects in all their reports to shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement.

The Board is conscious of their responsibility over the Group's financial statements. All results released to the public are tabled and scrutinised at the Audit Committee and Board meetings to ensure that it presents a balanced and understandable assessment of the Group's performance and prospects. The quarterly results announcements reflect the Board's commitment to give regular updated assessment on the Group's performance.

A Statement on Directors of their responsibilities in preparing the financial statement is set out in page 22 of this Annual Report.

#### Internal Control

The Statement of Internal Control, which provides an overview of the state of internal control within the Group is set out on pages 19 to 21 of this Annual Report.

#### Relationship with the Auditors

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

The amount of non-audit fees paid to the External Auditors during the financial year 2004 was RM12,000.

The role of the Audit Committee in relation to the External Auditors is set out in pages 23 to 27 of this Annual report.

This Statement is made in accordance with a resolution of the Board dated 27 June 2004.



# Statement on Internal Control

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## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia require directors of listed companies to include a statement in Annual Report on the state of their internal control. The Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

## BOARD RESPONSIBILITY

The Board recognises that the overall responsibilities for maintaining a reliable system of internal control lies with them and is achieved by ensuring a proper balance between risk undertaken and the potential returns to shareholders. This is achieved through the process of reviewing the adequacy and integrity of the Group's internal control systems, information systems and monitoring for compliance with the applicable laws, rules, regulations, directives, guidelines, internal policies and procedures. However, it should be noted that procedures have been designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records against financial losses or material error, loss or fraud.

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

The Board recognises that the pivotal role of strong internal control system in keeping the Group on course of maximising shareholders values. The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risk by considering the overall control environment of the organisation and an effective monitoring mechanism. The Group Managing Director and its 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 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 Annual Report and financial statements is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators and employees and the Group's assets.

## RISK MANAGEMENT

The Board accepts that the Group operates in an environment that demands greater accountability. Risk management is now recognised as an integral part of good management practice that strengthens the business planning processes, thereby providing opportunities for consistent quality returns to stakeholders.

The Board undertakes an ongoing review in identifying, evaluating and managing significant risks faced by the Group. This process includes updating the system of internal control when there are changes in the business environment on key commercial and financial risks faced by the Group's business activities together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure on control and operations is appropriate to the Group's situation at an acceptable level of risk throughout the Group's business.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal control to mitigate and control such risks.

As a result, risk management and controls play an integral part of achieving this objective. The delivery of superior stakeholder returns depends on achieving the appropriate balance between risk and return in the day-to-day business and strategic management of balance sheet and capital. Thus, internal control mechanisms are embedded in the Group's work processes.

The Group adopts an enterprise-wide risk management policy. This policy framework has since identified and managed the significant risks affecting the Group as a whole taking into consideration of both the internal and external factors. The Board reviews this policy framework on a periodic basis, while the risk reports are examined on a quarterly basis.

The Board has delegated the responsibilities of risk management to the Risk Management Committee ("RMC") comprising the Managing Director, several Executive Directors, key management and internal audit personnel. The RMC reports to the Audit Committee who in turn reports to the Board. The Audit Committee in its quarterly meetings also discuss the Board's attitude towards various types of risk and what risks are generally accepted by the Board. The risks and the measures taken are deliberated and the committee recommends suitable follow-up actions to be taken.

Currently, the RMC is undergoing a process of significant risk review by identifying, evaluating and trying to manage all significant risks that may affect the achievement of its business objectives. This provides the management with a comprehensive view of the enterprise-wide operational risk exposure of the Group on a single common platform. In addition, it facilitates the prioritisation of risk issues for the Group to plan its resources and address them accordingly.

### INTERNAL AUDIT FUNCTION

The internal audit function is performed by the Internal Audit Department of the holding company ("Internal Auditors"). They provide assurance of the effectiveness of the system of internal control within the Group. The Internal Auditors conduct independent reviews of the key activities within the Group based on a detailed annual internal audit program which is approved by the Audit Committee.

The Internal Auditors regularly report 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 key activities of the internal audit function are set in the Audit Committee Report on pages 23 to 27 of the Annual Report.

### INTERNAL CONTROL

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

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.

It is in our opinion that the quarterly and annual reports are effective in communicating a balanced and understandable account of the Group's position. The Board is of the opinion that there exists within the Group an efficient and effective system of internal control.

## Statement on Internal Control (cont'd)

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### OTHER KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the procedures established by the Board to 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.
- A recruitment and promotion policy that ensures appropriate persons of calibre is selected to fill position available.
- Specific responsibilities have been delegated to the 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 back to the Board with their recommendations.
- Regular site visits to the operations within the Group by members of the Board and senior management.
- 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 ensures control accounts are reconciled with the subsidiary records
- The staff is provided with the necessary resources to enable the achievement of corporate objectives and ensuring the existence of an adequate system of internal control and by carrying out risk management activities.
- Asset counts are done on a periodical basis and reconciled to the underlying records. All access to the assets and records of the Company are controlled to safeguard assets and reduce the risk against unauthorised access.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 January 2004 and reported to the Board that the Statement appropriately reflects the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

This Statement is made in accordance with a resolution of the Board dated 27 June 2004.





**KIM LOONG**  
AGRICULTURE RESOURCES  
KIM LOONG AGRI-CORPORATION BERHAD  
金隆資源有限公司

## Statement on Directors' Responsibilities In Respect of The Audited Financial Statements

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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 and cash flows for the financial year then ended. As required by the Act and of the Listing Requirements of the Bursa Malaysia, the Financial Statements have been prepared in accordance with the applicable approved accounting standard in Malaysia 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 accounting standards have been followed; and
- prepared the financial statements on the 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 dated 27 June 2004.





## COMPOSITION OF MEMBERS

### 1. MEMBERS

The Audit Committee presently comprises the following members:

Chairman : Gan Kim Guan

Members : Datuk Haji Mohd Zamani bin Samah  
Gooi Seong Heen  
Teoh Cheng Hai

Secretaries : Chong Fook Sin  
Ng Kam May



### 2. MEETINGS

During the financial year ended 31 January 2004, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the year is as follows:

Composition of Audit Committee	Number of Committee Meetings	
	Held	Attended
Gan Kim Guan <i>Chairman / Senior Independent Non-executive Director (Member of Malaysian Institute of Accountants)</i>	4	4
Datuk Haji Mohd. Zamani bin Samah <i>Member / Independent Non-executive Director</i>	4	3
Gooi Seong Heen <i>Member / Executive Director</i>	4	4
Teoh Cheng Hai <i>Member / Independent Non-executive Director</i>	4	4



## Audit Committee Report (cont'd)

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### Details of meeting

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

### TERMS OF REFERENCE

#### 1. Membership

The Committee shall be appointed by the Board from among the Directors of the Company shall be composed of no fewer than three (3) members, the majority of whom shall be Independent Directors as defined in Chapter 1 of the Listing Requirement of Bursa Malaysia.

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

At least one member of the Audit Committee:

- a. must be a member of the Malaysian Institute of Accountants ("MIA"); or
- b. if he is not a member of the MIA, he must have at least 3 years' working experience and:
  - he must have passed the examination specified in Part I of the Schedule of the Accountants Act 1967; or
  - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967

The Company Secretary shall be the Secretary of the Committee.



# Audit Committee Report (cont'd)

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## 2. Attendance at meeting

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

## 3. Frequency and Procedures of Meetings

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

## 4. Functions of Audit Committee

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

- (1) To review the following and report the same to the Board:
  - a. with the External Auditors, the audit plan;
  - b. with the External Auditor, their evaluation of the system of internal controls;
  - c. with the External Auditor, the audit report;
  - d. the assistance given by employees of the Group to the External Auditor;
  - e. the adequacy of the scope, functions and resources of the Internal Auditors and that they have the necessary authority to carry out their work;
  - f. the internal audit program, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
  - g. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, particularly on:
    - i) any changes in or implementation of major accounting policies;
    - ii) significant and unusual events; and
    - iii) compliance with accounting standards and other legal requirements
  - h. any related party transaction 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 Auditor are not suitable for re-appointment.
- (2) To recommend the nomination of a person or persons as External Auditors and the external audit fee.

## 5. Rights of Audit Committee

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

- a. have authority to investigate any matter within its Terms of Reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the 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, excluding the attendance of the executive members of the committee, whenever deemed necessary.



### REPORTS AND MINUTES

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

#### 1. Details of Meetings

The principal business of these meetings were:

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

#### 2. Summary of Activities During the Financial Year

During the financial year 2004, the Audit Committee carried out its duties as set in its terms of reference. The main activities undertaken by the Audit Committee were as follows:

##### Risks and Controls

- Reviewed the progress of the risk management function in its ongoing identification and monitoring of key organisational risks, and the controls implemented by the respective departments in managing those risks;
- Evaluated the overall effectiveness of the system of internal control through the review of the results of work performed by internal and external auditors and discussions with key senior management.

##### Financial Results

- Reviewed the quarterly results and the audited financial statements of the Group with the management and the External Auditors before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia focusing on the following areas, where relevant.
  - Listing Requirements of Bursa Malaysia;
  - Provisions of the Companies Act, 1965;
  - Applicable approved accounting standards.



# Audit Committee Report (cont'd)

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## External Audit

- Reviewed with the External Auditors their audit plan, strategy and scope of the statutory audits of the Group for the financial year 2004;
- Reviewed the results and issues arising from their audit of the period end financial statements and their resolution of such issues highlighted in their report to the Committee;
- Reviewed their performance and independence before recommending to the Board their re-appointment and remuneration.

## Internal Audit

- Reviewed with the Internal Auditors their audit plan for the financial year 2004 ensuring the principal risk areas (identified by the Risk Management framework) are adequately identified and covered in the plan;
- Reviewed the scope and coverage of the audit over the activities of the respective business units of the Group and the basis of assessment and risk rating of the proposed areas of audit;
- Reviewed and deliberated the internal audit reports on assignments and follow-up reports conducted by the internal audit;
- Reviewed the results of ad hoc investigations performed by Internal Auditors and the action taken relating to those investigations;
- Reviewed the adequacy of resources and the competencies of staff within the internal audit function to execute the plan, as well as the audit programmes used in the execution of the internal auditors' work and the results of their work;
- Reviewed the necessary corrective action taken by management in addressing and resolving issues as well as ensuring that all issues are adequately addressed on a timely basis; and
- Reviewed the adequacy of the terms of reference of the Committee and Internal Auditors.

## Related Party Transactions

- Reviewed related party transactions for compliance with the Listing Requirements of Bursa Malaysia and the appropriateness of such transactions before recommending to the Board for its approval.

### 3 Internal Audit Function

The internal auditing function is performed by the Internal Audit Department of the holding company. The Internal Auditors report to the Audit Committee and is responsible in providing independent assessments for adequate, efficient and effective internal control systems in anticipating potential risks exposures over key business processes within the Group.

The activities carried out by internal audit include amongst others, the review of the adequacy of risk management, the effectiveness and efficiency of the system of internal controls, compliance with established procedures, guidelines, laws and regulations, reliability and integrity of information and safeguarding of assets. Areas audited include finance, human resource and subsidiaries' operations. The Internal Auditors also attended stock-takes within the Group as an independent observer to ensure due processes have been observed. These were carried out in accordance with the annual audit plan or as special ad-hoc audit at Management's request. The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the Management concerned for attention and necessary actions.

The Internal Auditors carry out their audits according to the audit plan approved by the Audit Committee. Risk identification and assessment are carried out as a routine audit process, and audit emphasis is given to high and critical risk areas. When a major serious weakness is identified, significant audit resources would be directed to investigate the weakness and to recommend corrective actions.



## COMPOSITION OF MEMBERS

### 1. Members

The Remuneration Committee comprises the following members: -

Chairman	:	Teoh Cheng Hai
Members	:	Gan Kim Guan Gooi Seong Lim Mathew K Mathai
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 member 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 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 decision on 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.

### 2. Summary of Activities of the Remuneration Committee

The Committee met three (3) times during the financial year 2004. All members attended these meetings.

The Committee reviewed the current remuneration of the Executive Directors and recommended the levels of remuneration of Executive Directors for the financial year 2004.

# Nomination Committee Report

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## COMPOSITION OF MEMBERS

### 1. Members

The Nomination Committee comprises the following members: -

Chairman	: Teoh Cheng Hai
Members	: Gan Kim Guan Mathew K Mathai
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 Nomination 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 Nomination 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 Nomination Committee.

### 2. Frequency of Meeting

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

### 3. Authority

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

### 4. Function of Nomination Committee

The duties of the Nomination Committee shall be: -

- (i) to recommend to the Board, candidates for all directorship and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Managing Director / Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder may be considered.
- (ii) to recommend to the Board, directors to fill the seats on Board Committee.
- (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 Nomination Committee to all members of the Board.

### 2. Summary of Activities of the Nomination Committee

The Committee met twice during the financial year 2004. All members attended these meetings.

The Committee reviewed the overall effectiveness of the Board and recommended for re-election members of the Board retiring at the AGM.



**KIM LOONG**  
KLOONG RESOURCES BERHAD  
金隆资源有限公司

## Chairman's Statement

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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 2004.



.....  
Datuk Haji Mohd. Zamani bin Samah  
Independent Chairman

### RESULTS

The Group achieved a revenue and profit before tax ("PBT") of RM196.1 million and RM16.3 million respectively for the current financial year 2004. This represents an increase of 33% in revenue and 20% in PBT as compared to RM147.3 million and RM13.6 million respectively recorded in the preceding financial year 2003.

The net increase of 33% in revenue amounted to RM48.8 million, of which RM42.2 million was contributed by palm oil milling operations and RM12.1 million from plantation operations including inter-segment sales of FFB of RM5.5 million. The improved revenue from plantation operations was mainly due to higher palm oil prices and increased FFB production. For the palm oil milling operations, the increase in revenue was mainly due to higher palm oil prices and palm oil production.

The profit from the plantation operations recorded an impressive gain of 38% or RM3.2 million whilst the increase in profit from the palm oil milling operations by RM2.1 million was mainly on account of reversal of diminution in value of quoted securities. The net increase in profit from operations was RM4.3 million after deducting inter-segment transaction and unallocated expenses.

### DIVIDEND

The Board is pleased to recommend a final dividend of 4 sen per share, less 28% tax (2003: 4 sen per share, less 28% tax), making a total dividend of 7 sen per share, less 28% tax (2003: 6 sen per share, less 28% tax) for the financial year 2004.

**CORPORATE DEVELOPMENTS**

The Company has proposed to have Rights Issue of 64,050,000 new ordinary shares of RM1 each together with 42,700,000 detachable free new Warrants on the basis on three new ordinary shares of RM1 each together with two free detachable Warrants for every five existing ordinary shares of RM1 each. This exercise shall raise fund to support expansion of the Group's business activities and to improve its production capacity and enhance profitability. It will also partly raise additional working capital for the Group via the exercise of the Warrants. Furthermore, the Rights Issue together with Warrants will provide the shareholders of the Company an incentive to further increase their equity participation in the Company. The Company will be seeking the Securities Commission's and shareholders' approval on the exercise. The Extraordinary General Meeting ("EGM") for the above proposal will be convened on a later date.

In addition, the Company has announced the proposed establishment of share option scheme on 12 May 2004 for eligible employees and Directors of the Group which also requires the Company's shareholders' approval at an EGM to be convened on a later date. The rationale is to motivate and encourage employees of the Group towards greater dedication and loyalty with enhanced productivity. It will allow employees to participate in the equity of the Company.

**PALM OIL MILLING OPERATIONS**

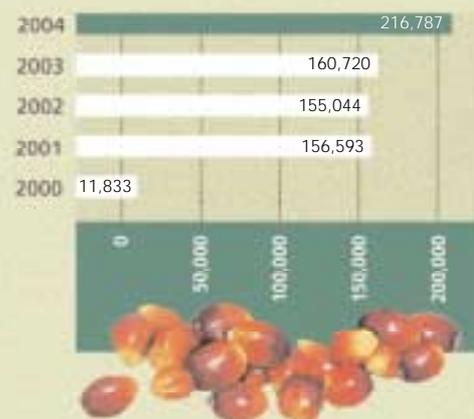
The palm oil milling operations recorded a 33% increase in revenue mainly on account of higher palm oil production and prices. Currently, the Group operates two CPO mills which are situated in Kota Tinggi, Johor and Keningau, Sabah respectively.

The new mill in Keningau, Sabah, which commenced operations in February 2003 with an initial capacity of 15MT of FFB per hour, has improved the earning capacity of the palm oil milling operations by contributing RM1.2 million in operating profit before finance cost. During the financial year 2004, the Group has carried out expansion of this mill to increase its production capacity of the mill to at least 45MT of FFB per hour eventually. The expansion is expected to be completed in the second quarter of the financial year 2005. On the other hand, the mill at Kota Tinggi is investing in a plant for extracting residual oil from processed palm fibre. This plant is expected to be operational by the year 2006.

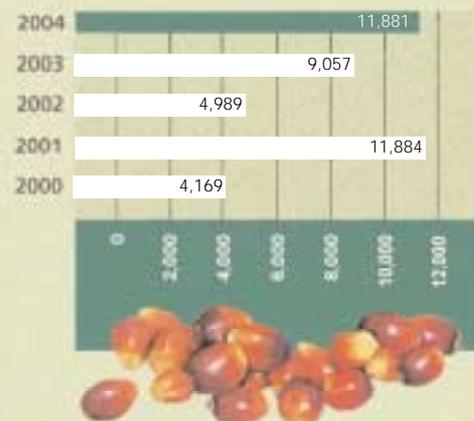
**REVENUE (RM'000)**



**SHAREHOLDERS' EQUITY (RM'000)**



**PROFIT AFTER TAX (RM'000)**



The FFB processed increased by 25% or 100,000 MT to 498,000 MT compared to 398,000 MT in the financial year 2003 and the new mill in Keningau, Sabah contributed 9% of the total FFB processed. Besides that, the average palm oil prices of CPO and PKO also increased by approximately 11% and 7% respectively compared to the corresponding period last year. The increase in production quantity and reversal of diminution in value of quoted securities of RM1.8 million have resulted in an increase of RM2.1 million in the profit from milling operations to RM8.3 million compared to RM6.2 million in the financial year 2003.

Palm oil milling operations contributed 42.1% (2003 : 42.7%) of the Group's profit from operations before deducting unallocated expenses for the financial year 2004.

### PLANTATION OPERATIONS

The strong financial performance achieved in the financial year 2003 continued into the financial year 2004 with profit from operations increasing to RM11.6 million (2003 : RM8.4 million). The better profit was achieved as a result of higher revenue of RM32.1 million (2003: RM20.0 million). The good performance of the plantation operations was attributable to the favourable palm oil prices and higher FFB production.

The weighted average selling price of FFB increased by 12% and the FFB production increased by 49% or 34,700 MT from 70,600 MT to 105,300 MT as more young plantings were being harvested.

The Group's oil palm planted area increased by 11% to 28,000 acres during the year while the mature area has grown by 70% from 14,100 acres to 23,900 acres in the financial year 2004 which represents about 85% of total planted area. However, as productivity in the first one to two years of maturity is normally low, the overall yield per acre of the Group was lowered by inclusion of the newly matured areas.

During the financial year 2004, the Group expanded its landbank by 3,000 acres through acquisition and sublease, of which 1,000 acres is a mature estate. The Group has also planted oil palm on about 1,700 additional acres.

### ENVIRONMENTAL MANAGEMENT

In the course of its milling operations, the Group takes appropriate measures to ensure that regulatory environmental requirements are complied with, particularly in respect of treatment of effluents. In the plantation operations, environmentally friendly practices such as use of barn owls in certain estates for the biological control of rats and application of empty fruit bunches ("EFB") as mulch in the field have been implemented. Although significant progress has been made in the production of bio-fertilizers and compost from EFB recovered from the oil mill at Kota Tinggi, the Group continues to give priority towards maximising the utilisation of waste and by-products. Areas under active investigation include the power co-generation from EFB and biogas from the effluent treatment plant.



## Chairman's Statement (cont'd)

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### DEVELOPMENT AND PROSPECTS

The prospects for the oil palm industry appear to be good in view of the attractive palm oil prices due to a current shortfall of edible oils and fats.

The expansion of the mill in Keningau, Sabah will eventually increase the Group's palm oil milling operations to a total combined processing capacity of 725,000 MT of FFB per annum. The mill at Kota Tinggi, Johor is investing in a solvent extraction plant for extracting residual oil from processed palm fibre. This plant is expected to be operational by the year 2006. We will continue our effort to develop the local and export markets for the bio-fertilizers. Research into extraction of minor components with nutritional value from palm oil by a newly incorporated subsidiary company will be undertaken during the financial year 2005.

For the plantation operations, out of the 4,000 acres of immature planted area, 3,100 acres will be declared as mature in the financial year 2005. With more favourable age profile of the palm and increasing mature acreage, the Group is expected to achieve significant increase in FFB production in the next few years. For the financial year 2005, the Group is expected to benefit from higher FFB production and satisfactory palm oil prices. The yield per acre is expected to continue to improve in the next few years. In line with its corporate vision and key strategies, the Group will also look into the opportunity to further increase its landbank near its existing operations through acquisition or joint venture.

The Group will further intensify efforts to improve efficiency, productivity and cost effectiveness in its operations to enhance the competitive position of the Group as well as wealth creation for its shareholders.

Based on the above factors and barring any unforeseen circumstances, the Board expects that the Group's performance to be good for the financial year ending 31 January 2005.

### APPRECIATION

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

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

### **Datuk Haji Mohd. Zamani bin Samah**

Chairman  
Johor Bahru, Johor

18 June 2004



The most innovative mill award from MPOB



## Penyata Pengerusi

Bagi pihak Lembaga Pengarah Kim Loong Resources Berhad ("KLR"), dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit bagi tahun kewangan 31 Januari 2004.



### PRESTASI PENCAPAIAN

Kumpulan PBT mencatatkan hasil dan keuntungan sebelum cukai ("PBT") sebanyak RM196.1 juta dan RM16.3 juta masing-masing bagi tahun kewangan semasa 2004. Ini bersamaan dengan peningkatan sebanyak 33% dalam hasil dan 20% dalam PBT berbanding dengan jumlah RM147.3 juta dan RM13.6 juta masing-masing pada tahun kewangan 2003.

Peningkatan bersih dalam hasil sebanyak 33% atau berjumlah RM48.8 juta, di mana RM42.2 juta daripadanya adalah sumbangan operasi pengilangan kelapa sawit sementara RM12.1 juta daripadanya pula disumbangkan oleh operasi perladangan yang meliputi jualan "tandan buah segar" ("FFB") sebanyak RM5.5 juta di antara segmen Syarikat. Pencapaian hasil yang lebih baik dalam operasi perladangan terutamanya disebabkan oleh harga minyak sawit dan pengeluaran FFB yang lebih tinggi. Bagi operasi pengilangan minyak sawit, puncak utama peningkatan hasil adalah harga kelapa sawit dan pengeluaran minyak sawit yang lebih tinggi.

Operasi perladangan mencatatkan keuntungan yang cemerlang dengan peningkatan keuntungan sebanyak 38% atau RM3.2 juta manakala operasi pengilangan kelapa sawit pula mencapai peningkatan keuntungan

berjumlah RM2.1 juta, ekoran daripada pembalikan pengurangan nilai sekuriti disenaraikan. Dengan ini, keuntungan operasi mencatatkan peningkatan bersih sebanyak RM4.3 juta selepas ditolak urusan niaga antara segmen dan perbelanjaan tidak diagihkan.

### DIVIDEN

Lembaga dengan sukacitanya mencadangkan dividen akhir sebanyak 4 sen sesaham, tolak cukai 28% (2003: 4 sen sesaham, tolak cukai 28%), menjadikan jumlah dividen sebanyak 7 sen sesaham, tolak cukai 28% (2003: 6 sen sesaham, tolak cukai 28%) bagi tahun kewangan 2004.

### PERKEMBANGAN KORPORAT

Syarikat mencadangkan terbitan Hak sebanyak 64,050,000 saham biasa baru pada RM1 sesaham bersama 42,700,000 Waran percuma boleh cerai atas dasar tiga saham biasa baru pada RM1 sesaham bersama dua Waran percuma boleh cerai bagi setiap 5 saham biasa sedia ada pada RM1 sesaham. Cadangan ini akan menyumbang dana untuk menyokong perkembangan aktiviti-aktiviti Kumpulan. Ia juga dapat meningkatkan kadar pengeluaran dan menambah keuntungan. Selain daripada itu, ia juga dapat menyumbang sebahagian modal kerja yang

## Penyata Pengerusi (samb)

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diperlukan oleh Kumpulan jika cadangan waran dilaksanakan. Selain itu, terbitan Hak bersama Waran akan memberikan insentif kepada para pemegang saham Syarikat untuk menambahkan penyertaan ekuiti masing-masing. Syarikat akan mendapatkan kelulusan Suruhanjaya Sekuriti dan pemegang saham bagi pelaksanaan cadangan tersebut. Mesyuarat Agung Luar Biasa ("EGM") akan diadakan pada suatu tarikh yang akan datang.

Tambahan pula, Syarikat telah mengumumkan cadangan penubuhan skim opsyen saham pada 12 Mei 2004 untuk kakitangan yang layak dan para Pengarah Kumpulan di mana kelulusan para pemegang saham di EGM pada suatu tarikh yang akan datang juga diperlukan. Rasional cadangan tersebut adalah untuk memberi motivasi dan menggalakkan dedikasi dan kesetiaan yang lebih padu di kalangan kakitangan Kumpulan serta meningkatkan daya produktiviti dan menyediakan peluang penyertaan ekuiti dalam Syarikat.

### OPERASI PENGILANGAN MINYAK SAWIT

Operasi pengilangan minyak sawit mencatatkan peningkatan hasil sebanyak 33% ekoran daripada pengeluaran dan harga kelapa sawit yang lebih tinggi. Pada masa ini, Kumpulan mengendalikan dua buah kilang minyak sawit mentah ("CPO") yang terletak di Kota Tinggi, Johor dan Keningau, Sabah.

Kilang baru di Keningau, Sabah, yang mula beroperasi sejak Februari 2003 dengan kapasiti permulaan 15 MT FFB sejam, kini telah menyumbang kepada kapasiti perolehan operasi pengilangan kelapa sawit dengan sumbangan sebanyak RM1.2 juta kepada keuntungan operasi pengilangan minyak sawit sebelum kos kewangan. Dalam tahun kewangan 2004, Kumpulan telah mengembangkan operasi pengilangan dengan matlamat meningkatkan kapasiti pengeluaran kilang kepada sekurang-kurangnya 45 MT FFB sejam. Projek pengembangan ini dijangka dapat disempurnakan pada suku tahun kedua tahun kewangan 2005. Sementara itu, kilang di Kota Tinggi kini menumpukan pengembangannya dalam loji pemerah sisa minyak daripada serat kelapa sawit yang telah diproses. Loji ini dijangka beroperasi dalam tahun 2006.

FFB yang diproses meningkat sebanyak 25% atau daripada 100,000 MT kepada 498,000 MT berbanding dengan pengeluaran berjumlah 398,000 MT dalam tahun kewangan 2003. Kilang baru di Keningau, Sabah menyumbang sebanyak 9% daripada jumlah FFB yang diproses. Selain itu, harga purata CPO dan minyak isirung sawit ("PKO") masing-masing turut meningkat lebih kurang 11% dan 7% berbanding dengan tempoh yang sama tahun lepas. Peningkatan dalam kuantiti pengeluaran dan pembalikan pengurangan nilai sekuriti disenaraikan disebut sebanyak RM1.8 juta sama-sama meningkatkan keuntungan operasi pengilangan minyak sawit sebanyak RM2.1 juta kepada RM8.3 juta berbanding dengan keuntungan RM6.2 juta yang dicatat dalam tahun kewangan 2003.

Operasi pengilangan minyak sawit menyumbang sebanyak 42.1% (2003:42.7%) daripada keuntungan operasi Kumpulan sebelum ditolak perbelanjaan tidak diagihkan bagi tahun kewangan 2004.

### OPERASI PERLADANGAN

Tahun kewangan 2004 turut menyaksikan pencapaian prestasi kewangan yang kukuh sejak tahun kewangan 2003 dengan keuntungan operasi bertambah kepada RM11.6 juta (2003: RM8.4 juta). Keuntungan yang lebih memuaskan ini disebabkan hasil yang lebih tinggi yang berjumlah RM32.1 juta (2003: RM20.0 juta). Pencapaian operasi perladangan yang cemerlang disumbangkan oleh harga minyak sawit dan pengeluaran FFB yang lebih tinggi.

Harga jualan purata berwajaran FFB meningkat sebanyak 12% dan pengeluaran FFB bertambah sebanyak 49% atau 34,700 MT daripada 70,600 MT kepada 105,300 MT kerana lebih tanaman baru matang dituai.

Keluasan kawasan penanaman kelapa sawit Kumpulan bertambah sebanyak 11% kepada 28,000 ekar dalam tahun kewangan semasa sementara kawasan matang meningkat sebanyak 70% daripada 14,100 ekar kepada 23,900 ekar, iaitu bersamaan dengan 85% daripada jumlah kawasan penanaman dalam tahun kewangan 2004. Walau bagaimanapun, disebabkan produktiviti biasanya rendah dalam tahun pertama dan kedua tempoh kematangan, maka jumlah hasil setiap ekar Kumpulan menjadi lebih rendah selepas mengambil kira kawasan penanaman yang baru matang.

Dalam tahun kewangan 2004, Kumpulan telah mengembangkan bank tanahnya sebanyak 3,000 ekar melalui pengambilalihan dan pajakan, di mana 1,000 ekar adalah estet matang. Kumpulan juga menambahkan kawasan penanaman kelapa sawit baru seluas 1,700 ekar.

### PENGURUSAN ALAM SEKITAR

Sepanjang operasi pengilangan kami, Kumpulan mengambil langkah-langkah yang sewajarnya bagi memastikan semua syarat alam sekitar yang ditetapkan oleh kerajaan dipatuhi, terutamanya dari segi bahan buangan kilang. Dalam operasi perladangan, amalan mesra alam seperti menggunakan burung hantu jelapang di beberapa ladang yang ditentu untuk mengawal populasi tikus secara biologi dan tandan buah kosong ("EFB") sebagai sungkup di ladang telah dilaksanakan. Walaupun kami telah mencapai perkembangan yang signifikan dalam pengeluaran baja asli dan baja campuran yang dihasilkan daripada EFB yang diproses dalam kilang minyak di Kota Tinggi, Kumpulan tetap meneruskan usaha memberi keutamaan memaksimumkan penggunaan bahan buangan dan produk sampingan. Bidang yang kini giat dikaji selidik termasuk penjana kuasa menggunakan EFB dan biogas daripada loji rawatan bahan buangan.

### PERKEMBANGAN DAN PROSPEK

Prospek industri kelapa sawit dijangka cerah memandangkan harga minyak sawit yang menarik kerana kekurangan pembekalan dalam minyak dan lemak pemakanan.

Pengembangan kilang di Keningau, Sabah, dijangka dapat meningkatkan jumlah kapasiti pemrosesan kilang minyak sawit Kumpulan kepada 725,000 MT FFB setahun. Kilang di Kota Tinggi, Johor, kini melabur dalam loji pemerahan pelarut untuk memerah sisa minyak daripada serat kelapa sawit yang telah diproses. Loji ini dijangka beroperasi pada tahun 2006. Kami akan meneruskan usaha membangunkan pasaran tempatan dan eksport untuk baja biologi. Kajian pemerahan komponen minor minyak kelapa sawit yang berkhasiat oleh sebuah anak syarikat baru akan dimulakan dalam tahun kewangan 2005.

Bagi operasi perladangan, 3,100 ekar daripada 4,000 ekar kawasan tanaman kelapa sawit akan diisytiharkan matang dalam tahun kewangan 2005. Dengan profil umur pokok kelapa sawit yang lebih menggalakkan dan keluasan kawasan tanaman matang yang meningkat, Kumpulan mengunjur peningkatan pengeluaran FFB yang lebih signifikan pada tahun-tahun akan datang. Bagi tahun kewangan 2005, Kumpulan dijangka dapat memanfaatkan pengeluaran FFB yang lebih tinggi dan harga minyak sawit lebih memuaskan. Hasil setiap ekar dijangka akan meningkat pada beberapa tahun akan datang. Sejajar dengan wawasan korporat dan strategi penting Kumpulan, kami akan terus mempelopori peluang baru untuk meningkatkan bank tanah di sekitar kawasan yang berdekatan dengan kawasan operasi sedia ada melalui pengambilalihan atau usaha sama.

Kumpulan juga akan mempergiatkan usaha peningatan kecekapan, produktiviti dan keberkesanan kos operasi untuk meningkatkan kedudukan kompetitif Kumpulan di samping menambah kekayaan para pemegang saham.

Berdasarkan faktor-faktor di atas dan dengan ketiadaan keadaan di luar jangkaan, Lembaga Pengarah meramalkan prestasi Kumpulan yang baik bagi tahun kewangan 31 Januari 2005.

### PENGHARGAAN

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

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

**Datuk Haji Mohd. Zamani bin Samah**

Pengerusi

Johor Bahru, Johor

18 Jun 2004

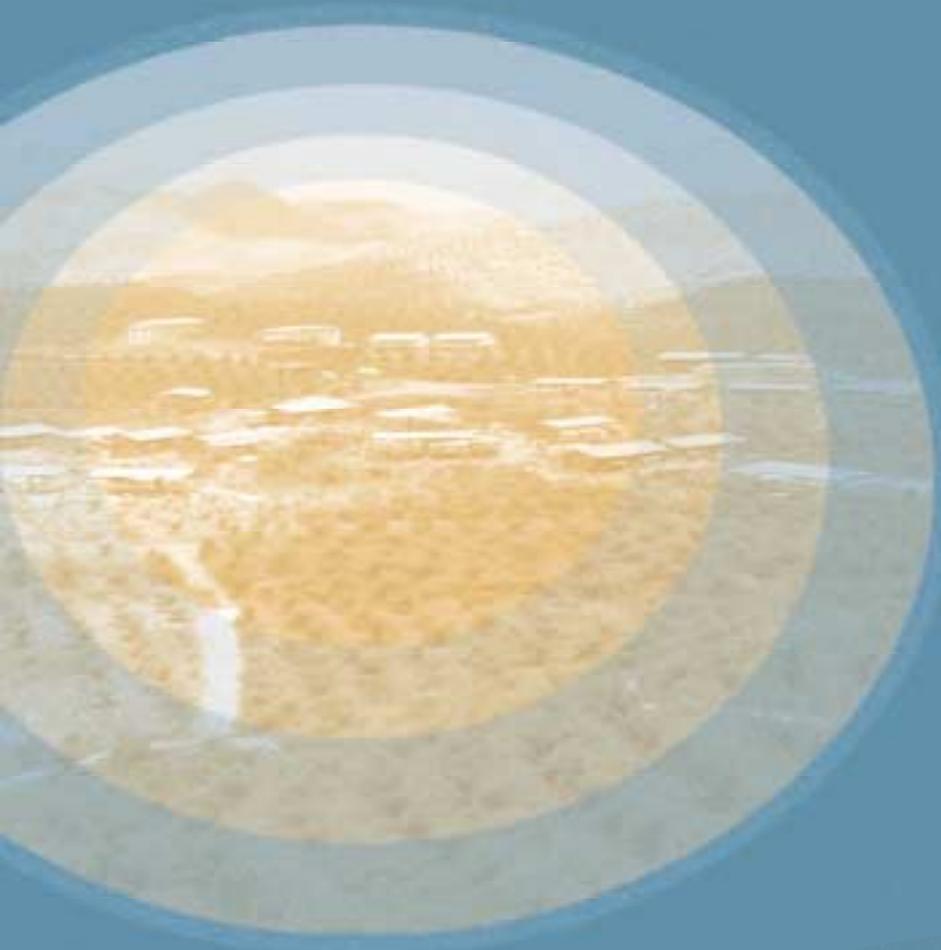




KIM LOONG  
KIM LOONG HOLDINGS LIMITED  
博隆集團有限公司

# Financial Statements

Directors' Report 38 || Statement by Director 43 || Statutory Declaration 43 || Report of the Independent Auditors 44 || Consolidated Balance Sheet 45 || Consolidated Income Statement 46 || Consolidated Statement of Changes in Equity 47 || Consolidated Cash Flow Statement 48 || Balance Sheet 50 || Income Statement 51 || Statement of Changes in Equity 52 || Cash Flow Statement 53 || Notes to the Financial Statements 54 ||



# Directors' Report

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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 2004.

## Principal activities

The principal activities of the Company are those of cultivation of oil palm and cocoa and investment holding. The principal activities of the subsidiary companies are listed in Note 4 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

## Financial results

	Group RM	Company RM
Profit after tax	11,880,794	10,028,192
Minority interests	1,724,965	-
Net profit for the financial year	<u>13,605,759</u>	<u>10,028,192</u>

## Dividends

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

	RM
In respect of the financial year ended 31 January 2003, as shown in the Directors' report of that year, a final gross dividend of 4 sen per share on 106,750,000 ordinary shares, less tax, paid on 19 September 2003	3,074,400
In respect of the financial year ended 31 January 2004, an interim gross dividend of 3 sen per share on 106,750,000 ordinary shares, less tax, paid on 16 January 2004	2,305,800
	<u>5,380,200</u>

The Directors recommend the payment of a final gross dividend in respect of the financial year ended 31 January 2004 of 4 sen per share on 106,750,000 ordinary shares, less tax, amounting to RM3,074,400 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.

## Issue of shares and share options

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

## Directors

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

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

## Directors' Report (Cont'd)

In accordance with Article 110 of the Company's Articles of Association, Gooi Seong Lim retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 77 of the Company's Articles of Association, Gooi Seong Chneh 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), Datuk Haji Mohd. Zamani bin Samah and Mathew K. Mathai retire at the forthcoming Annual General Meeting pursuant to Section 129 (2) of the Companies Act, 1965 and resolutions will be proposed for their re-appointment as Directors under the provisions of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

### Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### Directors' interest in shares and debentures

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

	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2003	Bought	Sold	At 31.1.2004
Datuk Haji Mohd. Zamani bin Samah				
- direct interest	50,000	-	-	50,000
Gooi Seong Lim				
- direct interest	220,000	-	-	220,000
- indirect interest	77,519,000	-	-	77,519,000
Loo Geok Eng (f)				
- direct interest	410,000	-	-	410,000
- indirect interest	77,131,000	-	-	77,131,000
Gooi Seong Heen				
- direct interest	170,000	-	-	170,000
- indirect interest	77,519,000	-	-	77,519,000
Gooi Seong Chneh				
- direct interest	170,000	-	-	170,000
- indirect interest	77,519,000	-	-	77,519,000
Gooi Seong Gum				
- direct interest	155,000	-	-	155,000
- indirect interest	77,519,000	-	-	77,519,000
Gooi Seow Mee (f)				
- direct interest	210,000	-	-	210,000
- indirect interest	77,519,000	-	-	77,519,000

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

	Number of ordinary shares of RM1 each in related corporations			
	At 1.2.2003	Bought/ Converted	Sold	At 31.1.2004
<b>Crescendo Corporation Berhad</b>				
Gooi Seong Lim	1,277,026	-	-	1,277,026
Loo Geok Eng (f)	1,142,734	-	-	1,142,734
Gooi Seong Heen	1,352,026	-	-	1,352,026
Gooi Seong Chneh	1,267,026	-	-	1,267,026
Gooi Seong Gum	1,311,027	-	-	1,311,027
Gooi Seow Mee (f)	1,964,036	-	-	1,964,036
<b>Crescendo Overseas Corporation Sdn. Bhd.</b>				
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
Gooi Seow Mee (f)	9,800	-	-	9,800
<b>Panoramic Housing Development Sdn. Bhd.</b>				
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
Gooi Seow Mee (f)	4,560	-	-	4,560

	Number of Irredeemable Convertible Unsecured Loan Stocks in a related corporation, Crescendo Corporation Berhad			
	At 1.2.2003	Bought	Converted	At 31.1.2004
Gooi Seong Lim	510,810	-	-	510,810
Loo Geok Eng (f)	457,093	-	-	457,093
Gooi Seong Heen	668,809	-	-	668,809
Gooi Seong Chneh	506,810	-	-	506,810
Gooi Seong Gum	524,410	-	-	524,410

	Number of options under Employee Share Option Scheme over ordinary shares of RM1 each in a related corporation, Crescendo Corporation Berhad			
	At 1.2.2003	Granted	Exercised	At 31.1.2004
Gooi Seong Lim	308,000	-	-	308,000
Loo Geok Eng (f)	266,000	21,000	-	287,000
Gooi Seong Heen	308,000	-	-	308,000
Gooi Seong Chneh	266,000	21,000	-	287,000
Gooi Seong Gum	266,000	21,000	-	287,000
Gooi Seow Mee (f)	213,000	-	-	213,000

## Directors' Report (Cont'd)

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

	Number of ordinary shares of RM100 each in holding company, Sharikat Kim Loong Sendirian Berhad			
	At 1.2.2003	Bought	Sold	At 31.1.2004
Gooi Seong Lim				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Loo Geok Eng (f)				
- direct interest	1,250	-	-	1,250
Gooi Seong Heen				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seow Mee (f)				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250

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

No debentures have been issued by the Company or its related corporations other than the irredeemable convertible unsecured loan stocks issued by the related corporation, Crescendo Corporation Berhad.

### Statutory information on the financial statements

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

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

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

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

### Statutory information on the financial statements (cont'd)

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.

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

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

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

In the opinion of the Directors :

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

### Holding and ultimate holding company

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

### Auditors

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

Signed in accordance with a resolution of the Directors

.....  
GOOI SEONG LIM  
Director

.....  
GOOI SEONG HEEN  
Director

Dated : 25 May 2004

## Statement by Directors

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

.....

We, Gooi Seong Lim and Gooi Seong Heen, being two of the Directors of KIM LOONG RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 45 to 81 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 2004 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

On behalf of the Board,

.....  
GOOI SEONG LIM  
Director

.....  
GOOI SEONG HEEN  
Director

Dated : 25 May 2004

## Statutory Declaration

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

.....

I, Gooi Seong Lim, being the Director primarily responsible for the financial management of KIM LOONG RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 45 to 81 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
Gooi Seong Lim, )  
at Johor Bahru in the state of Johor )  
this 25 May 2004 )

.....  
GOOI SEONG LIM

Before me,

.....  
Commissioner for Oaths



## Report of the Independent Auditors to the Members of Kim Loong Resources Berhad (Incorporated in Malaysia)

.....

We have audited the financial statements set out on pages 45 to 81. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance 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 approved accounting standards in Malaysia and 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 2004 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

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

LIANG & CO.  
Firm Number : AF0312  
Chartered Accountants

Johor Bahru

Dated : 25 May 2004

SOONG AH CHYE  
Approval Number : 1767/5/06 (J)  
Partner of the firm

# Consolidated Balance Sheet

## as at 31 January 2004

.....

	NOTE	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	311,245,481	203,947,064
Quoted investments	5	6,737,500	4,907,595
Development expenditure	6	134,874	269,748
Goodwill on consolidation	7	1,624,441	-
		319,742,296	209,124,407
<b>CURRENT ASSETS</b>			
Inventories	8	11,424,436	7,210,838
Trade receivables	9	3,276,401	3,160,789
Other receivables, deposits and prepayments		5,242,473	4,804,378
Tax recoverable		2,256,021	2,316,150
Amount owing by related companies	11	135,363	133,175
Bank and cash balances	12	1,893,430	3,018,924
		24,228,124	20,644,254
<b>CURRENT LIABILITIES</b>			
Trade payables	13	6,454,359	5,386,414
Other payables and accruals	13	6,271,656	4,072,887
Amount owing to holding company	14	276,582	59,331
Amount owing to related companies	11	185,790	222,624
Interest bearing borrowings (secured)	15	9,986,256	11,942,926
Tax payable		719,033	-
		23,893,676	21,684,182
Net Current Assets/(Liabilities)		334,448	(1,039,928)
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing borrowings (secured)	15	53,182,000	24,030,000
Other borrowings	16	8,903,082	5,934,113
Deferred tax	17	34,882,239	15,917,174
		96,967,321	45,881,287
		223,109,423	162,203,192
<b>CAPITAL AND RESERVES</b>			
Share capital	18	106,750,000	106,750,000
Reserves	19	110,037,110	53,970,283
		216,787,110	160,720,283
Minority interests		6,322,313	1,482,909
		223,109,423	162,203,192

## Consolidated Income Statement for the financial year ended 31 January 2004

.....

	NOTE	2004 RM	2003 RM
Revenue	23	196,130,754	147,318,429
Cost of sales	24	<u>(171,893,285)</u>	<u>(126,987,665)</u>
Gross profit		24,237,469	20,330,764
Other operating income		<u>627,178</u>	<u>603,908</u>
		24,864,647	20,934,672
Distribution costs		(2,229,327)	(1,077,123)
Administration expenses		(6,015,495)	(4,765,029)
Other operating expenses		(472,916)	(428,634)
Reversal/(diminution) in value of quoted securities		1,782,905	(992,679)
Profit from operations	26	<u>17,929,814</u>	<u>13,671,207</u>
Finance costs	30	<u>(1,646,712)</u>	<u>(103,045)</u>
Profit before tax		16,283,102	13,568,162
Tax expense	31	<u>(4,402,308)</u>	<u>(4,510,942)</u>
Profit after tax		11,880,794	9,057,220
Minority interests		<u>1,724,965</u>	<u>461,719</u>
Net profit for the financial year		<u><u>13,605,759</u></u>	<u><u>9,518,939</u></u>
Basic earnings per share (sen)	32	<u>13</u>	<u>9</u>
Dividends per share (sen)	33	<u>7</u>	<u>6</u>

# Consolidated Statement Of Changes In Equity

## for the financial year ended 31 January 2004

	Share capital RM	Non-distributable			Distributable	Total RM
		Share premium RM	Revaluation reserve RM	Reserve on consolidation RM	Retained profits RM	
Balance as at 1.2.2002						
- as previously stated	106,750,000	29,742,206	107,509	11,355,980	21,298,769	169,254,464
- prior year adjustments :						
on amortisation (Note 41)	-	-	-	-	(979,134)	(979,134)
on deferred tax (Note 41)	-	-	(107,509)	-	(13,123,477)	(13,230,986)
	-	-	(107,509)	-	(14,102,611)	(14,210,120)
- as restated	106,750,000	29,742,206	-	11,355,980	7,196,158	155,044,344
Net profit for the year	-	-	-	-	9,518,939	9,518,939
Dividends for year ended						
- 31 January 2002	-	-	-	-	(2,305,800)	(2,305,800)
- 31 January 2003	-	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2003	<u>106,750,000</u>	<u>29,742,206</u>	<u>-</u>	<u>11,355,980</u>	<u>12,872,097</u>	<u>160,720,283</u>
Balance as at 1.2.2003						
- as previously stated	106,750,000	29,742,206	107,509	11,355,980	27,841,910	175,797,605
- prior year adjustments :						
on amortisation (Note 41)	-	-	-	-	(1,530,867)	(1,530,867)
on deferred tax (Note 41)	-	-	(107,509)	-	(13,438,946)	(13,546,455)
	-	-	(107,509)	-	(14,969,813)	(15,077,322)
- as restated	106,750,000	29,742,206	-	11,355,980	12,872,097	160,720,283
Net gains not recognised in the income statement :						
Surplus on revaluation	-	-	64,438,991	-	-	64,438,991
Deferred tax on revaluation surplus	-	-	(16,594,465)	-	-	(16,594,465)
Transfer of reserves (Note 34)	-	-	(329,314)	-	329,314	-
Reversal of reserve on consolidation arising from group restructuring	-	-	-	(3,258)	-	(3,258)
	-	-	47,515,212	(3,258)	329,314	47,841,268
Net profit for the year	-	-	-	-	13,605,759	13,605,759
Dividends for year ended						
- 31 January 2003	-	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2004	-	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2004	<u>106,750,000</u>	<u>29,742,206</u>	<u>47,515,212</u>	<u>11,352,722</u>	<u>21,426,970</u>	<u>216,787,110</u>

# Consolidated Cash Flow Statement

for the financial year ended 31 January 2004

.....

	2004 RM	2003 RM
<b>Cash flows from operating activities</b>		
Cash receipts from customers	196,831,591	146,277,311
Interest received	145,820	73,315
Dividends received	156,493	170,481
Cash paid to suppliers and employees	(174,692,633)	(129,309,315)
Cash generated from operations	22,441,271	17,211,792
Interest paid	(1,498,677)	(103,045)
Tax paid	(4,478,286)	(6,726,425)
<b>Net cash from operating activities</b>	<b>16,464,308</b>	<b>10,382,322</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment (Note a)	(36,810,967)	(21,992,655)
Proceeds from disposal of plant and equipment	1,462,339	30,200
Additional investment in subsidiary companies	(473,258)	-
Development expenditure paid	-	(106,369)
Interest paid	(2,288,359)	(1,804,907)
Net cash effect on acquisition of subsidiary companies (Note b)	(1,325,065)	(5)
Deposits paid for acquisition of property, plant and equipment	(222,500)	(913,310)
Proceeds from disposal of quoted investments	-	2,927,594
Acquisition of quoted investments	(47,000)	(296,933)
<b>Net cash used in investing activities</b>	<b>(39,704,810)</b>	<b>(22,156,385)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,380,200)	(3,843,000)
Proceeds from issuance of shares to minority shareholders	299,878	104,967
Bank borrowings	33,830,000	10,000,000
<b>Net cash from financing activities</b>	<b>28,749,678</b>	<b>6,261,967</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,509,176</b>	<b>(5,512,096)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>(4,954,002)</b>	<b>558,094</b>
<b>Cash and cash equivalents at end of year (Note c)</b>	<b>555,174</b>	<b>(4,954,002)</b>

# Consolidated Cash Flow Statement (Cont'd)

## for the financial year ended 31 January 2004

### Note a : Acquisition of property, plant and equipment

	2004 RM	2003 RM
Property, plant and equipment acquired	40,822,666	25,361,985
Less expenses capitalised :		
- depreciation	(829,871)	(1,503,573)
- interest	(2,268,518)	(1,865,757)
Deposit paid in prior years	(913,310)	-
Cash paid	<u>36,810,967</u>	<u>21,992,655</u>

### Note b : Net cash effect on acquisition of subsidiary companies

Details of net assets acquired, goodwill and cash flow arising from acquisition were as follows :

	2004 RM	2003 RM
Non-current assets	180,558	-
Current assets	112	2
Current liabilities	(9,934)	(3,080)
Non-current liabilities	(1,200,000)	-
	<u>(1,029,264)</u>	<u>(3,078)</u>
Goodwill on consolidation	1,154,441	-
Liabilities taken over	1,200,000	3,085
Total consideration	1,325,177	7
Less : Cash and cash equivalents acquired	(112)	(2)
Net cash effect	<u>1,325,065</u>	<u>5</u>

### Note c : Cash and cash equivalents at end of year

	2004 RM	2003 RM
Bank and cash balances	1,893,430	3,018,924
Bank overdrafts (Note 15)	(1,338,256)	(7,972,926)
	<u>555,174</u>	<u>(4,954,002)</u>

# Company Balance Sheet

as at 31 January 2004

.....

	NOTE	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	59,034,186	32,045,509
Investment in subsidiary companies	4	90,188,837	56,778,189
		149,223,023	88,823,698
<b>CURRENT ASSETS</b>			
Inventories	8	525,792	180,847
Trade receivables	9	645,673	870,627
Other receivables, deposits and prepayments		3,233,554	3,153,692
Tax recoverable		-	63,371
Amount owing by subsidiary companies	10	70,325,419	73,630,361
Amount owing by a related company	11	-	1,231
Bank and cash balances	12	568,997	1,550,293
		75,299,435	79,450,422
<b>CURRENT LIABILITIES</b>			
Trade payables	13	586,164	1,134,262
Other payables and accruals	13	1,329,073	848,029
Amount owing to holding company	14	181,250	14,088
Amount owing to subsidiary companies	10	245,915	551,259
Amount owing to a related company	11	-	4,087
Tax payable		718,608	-
		3,061,010	2,551,725
Net Current Assets		72,238,425	76,898,697
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	17	12,440,240	6,710,761
		209,021,208	159,011,634
<b>CAPITAL AND RESERVES</b>			
Share capital	18	106,750,000	106,750,000
Reserves	19	102,271,208	52,261,634
		209,021,208	159,011,634

# Company Income Statement

for the financial year ended 31 January 2004

.....

	NOTE	2004 RM	2003 RM
Revenue	23	18,804,627	15,026,639
Cost of sales	24	<u>(6,149,447)</u>	<u>(5,933,303)</u>
Gross profit		12,655,180	9,093,336
Other operating income	25	<u>5,382,407</u>	<u>5,421,870</u>
		18,037,587	14,515,206
Administration expenses		(3,487,751)	(2,368,051)
Other operating expenses		<u>(130,614)</u>	<u>(267,295)</u>
Profit from operations	26	14,419,222	11,879,860
Finance costs		<u>-</u>	<u>-</u>
Profit before tax		14,419,222	11,879,860
Tax expense	31	<u>(4,391,030)</u>	<u>(3,246,869)</u>
Net profit for the financial year		<u>10,028,192</u>	<u>8,632,991</u>
Dividends per share (sen)	33	<u>7</u>	<u>6</u>

## Company Statement Of Changes In Equity for the financial year ended 31 January 2004

	Share capital RM	Non-distributable		Distributable	Total RM
		Share premium RM	Revaluation reserve RM	Retained profits RM	
Balance as at 1.2.2002					
- as previously stated	106,750,000	29,742,206	102,678	24,160,096	160,754,980
- prior year adjustments:					
on amortisation (Note 41)	-	-	-	(603,875)	(603,875)
on deferred tax (Note 41)	-	-	(102,678)	(5,826,784)	(5,929,462)
	-	-	(102,678)	(6,430,659)	(6,533,337)
- as restated	106,750,000	29,742,206	-	17,729,437	154,221,643
Net profit for the year	-	-	-	8,632,991	8,632,991
Dividends for year ended					
-31 January 2002	-	-	-	(2,305,800)	(2,305,800)
-31 January 2003	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2003	<u>106,750,000</u>	<u>29,742,206</u>	<u>-</u>	<u>22,519,428</u>	<u>159,011,634</u>
Balance as at 1.2.2003					
- as previously stated	106,750,000	29,742,206	102,678	29,457,664	166,052,548
- prior year adjustment :					
on amortisation (Note 41)	-	-	-	(884,736)	(884,736)
on deferred tax (Note 41)	-	-	(102,678)	(6,053,500)	(6,156,178)
	-	-	(102,678)	(6,938,236)	(7,040,914)
- as restated	106,750,000	29,742,206	-	22,519,428	159,011,634
Net gains not recognised in the income statement :					
Surplus on revaluation of					
- long leasehold land	-	-	20,959,872	-	20,959,872
- investment in subsidiaries	-	-	30,270,474	-	30,270,474
Deferred tax on revaluation surplus	-	-	(5,868,764)	-	(5,868,764)
Transfer of reserves (Note 34)	-	-	(155,018)	155,018	-
	-	-	45,206,564	155,018	45,361,582
Net profit for the year	-	-	-	10,028,192	10,028,192
Dividends for year ended					
- 31 January 2003	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2004	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2004	<u>106,750,000</u>	<u>29,742,206</u>	<u>45,206,564</u>	<u>27,322,438</u>	<u>209,021,208</u>

# Company Cash Flow Statement

for the financial year ended 31 January 2004

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	2004 RM	2003 RM
<b>Cash flows from operating activities</b>		
Cash receipts from customers	19,445,704	15,233,021
Dividends received	3,587,500	3,850,000
Interest received	1,000,340	3,694
Cash paid to suppliers and employees	(9,551,318)	(10,123,720)
Cash generated from operations	14,482,226	8,962,995
Tax paid	(3,748,337)	(2,678,000)
<b>Net cash from operating activities</b>	<b>10,733,889</b>	<b>6,284,995</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary companies	(3,000,089)	(7)
Acquisition of property, plant and equipment (Note a)	(6,734,353)	(92,804)
Proceeds from disposal of plant and equipment	58,000	-
Additional investment in existing subsidiary companies	(140,085)	-
Deposit paid for acquisition of property, plant and equipment	-	(692,860)
<b>Net cash used in investing activities</b>	<b>(9,816,527)</b>	<b>(785,671)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,380,200)	(3,843,000)
Advances from holding company	140,000	-
Advances from/(to) to subsidiary companies	3,341,542	(1,228,399)
<b>Net cash used in financing activities</b>	<b>(1,898,658)</b>	<b>(5,071,399)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(981,296)</b>	<b>427,925</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,550,293</b>	<b>1,122,368</b>
<b>Cash and cash equivalents at end of year</b>	<b>568,997</b>	<b>1,550,293</b>
<u>Note a : Acquisition of property, plant and equipment</u>		
Property, plant and equipment	7,427,213	92,804
Deposit paid in prior years	(692,860)	-
	<b>6,734,353</b>	<b>92,804</b>

## 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 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

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) Preparation of the financial statements

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

The new applicable approved accounting standards adopted and applied retrospectively in these financial statements are as follows :

MASB Standard No. 25 : "Income Taxes"  
MASB Standard No. 27 : "Borrowing Costs"  
MASB Standard No. 29 : "Employee Benefits"

The adoption of MASB Standard 25 affects the net profit for the current financial year and the previous financial year. The effect of the change is disclosed in Note 41 to the financial statements. Comparative figures, where applicable, have been adjusted by way of prior year adjustments.

The adoption of the other two standards does not have any material effect on the results for the current financial year or the previous financial year.

b) Subsidiary companies and basis of consolidation

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

The Group has adopted the policy of revaluing its investment in subsidiary companies based on valuation of land in subsidiary company 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.

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 and balances are eliminated on consolidation.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

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b) Subsidiary companies and basis of consolidation (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.

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

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

c) Property, plant and equipment

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

Leasehold land is stated at cost/valuation less accumulated amortisation and impairment losses, if any. Cost consists of the purchase price and incidental expenditure on acquisition. A long lease is a lease with an unexpired period of 50 years or more. Leasehold land is amortised over the period of the respective leases which range from 18 years to 89 years on straight line basis.

Plantation development expenditure represents planting and replanting cost (including interest) incurred from the commencement of development to the date of maturity of the crops. Plantation development expenditure is capitalised at cost and amortised over a period of 15 to 20 years on straight line basis commencing from the date of maturity of the crops.

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

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

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

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

The Group has adopted the policy of revaluing its freehold and leasehold 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.

d) Investments

Quoted and unquoted investments which are held as long term investments are stated at cost. Allowance is made for diminution in value where, in the opinion of the Directors, there is a decline, other than temporary, in value of the investments. When there is a reversal of decline in value of these investment, 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.

e) Development expenditure

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

f) Inventories

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

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

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

g) Trade receivables

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

h) Cash and cash equivalents

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

i) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

j) Borrowings from financial institutions

Borrowings are initially recognised 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.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

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k) Dividends

Dividends on ordinary shares are recognised as liabilities when declared.

l) 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.

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.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

m) 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.

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

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

Management fee income is recognised on the accrual basis.

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

n) 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.

o) Financial instruments

(i) Recognition of financial instruments

The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual policy statements associated with each instrument.

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

p) 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.

The principal closing rates used in translation of foreign currency amounts were as follows :

Foreign currency	2004 RM	2003 RM
1 SGD	2.25	2.18

q) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

r) Employee benefits

Short term employee benefits include wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits and are accrued in the period in which the associated services are rendered by employees.

Companies incorporated in Malaysia contribute to the Employees Provident Fund (EPF), the national defined contribution plan. Contributions to the defined contribution plan which are based on rates prescribed by the EPF board 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.

The Group has no long term employee benefits or termination benefits other than the normal salaries in lieu of notice of termination. Such payments are charged to the income statement in the period they are paid.

s) 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.

t) Reporting currency

The financial statements are presented in Ringgit Malaysia.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 3. PROPERTY, PLANT AND EQUIPMENT

### Group

	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value as at 1 February 2003	166,859,023	29,886,662	3,891,874	3,309,505	203,947,064
Additions	20,793,615	18,493,316	248,842	1,286,893	40,822,666
Arising from acquisition of subsidiary companies	180,558	-	-	-	180,558
Disposals/write-off	-	(1,247,103)	(1,732)	(53,535)	(1,302,370)
Revaluation surplus	76,899,183	-	-	-	76,899,183
Reclassification	529,449	(516,344)	(8,510)	(4,595)	-
Depreciation charge	(4,649,182)	(2,838,614)	(409,736)	(1,404,088)	(9,301,620)
Net book value as at 31 January 2004	<u>260,612,646</u>	<u>43,777,917</u>	<u>3,720,738</u>	<u>3,134,180</u>	<u>311,245,481</u>
At 31 January 2003					
Cost	134,005,859	50,950,083	5,994,242	8,994,903	199,945,087
Valuation	44,325,461	-	-	-	44,325,461
Accumulated depreciation	(11,472,297)	(21,063,421)	(2,102,368)	(5,685,398)	(40,323,484)
Net book value	<u>166,859,023</u>	<u>29,886,662</u>	<u>3,891,874</u>	<u>3,309,505</u>	<u>203,947,064</u>
Net book value of assets under construction	<u>737,690</u>	<u>9,295,805</u>	<u>-</u>	<u>-</u>	<u>10,033,495</u>
Net book value of assets under restriction on title due to bank borrowings	<u>66,701,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,701,456</u>
At 31 January 2004					
Cost	108,264,738	64,872,551	6,231,795	10,177,400	189,546,484
Valuation	164,646,099	-	-	-	164,646,099
Accumulated depreciation	(12,298,191)	(21,094,634)	(2,511,057)	(7,043,220)	(42,947,102)
Net book value	<u>260,612,646</u>	<u>43,777,917</u>	<u>3,720,738</u>	<u>3,134,180</u>	<u>311,245,481</u>
Net book value of assets under construction	<u>126,299</u>	<u>14,602,506</u>	<u>-</u>	<u>-</u>	<u>14,728,805</u>
Net book value of assets under restriction on title due to bank borrowings	<u>128,341,201</u>	<u>23,204,051</u>	<u>-</u>	<u>-</u>	<u>151,545,252</u>

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

Properties consist of :

	2004		2003	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
Freehold				
At cost :				
Land	12,657,030	12,657,030	8,000,000	8,000,000
Buildings	5,168,662	4,107,700	4,808,471	3,898,907
Buildings under construction	7,242	7,242	201,979	201,979
Roads, culverts and fencing	2,999,636	1,693,356	2,999,636	1,873,334
Long leasehold				
At cost :				
Land	-	-	39,857,306	38,632,132
Buildings	9,535,408	7,937,026	7,534,596	6,327,387
Buildings under construction	119,057	119,057	535,711	535,711
Plantation development expenditure	75,801,372	67,726,680	70,068,160	64,740,205
Roads, culverts and fencing	527,158	500,800	-	-
At valuation :				
Land	161,696,256	161,696,256	44,325,461	42,649,368
Short leasehold				
At Cost :				
Land	399,017	167,500	-	-
Plantation development expenditure	1,050,156	1,050,156	-	-
At valuation :				
Land	2,949,843	2,949,843	-	-
	<u>272,910,837</u>	<u>260,612,646</u>	<u>178,331,320</u>	<u>166,859,023</u>

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

	2004 RM	2003 RM
Depreciation	829,871	1,503,573
Interest	2,268,518	1,865,757
Rental	50,191	33,546

Borrowing costs of RM2,268,518 (2003 : RM1,865,757) arising on financing specifically entered into for the development of oil palm estate and the construction of a palm oil mill, were capitalised during the year and included in additions of the Group during the year (Note 30).

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

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

### Company

	Long leasehold properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value as at 1 February 2003	30,383,724	893,046	464,728	304,011	32,045,509
Additions	7,259,929	149,907	17,373	4	7,427,213
Disposals	-	(21,500)	-	(1)	(21,501)
Revaluation surplus	20,959,872	-	-	-	20,959,872
Depreciation charge	(1,019,525)	(188,562)	(61,573)	(107,247)	(1,376,907)
Net book value as at 31 January 2004	<u>57,584,000</u>	<u>832,891</u>	<u>420,528</u>	<u>196,767</u>	<u>59,034,186</u>
At 31 January 2003					
Cost	13,643,631	2,403,296	721,769	1,623,415	18,392,111
Valuation	23,122,802	-	-	-	23,122,802
Accumulated depreciation	(6,382,709)	(1,510,250)	(257,041)	(1,319,404)	(9,469,404)
Net book value	<u>30,383,724</u>	<u>893,046</u>	<u>464,728</u>	<u>304,011</u>	<u>32,045,509</u>
Net book value of assets under construction	<u>5,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,313</u>
At 31 January 2004					
Cost	13,711,974	2,448,203	739,142	1,603,919	18,503,238
Valuation	50,014,037	-	-	-	50,014,037
Accumulated depreciation	(6,142,011)	(1,615,312)	(318,614)	(1,407,152)	(9,483,089)
Net book value	<u>57,584,000</u>	<u>832,891</u>	<u>420,528</u>	<u>196,767</u>	<u>59,034,186</u>
Net book value of assets under construction	<u>69,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,681</u>

Long leasehold properties consist of :

	2004		2003	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost :				
Buildings	4,096,433	3,053,626	4,092,458	3,130,314
Buildings under construction	69,681	69,681	5,313	5,313
Plantation development expenditure	9,545,860	4,446,656	9,545,860	5,010,031
At valuation :				
Land	<u>50,014,037</u>	<u>50,014,037</u>	<u>23,122,802</u>	<u>22,238,066</u>
	<u>63,726,011</u>	<u>57,584,000</u>	<u>36,766,433</u>	<u>30,383,724</u>

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

Valuations of leasehold land (other than those acquired during the financial year 2004), were carried out on 10 and 11 December 2003 and reported on 23 March 2004 by the following qualified valuers using the comparison method to reflect fair value:

Radhakrishnan, member of the Institute of Surveyors, Malaysia, a registered valuer with Jones Lang Wootton, Chartered Surveyors.

The Directors adjusted the book values of the leasehold land to reflect the new value and the resultant surplus was credited to revaluation reserve.

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM

Net book value of revalued leasehold land, had these assets been carried at cost less accumulated amortisation :

	54,451,888	8,924,256	12,295,323	5,263,921
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The Directors did not adjust the book value of freehold land as the fair market value valued by a firm of independent professional valuers approximates book value.

4. SUBSIDIARY COMPANIES

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

Company

	2004 RM	2003 RM
At valuation	50,447,938	17,037,464
At cost	39,740,899	39,740,725
	<u>90,188,837</u>	<u>56,778,189</u>

The original cost of unquoted shares at valuation amounts to RM5,033,604 (2003 : RM1,893,604).

Land in subsidiary companies were valued by a firm of independent professional valuers. The valuation was carried out on 10 and 11 December 2003 and reported on 23 March 2004 by the following qualified valuers using the comparison method to reflect fair value :

Radhakrishnan, member of the Institute of Surveyors, Malaysia, a registered valuer with Jones Lang Wootton, Chartered Surveyors.

Based on the above valuation, the Directors revalued the investment in the relevant subsidiary companies. The book values of investment in subsidiary companies were adjusted to the revaluations and the resultant surpluses were credited to revaluation reserve.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 4. SUBSIDIARY COMPANIES (cont'd)

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2004 %	2003 %	
Suhenson Estate Sdn. Bhd.	100	100	Owning and letting of leasehold land
Selokan Sdn. Bhd.	100	100	Owning and letting of leasehold land
Syarikat Kong Fen Shin & Sons Sdn. Bhd.	100	100	Owning and letting of leasehold land
Lokan Development Sdn. Bhd.	100	100	Owning and letting of leasehold land
Desa Kim Loong Plantations Sdn. Bhd.	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Cultivation of coconut
Winsome Plantations Sdn. Bhd.	80	80	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Sabah Mills Sdn. Bhd. (Formerly known as Okidville Manufacturing Sdn. Bhd.)	100	100	Intended for processing and marketing of oil palm products
Kim Loong Power Sdn. Bhd.	100	100	Dormant
Okidville Plantations Sdn. Bhd.	90	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	-	Dormant
Winsome Jaya Sdn. Bhd.	80	-	Investment holding
Arab-Malaysian Agriculture Sdn. Bhd.	80	-	Owning of leasehold land

5. QUOTED INVESTMENTS

Group

	2004 RM	2003 RM
Securities quoted in Malaysia, at cost	6,958,735	6,943,784
Less : diminution in value	(305,880)	(2,104,229)
	6,652,855	4,839,555
Securities quoted outside Malaysia, at cost	95,957	95,957
Less : diminution in value	(11,312)	(27,917)
	84,645	68,040
	6,737,500	4,907,595
Market value of securities		
- quoted in Malaysia	6,652,855	4,839,555
- quoted outside Malaysia	84,645	68,040
	6,737,500	4,907,595

6. DEVELOPMENT EXPENDITURE

Group

	2004 RM	2003 RM
Balance brought forward	269,748	298,253
Incurred during the year	-	106,369
Amount amortised during the year	(134,874)	(134,874)
Balance carried forward	134,874	269,748

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

7. GOODWILL ON CONSOLIDATION

Group

Goodwill on consolidation arose from acquisition of subsidiary companies.

8. INVENTORIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<u>At cost :</u>				
Finished goods	184,867	177,512	-	-
Nursery stocks	9,150	14,362	9,150	14,362
Building materials, supplies, spare parts and consumables	2,669,536	2,535,223	289,154	160,958
	2,863,553	2,727,097	298,304	175,320
<u>At realisable value :</u>				
Finished goods	8,560,883	4,483,741	227,488	5,527
	11,424,436	7,210,838	525,792	180,847

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 9. TRADE RECEIVABLES

### Group and Company

Credit terms of trade receivables is less than 60 days.

## 10. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

### Company

The amount owing by subsidiary companies includes RM4,699,837 (2003 : RM6,989,514) bearing interest at 12% per annum. All other balances are non-interest bearing, unsecured and have no fixed term of repayment.

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

## 11. AMOUNTS OWING BY/TO RELATED COMPANIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM

### **Amount owing by related companies**

Kim Loong Plantations Sdn. Bhd.	33,079	18,957	-	-
Crescendo Technologies Sdn. Bhd.	35,248	35,248	-	-
Unibase Concrete Industries Sdn. Bhd.	21,703	24,370	-	-
Crescendo Corporation Berhad	2,402	2,809	-	-
Crescendo Development Sdn. Bhd.	15,734	19,409	-	-
Unibase Trading Sdn. Bhd.	-	1,231	-	1,231
Geogolf Sdn. Bhd.	-	7,441	-	-
Unigolf Sdn. Bhd.	27,197	23,710	-	-
	<u>135,363</u>	<u>133,175</u>	<u>-</u>	<u>1,231</u>

### **Amount owing to related companies**

Kim Loong Plantations Sdn. Bhd.	185,790	188,537	-	-
Crescendo Corporation Berhad	-	4,087	-	4,087
Crescendo Development Sdn. Bhd.	-	30,000	-	-
	<u>185,790</u>	<u>222,624</u>	<u>-</u>	<u>4,087</u>

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

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

12. BANK AND CASH BALANCES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Balance at bank	1,639,170	2,767,924	568,997	1,550,293
Fixed deposits with licensed banks	254,260	251,000	-	-
	<u>1,893,430</u>	<u>3,018,924</u>	<u>568,997</u>	<u>1,550,293</u>

Group

Included in the fixed deposits with licensed banks is an amount of RM254,260 (2003 : RM251,000) pledged to licensed banks as security for overdraft and banker's guarantee facilities.

The weighted average interest rate of fixed deposits with licensed banks that was effective during the financial year was 3.36% (2003 : 3.36%) per annum.

Fixed deposits have an average maturity of 27 days.

13. TRADE AND OTHER PAYABLES

Group and Company

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

14. AMOUNT OWING TO HOLDING COMPANY

The amount owing to holding company, Sharikat Kim Loong Sendirian Berhad, is unsecured, interest-free and has no fixed term of repayment.

15. INTEREST BEARING BORROWINGS (SECURED)

Group

	Amount utilised	
	2004 RM	2003 RM
Term loan 1	14,990,000	18,000,000
Term loan 2	9,040,000	10,000,000
Term loan 3	15,000,000	-
Term loan 4	10,000,000	-
Term loan 5	12,800,000	-
Overdrafts	1,338,256	7,972,926
	<u>63,168,256</u>	<u>35,972,926</u>
Current	9,986,256	11,942,926
Non-current	53,182,000	24,030,000
	<u>63,168,256</u>	<u>35,972,926</u>

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 15. INTEREST BEARING BORROWINGS (SECURED) (cont'd)

The facilities extended by a financial institution are secured by :

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

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

The principal amount of term loan 2 is repayable over 41 monthly instalments of RM240,000 each with a final instalment of RM160,000 commencing from October 2003.

The principal amount of term loan 3 is repayable over 48 monthly instalments of RM312,500 each commencing from March 2006.

The principal amount of term loan 4 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 5 is repayable over 65 monthly instalments of RM227,000 each and a final instalment of RM245,000 commencing from March 2005.

### Effective interest rates

	2004 % p.a.	2003 % p.a.
Term loans	6.33	6.88
Overdrafts	7.25	7.65

### Unutilised facilities

	2004 RM	2003 RM
Trade facilities	2,000,000	2,000,000
Overdrafts	14,173,000	4,537,000
Term loans	12,200,000	-
	<u>28,373,000</u>	<u>6,537,000</u>

## 16. OTHER BORROWINGS

### Group

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

### 17. 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 sheet :

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Disclosed as :				
Deferred tax liabilities	34,882,239	15,917,174	12,440,240	6,710,761
Deferred tax assets	-	-	-	-
	<u>34,882,239</u>	<u>15,917,174</u>	<u>12,440,240</u>	<u>6,710,761</u>
Brought forward	15,917,174	15,531,314	6,710,761	6,547,045
Charged/(credited) to income statement				
- property, plant and equipment	627,860	1,788,860	(139,285)	163,716
- accrued interest income	5,000	3,000	-	-
- tax losses	(1,488,000)	(1,406,000)	-	-
	(855,140)	385,860	(139,285)	163,716
Charged to equity				
- revaluation surplus on land	19,820,205	-	5,868,764	-
Carried forward	<u>34,882,239</u>	<u>15,917,174</u>	<u>12,440,240</u>	<u>6,710,761</u>
<b>Subject to income tax</b>				
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	14,918,000	14,206,000	1,879,000	1,958,000
Accrued interest income	34,000	29,000	-	-
Revaluation surplus on land	26,390,239	6,653,174	10,561,240	4,752,761
	<u>41,342,239</u>	<u>20,888,174</u>	<u>12,440,240</u>	<u>6,710,761</u>
Offsetting	(6,460,000)	(4,971,000)	-	-
Deferred tax liabilities (after offsetting)	<u>34,882,239</u>	<u>15,917,174</u>	<u>12,440,240</u>	<u>6,710,761</u>
Deferred tax assets (before offsetting)				
Tax losses	6,460,000	4,971,000	-	-
Offsetting	(6,460,000)	(4,971,000)	-	-
Deferred tax assets (after offsetting)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 Group will be able to generate sufficient profits in the foreseeable future to fully utilise the deferred tax assets.

Deferred tax assets and liabilities arising from temporary differences subject to income tax are calculated based on income tax rate of 28% (2003 : 28%).

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 17. DEFERRED TAX (cont'd)

### Group

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet of subsidiaries are as follows:

	2004 RM	2003 RM
Deductible temporary differences	129,000	20,000
Tax losses	513,000	313,000
	<u>642,000</u>	<u>333,000</u>

## 18. SHARE CAPITAL

### Group and Company

	2004 RM	2003 RM
Authorised - 500,000,000 ordinary shares of RM1 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid - 106,750,000 ordinary shares of RM1 each	<u>106,750,000</u>	<u>106,750,000</u>

## 19. RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable				
Share premium (Note 20)	29,742,206	29,742,206	29,742,206	29,742,206
Revaluation reserve (Note 21)	47,515,212	-	45,206,564	-
Reserve on consolidation (Note 22)	11,352,722	11,355,980	-	-
Distributable				
Retained profits	<u>21,426,970</u>	<u>12,872,097</u>	<u>27,322,438</u>	<u>22,519,428</u>
	<u>110,037,110</u>	<u>53,970,283</u>	<u>102,271,208</u>	<u>52,261,634</u>

## 20. SHARE PREMIUM (NON-DISTRIBUTABLE)

### Group and Company

The share premium represents premium arising from the issuance of shares.

21. REVALUATION RESERVE (NON-DISTRIBUTABLE)

Group

The revaluation reserve represents the balance of revaluation surplus arising from the revaluation of certain properties less amount capitalised through bonus issue.

Company

The revaluation reserve represents surplus arising from the revaluation of certain properties and investment in certain subsidiary companies less amount capitalised through bonus issue.

22. RESERVE ON CONSOLIDATION (NON-DISTRIBUTABLE)

Group

Reserve on consolidation arose from acquisition of subsidiary companies.

23. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sales of :				
- Fresh fruit bunches	26,488,492	19,257,774	18,713,223	14,269,231
- Palm oil milling products	169,550,485	127,302,227	-	-
- Cocoa and others	91,777	758,428	91,404	757,408
	<u>196,130,754</u>	<u>147,318,429</u>	<u>18,804,627</u>	<u>15,026,639</u>

24. COST OF SALES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fresh fruit bunches	18,830,514	10,177,523	6,077,489	5,553,852
Palm oil milling products	152,952,492	116,349,753	-	-
Cocoa and others	110,279	460,389	71,958	379,451
	<u>171,893,285</u>	<u>126,987,665</u>	<u>6,149,447</u>	<u>5,933,303</u>

25. OTHER OPERATING INCOME

Company

Other operating income for the current financial year includes gross dividend from subsidiary companies amounting to RM3,587,500 (2003 : RM3,850,000).

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 26. PROFIT FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
The following items have been charged/ (credited) in arriving at profit from operations :				
Auditors' remuneration :				
Statutory audit - current	90,000	82,200	20,000	20,000
- under provision in prior years	1,500	4,500	2,000	2,000
Amortisation of development expenditure	134,874	134,874	-	-
Amortisation of plantation development expenditure	2,746,735	1,225,798	563,375	573,101
Depreciation and amortisation				
- current year	5,673,168	3,977,959	813,532	747,402
- under provision in prior years	51,846	-	-	-
Rental	74,400	74,400	74,400	74,400
Staff costs (Note 27)	12,792,620	8,063,195	3,804,219	3,352,679
Property, plant and equipment written off	219,679	165,361	-	-
Inventories written off	50,386	2,803	2,909	276
Bad debts	473,138	1,344	470,500	-
Interest from fixed deposits	(70,960)	(67,815)	(16,408)	(3,694)
(Gain)/loss on disposal of plant and equipment	(241,148)	(78,667)	(36,499)	-
Gain on disposal of quoted investments	-	(196,766)	-	-
Gross dividend income from investments quoted :				
- in Malaysia	(155,550)	(169,550)	-	-
- outside Malaysia	(943)	(931)	-	-
Gross dividend income from subsidiary companies	-	-	(3,587,500)	(3,850,000)
Interest income from investments				
quoted in Malaysia	(136)	(5,500)	-	-
Other interest income	(102,395)	(21,531)	(859,300)	(925,312)
Profit from existing continuing operations	17,949,693	13,679,835	14,419,222	11,879,860
Loss from newly acquired subsidiary companies	(19,879)	(8,628)	-	-
	<u>17,929,814</u>	<u>13,671,207</u>	<u>14,419,222</u>	<u>11,879,860</u>

### 27. STAFF COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Salaries, wages & bonus	13,837,604	11,306,995	3,591,551	3,154,644
Defined contribution plan	794,130	746,950	204,370	189,001
Social security costs	94,628	88,776	8,298	9,034
HRD fund	24,885	-	-	-
Termination benefits	37,024	-	-	-
	<u>14,788,271</u>	<u>12,142,721</u>	<u>3,804,219</u>	<u>3,352,679</u>
Amount capitalised in assets	<u>(1,995,651)</u>	<u>(4,079,526)</u>	<u>-</u>	<u>-</u>
	<u>12,792,620</u>	<u>8,063,195</u>	<u>3,804,219</u>	<u>3,352,679</u>

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,507,080 (2003 : RM1,081,109) and RM1,190,080 (2003 : RM720,520) respectively as further disclosed in Note 28.

### 28. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive Directors				
- fees	172,000	170,000	45,000	45,000
- salaries and other emoluments	1,209,800	826,509	1,039,000	616,000
- defined contribution plan	125,280	84,600	106,080	59,520
	<u>1,507,080</u>	<u>1,081,109</u>	<u>1,190,080</u>	<u>720,520</u>
Non-executive Directors				
- fees	257,000	256,000	227,000	227,000
- other emoluments	7,500	8,500	7,500	8,500
	<u>264,500</u>	<u>264,500</u>	<u>234,500</u>	<u>235,500</u>
	<u>1,771,580</u>	<u>1,345,609</u>	<u>1,424,580</u>	<u>956,020</u>

### 29. EMPLOYEE INFORMATION

	Group		Company	
	2004	2003	2004	2003
No. of employees (including Executive Directors) at end of financial year	<u>1,731</u>	<u>1,541</u>	<u>443</u>	<u>421</u>

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 30. FINANCE COSTS

### Group

	2004 RM	2003 RM
Total interest expense	3,915,230	1,968,802
Interest capitalised to property, plant and equipment	(2,268,518)	(1,865,757)
Charged to income statement	<u>1,646,712</u>	<u>103,045</u>

## 31. TAX EXPENSE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax :				
- Malaysian income tax	5,257,448	4,125,082	4,530,315	3,083,153
Deferred tax	(855,140)	385,860	(139,285)	163,716
	<u>4,402,308</u>	<u>4,510,942</u>	<u>4,391,030</u>	<u>3,246,869</u>
Current Malaysian tax				
Current year	5,298,543	4,512,452	4,533,000	3,390,000
Overprovision in prior years (net)	(41,095)	(387,370)	(2,685)	(306,847)
Deferred tax				
Origination and reversal of temporary differences	(855,140)	(83,140)	(139,285)	163,716
Benefit from previously unrecognised tax loss	-	469,000	-	-
	<u>4,402,308</u>	<u>4,510,942</u>	<u>4,391,030</u>	<u>3,246,869</u>

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Numerical reconciliation between tax expense and the result before tax multiplied by the Malaysian tax rate				
Profit before tax	<u>16,283,102</u>	<u>13,568,162</u>	<u>14,419,222</u>	<u>11,879,860</u>
Tax calculated at a tax rate of 28%	4,559,269	3,799,085	4,037,382	3,326,361

31. TAX EXPENSE (cont'd)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax effects of :				
- reduction in tax rates for subsidiary companies with paid up capital of RM2,500,000 and below	(149,820)	(24,429)	-	-
- expenses not deductible for tax purposes	618,485	716,020	356,333	227,355
- income not subject to tax	(508,866)	(112,752)	-	-
- deferred tax assets not recognised on:				
- current year's tax loss not recognised by subsidiary	80,045	64,465	-	-
- previously unrecognised tax losses of subsidiary	(18,604)	-	-	-
- loss of subsidiary recognised during the year	(203,939)	(18,960)	-	-
- profit of subsidiary not eligible for group loss relief	282,225	591,886	-	-
- double deductions	(21,000)	-	-	-
- reinvestment allowance	(194,392)	(117,003)	-	-
- overprovision in prior years (net)	(41,095)	(387,370)	(2,685)	(306,847)
Tax expense	<u>4,402,308</u>	<u>4,510,942</u>	<u>4,391,030</u>	<u>3,246,869</u>

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108(6) of the Income Tax Act 1967 and credit balance in the exempt income account to pay net dividends of approximately RM25,598,000 (2003 : RM25,442,000) out of retained profits without incurring additional tax liability.

32. EARNINGS PER SHARE

Group

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM13,605,759 (2003 : RM9,518,939) over the weighted average number of ordinary shares in issue during the financial year of 106,750,000 (2003 : 106,750,000).

There are no diluted earnings per share for the financial years 2004 and 2003.

33. DIVIDENDS

Dividends declared or proposed in respect of the financial year ended 31 January 2004 are as follows :

	2004		2003	
	Gross dividend per share Sen	Amount of dividend, less tax RM	Gross dividend per share Sen	Amount of dividend, less tax RM
Interim dividend	3	2,305,800	2	1,537,200
Proposed final dividend	4	3,074,400	4	3,074,400
	<u>7</u>	<u>5,380,200</u>	<u>6</u>	<u>4,611,600</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2004 of 4 sen per share, less tax, (2003 : 4 sen per share, less tax) amounting to RM3,074,400 (2003 : RM3,074,400) will be proposed for shareholders' approval.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 34. TRANSFER OF RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Realisation of revaluation surplus arising from :				
- excess of amortisation based on revalued leasehold land over their original costs	329,314	-	155,018	-

## 35. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>With holding company :</b>				
Sharikat Kim Loong Sendirian Berhad				
Internal audit expenses	147,000	135,000	40,000	38,000
<b>With subsidiary companies :</b>				
Desa Kim Loong Plantations Sdn. Bhd.				
Management fee income	-	-	144,000	144,000
Interest income	-	-	787,540	871,492
Commission income	-	-	208,857	117,125
Income from hire of plant	-	-	-	24,000
Desa Okidville Sdn. Bhd.				
Management fee income	-	-	310,791	352,620
Okidville Holdings Sdn. Bhd.				
Management fee income	-	-	217,170	-
<b>With fellow subsidiary companies of the holding company :</b>				
Kim Loong Plantations Sdn. Bhd.				
Purchase of fresh fruit bunches	3,512,372	2,764,463	-	-
Unibase Trading Sdn. Bhd.				
Purchases	23,426	19,557	-	-
Unibase Concrete Industries Sdn. Bhd.				
Rental expenses	6,000	6,000	-	-
Purchases	135,975	60,954	-	-
Security fees	3,000	-	-	-
Crescendo Development Sdn. Bhd.				
Purchase of plant and equipment	-	30,000	-	-
Purchase	1,877	-	-	-
Aerogolf Sdn. Bhd.				
Purchases	9,620	12,901	6,760	10,871

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

36. ACQUISITION OF SUBSIDIARY COMPANIES

The effect of the acquisition of subsidiary companies on the financial results of the Group during the financial year is shown below :

	2004 RM	2003 RM
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating income	-	-
Administration expenses	(17,379)	(6,128)
Other operating expenses	(2,500)	(2,500)
Loss from operations	(19,879)	(8,628)
Finance costs	-	-
Loss before tax	(19,879)	(8,628)
Tax	-	-
Net loss for the financial year	(19,879)	(8,628)

The effect of the acquisition of subsidiary companies on the financial position at the end of the financial year is as follows :

	2004 RM	2003 RM
Non-current assets	1,321,941	-
Current assets	369	77,675
Current liabilities	(16,611)	(86,296)
Non-current liabilities	(1,335,402)	-
Increase in Group's net liabilities	(29,703)	(8,621)

The effect of acquisition includes professional fees paid to auditors for financial due diligence amounting to RM12,000 (2003 : Nil).

37. SEGMENTAL INFORMATION

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

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

	Plantation RM	Milling RM	Eliminations RM	Group RM
<b>Year ended 31 January 2004</b>				
Revenue				
External sales	26,580,269	169,550,485	-	196,130,754
Intersegment sales	5,540,765	-	(5,540,765)	-
Total sales	<u>32,121,034</u>	<u>169,550,485</u>	<u>(5,540,765)</u>	<u>196,130,754</u>

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 37. SEGMENTAL INFORMATION (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
<b>Results</b>				
Segment results	11,561,044	8,318,777	(122,717)	19,757,104
Unallocated costs				<u>(1,827,290)</u>
Profit from operations				17,929,814
Finance costs				<u>(1,646,712)</u>
Profit before tax				16,283,102
Tax expense				<u>(4,402,308)</u>
Profit after tax				11,880,794
Minority interests				1,724,965
Net profit for the financial year				<u><u>13,605,759</u></u>
<b>At 31 January 2004</b>				
<b>Net assets</b>				
Segment assets	252,984,411	91,655,857	(3,676,632)	340,963,636
Unallocated assets				<u>3,006,784</u>
Total assets				<u><u>343,970,420</u></u>
Segment liabilities	82,218,153	41,335,685	(3,676,632)	119,877,206
Unallocated liabilities				<u>983,791</u>
Total liabilities				<u><u>120,860,997</u></u>
<b>Year ended 31 January 2004</b>				
<b>Other information</b>				
Amortisation of development expenditure	-	134,874	-	134,874
Capital expenditure	16,288,006	24,534,660	-	40,822,666
Depreciation and amortisation	5,981,765	3,319,855	-	9,301,620
Other non-cash expenses	<u>531,522</u>	<u>222,372</u>	<u>-</u>	<u>753,894</u>
<b>Year ended 31 January 2003</b>				
<b>Revenue</b>				
External sales	20,016,202	127,302,227	-	147,318,429
Intersegment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total sales	<u><u>20,016,202</u></u>	<u><u>127,302,227</u></u>	<u><u>-</u></u>	<u><u>147,318,429</u></u>
<b>Results</b>				
Segment results	8,353,730	6,221,975	-	14,575,705
Unallocated costs				<u>(904,498)</u>
Profit from operations				13,671,207
Finance costs				<u>(103,045)</u>
Profit before tax				13,568,162
Tax expense				<u>(4,510,942)</u>
Profit after tax				9,057,220
Minority interests				<u>461,719</u>
Net profit for the financial year				<u><u>9,518,939</u></u>

37. SEGMENTAL INFORMATION (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
At 31 January 2003				
Net assets				
Segment assets	161,935,459	64,808,447	(1,189,362)	225,554,544
Unallocated assets				4,214,117
Total assets				<u>229,768,661</u>
Segment liabilities	50,436,205	17,392,042	(1,189,362)	66,638,885
Unallocated liabilities				926,584
Total liabilities				<u>67,565,469</u>
Year ended 31 January 2003				
Other information				
Amortisation of development expenditure	-	134,874	-	134,874
Capital expenditure	13,914,520	11,447,465	-	25,361,985
Depreciation and amortisation	4,112,161	2,595,169	-	6,707,330
Other non-cash expenses	22,861	1,139,326	-	1,162,187

38. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided a corporate guarantees for three of its subsidiary companies in respect of credit facilities totalling RM95,310,000 (2003 : RM40,310,000) granted to the subsidiary companies by a financial institution. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by those subsidiary companies.

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

The Group's 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. The Group's exposure to this risk is negligible as the Group's fixed deposits is not substantial.

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 39. FINANCIAL INSTRUMENTS (cont'd)

### (e) Foreign currency exchange risk

The Group is not materially exposed to foreign currency exchange risk as all the Group's transactions and balances are denominated in Ringgit Malaysia except for the investments in securities quoted outside Malaysia.

The currency exposure of financial assets of the Group that are not denominated in its functional currency (Ringgit Malaysia) is set out as follows:

	2004 RM	2003 RM
Quoted investments Singapore Dollar	<u>84,645</u>	<u>68,040</u>

### (f) 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.

### (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 those dates except as set out below :

	2004		2003	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<u>Group</u>				
Other borrowings	<u>8,903,082</u>	<u>*</u>	<u>5,934,113</u>	<u>*</u>

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

### Company

Unquoted investment in subsidiary companies, whose fair value cannot be estimated reliably within the constraints of timeliness and cost.

## 40. CAPITAL COMMITMENTS

	2004 RM	2003 RM
<u>Group</u>		
Approved and contracted for : Property, plant and equipment	<u>4,350,000</u>	<u>6,200,000</u>
<u>Company</u>		
Approved and contracted for : Property, plant and equipment	<u>-</u>	<u>6,200,000</u>

### 41. PRIOR YEAR ADJUSTMENTS

#### Group

During the financial year, the Group changed its accounting policies with respect to the following :

a) Amortisation of long leasehold land.

In previous years, long leasehold land were not amortised. In the current year, long leasehold land are amortised on a straight line basis over the duration of the leases. The Directors are of the opinion that this change in policy presents a fairer picture of the Group's assets

This change in accounting policy is accounted for retrospectively.

b) Adoption of MASB 25 - Income Taxes

In previous years, deferred tax was accounted based on material timing differences which resulted in net deferred tax benefits not recognised in the financial statements. Following the introduction of MASB Standard 25, deferred tax liabilities are provided in full using the liability method, on temporary differences arising between the tax bases and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that probable future profit will be available against which the credit can be utilised.

This change in accounting policy is accounted for retrospectively.

The new accounting policies have the effect on net profit of the Group for the year ended 31 January 2004 as follows:

	Increase/(decrease) RM
Effect on amortisation of long leasehold land	(728,783)
Effect on adoption of MASB 25	1,539,771
	<u>810,988</u>

The other effects of the changes on the Group's financial statements are as follows:

	As previously reported RM	Effect of amortisation RM	Effect of MASB 25 RM	As restated RM
At 1 February 2002				
- retained profits	21,298,769	(979,134)	(13,123,477)	7,196,158
- deferred tax	1,353,000	-	14,178,314	15,531,314
- minority interests	2,048,960	(29,851)	(581,157)	1,437,952
- other borrowings	6,479,772	-	(125,440)	6,354,332
- revaluation reserve	107,509	-	(107,509)	-
- property, plant and equipment	186,316,057	(1,008,985)	240,731	185,547,803
Year ended 31 January 2003				
- net profit for the year	10,386,141	(551,733)	(315,469)	9,518,939
- tax expenses	4,328,082	-	182,860	4,510,942
- minority interests	550,243	44,085	(132,609)	461,719
At 31 January 2003				
- retained profits	27,841,910	(1,530,867)	(13,438,946)	12,872,097
- deferred tax	1,556,000	-	14,361,174	15,917,174
- minority interests	2,173,034	(62,237)	(627,888)	1,482,909
- other borrowings	5,891,912	(11,699)	53,900	5,934,113
- revaluation reserve	107,509	-	(107,509)	-
- property, plant and equipment	205,311,136	(1,604,803)	240,731	203,947,064

# Notes To The Financial Statements (Cont'd)

- 31 January 2004

## 41. PRIOR YEAR ADJUSTMENTS (cont'd)

### Company

The new accounting policies have the effect on net profit of the Company for the year ended 31 January 2004 as follows:

	Increase/(decrease) RM
Effect on amortisation of long leasehold land	(375,487)
Effect on adoption of MASB 25	<u>789,285</u>
	<u>413,798</u>

The other effects of the changes on the Company's financial statements are as follows:

	As previously reported RM	Effect of amortisation RM	Effect of MASB 25 RM	As restated RM
At 1 February 2002				
- retained profits	24,160,096	(603,875)	(5,826,784)	17,729,437
- deferred tax	435,000	-	6,112,045	6,547,045
- revaluation reserve	102,678	-	(102,678)	-
- property, plant and equipment	33,694,500	(603,875)	182,583	33,273,208
Year ended 31 January 2003				
- net profit for the year	9,140,568	(280,861)	(226,716)	8,632,991
- tax expenses	3,020,153	-	226,716	3,246,869
At 31 January 2003				
- retained profits	29,457,664	(884,736)	(6,053,500)	22,519,428
- deferred tax	372,000	-	6,338,761	6,710,761
- revaluation reserve	102,678	-	(102,678)	-
- property, plant and equipment	32,747,662	(884,736)	182,583	32,045,509

## 42. EVENTS AFTER THE BALANCE SHEET DATE

On 5 May 2004, the Company incorporated a subsidiary company, Palm Nutraceuticals Sdn. Bhd. (PNSB). Currently, the paid-up capital of PNSB is RM2 divided into 2 ordinary shares of RM1 each fully paid and is a wholly-owned subsidiary of the Company. PNSB has not commenced operations.

On 10 May 2004, the Company acquired 4 pieces of land from its wholly owned subsidiary companies for a total consideration of RM17.42 million. The acquisition is expected to be completed in June 2004.

## 43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 25 May 2004.

## 44. COMPARATIVE FIGURES

Comparative figures relating to Employee Benefits and Income Taxes have been extended to conform with the requirements of the relevant applicable approved accounting standards.

## Analysis Of Shareholdings as at 3 June 2004

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

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued capital
Less than 100 shares	1	0.04	50	0.00
100 to 1,000 shares	1,790	61.80	1,770,050	1.66
1,001 to 10,000 shares	894	30.87	3,641,400	3.41
10,001 to 100,000 shares	170	5.87	5,016,900	4.70
100,001 to less than 5% of issued shares	40	1.38	19,194,600	17.98
5% and above of issued shares	1	0.04	77,127,000	72.25
<b>Total</b>	<b>2,896</b>	<b>100.00</b>	<b>106,750,000</b>	<b>100.00</b>

### THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No. of Shares held	% of Issued capital
1. Sharikat Kim Loong Sendirian Berhad	77,127,000	72.25
2. Malaysia Nominees (Tempatan) Sdn. Bhd. - Chellam Investments Sdn. Bhd. (00-00214)	4,000,000	3.75
3. Timbas Helmi Bin Oesman Joesoef Helmi	2,600,000	2.44
4. Lembaga Tabung Angkatan Tentera	1,938,000	1.81
5. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Koperasi Polis Diraja Malaysia Berhad (3309 Daya)	1,000,000	0.94
6. HSBC Nominees (Asing) Sdn. Bhd. - Krishnan Chellam (HBMB301-26)	1,000,000	0.94
7. Employees Provident Fund Board	632,800	0.59
8. Radeshah Binti Ridzwani	597,000	0.56
9. M & A Nominee (Tempatan) Sdn. Bhd. - Titan Express Sdn. Bhd.	526,800	0.49
10. Yayasan Kelantan Darul Naim	500,000	0.47
11. Hui Hoong Tho	468,000	0.44
12. Loo Geok Eng	410,000	0.38
13. Heng Yuen Sdn. Bhd.	388,000	0.36
14. Loh Lai Kim	387,600	0.36
15. Andy Chong Chi Fei	310,000	0.29
16. Ang Chai Eng	309,000	0.29
17. M & A Nominee (Asing) Sdn. Bhd. - Pedigree Limited	294,000	0.27
18. Abu Seman Bin Hj Yusop	250,000	0.23
19. Prudent Strength Sdn. Bhd.	235,300	0.22
20. Gooi Seow Mee	210,000	0.20

## Analysis Of Shareholdings (Cont'd) as at 3 June 2004

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

Name of Shareholders	No. of Shares held	% of Issued capital
21. Koperasi Angkatan Tentera Malaysia Berhad	200,000	0.19
22. Annapoorni Chandrasekharan	200,000	0.19
23. Wong Kwee Yin	200,000	0.19
24. Puen Tak Hong	190,400	0.18
25. Lim Cheng Hai	190,000	0.18
26. Eng Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Rizal Shah Bin Abdullah @ Mahadevan A L Chellam	175,000	0.16
27. Gooi Seong Lim	170,000	0.16
28. Lim Ah Choo	160,000	0.15
29. Gooi Seong Chneh	160,000	0.15
30. Lim Phaik Ean	160,000	0.15
<b>TOTAL</b>	<b>94,988,900</b>	<b>88.98</b>

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

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

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Issued capital	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	77,127,000	4,000#	72.25	-
Loo Geok Eng	410,000	77,131,000*	0.38	72.25
Gooi Seong Lim	220,000	77,519,000**	0.21	72.62
Gooi Seong Heen	170,000	77,519,000**	0.16	72.62
Gooi Seong Chneh	170,000	77,519,000**	0.16	72.62
Gooi Seong Gum	155,000	77,519,000**	0.15	72.62
Gooi Seow Mee	210,000	77,519,000**	0.20	72.62

Note:-

# Deemed interest through Kim Loong Plantations Sdn. Bhd.

\* Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares).

\*\* Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares), Hengn Yuen Sdn. Bhd. (388,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares).

## Analysis Of Shareholdings (Cont'd) as at 3 June 2004

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Datuk Haji Mohd. Zamani bin Samah	50,000	0.05	-	-
Loo Geok Eng	410,000	0.38	77,131,000*	72.25
Gooi Seong Lim	220,000	0.21	77,519,000**	72.62
Gooi Seong Heen	170,000	0.16	77,519,000**	72.62
Gooi Seong Chneh	170,000	0.16	77,519,000**	72.62
Gooi Seong Gum	155,000	0.15	77,519,000**	72.62
Gooi Seow Mee	210,000	0.20	77,519,000**	72.62
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Mathew K. Mathai	-	-	-	-

Note:-

- \* Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares).
- \*\* Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (77,127,000 shares), Heng Yuen Sdn. Bhd. (388,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares).

## List of Properties

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (acres)	Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2004 RM'000
Kim Loong Resources Berhad							
- CL 085311253	31/12/2077	Oil palm plantation	199.80	31 Jan 2004	Not applicable	}	2,223
- CL 085313079	31/12/2078	Oil palm plantation	949.50	31 Jan 2004	Not applicable	} Nil	10,549
District of Labuk/Sugut, Sabah							
- CL 095317552	31/12/2085	Oil palm plantation	15.00	31 Jan 2004	Not applicable	}	167
- CL 095317561	31/12/2085	Oil palm plantation	14.66	31 Jan 2004	Not applicable	}	161
- CL 095315058	31/12/2085	Oil palm plantation	749.70	31 Jan 2004	Not applicable	}	8,332
- CL 095317436	31/12/2087	Oil palm plantation	35.21	31 Jan 2004	Not applicable	}	392
- CL 095310777	31/12/2078	Oil palm plantation	978.00	31 Jan 2004	Not applicable	} Nil	10,866
- CL 095315049	31/12/2085	Oil palm plantation	849.80	31 Jan 2004	Not applicable	}	9,444
- CL 095316957	31/12/2086	Oil palm plantation	199.70	31 Jan 2004	Not applicable	}	2,217
- CL 095310428	31/12/2077	Oil palm plantation	200.30	31 Jan 2004	Not applicable	}	2,229
- CL 095310982	31/12/2078	Oil palm plantation	989.80	31 Jan 2004	Not applicable	}	11,004
District of Kinabatangan, Sabah							
Selokan Sdn Bhd							
- CL 085311306	31/12/2077	Oil palm and cocoa	300.10	31 Jan 2004	Not applicable	Nil	3,335
District of Labuk/Sugut, Sabah plantation							
Lokan Development Sdn Bhd							
- CL 095310526	31/12/2077	Oil palm plantation	602.30	31 Jan 2004	Not applicable	Nil	6,693
District of Kinabatangan, Sabah							
Suhenson Estate Sdn Bhd							
- CL 085311315	31/12/2077	Oil palm and cocoa	253.30	31 Jan 2004	Not applicable	Nil	2,815
District of Labuk/Sugut, Sabah plantation							
Syarikat Kong Fen Shin & Sons Sdn Bhd							
- CL 085311244	31/12/2077	Oil palm and cocoa	411.50	31 Jan 2004	Not applicable	Nil	4,573
District of Labuk/Sugut, Sabah plantation							
Desa Kim Loong Industries Sdn Bhd							
- CL 135345069	31/12/2080	Factory/quarter	<sup>(1)</sup>	N/A	648	4 years	144
Sook, District of Keningau, Sabah							
Desa Kim Loong Plantations Sdn Bhd							
- CL 095332639	31/12/2086	Oil palm plantation	3,978.00	31 Jan 2004	Not applicable	Nil	33,000
District of Kinabatangan, Sabah							
- CL 095332648	30/06/2032	Oil palm plantation	990.00 <sup>(2)</sup>	31 Jan 2004	Not applicable	Nil	4,000
District of Kinabatangan, Sabah							

## List of Properties (cont'd)

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (acres)	Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2004 RM'000
Okidville Holdings Sdn Bhd - CL 135328782 Sook, District of Keningau, Sabah	31/12/2083	Oil palm plantation	6,850.00	31 Jan 2004	Not applicable	Nil	52,700
- CL 135320295 Mile 32, Keningau-Pensiangan Keningau, Sabah	31/12/2077	Oil palm plantation	389.00	31 Jan 2004	Not applicable	Nil	2,300
Desa Okidville Sdn Bhd - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Oil palm plantation	10,781.00 <sup>(1)</sup>	31 Jan 2004	Not applicable	Nil	70,730
Desa Kim Loong Palm Oil Sdn Bhd - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Palm oil mill	100.00 <sup>(2)</sup>	31 Jan 2004	17,777	1 years	3,962
Kim Loong Palm Oil Mills Sdn Bhd - HS (D) 15057 Kota Tinggi, Johor	Freehold	Palm oil mill	59.74	31 Jan 2004	35,636	7 years	13,808
- HS (D) 708 & HS (D) 709 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	22.85	(10 Mar 2003)	Not applicable	Nil	4,206
- HS (M) 118 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	5.06	(17 Feb 2003)	Not applicable	Nil	451
Tyeco Corporation Sdn Bhd - NT 02313683, NT 02313684 - NT 023192556, NT 023192565 - NT 023192574 District of Papar, Sabah	01/04/2032	Planted with coconut	16.32 <sup>(4)</sup>	Not applicable	Not applicable	Nil	144
Arab-Malaysian Agriculture Sdn Bhd - PTD 5635 Mukim Sungai Segamat, Johor	03/11/2020	Vacant land	988.40	(30 Nov 2003)	Not applicable	Nil	168
			<u>30,929.04</u>				<u>260,613</u>

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

(2) This land was subleased from a third party commencing 1 July 2002.

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

(4) These land were subleased from a third party commencing 2 April 2002.



## 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 Twenty-ninth Annual General Meeting of the Company to be held at at Sheraton Subang Hotel & Towers, Melati Room, Mezzanine Floor, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 26 July 2004 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Re-appointment of Director: Datuk Haji Mohd. Zamani bin Samah		
4.	Re-appointment of Director: Mdm. Loo Geok Eng		
5.	Re-appointment of Director: Mr. Mathew K. Mathai		
6.	Re-election of Director: Mr. Gooi Seong Lim		
7.	Re-election of Director: Mr. Gooi Seong Chneh		
8.	Re-election of Director: Mr. Gan Kim Guan		
9.	Re-appointment of Auditors		
10.	Authority to issue shares		
11.	Proposed Renewal of Shareholders' Mandate		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this Form will be taken to authorise the proxy to vote at his/her discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

\_\_\_\_\_  
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.

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The Secretary

**KIM LOONG RESOURCES BERHAD**

(22703-K)

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

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