



KIM LOONG
RESOURCES BERHAD
(22703-K) (Incorporated In Malaysia)
锦隆资源有限公司

A hand in a dark suit sleeve is shown from the bottom left, holding a single, large, glowing golden oil drop. The background is a warm, golden-yellow color with a blurred image of a palm frond containing a cluster of red palm fruits.

Annual
Report **2003**

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-eighth 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 Tuesday, 29 July 2003 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 2003 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 2003. **(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)**
4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-
Mr. Gooi Seong Heen **(Resolution 5)**
Mr. Mathew K. Mathai **(Resolution 6)**
5. To re-appoint Messrs Liang & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. As Special Business, to consider and if thought fit, to pass the following resolutions:-

ORDINARY RESOLUTION I - AUTHORITY TO ISSUE SHARES

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit, and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange 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 8)**

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

"THAT, subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, approval be and is hereby given to renew the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.5 of the Circular dated 7 July 2003, 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;

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

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 9)**

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Twenty-eighth Annual General Meeting, the final dividend of 4% less tax in respect of the financial year ended 31 January 2003 will be paid on 19 September 2003 to depositors registered in the Record of Depositors on 29 August 2003.

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 29 August 2003 in respect of ordinary transfers; and
- (b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

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

Petaling Jaya
7 July 2003

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 8 -

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 9 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 7 July 2003 which is enclosed together with the Annual Report 2003.



Statement Accompanying Notice of Annual General Meeting

PURSUANT TO PARAGRAPH 8.28 (2) OF THE LISTING REQUIREMENTS OF THE KUALA LUMPUR STOCK EXCHANGE

1. The following are the Directors standing for re-appointment or re-election at the Twenty-eighth Annual General Meeting :-

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

Datuk Haji Mohd. Zamani bin Samah
Mdm. Loo Geok Eng

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

Mr. Gooi Seong Heen
Mr. Mathew K. Mathai

2. (a) There were five (5) Board of Directors' Meetings, all held at Lot 18.02, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, during the financial year ended 31 January 2003. The date and hour of the Meetings were as follows:-

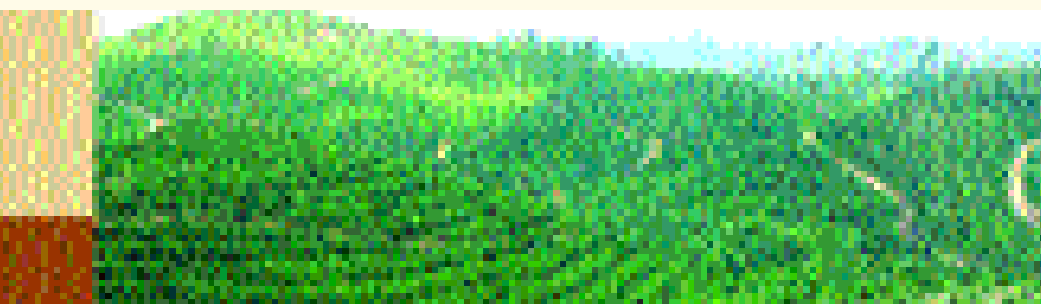
Date of Meetings	Time
Wednesday, 27 March 2002	11.05 a.m.
Thursday, 27 June 2002	11.20 a.m.
Wednesday, 25 September 2002	11.30 a.m.
Friday, 15 November 2002	11.00 a.m.
Thursday, 19 December 2002	4.25 p.m.

(b) Attendance of Directors at the Board Meetings held during the financial year ended 31 January 2003 are as follows :-

Name of Directors	Attendance at Meetings	Percentage of Attendance (%)
Datuk Haji Mohd. Zamani bin Samah	5/5	100
Gooi Seong Lim	5/5	100
Loo Geok Eng (f)	5/5	100
Gooi Seong Heen	4/5	80
Gooi Seong Chneh	5/5	100
Gooi Seong Gum	5/5	100
Gooi Seow Mee (f)	5/5	100
Gan Kim Guan	4/5	80
Mathew K. Mathai	3/5	60
Teoh Cheng Hai	5/5	100

3. The Twenty-eighth 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 Tuesday, 29 July 2003 at 11.00 a.m.

4. The profile of Directors standing for re-appointment or re-election as mentioned in paragraph 1 above at the twenty-eighth Annual General Meeting are set out in pages 7 to 9 of this Annual Report.



Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

SECRETARIES

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

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

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

AUDITORS

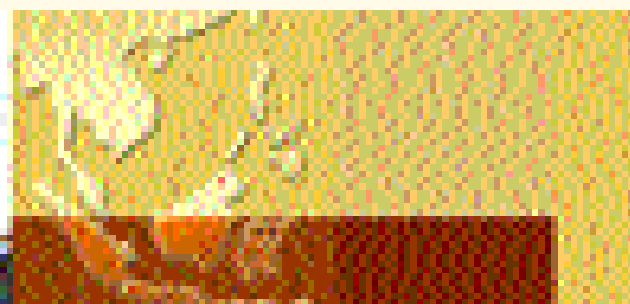
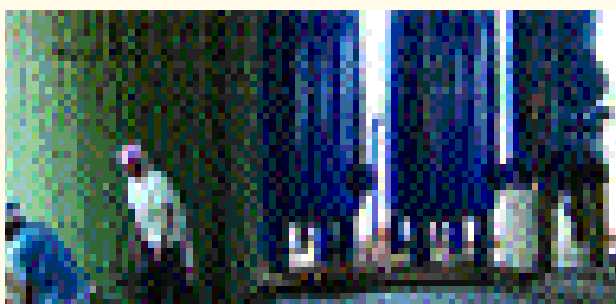
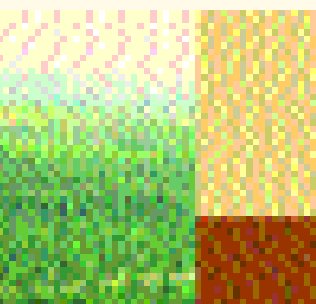
Liang & Co.
Chartered Accountants
(Firm No. AF 0312)
4L, Jalan Tun Abdul Razak (Susur 3)
80000 Johor Bahru

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

The Main Board of the Kuala Lumpur
Stock Exchange



Board of Directors



Sitting from left to right

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

Standing from left to right

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

Profile of Directors



Datuk Haji Mohd. Zamani bin Samah
Independent Chairman

Datuk Haji Mohd. Zamani bin Samah, aged 81, 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 the Kuala Lumpur Stock Exchange ("the KLSE") 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 five (5) Board meetings held during the financial year 2003.



Gooi Seong Lim
Managing Director

Gooi Seong Lim, aged 55, 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 Sharikat 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 the SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2003.



Loo Geok Eng
Executive Director

Loo Geok Eng (f), aged 84, 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 that of oil palm and rubber estate management and property development. She currently sits on the Board of CCB and several other private companies.

Madam Loo has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with the 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 five (5) Board meetings held during the financial year 2003.



Profile of Directors continued



Gooi Seong Heen
Executive Director

Gooi Seong Heen, aged 53, 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 the 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 the SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended four (4) out of the five (5) Board meetings held during the financial year 2003.



Gooi Seong Chneh
Executive Director

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

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with the SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2003.



Gooi Seong Gum
Executive Director

Gooi Seong Gum, aged 48, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor'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 the 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 the SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2003.



Gooi Seow Mee
Executive Director

Gooi Seow Mee (f), aged 46, a Malaysian, was appointed to the Board of KLR on 28 February 1990. She is currently an Executive Director of KLR. She graduated with a Bachelor's degree in Commerce from the University of Toronto in 1980 and later obtained a Master's degree in Business Administration from the University of San Francisco, United States of America in 1986 and a Graduate Diploma in Hotel Management from Domino Carlton Tivoli Hotel Management School, Lucerne, Switzerland in 1992. She was a senior assistant in the Management Service Division of SGV-Kassim Chan, Kuala Lumpur from 1981 to 1984 and was an investment executive with Wearne Brothers Services

Gooi Seow Mee continued

Pte Ltd, a company incorporated in Singapore for one (1) year from 1986 to 1987. Her extensive experience lies in management consultancy, plantation management and property development. From 1980, she has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. She has been involved in the management of the housing development project known as Desa Cemerlang, in Mukim Plentong, District of Johor Bahru, Johor Darul Takzim since 1987. She was also involved in the management of KLR Group's Sabah plantations since 1998. She currently sits on the Board of CCB and several private companies.

Miss Gooi has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with the 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 five (5) Board meetings held during the financial year 2003.



Mathew K. Mathai
Director

Mathew K. Mathai, aged 70, a Malaysian, was appointed to the Board of KLR on 21 July 2000. He is currently a Non-executive Director of KLR. He resigned from the Audit Committee on 28 March 2001 because under the revamped Listing Requirements of the KLSE he is not an Independent Director. He sits as a member of both the Nomination and Remuneration Committees with effect from 27 March 2002. He graduated with Bachelor of Arts Degree in Economics from the University of Malaya in 1957 and is currently a director of a tax consultant firm. He is a director of CCB and 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 five (5) Board meetings held during the financial year 2003.

Family Relationships

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

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



Gan Kim Guan
Senior Independent Director

Gan Kim Guan, aged 41, a Malaysian, was appointed to the Board of KLR as an Independent 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 serves as the Chairman of the Audit Committee. He also sits as a member of both the Nomination and Remuneration Committees with effect from 27 March 2002. He is a partner of a firm of Chartered Accountants. He has extensive experience in auditing, investigation, financial planning and financing related work. He was previously actively involved in the Internal Audit Committee of the Malaysian Institute of Accountants. He is also a director of CCB and an international company incorporated in United Kingdom.

Mr Gan is a member of The Association of Chartered Certified Accountants, and a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended four (4) out of five (5) Board meetings held during the financial year 2003.



Teoh Cheng Hai
Independent Director

Teoh Cheng Hai, aged 58, a Malaysian, was appointed to the Board of KLR as an Independent Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and 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 34 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 an independent consultant on Total Quality and Environment Management and serves as the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature (WWF) Malaysia. He is also a Trustee of Yayasan Anak Warisan Alam (Children's Environmental Heritage Foundation).

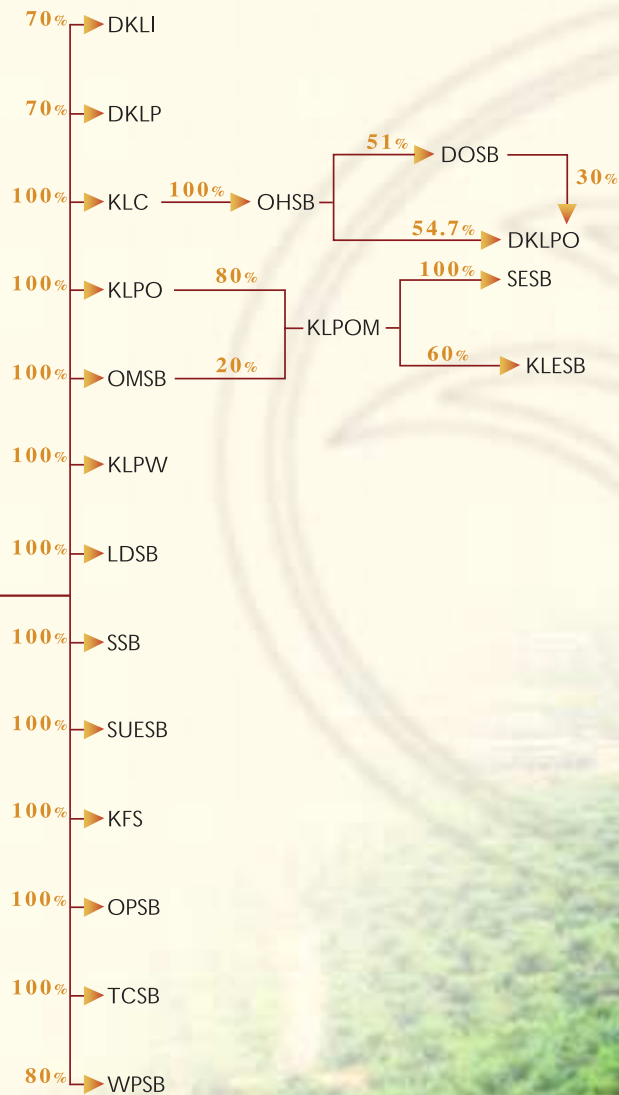
Mr Teoh has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2003.

Group Financial Highlights

	Financial Year ended 31 January				
	1999	2000	2001	2002	2003
INCOME STATEMENT (RM'000)					
Revenue	11,074	12,029	116,641	98,513	147,318
Profit before tax	6,684	5,867	16,894	9,348	14,164
Profit after tax	6,684	4,364	13,289	6,589	9,836
BALANCE SHEET (RM'000)					
Paid-up share capital	10	10	106,750	106,750	106,750
Shareholders' equity	7,771	12,138	169,361	169,254	175,798
Total assets	25,706	32,435	206,884	210,218	231,133
PER SHARE (RM)					
Earnings	668.60	0.13	0.15	0.06	0.10
Net tangible assets	774.30	1,211.00	1.58	1.58	1.64
Dividend	-	-	0.05	0.05	0.06
Weighted average number of share in issue ('000)	10	10	61,187	106,750	106,750
FINANCIAL RATIO (%)					
Return on shareholders' equity (Pre-tax)	86.01	48.34	9.98	5.52	8.06
Return on total assets (Pre-tax)	26.00	18.09	8.17	4.45	6.13
PLANTATIONS					
Plantation area (Acres)					
Oil palm					
Mature	3,926	5,081	5,081	6,895	14,088
Immature	3,055	3,800	14,169	16,718	11,211
Unplanted land	1,900	-	6,800	2,437	745
Cocoa and others	435	435	435	435	411
Total plantable area	9,316	9,316	26,485	26,485	26,455
Infrastructure and unplanted land	443	443	1,342	1,342	1,388
Total land area	9,759	9,759	27,827	27,827	27,843
Production (MT)					
Fresh fruit bunches ("FFB")	21,116	44,477	51,376	59,111	70,623
Yield per mature acre	5.38	8.75	10.11	8.57	5.01
MILLS					
Production and extraction rate					
Crude palm oil ("CPO") (MT)	N/A	N/A	87,150	78,006	73,618
Oil extraction rate (% of FFB)	N/A	N/A	18.13	18.33	18.50
Palm kernel oil ("PKO")(MT)	N/A	N/A	14,917	12,956	11,456
Oil extraction rate (% of palm kernel ("PK"))	N/A	N/A	43.48	42.96	42.84

Group Structure

As at 31 January 2003



DKLI: Desa Kim Loong Industries Sdn. Bhd. (504278-K)

DKLP: Desa Kim Loong Plantations Sdn. Bhd. (416387-H)

KLC: Kim Loong Corporation Sdn. Bhd. (458947-T)

OHSB: Okidville Holdings Sdn. Bhd. (458944-P)

DOSB: Desa Okidville Sdn. Bhd. (463619-U)

DKLPO: Desa Kim Loong Palm Oil Sdn. Bhd. (463620-W)

KLPO: Kim Loong Palm Oil Sdn. Bhd. (30999-P)

OMSB: Okidville Manufacturing Sdn. Bhd. (254996-D)

KLPOM: Kim Loong Palm Oil Mills Sdn. Bhd. (267654-P)

KLPW: Kim Loong Power Sdn. Bhd. (588578-H)

SESB: Sungkit Enterprise Sdn. Bhd. (85011-K)

KLESB: Kim Loong Evergrow Sdn. Bhd. (487153-H)

LDSB: Lokan Development Sdn. Bhd. (43447-H)

SSB: Selokan Sdn. Bhd. (47569-V)

SUESB: Suhenson Estate Sdn. Bhd. (48091-V)

KFS: Syarikat Kong Fen Shin & Sons Sdn. Bhd. (48946-U)

TCSB: Tyeco Corporation Sdn. Bhd. (478277-W)

WPSB: Winsome Plantations Sdn. Bhd. (510158-W)

OPSB: Okidville Plantations Sdn. Bhd. (466683-V)

Statement on Corporate Governance

The Board of KLR is committed to instil a corporate culture that emphasises good corporate governance and is to be practised throughout the Company and its subsidiary companies (“the Group”). The Group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the absolute 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 Malaysian Code of Corporate Governance (“the Code”) in an effort to observe high standards of transparency, accountability and integrity. This is to sustain optimal governance with conscientious accountability for continuous effectiveness, efficiency and competitiveness of the Group.

Set out below are descriptions of how the Group applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code throughout the twelve months ended 31 January 2003.

BOARD OF DIRECTORS

Composition and Balance

The control environment set the tone for the Group and is driven by an effective Board consisting of competent individuals with appropriate specialised 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 oversees 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 of 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. The profiles of the members of the Board are provided in this Annual Report. To ensure a balance of power and authority, the role of the Independent Chairman and the Managing Director of the Group are clearly segregated with defined responsibilities.

The responsibilities for matters material to the Group is in the hands of the Board with no individual having unfettered power to make decision. However, the role of Independent Director is particularly important in ensuring that strategies proposed by the management are fully discussed and examined and takes into account the long term interests, not only of the shareholders, but also employees, customers, suppliers and the communities in which the Group conducts its businesses.

All Independent Directors are independent of management and are free from any relationship that could materially interfere with the exercise of 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.

Meetings and Information

Meetings of the Board have been scheduled every quarter, with additional meetings convened as and when required. During the financial year ended 31 January 2003, five (5) Board meetings were held at Lot 18.02, 18th Floor, Public Bank Tower, No 19 Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. A majority of the Directors attended all Board meetings held during their tenure. Details of the Directors attendance at the Board meetings held in the financial year ended 31 January 2003 are set out in page 4 of this Annual Report.

In advance of each Board meeting, the members of the Board are each provided with relevant documents and information to enable them to discharge their duties. Comprehensive Board papers are presented which detail 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. 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 Directors from time to time visit the business units to have a thorough understanding of their operations. The Group Managing Director has the principal responsibility of explaining, clarifying and informing matters to the Board .

Board Committees

The Board has established three (3) committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to assist the Board in the execution of its responsibilities. All the three committees (“the Board Committees”) do not have executive powers but report to the Board on all matters considered and their recommendations thereon. The terms of reference of the Board Committees have been approved by the Board and, where applicable, comply with the recommendations of the Code and are set out in page 18 to 22 of this Annual Report.

BOARD OF DIRECTORS continued

Appointment and election to the Board

All directors appointed by the Board are subject to election by shareholders at the Annual General Meeting ("AGM"). One third (1/3) or the nearest to one third of the Board members, except for the Managing Director and Directors retiring under other Articles or Companies Act, 1965, retire at regular intervals by rotation and are eligible for re-election. Directors who are above 70 years of age retire at every 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 subject to retirement at the end of the period.

Directors' Remuneration

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

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

A summary of the remuneration band of the Directors for the financial year ended 31 January 2003 is indicated in the chart below: -

Category	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	45	676	-	721
Non-executive Directors	227	8	-	235

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

Executive Directors	Number
RM50,000 – RM100,000	-
RM100,001 – RM150,000	6
Non-executive Directors	Number
RM0 – RM50,000	2
RM50,001 – RM100,000	2

The Directors fees not exceeding RM400,000 per annum in aggregate have been approved earlier by the shareholders.

Director's Training

Apart from the Mandatory Accreditation Programme for Directors of Public Listed Companies advocated by the KLSE the Group encourages its Directors to attend training programme on a continuous basis to enhance their understanding and keep abreast with current developments.

INVESTORS AND SHAREHOLDERS

Investors and Shareholders Relationship

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

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

Statement on Corporate Governance continued

INVESTORS AND SHAREHOLDERS continued

Investors and Shareholders Relationship continued

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 fourteen (14) days prior to the meeting. Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution. Much effort is undertaken by the Company to produce an Annual Report which is informative with facts and figures, and a statutory report with disclosures and explanatory notes.

At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions 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 the KLSE. Other public information and significant items affecting the Group are reported through the KLSE from time to time via KLSE Link announcements. In addition, the Group has also set up a web-site to link and reach out to all interested parties. Efforts are being taken to update the website with comprehensive information on the Group.

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 in consensus 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 assessments on the Group's performance.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965, is set out in page 36 of this Annual Report.

Internal Control

The Board recognises the pivotal role of a strong internal control system in keeping the Group on course for maximising shareholders value. An effective internal control system is essential to ensure that the affairs and management of the Group are conducted responsibly with clear lines of control and accountability. The rationale of the system of internal control is to enable the Group to achieve its corporate objectives within an acceptable risk level and effectiveness of internal control has to be viewed in such context since elimination of risk may not be absolutely achievable at acceptable cost.

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

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

The Board undertakes ongoing reviews on key commercial and financial risks facing the Group's business activities together with more general risks such as those relating to compliance with laws and regulations. Monitoring arrangements that have been put in place give reasonable assurance that the structure on control and operations are appropriate to manage the Group's risks throughout their businesses.

Relationship with the Auditors

Through the Audit Committee, the Group established a good working relationship with its External Auditors. There were no non-audit fees paid to the External Auditors during the financial year 2003.

The role of the Audit Committee in relation to the External Auditors is set out in page 19 of this Annual Report.

Convictions for Offences

None of the Directors has been convicted of offences within the past ten (10) years other than traffic offences.

Statement on Internal Control

INTRODUCTION

This report is issued to comply with the following: -

- Malaysian Code of Corporate Governance (“the Code”) which requires public listed companies to maintain a reliable system of internal control to safeguard shareholder’s investments and the Group’s assets;
- The Listing Requirements of the KLSE which requires directors of public listed companies to include a statement in annual report on the state of their internal control; and
- The KLSE Statement on Internal Control: Guidance for Directors of Public Listed Companies (“Guidance”) which provides a guide for compliance with these requirements.

Set out below are the methods applied by the Board of KLR to issue the Internal Control Statement.

RESPONSIBILITY OF THE BOARD

The Board recognises that the overall responsibility 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 Company’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 error, loss or fraud.

The Board sets the policy on internal control after considering the overall control environment of the organisation, a proper assessment of the operational and financial risks and an effective monitoring mechanism. The Group’s Managing Director and its management carry out the process of implementation and maintenance of the control systems.

APPROACH TO RISK MANAGEMENT AND CONTROL

The Company is committed to provide consistent high quality returns to its shareholders. As a result, risk management and controls play an integral part of achieving this objective. The delivery of superior shareholder returns depends on achieving the appropriate balance between risk and return in the day-to-day business. Thus, internal control mechanisms are embedded in the Company’s work processes.

On 27 March 2002, the Board set up a Risk Management Committee (“the RMC”) comprising the Managing Director, several Executive Directors, key management and internal audit personnel. The RMC reports to the Audit Committee and the Audit Committee then reports to the Board. The Board through the Audit Committee defines the overall risk appetite that governs the RMC. The Audit Committee in its meetings also discusses the Board’s attitude towards various types of risk and what risks are generally acceptable to the Board and also when there is a change in the risk appetite. The risks and the measures taken are deliberated on and the Audit Committee recommends suitable follow-up actions to be taken.

The Group adopts an enterprise-wide risk management policy. This policy framework identifies and manages the significant risks affecting the Group as a whole taking into consideration both internal and external factors. The Board reviews this policy framework on a periodic basis, while the risk reports are examined on a quarterly basis. Currently, the RMC is in the process of reviewing, identifying, evaluating and trying to manage all significant risks that may affect the achievement of the Group business objectives. The Group intends to embark on a Corporate Risk Scorecard to better assess and capture the Group’s internal control and overall risk profile, with a focus on operational risk. The Scorecard maps out various risks identified by the Working Groups and classifies them into respective quadrants based on the possibility of a risk event occurring and its impact. This provides the senior 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.

In addition, any individual may report suspected breaches of laws or regulations or other improprieties to the Managing Director, the Chairman of the Audit Committee or the manager of the Internal Auditors for further action.

RISK CONTROL PROCESS

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

- An organisation 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.
- During their meetings, the Audit Committee deliberates the findings and recommendations for improvement by both the Internal and External Auditors on the state of internal control system, and reports back to the Board

Statement on Internal Control continued

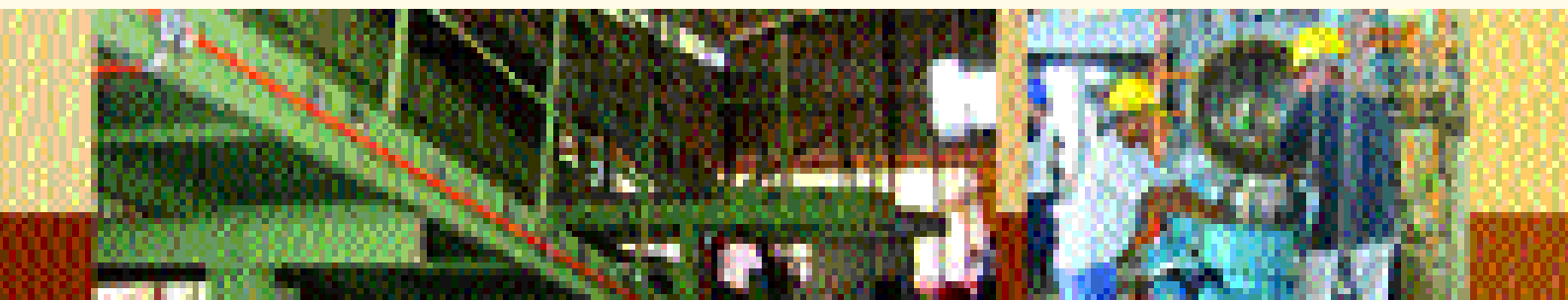
RISK CONTROL PROCESS continued

- 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 to the Board with their recommendations.
- Performance and cash flow reports are provided to management to review and monitor the financial performance and cash flow position.
- Detailed budgeting process, where estate prepares budget for the coming year, which includes the financial and operation targets and capital expenditure proposals for approval by Executive Directors.
- The Internal Auditors carry out reviews of the internal control system. Results of such reviews are reported regularly to the Audit Committee. The work of the Internal Auditors is focused on areas of priority as identified by risk analysis and in accordance with an annual audit plan approved by the Audit Committee.

- Regular visits to business units by members of the Board and senior management staff with emphasis on the monitoring and control of expenditure and work progress.
- Regular visit to estates by the Planting Advisor with emphasis on agronomic practices and work progress.

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

This statement has been reviewed by the External Auditors and they have reported their observation, if any, to the Board.



Statement on Directors' Responsibilities

In Respect of the Audited Financial Statements

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

In preparing the financial statements, the Directors have:

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

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



Audit Committee



COMPOSITION OF MEMBERS

1. Member

The Audit Committee presently consists of the following members:

Chairman : Gan Kim Guan

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

Secretaries: Chong Fook Sin
Ng Kam May

2. Meetings

During the financial year ended 31 January 2003, the Audit Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:

Name	Date 27.03.2002	Date 27.06.2002	Date 25.09.2002	Date 19.12.2002
Gan Kim Guan	✓	x	✓	✓
Datuk Haji Mohd. Zamani bin Samah	✓	✓	✓	✓
Gooi Seong Heen	✓	✓	✓	x
Teoh Cheng Hai	✓	✓	✓	✓

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 to be planned, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda will be sent to all members of the Audit Committee and any other persons who may be required/invited to attend. Quarterly results and annual financial statements are reviewed by the Audit Committee before being presented to the Board for approval.
- 2.3 In addition to the above, upon request of any member of the Audit Committee, the External Auditors or the Internal Auditors and the 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 and 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 Requirements of the KLSE.

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 Committee from amongst their members and shall be an independent director.

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

2. Attendance at Meetings

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

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

- (i) To review the following and report the same to the Board;
 - a. with the External Auditors, their audit plan;
 - b. with the External Auditors, their evaluation of the system of internal control;
 - c. with the External Auditors, their audit reports;
 - d. the assistance given by employees of the Group to the External Auditors;
 - 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 programme, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
 - g. the quarterly results and year end financial statements, prior to approval by the Board, 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 transactions and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. any letter of resignation from the External Auditors of the Company; and
 - j. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.
- (ii) To recommend the nomination of a person or persons as External Auditors.

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

1. Details of the Meetings

The principal business of these meetings were:

- a. Meeting with the 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;

Audit Committee continued

REPORTS AND MINUTES continued

1. Details of the Meetings continued

- 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 resources and has appropriate standing within the Group.
- b. Before the release of quarterly results,
- To review the quarterly report on results for adequate and appropriate disclosures; and
 - To discuss the impact of any changes in accounting or financial reporting policies, significant adjustments, significant unusual transactions and the going concerned assumption.
- c. After the completion of the annual statutory 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 transactions 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 of the Audit Committee

During the financial year ended 31 January 2003, the activities of the Audit Committee included:

- a. Review of unaudited quarterly results and the Audited Financial Statements of the Group and of the Company and recommending for approval of the Board, upon being satisfied that, inter-alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with. Any significant issues resulting from the audit by the External Auditors have been noted.
- b. Review and approval of the annual internal audit plan for the financial year 2004. In its review of the annual internal audit plan, the Audit Committee considered the scope and coverage over the activities of the respective business units of the Group and the basis of assessment and risk rating of the proposed areas of audit.
- c. Review of related party transactions and conflict of interest situations that may arise within the Group.
- d. Review of the Risk Management activities



Remuneration Committee

COMPOSITION OF MEMBERS

1. Members

The Remuneration Committee consists of 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 consist of at least three(3) directors, wholly or a majority of whom are non-executive directors.

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

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

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

2. Frequency of Meetings

Meetings 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 Executive Directors in all its forms. Executive Directors should play no part in decisions 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 the meetings of the Committee to all members of the Board.

2. Summary of Activities of the Remuneration Committee

The Committee met once during the financial year ended 31 January 2003. Teoh Cheng Hai, Gan Kim Guan and Mathew K. Mathai attended the meeting. Gooi Seong Lim did not attend the meeting.

The meeting elaborated and discussed the Committee's mandate and affirmed their role to formulate and recommend the level of remuneration of Executive Directors.



Nomination Committee

COMPOSITION OF MEMBERS

1. Members

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

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

In order to form a quorum in respect of a meeting of the Nomination Committee, the members present must be wholly or a majority of whom must be independent directors.

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

2. Frequency of Meetings

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

3. Authority

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

4. Function of Remuneration Committee

The duties of the Nomination Committee shall be: -

- (i) to recommend to the Board, candidates for all directorships and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Managing Director / Chief Executive Officer and, within the bounds of practicability, any other senior executive or any director or shareholder may also be considered.
- (ii) to recommend to the Board, Directors to fill the seats on the Board Committees.
- (iii) to review annually, on behalf of the Board, the required mix of skills, experiences 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

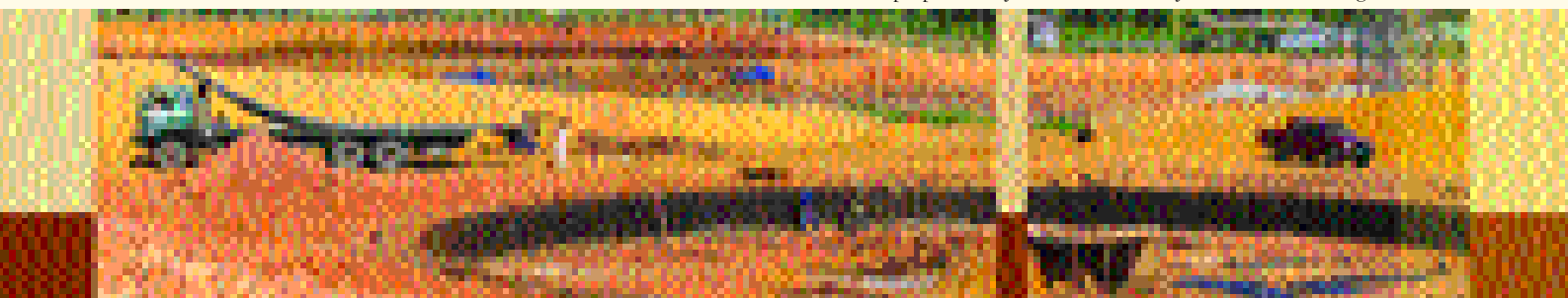
The Company Secretary shall circulate the minutes of the meetings of the Nomination Committee to all members of the Board.

2. Summary of Activities of the Nomination Committee

The Committee met once during the financial year ended 31 January 2003. All members attended for the meeting.

The meeting elaborated and discussed the Committee's mandate and affirmed their role to formulate and recommend candidates for all directorships.

The site preparation for the extension of our mill in Keningau, Sabah



Chairman's Statement

On behalf of the Board of KLR, I am pleased to present to you the Annual Report and Financial Statements for the financial year ended 31 January 2003.



Datuk Haji Mohd. Zamani bin Samah
Independent Chairman

RESULTS

The Group achieved a revenue and profit before tax ("PBT") of RM147.3 million and RM14.2 million respectively for the current financial year 2003. This represents an increase of 50% in revenue and 52% in PBT as compared to RM98.5 million and RM9.3 million respectively recorded in the preceding financial year 2002.

The 50% increase in revenue amounted to RM48.8 million, of which RM38.3 million was contributed by the palm oil milling operation and RM10.5 million from the plantation operation. The improved revenue from the plantation operation was mainly due to higher palm oil prices and increase in Fresh Fruit Bunches ("FFB") production. For the palm oil milling operation, the increase in revenue was mainly due to higher palm oil prices.

In terms of profit, the PBT for the plantation operation recorded an impressive increase of 3.7 times or RM6.5 million. However, PBT for the palm oil milling operation declined by RM1.5 million mainly on account of competition for FFB supplies resulting in lower quantity of FFB processed. The net increase in PBT was RM4.8 million.

For the plantation operation, the area under mature oil palm increased by approximately 7,200 acres in the financial year 2003.

DIVIDEND

The Board is pleased to recommend a final dividend of 4 sen per share, less 28% tax (2002: 3 sen per share, less 28% tax, making a total dividend of 6 sen per share, less 28% tax (2002: 5 sen per share, less 28% tax) for the financial year 2003.

PALM OIL MILLING OPERATION

The palm oil milling operation recorded a drop in PBT of RM1.5 million which was mainly attributable to lower quantity of FFB processed and lower processing margin as a result of competition for FFB supplies among surrounding millers.

The weighted average price of Crude Palm Oil ("CPO") and Palm Kernel Oil ("PKO") increased by 50% and 48% respectively, but the CPO and PKO production quantity dropped by 6% and 8% respectively as compared to the preceding financial year.

In terms of FFB processed, the volume dropped by 6% from approximately 426,000 Metric Tonnes ("MT") in the financial year 2002 to 398,000 in the financial year 2003.

The palm oil milling operation contributed 40.7% (2002 : 76.2%) of the Group's PBT for the financial year 2003. The decrease in PBT was cushioned by the additional PBT of RM6.5 million contributed by the plantation operation.

Chairman's Statement continued

PLANTATION OPERATION

Higher revenue and PBT recorded by the plantation operation for the financial year 2003 was mainly contributed by higher palm oil prices and FFB production. The PBT has increased to RM8.9 million, compared to RM2.4 million in the financial year 2002.

The weighted average selling price of FFB increased by more than 70% and the FFB production has increased by approximately 19% or 11,500 MT due to increased mature acreage and a more productive age profile of palms.

The total mature acreage for oil palm plantation increased from 6,900 acres to 14,100 acres in the financial year 2003 which represents approximately 56% of total planted area. However, as productivity in the first one to two years of maturity is normally low, the overall average yield per acre of the Group was lowered by inclusion of the newly matured areas.

During the financial year 2003, the Group has planted approximately 1,700 additional acres of oil palm as compared to 4,400 acres in the previous financial year. The total planting and maintenance cost for immature oil palms for the financial year 2003 amounted to RM6.0 million as compared to RM18.6 million in the financial year 2002.

RESEARCH AND DEVELOPMENT

The Group has developed the expertise and technologies to recycle the bio-mass and effluent solids and convert them into value added products such as compost and bio-fertilizers. We are actively developing the market for commercial sale of such products as well as providing consultancy services to interested parties.

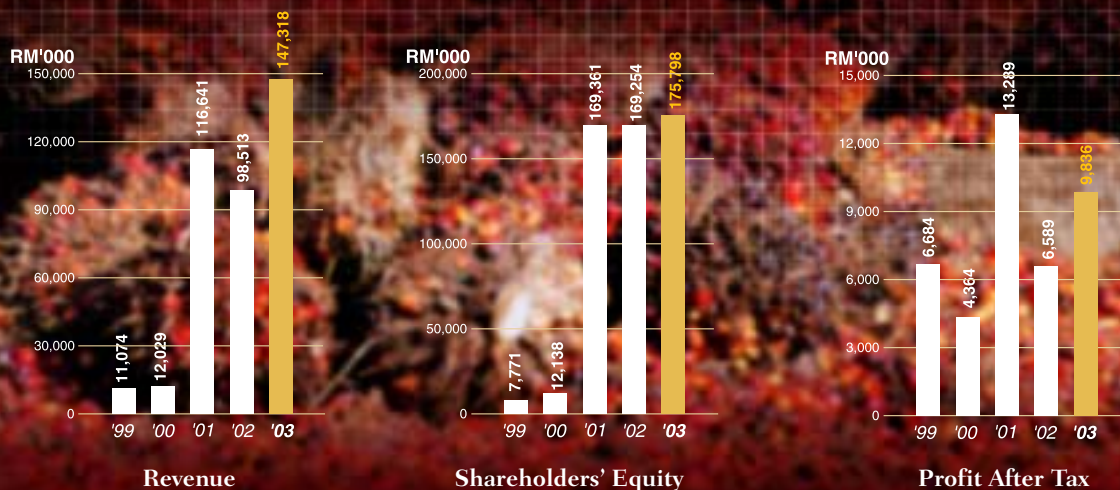
ENVIRONMENTAL MANAGEMENT

In the course of its commercial 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 operation, environmentally friendly practices such as use of barn owls 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 palm oil mill at Kota Tinggi, Johor, 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 bio-gas from the effluent treatment plant and the production of biodegradable packaging materials from EFB.

DEVELOPMENT AND PROSPECTS

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

For the palm oil milling operation, the new mill in Keningau, Sabah which commenced operations in February 2003 with a capacity of 15MT of FFB per hour, will improve the earning capacity of the palm oil milling operation. In the financial year 2004, the Group will carry out expansion of the mill in Keningau which will eventually increase the production capacity of that mill to at least 45MT of FFB per hour. The expansion is expected to be completed in the second quarter of the financial year 2005. 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 end of the financial year 2004.



DEVELOPMENT AND PROSPECTS continued

For the plantation operation, the Group's land bank increased by 2,000 acres through acquisition and sublease in the first quarter of the financial year 2004, of which 1,000 acres is a mature estate. Furthermore, approximately 8,800 acres of oil palm plantation will be declared as mature in the financial year 2004 and another 3,100 acres in the subsequent financial year. This will enable the Group to achieve significant increase in FFB production in the next few years because of the increasing mature acreage and a more productive age profile of palms. For the financial year 2004, the Group is expected to benefit from higher FFB production and satisfactory palm oil prices. However, average yield per acre is expected to continue to be affected by the inclusion of newly matured areas.

The Group will further intensify efforts to improve efficiency, productivity and cost effectiveness in its operations to enhance the competitive position of the Group.

Based on the above factors and barring any unforeseen circumstances, the Board expects that the Group's performance to be satisfactory for the financial year ending 31 January 2004.

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 2003

The first palm oil mill in Keningau, Sabah



Penyata Pengerusi

Bagi pihak Lembaga Pengarah KLR, saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Teraudit bagi tahun kewangan berakhir 31 Januari 2003.

KEPUTUSAN

Kumpulan telah mencatatkan hasil dan keuntungan sebelum cukai ("PBT") masing-masing adalah sebanyak RM147.3 juta dan RM14.2 juta bagi tahun kewangan 2003 berbanding dengan RM98.5 juta dan RM9.3 juta bagi tahun kewangan 2002. Ini melambangkan peningkatan hasil dan PBT sebanyak 50% dan 52%.

Kenaikan sebanyak 50% dalam hasil yang berjumlah RM48.8 juta, di mana RM38.3 juta disumbang oleh operasi pengilangan minyak sawit dan RM10.5 juta daripada operasi perladangan. Peningkatan hasil daripada operasi perladangan ini adalah disebabkan oleh kenaikan harga minyak sawit dan peningkatan pengeluaran tandan buah segar ("FFB"). Bagi operasi pengilangan minyak sawit, peningkatan hasil adalah disebabkan harga minyak sawit yang lebih tinggi.

Dari segi keuntungan, PBT operasi perladangan mencatatkan kenaikan yang mengagumkan iaitu sebanyak 3.7 kali ganda atau RM6.5 juta. Walau bagaimanapun, PBT operasi pengilangan minyak sawit telah menurun sebanyak RM1.5 juta. Ini adalah disebabkan pemprosesan jumlah kuantiti FFB yang lebih rendah akibat daripada persaingan untuk mendapatkan bekalan FFB. Kenaikan bersih PBT ialah RM4.8 juta.

Bagi operasi perladangan, kawasan yang ditanam dengan pokok kelapa sawit matang meningkat sebanyak lebih kurang 7,200 ekar pada tahun kewangan 2003.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir sebanyak 4 sen sesaham, ditolak 28% cukai (2002: 3 sen bagi sesaham, ditolak 28% cukai), menjadikan jumlah dividen sebanyak 6 sen sesaham, ditolak 28% cukai (2002: 5 sen sesaham, ditolak 28% cukai) bagi tahun kewangan 2003.

OPERASI PENGILANGAN MINYAK SAWIT

Operasi pengilangan minyak sawit telah mencatatkan penurunan PBT sebanyak RM1.5 juta di mana sebahagian besarnya disebabkan oleh jumlah kuantiti FFB yang diproses berkurangan dan margin pemprosesan yang rendah akibat daripada persaingan di antara pengilang-pengilang yang berdekatan untuk mendapatkan bekalan FFB.

Harga purata pasaran minyak sawit mentah ("CPO") dan minyak isirung sawit ("PKO") masing-masing meningkat sebanyak 50% dan 48%, tetapi kuantiti pengeluaran CPO dan PKO masing-masing menurun sebanyak 6% dan 8% jika berbanding dengan tahun kewangan sebelumnya.

Dari segi pemprosesan FFB, kuantiti FFB yang diproses menurun sebanyak 6% daripada kira-kira 426,000 tan metrik ("MT") bagi tahun kewangan 2002 kepada 398,000 bagi tahun kewangan 2003.

OPERASI PENGILANGAN MINYAK SAWIT sambungan

Operasi pengilangan minyak sawit telah menyumbang sebanyak 40.7% (2002 : 76.2%) kepada PBT Kumpulan bagi tahun kewangan 2003. Penurunan PBT telah dikurangkan oleh PBT tambahan yang disumbang oleh operasi perladangan yang berjumlah RM6.5 juta.

OPERASI PERLADANGAN

Operasi perladangan mencatatkan hasil dan PBT yang tinggi pada tahun kewangan 2003. Ini disumbangkan oleh harga minyak sawit yang lebih tinggi dan peningkatan dalam pengeluaran FFB. PBT telah meningkat sebanyak RM8.9 juta, berbanding dengan RM2.4 juta pada tahun kewangan 2002.

Harga jualan purata berwajaran FFB meningkat melebihi 70% dan pengeluaran FFB telah meningkat lebih kurang 19% atau 11,500 MT akibat kawasan matang yang lebih luas dan profil umur pokok kelapa sawit yang lebih produktif.

Jumlah kawasan matang bagi perladangan kepala sawit telah meningkat dari 6,900 ekar kepada 14,100 ekar pada tahun kewangan 2003 di mana mewakili kira-kira 56% daripada jumlah kawasan yang ditanam dengan kelapa sawit. Walau bagaimanapun, produktiviti dalam dua tahun yang pertama biasanya lebih rendah, purata hasil keseluruhan setiap ekar bagi Kumpulan telah dikurangkan dengan kemasukan kawasan-kawasan matang yang baru.

Kumpulan telah menanam kira-kira 1,700 ekar kelapa sawit lagi pada tahun kewangan 2003 berbanding dengan 4,400 ekar yang ditanam pada tahun kewangan sebelumnya. Jumlah kos penanaman dan penyelenggaraan bagi kelapa sawit belum matang pada tahun kewangan 2003 adalah sebanyak RM6.0 juta berbanding dengan RM18.6 juta pada tahun kewangan 2002.

PENYELIDIKAN DAN PEMBANGUNAN

Kumpulan telah berjaya memajukan kepakaran dan teknologi untuk mengitar semula bio-jisim dan pepejal efluen dan menukarkannya kepada produk tambah nilai seperti kompos dan baja bio-logi. Kami dengan giatnya sedang membangunkan pasaran jualan komersial produk yang dikeluarkan dan juga menawarkan perkhidmatan pakar runding kepada pihak yang berminat.

PENGURUSAN PERSEKITARAN

Semasa operasi komersial dijalankan, Kumpulan telah mengambil langkah-langkah yang wajar untuk memastikan bahawa peraturan yang ditetapkan oleh kerajaan dipatuhi, terutamanya rawatan efluen. Untuk mencapai suasana mesra alam, operasi perladangan mengamalkan penggunaan burung hantu jelapang untuk mengawal serangan tikus secara biologi. Ia juga menggunakan tandan buah kosong ("EFB") sebagai sungkup di kawasan ladang. Walaupun terdapat kemajuan dalam pengeluaran baja bio-logi dan kompos dari EFB yang diperolehi dari kilang minyak sawit di Kota Tinggi, Johor, Kumpulan terus menumpu perhatian atas penggunaan maksimum bahan-bahan sisa dan hasil sampingan. Bahagian yang sedang disiasat dengan aktif termasuk kojana daripada EFB dan bio-gas dari kilang rawatan efluen dan pengeluaran bahan-bahan pembungkusan biodegradasi daripada EFB.

PEMBANGUNAN DAN PROSPEK

Prospek industri kelapa sawit kelihatan baik memandangkan harga minyak sawit yang baik akibat kekurangan minyak dan lemak pemakanan.

Dengan adanya kilang minyak sawit yang baru di Keningau, Sabah yang mula beroperasi pada bulan Februari 2003 yang mempunyai kapasiti pengeluaran 15 MT sejam, ia dapat meningkatkan kapasiti perolehan operasi pengilangan minyak sawit. Pada tahun kewangan 2004, Kumpulan akan melaksanakan langkah-langkah pembesaran kilang minyak sawit di Keningau daripada kapasiti pengeluaran 15 MT FFB sejam kepada kapasiti pengeluaran sekurang-kurangnya 45 MT FFB sejam. Pengembangan kilang minyak sawit diharap akan sempurna pada suku kedua tahun kewangan 2005. Kilang minyak sawit di Kota Tinggi pula akan melabur ke atas sebuah loji yang dapat mengekstrakan baki minyak yang tertinggal dalam serabut kelapa sawit yang telah diproses. Loji ini dijangka beroperasi pada akhir tahun kewangan 2004.



Penyata Pengerusi sambungan

PEMBANGUNAN DAN PROSPEK sambungan

Bagi operasi perladangan pula, bank tanah Kumpulan telah bertambah sebanyak 2,000 ekar yang didapati melalui pemerolehan dan penyewaan pada suku pertama tahun kewangan 2004, di mana 1,000 ekar daripadanya adalah ladang matang. Tambahan pula, kira-kira 8,800 ekar ladang kelapa sawit akan diisytiharkan matang pada tahun kewangan 2004 dan 3,100 ekar lagi akan diisytiharkan pada tahun kewangan berikutnya. Ini membolehkan Kumpulan mencapai peningkatan yang tinggi dalam pengeluaran FFB pada tahun yang akan datang akibat kawasan matang yang lebih luas dan profil umur pokok kelapa sawit yang lebih produktif. Pada tahun kewangan 2004, pengeluaran FFB yang lebih tinggi dan harga minyak sawit yang memuaskan dijangka akan membawa faedah kepada Kumpulan. Walau bagaimanapun, purata hasil setiap ekar dijangka akan terus dipengaruhi oleh kawasan-kawasan yang baru matang.

Kumpulan seterusnya akan lebih giat dalam mengusahakan kecekapan, produktiviti dan keberkesanan kos operasinya untuk menambahkan taraf kompetitifnya.

Berdasarkan faktor-faktor di atas dan dengan ketiadaan keadaan di luar jangkaan, pihak Lembaga Pengarah menjangkakan prestasi Kumpulan adalah memuaskan bagi tahun kewangan berakhir 31 Januari 2004.

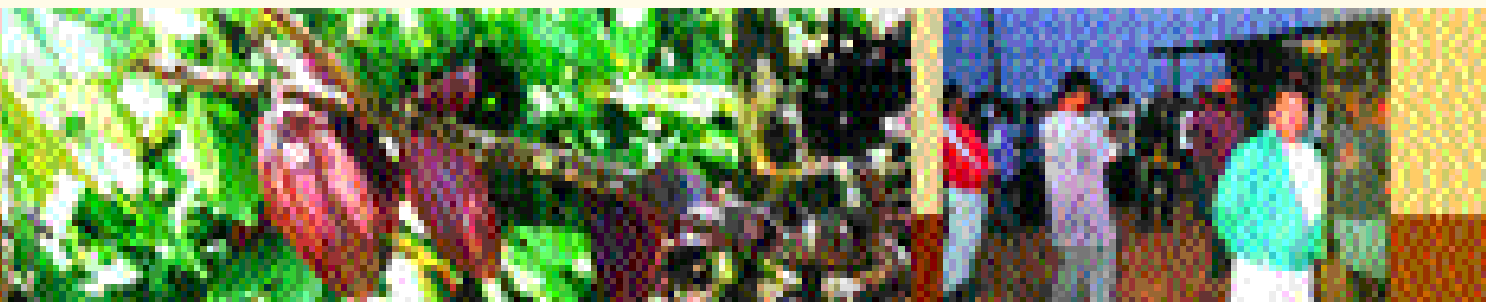
PENGHARGAAN

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 2003



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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2003.

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 5 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	9,835,898	9,140,568
Minority interests	550,243	-
Net profit for the financial year	<u>10,386,141</u>	<u>9,140,568</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 2002, as shown in the Directors' report of that year, a final gross dividend of 3 sen per share on 106,750,000 ordinary shares, less tax, paid on 25 September 2002	2,305,800
In respect of the financial year ended 31 January 2003, an interim gross dividend of 2 sen per share on 106,750,000 ordinary shares, less tax, paid on 28 January 2003	1,537,200
	<u>3,843,000</u>

The Directors recommend the payment of a final gross dividend in respect of the financial year ended 31 January 2003 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' Report continued

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

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

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

Directors' benefits

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

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

Directors' interest in shares and debentures

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

	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2002	Bought	Sold	At 31.1.2003
Datuk Haji Mohd. Zamani bin Samah				
- direct interest	50,000	-	-	50,000
Gooi Seong Lim				
- direct interest	220,000	-	-	220,000
- indirect interest	76,019,000	1,500,000	-	77,519,000
Loo Geok Eng (f)				
- direct interest	410,000	-	-	410,000
- indirect interest	75,631,000	1,500,000	-	77,131,000
Gooi Seong Heen				
- direct interest	170,000	-	-	170,000
- indirect interest	76,019,000	1,500,000	-	77,519,000

Directors' Report continued

Directors' interest in shares and debentures continued

	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2002	Bought	Sold	At 31.1.2003
Gooi Seong Chneh				
- direct interest	210,000	-	40,000	170,000
- indirect interest	76,019,000	1,500,000	-	77,519,000
Gooi Seong Gum				
- direct interest	155,000	-	-	155,000
- indirect interest	76,019,000	1,500,000	-	77,519,000
Gooi Seow Mee (f)				
- direct interest	210,000	-	-	210,000
- indirect interest	76,019,000	1,500,000	-	77,519,000

Number of ordinary shares of RM1 each in related corporations

<u>Direct Interest</u>	At 1.2.2002	Bought/ Converted	Sold	At 31.1.2003
Crescendo Corporation Berhad				
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)	1,365,026	599,010	-	1,964,036

Crescendo Overseas Corporation Sdn. Bhd.

Gooi Seong Lim	9,800	-	-	9,800
Gooi Seong Heen	9,800	-	-	9,800
Gooi Seong Chneh	9,800	-	-	9,800
Gooi Seong Gum	9,800	-	-	9,800
Gooi Seow Mee (f)	9,800	-	-	9,800

Panoramic Housing Development Sdn. Bhd.

Gooi Seong Lim	4,560	-	-	4,560
Gooi Seong Heen	4,560	-	-	4,560
Gooi Seong Chneh	4,560	-	-	4,560
Gooi Seong Gum	4,560	-	-	4,560
Gooi Seow Mee (f)	4,560	-	-	4,560

Number of Irredeemable Convertible Unsecured Loan Stocks in a related corporation, Crescendo Corporation Berhad

<u>Direct Interest</u>	At 1.2.2002	Bought	Converted	At 31.1.2003
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
Gooi Seow Mee (f)	-	546,010	546,010	-

Directors' Report continued

Directors' interest in shares and debentures continued

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

<u>Direct Interest</u>	At 1.2.2002	Granted	Exercised	At 31.1.2003
Gooi Seong Lim	-	308,000	-	308,000
Loo Geok Eng (f)	-	266,000	-	266,000
Gooi Seong Heen	-	308,000	-	308,000
Gooi Seong Chneh	-	266,000	-	266,000
Gooi Seong Gum	-	266,000	-	266,000
Gooi Seow Mee (f)	-	266,000	53,000	213,000

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

	At 1.2.2002	Bought	Sold	At 31.1.2003
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.

Directors' Report continued

Statutory information on the financial statements

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

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

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.

Directors' Report continued

Holding and ultimate holding company

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

Auditors

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

Signed in accordance with a resolution of the Directors

.....
GOOI SEONG LIM
Director

.....
GOOI SEONG HEEN
Director

Dated : 27 May 2003

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 38 to 68 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 2003 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 : 27 May 2003

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 38 to 68 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 27 May 2003) **GOOI SEONG LIM**

Before me,

Sawin @ Safari Bin Suyut P.I.S.

Commissioner for Oaths

Report of the Auditors

to the Members of Kim Loong Resources Berhad

(Incorporated In Malaysia)

We have audited the financial statements set out on pages 38 to 68. 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 so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 January 2003 and of the results, of 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 : 27 May 2003

SOONG AH CHYE

Approval Number : 1767/5/04 (J)

Partner of the firm

Consolidated Balance Sheet

As at 31 January 2003

	NOTE	2003 RM	2002 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	205,311,136	186,316,057
Quoted investments	6	4,907,595	8,334,169
Development expenditure	7	269,748	298,253
		210,488,479	194,948,479
CURRENT ASSETS			
Inventories	8	7,210,838	7,040,867
Trade debtors	9	3,160,789	2,114,552
Other debtors, deposits and prepayments		4,804,378	2,345,511
Tax recoverable		2,316,150	552,833
Amount owing by holding company		-	11,367
Amount owing by related companies	11	133,175	79,743
Bank and cash balances	12	3,018,924	3,125,240
		20,644,254	15,270,113
CURRENT LIABILITIES			
Trade creditors	13	5,386,414	6,364,172
Other creditors and accruals		4,072,887	3,140,522
Amount owing to holding company	14	59,331	-
Amount owing to related companies	11	222,624	172,530
Bank borrowings (secured)	15	11,942,926	2,567,146
Provision for tax		-	838,026
		21,684,182	13,082,396
Net Current (Liabilities)/Assets		(1,039,928)	2,187,717
NON-CURRENT LIABILITIES			
Bank borrowings (secured)	15	24,030,000	18,000,000
Other borrowings	16	5,891,912	6,479,772
Deferred tax	17	1,556,000	1,353,000
		31,477,912	25,832,772
		177,970,639	171,303,424
CAPITAL AND RESERVES			
Share capital	18	106,750,000	106,750,000
Reserves	19	69,047,605	62,504,464
		175,797,605	169,254,464
Minority interests		2,173,034	2,048,960
		177,970,639	171,303,424

Consolidated Income Statement

For the Financial Year Ended 31 January 2003

	NOTE	2003 RM	2002 RM
Revenue	23	147,318,429	98,513,030
Cost of sales	24	(126,406,631)	(81,932,198)
Gross profit		20,911,798	16,580,832
Other operating income		603,908	698,606
		21,515,706	17,279,438
Distribution costs		(1,077,123)	(1,076,276)
Administration expenses		(4,750,245)	(6,479,769)
Other operating expenses		(428,634)	(334,229)
Diminution in value of quoted securities		(992,679)	-
Profit from operations	26	14,267,025	9,389,164
Finance costs	28	(103,045)	(41,327)
Profit before tax		14,163,980	9,347,837
Tax	29	(4,328,082)	(2,758,340)
Profit after tax		9,835,898	6,589,497
Minority interests		550,243	178,262
Net profit for the financial year		10,386,141	6,767,759
Basic earnings per share (sen)	30	10	6
Dividends per share (sen)	31	6	5

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 January 2003

	Share capital RM	Non-distributable			Distributable	Total RM
		Share premium RM	Revaluation reserve RM	Reserve on consolidation RM	Retained profits RM	
Balance as at 1.2.2001	106,750,000	29,742,206	107,509	11,355,980	21,405,710	169,361,405
Net profit for the year	-	-	-	-	6,767,759	6,767,759
Dividends for year ended						
- 31 January 2001	-	-	-	-	(5,337,500)	(5,337,500)
- 31 January 2002	-	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2002	106,750,000	29,742,206	107,509	11,355,980	21,298,769	169,254,464
Net profit for the year	-	-	-	-	10,386,141	10,386,141
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	106,750,000	29,742,206	107,509	11,355,980	27,841,910	175,797,605

Consolidated Cash Flow Statement

For the Financial Year Ended 31 January 2003

	2003 RM	2002 RM
Cash flows from operating activities		
Cash receipts from customers	146,277,311	98,269,990
Interest received	73,315	202,886
Dividends received	170,481	249,657
Cash paid to suppliers and employees	(129,309,315)	(84,902,000)
Cash generated from operations	17,211,792	13,820,533
Interest paid	(103,045)	(41,327)
Tax paid	(6,726,425)	(6,040,280)
Net cash from operating activities	10,382,322	7,738,926
Cash flows from investing activities		
Acquisition of property, plant and equipment (Note a)	(21,992,655)	(20,015,542)
Proceeds from disposal of plant and equipment	30,200	132,500
Development expenditure paid	(106,369)	(106,475)
Interest paid	(1,804,907)	(1,048,646)
Net cash effect on acquisition of subsidiary companies (Note b)	(5)	-
Deposits paid for acquisition of property, plant and equipment	(913,310)	-
Proceeds from disposal of quoted investments	2,927,594	977,605
Acquisition of quoted investments	(296,933)	(1,781,203)
Net cash used in investing activities	(22,156,385)	(21,841,761)
Cash flows from financing activities		
Dividends paid	(3,843,000)	(6,874,700)
Proceeds from issuance of shares to minority shareholders	104,967	14,984
Advances to holding company	-	(10,000,604)
Bank borrowings	10,000,000	12,235,615
Repayment to a minority shareholder	-	(165,000)
Net cash from/(used in) financing activities	6,261,967	(4,789,705)
Net decrease in cash and cash equivalents	(5,512,096)	(18,892,540)
Cash and cash equivalents at beginning of year	558,094	19,450,634
Cash and cash equivalents at end of year (Note c)	(4,954,002)	558,094

Consolidated Cash Flow Statement continued

For the Financial Year Ended 31 January 2003

Note a : Acquisition of property, plant and equipment

	2003	2002
	RM	RM
Property, plant and equipment acquired	24,933,060	22,321,395
Less expenses capitalised :		
- depreciation	(1,074,648)	(1,153,604)
- interest	(1,865,757)	(1,152,249)
Cash paid	<u>21,992,655</u>	<u>20,015,542</u>

Note b : Net cash effect on acquisition of subsidiary companies

The fair value of assets and liabilities acquired by the Group were as follows :

	2003	2002
	RM	RM
Current assets	2	-
Current liabilities	(3,080)	-
	<u>(3,078)</u>	<u>-</u>
Liabilities taken over	3,085	-
Total consideration	7	-
Less cash and cash equivalents acquired	(2)	-
Net cash effect	<u>5</u>	<u>-</u>

Note c : Cash and cash equivalents at end of year

	2003	2002
	RM	RM
Bank overdrafts (Note 15)	(7,972,926)	(2,567,146)
Bank and cash balances (Note 12)	3,018,924	3,125,240
	<u>(4,954,002)</u>	<u>558,094</u>

Balance Sheet

As at 31 January 2003

	NOTE	2003 RM	2002 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	32,747,662	33,694,500
Investment in subsidiary companies	5	56,778,189	56,778,182
		89,525,851	90,472,682
CURRENT ASSETS			
Inventories	8	180,847	254,540
Trade debtors	9	870,627	434,145
Other debtors and deposits		3,153,692	1,224,706
Tax recoverable		63,371	468,524
Amount owing by subsidiary companies	10	73,630,361	72,477,450
Amount owing by a related company	11	1,231	-
Bank and cash balances	11	1,550,293	1,122,368
		79,450,422	75,981,733
CURRENT LIABILITIES			
Trade creditors	13	1,134,262	1,937,217
Other creditors and accruals		848,029	1,035,355
Amount owing to holding company	14	14,088	48,362
Amount owing to subsidiary companies	10	551,259	2,243,501
Amount owing to a related company	11	4,087	-
		2,551,725	5,264,435
Net Current Assets		76,898,697	70,717,298
NON-CURRENT LIABILITIES			
Deferred tax	17	372,000	435,000
		166,052,548	160,754,980
CAPITAL AND RESERVES			
Share capital	18	106,750,000	106,750,000
Reserves	19	59,302,548	54,004,980
		166,052,548	160,754,980

Income Statement

For the Financial Year Ended 31 January 2003

	NOTE	2003 RM	2002 RM
Revenue	23	15,026,639	8,668,686
Cost of sales	24	(5,652,442)	(6,094,280)
Gross profit		9,374,197	2,574,406
Other operating income	25	5,421,870	20,580,874
		14,796,067	23,155,280
Administration expenses		(2,368,051)	(1,783,754)
Other operating expenses		(267,295)	(96,105)
Profit from operations	26	12,160,721	21,275,421
Finance costs	28	-	-
Profit before tax		12,160,721	21,275,421
Tax	29	(3,020,153)	(5,740,670)
Net profit for the financial year		9,140,568	15,534,751
Dividends per share (sen)	31	6	5

Statement of Changes in Equity

For the Financial Year Ended 31 January 2003

	Share capital RM	Non-distributable Share premium RM	Revaluation reserve RM	Distributable Retained profits RM	Total RM
Balance as at 1.2.2001	106,750,000	29,742,206	102,678	15,500,045	152,094,929
Net profit for the year	-	-	-	15,534,751	15,534,751
Dividends for year ended					
- 31 January 2001	-	-	-	(5,337,500)	(5,337,500)
- 31 January 2002	-	-	-	(1,537,200)	(1,537,200)
Balance as at 31.1.2002	106,750,000	29,742,206	102,678	24,160,096	160,754,980
Net profit for the year	-	-	-	9,140,568	9,140,568
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	106,750,000	29,742,206	102,678	29,457,664	166,052,548

Cash Flow Statement

For the Financial Year Ended 31 January 2003

	2003 RM	2002 RM
Cash flows from operating activities		
Cash receipts from customers	15,233,021	8,594,143
Dividends received	3,850,000	19,300,000
Interest received	3,694	17,417
Cash paid to suppliers and employees	(10,123,720)	(5,323,964)
Cash generated from operations	8,962,995	22,587,596
Tax paid	(2,678,000)	(7,914,908)
Net cash from operating activities	6,284,995	14,672,688
Cash flows from investing activities		
Acquisition of additional investment in existing subsidiary companies	-	(200,000)
Acquisition of subsidiary companies	(7)	-
Proceeds from disposal of plant and equipment	-	36,000
Acquisition of property, plant and equipment	(92,804)	(558,398)
Deposit paid for acquisition of property, plant and equipment	(692,860)	-
Net cash used in investing activities	(785,671)	(722,398)
Cash flows from financing activities		
Dividends paid	(3,843,000)	(6,874,700)
Advances to holding company	-	(9,796,875)
Advances to subsidiary companies	(1,228,399)	(4,080,187)
Net cash used in financing activities	(5,071,399)	(20,751,762)
Net increase/(decrease) in cash and cash equivalents	427,925	(6,801,472)
Cash and cash equivalents at beginning of year	1,122,368	7,923,840
Cash and cash equivalents at end of year	1,550,293	1,122,368

Notes to the Financial Statements

- 31 January 2003

1. GENERAL INFORMATION

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

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

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

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

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

d) Employee information

	Group		Company	
	2003	2002	2003	2002
No. of employees at end of the financial year	1,541	1,251	421	250
Staff costs (RM)				
Amount charged to income statement	6,982,086	5,203,169	2,632,159	1,965,531
Amount capitalised in assets	4,079,526	4,416,718	-	-
Total	11,061,612	9,619,887	2,632,159	1,965,531

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses. The Group does not trade in financial instruments.

The main areas which may give rise to financial risks of the Group are :

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.

Credit risk

Credit risk arises because substantial sales are made on deferred credit terms. Credit risk is controlled by careful selection of customers, setting credit limits and limiting the period of credit.

Notes to the Financial Statements continued

- 31 January 2003

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES continued

Market risk

The Group's principal exposure to market risk arises mainly from the changes in debt and equity prices. The Group does not face significant exposure to the risk from changes in debt and equity prices as the exposure on quoted investments is not significant.

Interest rate risk

The Group's policy is to borrow principally on fixed rate but retain a certain proportion of floating rate debt. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

Liquidity and cash flow risks

The Group seeks to achieve a balance between cash outflows and cash inflows. Borrowings are arranged so as not to go beyond the Group's ability to repay or refinance.

3. 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 for those disclosed in the summary of significant accounting policies) and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

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

(I) Retrospective application

The following new Malaysian Accounting Standards Board ("MASB") Standard has been applied retrospectively :

- MASB Standard 22 : "Segmental Reporting"

(II) Prospective application from 1 February 2002

The following new MASB Standard have been applied prospectively:

- MASB Standard 23 : "Impairment of Assets"
- MASB Standard 24 : "Financial Instruments : Disclosure and Presentation"

For the financial instruments, comparative figures were not disclosed upon first application of MASB Standard 24, as permitted by the standard.

b) Subsidiary companies and basis of consolidation

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

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

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 continued

- 31 January 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

b) **Subsidiary companies and basis of consolidation** continued

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 accumulated impairment losses, if any. Cost consists of the purchase price and incidental expenditure on acquisition. No depreciation is provided on freehold land.

Long leasehold estate land is stated at cost/valuation less accumulated 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. No amortisation or depreciation is provided on long leasehold estate land.

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 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 method so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows :

	No. of years
Buildings	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.

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. The market value of the quoted investments is calculated based on the last transacted prices of these investments quoted in the respective stock exchanges at the balance sheet date.

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

Notes to the Financial Statements continued

- 31 January 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

e) Development expenditure

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

Debtors 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

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 creditors

Trade and other creditors are carried at cost which is the fair value of the consideration to be paid for goods and services received.

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.

k) Dividends

Dividends on ordinary shares are accounted for in shareholders equity as an appropriation of retained profits in the period in which they are declared.

l) Deferred tax

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

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

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

Notes to the Financial Statements continued

- 31 January 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

m) Revenue recognition

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

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

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

Management fee income is recognised on the accrual basis.

n) Interest capitalisation

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

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 Company.

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	2003 RM	2002 RM
1 SGD	2.18	2.09

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.

Notes to the Financial Statements continued

- 31 January 2003

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q) Impairment of assets continued

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.

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties	Plant and machinery	Equipment, furniture and fittings	Motor vehicles	Total
	RM	RM	RM	RM	RM
Net book value as at					
1 February 2002	156,235,041	22,306,171	3,907,724	3,867,121	186,316,057
Additions	13,768,725	10,118,092	365,148	681,095	24,933,060
Disposals/write-off	(8,884)	(244,710)	(1,798)	(2)	(255,394)
Depreciation charge	(1,771,787)	(2,292,891)	(379,200)	(1,238,709)	(5,682,587)
Net book value as at					
31 January 2003	<u>168,223,095</u>	<u>29,886,662</u>	<u>3,891,874</u>	<u>3,309,505</u>	<u>205,311,136</u>
At 31 January 2002					
Cost	128,475,213	41,243,531	5,631,994	8,442,408	183,793,146
Valuation	34,559,594	-	-	-	34,559,594
Accumulated depreciation	(6,799,766)	(18,937,360)	(1,724,270)	(4,575,287)	(32,036,683)
Net book value	<u>156,235,041</u>	<u>22,306,171</u>	<u>3,907,724</u>	<u>3,867,121</u>	<u>186,316,057</u>
At 31 January 2003					
Cost	142,234,531	50,950,083	5,994,242	8,994,903	208,173,759
Valuation	34,559,594	-	-	-	34,559,594
Accumulated depreciation	(8,571,030)	(21,063,421)	(2,102,368)	(5,685,398)	(37,422,217)
Net book value	<u>168,223,095</u>	<u>29,886,662</u>	<u>3,891,874</u>	<u>3,309,505</u>	<u>205,311,136</u>

Notes to the Financial Statements continued

- 31 January 2003

4. PROPERTY, PLANT AND EQUIPMENT continued

Properties consist of :

	2003		2002	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
Freehold				
At cost :				
Land	8,000,000	8,000,000	8,000,000	8,000,000
Buildings	4,808,471	3,898,907	4,481,430	3,721,784
Buildings under construction	201,979	201,979	2,805	2,805
Roads, culverts and fencing	2,999,636	1,873,334	2,882,094	1,932,245
Long leasehold				
At cost :				
Land	39,857,306	39,857,306	39,857,306	39,857,306
Buildings	7,534,596	6,327,387	6,996,372	6,008,260
Buildings under construction	535,711	535,711	375,992	375,992
Plantation development expenditure	68,771,696	63,443,741	56,354,078	52,251,919
At valuation :				
Land - Original cost	9,525,136	9,525,136	9,525,136	9,525,136
- Revaluation surplus	34,559,594	34,559,594	34,559,594	34,559,594
	<u>176,794,125</u>	<u>168,223,095</u>	<u>163,034,807</u>	<u>156,235,041</u>

Certain properties are pledged with licensed banks to secure loan facilities granted to subsidiary companies (Note 15).

At 31 January 2003, the titles of certain parcels of long leasehold land of subsidiary companies with carrying value totalling approximately RM32,000,000 (2002: RM32,000,000) have not been sub-divided and/or registered in the names of the respective subsidiary companies.

	2003 RM	2002 RM
Included in the addition of plantation development expenditure during the year are :		
Depreciation	1,074,648	1,153,604
Interest	1,865,757	1,152,249
Rental	33,546	44,000
	<u>3,973,951</u>	<u>3,400,103</u>

Notes to the Financial Statements continued

- 31 January 2003

4. PROPERTY, PLANT AND EQUIPMENT continued

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 2002	31,733,064	1,035,215	485,704	440,517	33,694,500
Additions	6,439	48,121	38,244	-	92,804
Disposals	-	-	-	-	-
Depreciation charge	(653,626)	(190,290)	(59,220)	(136,506)	(1,039,642)
Net book value as at					
31 January 2003	<u>31,085,877</u>	<u>893,046</u>	<u>464,728</u>	<u>304,011</u>	<u>32,747,662</u>
At 31 January 2002					
Cost	19,247,593	2,355,175	683,525	1,623,415	23,909,708
Valuation	17,329,818	-	-	-	17,329,818
Accumulated depreciation	(4,844,347)	(1,319,960)	(197,821)	(1,182,898)	(7,545,026)
Net book value	<u>31,733,064</u>	<u>1,035,215</u>	<u>485,704</u>	<u>440,517</u>	<u>33,694,500</u>
At 31 January 2003					
Cost	19,254,032	2,403,296	721,769	1,623,415	24,002,512
Valuation	17,329,818	-	-	-	17,329,818
Accumulated depreciation	(5,497,973)	(1,510,250)	(257,041)	(1,319,404)	(8,584,668)
Net book value	<u>31,085,877</u>	<u>893,046</u>	<u>464,728</u>	<u>304,011</u>	<u>32,747,662</u>

Long leasehold properties consist of :

	2003		2002	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost :				
Buildings	4,092,458	3,130,314	4,080,326	3,198,707
Buildings under construction	5,313	5,313	11,006	11,006
Plantation development expenditure	9,545,860	5,010,031	9,545,860	5,583,132
At valuation :				
Land				
- Original cost	5,610,401	5,610,401	5,610,401	5,610,401
- Revaluation surplus	17,329,818	17,329,818	17,329,818	17,329,818
	<u>36,583,850</u>	<u>31,085,877</u>	<u>36,577,411</u>	<u>31,733,064</u>

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

Notes to the Financial Statements continued

- 31 January 2003

5. SUBSIDIARY COMPANIES

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

	2003	2002
	RM	RM
At valuation	17,037,464	17,037,464
At cost	39,740,725	39,740,718
	<u>56,778,189</u>	<u>56,778,182</u>

The original cost of unquoted shares at valuation amounts to RM1,893,604 (2002 : RM1,893,604).

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

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2003	2002	
	%	%	
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
Okidville Manufacturing Sdn. Bhd.	100	100	Investment holding
Kim Loong Power Sdn. Bhd.	100	-	Dormant
Okidville Plantations Sdn. Bhd.	100	-	Dormant
Kim Loong Corporation Sdn. Bhd.	100	100	Investment holding
Okidville Holdings Sdn. Bhd.	100	100	Cultivation of oil palm and investment holding
Desa Okidville Sdn. Bhd.	51	51	Cultivation of oil palm and investment holding
Desa Kim Loong Palm Oil Sdn. Bhd.	70	70	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.	70	70	Manufacturing of bio-fertilizers

Notes to the Financial Statements continued

- 31 January 2003

6. QUOTED INVESTMENTS

Group

	2003	2002
	RM	RM
Securities quoted in Malaysia, at cost	6,943,784	9,372,729
Less : diminution in value	(2,104,229)	(1,111,527)
	4,839,555	8,261,202
Securities quoted outside Malaysia, at cost	95,957	95,957
Less : diminution in value	(27,917)	(22,990)
	68,040	72,967
	<u>4,907,595</u>	<u>8,334,169</u>
Market value of securities		
- quoted in Malaysia	4,839,555	7,384,220
- quoted outside Malaysia	68,040	68,940
	<u>4,907,595</u>	<u>7,453,160</u>

Currency exposure profile :

Other than the securities quoted outside Malaysia which are denominated in Singapore Dollar, the rest of the quoted securities are denominated in Ringgit Malaysia.

7. DEVELOPMENT EXPENDITURE

Group

	2003	2002
	RM	RM
Balance brought forward	298,253	209,367
Incurred during the year	106,369	106,475
Written off during the year	-	(17,589)
Amount amortised during the year	(134,874)	-
Balance carried forward	<u>269,748</u>	<u>298,253</u>

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

8. INVENTORIES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
At cost :				
Finished goods	177,512	183,332	-	-
Nursery stocks	14,362	18,631	14,362	18,631
Building materials, supplies, spare parts and consumables	2,535,223	1,972,939	160,958	136,092
	<u>2,727,097</u>	<u>2,174,902</u>	<u>175,320</u>	<u>154,723</u>
At realisable value :				
Finished goods	4,483,741	4,865,965	5,527	99,817
	<u>7,210,838</u>	<u>7,040,867</u>	<u>180,847</u>	<u>254,540</u>

Notes to the Financial Statements continued

- 31 January 2003

9. TRADE DEBTORS

Group and Company

Credit terms of trade debtors are less than to 60 days.

10. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

Company

The amount owing by subsidiary companies includes RM6,989,514 (2002 : RM6,607,485) bearing interest at 12% per annum. All other balances are non-interest bearing, unsecured and have no fixed terms 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount owing by related companies				
Kim Loong Plantations Sdn. Bhd.	18,957	19,606	-	-
Crescendo Technologies Sdn. Bhd.	35,248	35,248	-	-
Panoramic Housing Development Sdn. Bhd.	-	10,411	-	-
Unibase Concrete Industries Sdn. Bhd.	24,370	-	-	-
Crescendo Corporation Berhad	2,809	6,029	-	-
Crescendo Development Sdn. Bhd.	19,409	8,449	-	-
Unibase Trading Sdn. Bhd.	1,231	-	1,231	-
Geogolf Sdn. Bhd.	7,441	-	-	-
Unigolf Sdn. Bhd.	23,710	-	-	-
	<u>133,175</u>	<u>79,743</u>	<u>1,231</u>	<u>-</u>

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount owing to related companies				
Kim Loong Plantations Sdn. Bhd.	188,537	140,583	-	-
Unibase Trading Sdn. Bhd.	-	31,326	-	-
Unibase Concrete Industries Sdn. Bhd.	-	621	-	-
Crescendo Corporation Berhad	4,087	-	4,087	-
Crescendo Development Sdn. Bhd.	30,000	-	-	-
	<u>222,624</u>	<u>172,530</u>	<u>4,087</u>	<u>-</u>

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

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

Notes to the Financial Statements continued

- 31 January 2003

12. BANK AND CASH BALANCES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Balance at bank	2,767,924	2,652,240	1,550,293	1,122,368
Fixed deposit with licensed banks	251,000	473,000	-	-
	<u>3,018,924</u>	<u>3,125,240</u>	<u>1,550,293</u>	<u>1,122,368</u>

Group

Included in the fixed deposits with licensed banks is an amount of RM251,000 (2002 : 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% per annum.

Fixed deposits have an average maturity of 30 days.

13. TRADE CREDITORS

Group and Company

Credit terms of trade creditors are less than 60 days.

14. AMOUNT OWING TO HOLDING COMPANY

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

15. BANK BORROWINGS (SECURED)

Group

	2003	2002
	RM	RM
Term loan 1	18,000,000	18,000,000
Term loan 2	10,000,000	-
Overdrafts	7,972,926	2,567,146
	<u>35,972,926</u>	<u>20,567,146</u>
Current	11,942,926	2,567,146
Non-current	24,030,000	18,000,000
	<u>35,972,926</u>	<u>20,567,146</u>

The facilities extended by a financial institution are secured by :

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

Notes to the Financial Statements continued

- 31 January 2003

15. BANK BORROWINGS (SECURED) continued

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.

Effective interest rates

Term loans	6.88% per annum
Overdrafts	7.65% per annum

Unutilised facilities

The Group has unutilised facilities at the balance sheet date amounting to approximately RM4,537,000 (2002 : RM9,943,000).

16. OTHER BORROWINGS

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Balance brought forward	1,353,000	1,252,000	435,000	700,000
Transfer from/(to) income statement	203,000	101,000	(63,000)	(265,000)
Balance carried forward	<u>1,556,000</u>	<u>1,353,000</u>	<u>372,000</u>	<u>435,000</u>

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

Deferred tax liability not provided for :

Tax effect on timing differences which are not expected to reverse in the foreseeable future in respect of excess of capital allowance over depreciation

	<u>6,393,000</u>	<u>5,975,000</u>	<u>2,235,000</u>	<u>1,750,000</u>
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18. SHARE CAPITAL

Group and Company

	2003 RM	2002 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>

Notes to the Financial Statements continued

- 31 January 2003

19. RESERVES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-distributable				
Share premium (Note 20)	29,742,206	29,742,206	29,742,206	29,742,206
Revaluation reserve (Note 21)	107,509	107,509	102,678	102,678
Reserve on consolidation (Note 22)	11,355,980	11,355,980	-	-
Distributable				
Retained profits	27,841,910	21,298,769	29,457,664	24,160,096
	<u>69,047,605</u>	<u>62,504,464</u>	<u>59,302,548</u>	<u>54,004,980</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 shares.

Company

The revaluation reserve represents surplus arising from the revaluation of certain properties and investment in subsidiary companies.

22. RESERVE ON CONSOLIDATION (NON-DISTRIBUTABLE)

Group

Reserve on consolidation arose from acquisition of subsidiary companies.

23. REVENUE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sales of :				
- Fresh fruit bunches	19,257,774	9,335,970	14,269,231	8,453,403
- Palm oil milling products	127,302,227	88,961,402	-	-
- Cocoa and others	758,428	215,658	757,408	215,283
	<u>147,318,429</u>	<u>98,513,030</u>	<u>15,026,639</u>	<u>8,668,686</u>

Notes to the Financial Statements continued

- 31 January 2003

24. COST OF SALES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fresh fruit bunches	9,596,489	6,138,000	5,272,991	5,895,977
Palm oil milling products	116,349,753	75,556,540	-	-
Cocoa and others	460,389	237,658	379,451	198,303
	<u>126,406,631</u>	<u>81,932,198</u>	<u>5,652,442</u>	<u>6,094,280</u>

25. OTHER OPERATING INCOME

Company

Other operating income for the current financial year includes gross dividend from subsidiary companies amounting to RM3,850,000 (2002 : RM19,300,000).

26. PROFIT FROM OPERATIONS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
The following items have been charged/ (credited) in arriving at profit from operations :				
Auditors' remuneration				
- current year	82,200	75,500	20,000	20,000
- under provision in prior years	4,500	5,525	2,000	5,000
Amortisation of development expenditure	134,874	-	-	-
Amortisation of plantation development expenditure	1,225,798	762,146	573,102	622,715
Depreciation				
- current year	3,382,141	3,236,283	466,541	560,260
- under provision in prior years	-	197,891	-	197,891
Directors' remuneration				
- fees	426,000	382,000	272,000	228,000
- other emoluments	919,609	746,583	684,020	556,640
Rental	74,400	74,400	74,400	74,400
Staff costs	6,982,086	5,203,169	2,632,159	1,965,531
Property, plant and equipment written off	165,361	-	-	-
Inventories written off	2,803	-	276	-
Bad debts	1,344	-	-	-
Interest received from fixed deposits	(67,815)	(195,958)	(3,694)	(17,417)
(Gain)/loss on disposal of plant and equipment	(78,667)	156,406	-	(30,731)
Gain on disposal of quoted investments	(196,766)	(132,889)	-	-
Gross dividend income from investments quoted				
- in Malaysia	(169,550)	(248,500)	-	-
- outside Malaysia	(931)	(1,157)	-	-
Gross dividend income from subsidiary companies	-	-	(3,850,000)	(19,300,000)
Interest income from investments quoted in Malaysia	(5,500)	-	-	-
Other interest income	(21,531)	(6,928)	(925,312)	(647,784)
	<u></u>	<u></u>	<u></u>	<u></u>

Notes to the Financial Statements continued

- 31 January 2003

26. PROFIT FROM OPERATIONS continued

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit from existing continuing operations	14,275,653	9,389,164	12,160,721	21,275,421
Loss from newly acquired subsidiary companies	(8,628)	-	-	-
	<u>14,267,025</u>	<u>9,389,164</u>	<u>12,160,721</u>	<u>21,275,421</u>

27. DIRECTORS' REMUNERATION

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Executive Directors :				
- fees	170,000	151,000	45,000	26,000
- other emoluments	911,109	742,483	675,520	553,140
Non-executive Directors :				
- fees	256,000	231,000	227,000	202,000
- other emoluments	8,500	4,100	8,500	3,500
	<u>1,345,609</u>	<u>1,128,583</u>	<u>956,020</u>	<u>784,640</u>

28. FINANCE COSTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Total interest expense	1,968,802	1,193,576	-	-
Interest capitalised to property, plant and equipment	(1,865,757)	(1,152,249)	-	-
Charged to income statement	<u>103,045</u>	<u>41,327</u>	<u>-</u>	<u>-</u>

29. TAX

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Current year provision	4,512,452	2,668,670	3,390,000	6,017,000
Over provision in prior years	(387,370)	(11,330)	(306,847)	(11,330)
Deferred tax	203,000	101,000	(63,000)	(265,000)
	<u>4,328,082</u>	<u>2,758,340</u>	<u>3,020,153</u>	<u>5,740,670</u>

Group

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

Notes to the Financial Statements continued

- 31 January 2003

29. TAX continued

Company

The effective tax rate is lower than the statutory tax rate due to timing differences not expected to reverse in the foreseeable future.

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 RM25,442,000 (2002 : RM22,132,000) out of retained profits without incurring additional tax liability.

30. EARNINGS PER SHARE

Group

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM10,386,141 (2002 : RM6,767,759) over the weighted average number of ordinary shares in issue during the financial year of 106,750,000 (2002 : 106,750,000).

There are no diluted earnings per share for the financial years 2003 and 2002.

31. DIVIDENDS

Dividends declared or proposed in respect of the financial year ended 31 January 2003 are as follows :

	2003		2002	
	Gross dividend per share Sen	Amount of dividend, less tax RM	Gross dividend per share Sen	Amount of dividend, less tax RM
Interim dividend	2	1,537,200	2	1,537,200
Proposed final dividend	4	3,074,400	3	2,305,800
	<u>6</u>	<u>4,611,600</u>	<u>5</u>	<u>3,843,000</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2003 of 4 sen per share, less tax, (2002 : 3 sen per share, less tax) amounting to RM3,074,400 (2002 : RM2,305,800) will be proposed for shareholders' approval.

32. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
With holding company :				
Internal audit expenses	135,000	69,000	38,000	46,000
With subsidiary companies :				
<u>Desa Kim Loong Plantations Sdn. Bhd.</u>				
Management fee income	-	-	144,000	144,000
Interest income	-	-	871,492	647,784
Commission income	-	-	117,125	66,980
Income from hire of plant	-	-	24,000	24,000
<u>Desa Okidville Sdn. Bhd.</u>				
Management fee income	-	-	352,620	335,108

Notes to the Financial Statements continued

- 31 January 2003

32. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS continued

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
With fellow subsidiary companies of the holding company:				
<u>Kim Loong Plantations Sdn. Bhd.</u>				
Purchase of fresh fruit bunches	2,764,463	1,688,771	-	-
<u>Unibase Trading Sdn. Bhd.</u>				
Purchases	19,557	31,326	-	-
<u>Unibase Concrete Industries Sdn. Bhd.</u>				
Rental expenses	6,000	6,000	-	-
Purchases	60,954	87,657	-	-
<u>Crescendo Development Sdn. Bhd.</u>				
Purchase of plant and equipment	30,000	-	-	-
<u>Aerogolf Sdn. Bhd.</u>				
Purchases	12,901	-	-	-

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

33. ACQUISITION OF SUBSIDIARY COMPANIES

The effect of the acquisition of subsidiary companies on the financial results of the Group during the financial year ended 31 January 2003 is shown below :

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

Notes to the Financial Statements continued

- 31 January 2003

33. ACQUISITION OF SUBSIDIARY COMPANIES continued

The effect of the acquisition of subsidiary companies on the financial position at the end of the financial year 2003 is as follows :

	2003 RM
Current assets	77,675
Current liabilities	(86,296)
Increase in Group's net liabilities	<u>(8,621)</u>

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

34. SEGMENTAL INFORMATION

The Group is organised on a nationwide basis into two main business segments :

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

Year ended 31 January 2003	Plantation RM	Milling RM	Group RM
Revenue			
Total sales	20,016,202	127,302,227	147,318,429
Intersegment sales	-	-	-
External sales	<u>20,016,202</u>	<u>127,302,227</u>	<u>147,318,429</u>
Results			
Segment results (external)	8,934,764	6,236,759	15,171,523
Unallocated costs			(904,498)
Profit from operations			14,267,025
Finance costs			(103,045)
Profit before tax			14,163,980
Tax			(4,328,082)
Profit after tax			9,835,898
Minority interests			550,243
Net profit for the financial year			<u>10,386,141</u>
As at 31 January 2003			
Other information			
Segment assets	162,646,629	64,276,045	226,922,674
Unallocated assets			4,214,117
Total assets			<u>231,136,791</u>
Segment liabilities	39,371,410	12,868,158	52,239,568
Unallocated liabilities			926,584
Total liabilities			<u>53,166,152</u>
Capital expenditure	13,485,595	11,447,465	24,933,060
Depreciation and amortisation	3,102,202	2,580,385	5,682,587
Amortisation of development expenditure	-	134,874	134,874
Non-cash expenses other than depreciation and amortisation	22,861	1,139,326	1,162,187

Notes to the Financial Statements continued

- 31 January 2003

34. SEGMENTAL INFORMATION continued

Year ended 31 January 2002	Plantation RM	Milling RM	Group RM
Revenue			
Total sales	9,551,628	88,961,402	98,513,030
Intersegment sales	-	-	-
External sales	<u>9,551,628</u>	<u>88,961,402</u>	<u>98,513,030</u>
Results			
Segment results (external)	2,431,421	7,643,729	10,075,150
Unallocated costs			(685,986)
Profit from operations			9,389,164
Finance costs			(41,327)
Profit before tax			9,347,837
Tax			(2,758,340)
Profit after tax			6,589,497
Minority interests			178,262
Net profit for the financial year			<u>6,767,759</u>
As at 31 January 2002			
Other information			
Segment assets	151,569,262	56,533,781	208,103,043
Unallocated assets			2,115,549
Total assets			<u>210,218,592</u>
Segment liabilities	30,345,617	7,494,225	37,839,842
Unallocated liabilities			1,075,326
Total liabilities			<u>38,915,168</u>
Capital expenditure	21,309,574	1,011,821	22,321,395
Depreciation and amortisation	2,767,116	2,582,808	5,349,924
Amortisation of development expenditure	-	-	-
Non-cash expenses other than depreciation and amortisation	-	187,137	187,137

Notes to the Financial Statements continued

- 31 January 2003

35. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided a corporate guarantees for three of its subsidiary companies in respect of credit facilities totalling RM40,310,000 (2002 : RM30,000,000) 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.

36. FINANCIAL INSTRUMENTS

The Group and Company did not have any off balance sheet financial instruments at the balance sheet date.

Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except for :

Group

Non-current other borrowings, which have no fixed terms of repayment and as such it is not practicable to estimate their fair values reliably.

Company

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

37. FOREIGN CURRENCIES

All the Group's and Company's financial assets and liabilities are not exposed to foreign currencies except for that disclosed in note 6 to the financial statements.

38. CAPITAL COMMITMENTS

Group and Company

	2003 RM	2002 RM
Approved and contracted for :		
Acquisition of a piece of long leasehold agricultural land located in Segaliud-Lokan, Kinabatangan, Sabah	6,200,000	-

39. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 5 February 2003, the Company incorporated a subsidiary company, Winsome Jaya Sdn. Bhd. ("WJSB"). Currently, the paid-up capital of WJSB is RM100 divided into 100 ordinary shares of RM1.00 each fully paid and is an 80% owned subsidiary of the Company. WJSB has not commenced operations.
- (b) On 10 February 2003, the Company completed the restructuring of the Group and as a result, Desa Kim Loong Palm Oil Sdn. Bhd. ("DKLPO") became a direct subsidiary of the Company instead of via its subsidiary, Kim Loong Corporation Sdn. Bhd.. There was no change in the effective equity interest in DKLPO held by the Company after the restructuring exercise.

Notes to the Financial Statements continued

- 31 January 2003

39. EVENTS AFTER THE BALANCE SHEET DATE continued

- (c) On the completion of the restructuring exercise, the issued and paid-up share capital of DKLPO was increased to RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each fully paid, of which 700,000 ordinary shares are held by the Company.
- (d) During the financial year, the Group entered into a conditional Sale and Purchase Agreement to acquire a piece of long leasehold agricultural land located at Segaliud-Lokan, Kinabatangan, Sabah for RM6,928,600. The purchase was completed on 28 February 2003.
- (e) Two subsidiary companies of the Group obtained financing facilities from a licensed bank totaling RM55 million.

40. COMPARATIVE FIGURES

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

	As previously stated RM	Effect of change in presentation RM	As restated RM
Profit before tax :			
Plantation operation	2,226,856	204,565	2,431,421
Milling operation	7,120,981	522,748	7,643,729
	<u>9,347,837</u>	<u>727,313</u>	<u>10,075,150</u>
Less :			
Unallocated expenses	-	(685,986)	(685,986)
Finance costs	-	(41,327)	(41,327)
	<u>9,347,837</u>	<u>-</u>	<u>9,347,837</u>
Total assets :			
Plantation operation	153,684,811	(2,115,549)	151,569,262
Milling operation	56,533,781	-	56,533,781
	<u>210,218,592</u>	<u>(2,115,549)</u>	<u>208,103,043</u>
Less :			
Unallocated expenses	-	2,115,549	2,115,549
	<u>210,218,592</u>	<u>-</u>	<u>210,218,592</u>

The effect of changes of presentation of segmental information is to conform with Malaysian Accounting Standards Board Standard No. 22 : Segmental Reporting.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 23 May 2003.

Analysis of Shareholdings

As at 7 June 2003

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	0	0.00	0	0.00
100 to 1,000 shares	2,093	63.81	2,092,000	1.96
1,001 to 10,000 shares	1,006	30.67	3,846,000	3.60
10,001 to 100,000 shares	142	4.33	3,924,000	3.68
100,001 to less than 5% of issued shares	38	1.16	19,761,000	18.51
5% and above of issued shares	1	0.03	77,127,000	72.25
Total	3,280	100.00	106,750,000	100.00

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholders	No. of Shares held	% of Issued capital
1. Sharikat Kim Loong Sendirian Berhad	77,127,000	72.25
2. Malaysia Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mokhzani Bin Abdul Rahim (01-00744-000)	5,000,000	4.68
3. Timbas Helmi Bin Oesman Joesoef Helmi	2,600,000	2.44
4. Lembaga Tabung Angkatan Tentera	2,000,000	1.87
5. Selatan Menang Sdn Bhd	1,078,000	1.01
6. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koperasi Polis Diraja Malaysia Berhad (3309 Daya)	1,000,000	0.94
7. Radeshah Binti Ridzwani	597,000	0.56
8. Yayasan Kelantan Darul Naim	500,000	0.47
9. Hui Hoong Tho	468,000	0.44
10. Loo Geok Eng	410,000	0.38
11. JMF Asset Management Sdn Bhd - Ahmad Kamal Bin Abdullah Al-Yafii	409,000	0.38
12. Heng Yuen Sdn Bhd	388,000	0.36
13. Ang Chai Eng	363,000	0.34
14. AMMB Nominees (Tempatan) Sdn Bhd - Amtrustee Berhad for BHLB Pacific Dana Al-Ihsan (5/2-7)	339,000	0.32
15. Mayfin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yayasan Kemiskinan Kelantan (MDTS)	320,000	0.30

Analysis of Shareholdings continued

As at 7 June 2003

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors) continued

Name of Shareholders	No. of Shares held	% of Issued capital
16. Abu Seman Bin Hj Yusop	300,000	0.28
17. M & A Nominee (Asing) Sdn Bhd - Pedigree Limited	294,000	0.28
18. Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	261,000	0.24
19. Andy Chong Chi Fei	260,000	0.24
20. Ho Ah Keong @ Hoo Ah Keong	219,000	0.21
21. Gooi Seow Mee	210,000	0.20
22. Annapoorni Chandrasekharan	200,000	0.19
23. JMF Asset Management Sdn Bhd - Koperasi Angkatan Tentera Malaysia Berhad	200,000	0.19
24. Wong Kwee Yin	200,000	0.19
25. Universal Trustee (Malaysia) Berhad - BHLB Pacific Dana Al-Mizan	182,000	0.17
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. M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	162,000	0.15
29. Gooi Seong Chneh	160,000	0.15
30. Lim Phaik Ean	160,000	0.15

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

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

Analysis of Shareholdings continued

As at 7 June 2003

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), Herng Yuen Sdn. Bhd. (388,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares).

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Datuk Haji Mohd. Zamani bin Samah	50,000	0.05	-	-
Loo Geok Eng	410,000	0.38	77,131,000*	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
Mathew K. Mathai	-	-	-	-
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-

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), Herng Yuen Sdn. Bhd. (388,000 shares) and Kim Loong Plantations Sdn. Bhd. (4,000 shares)

Particular of Properties

List of land properties held by the Group							
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 2003 RM'000
Kim Loong Resources Berhad							
- CL 085311253	31/12/2077	Oil palm plantation	199.80	18 June 1999	Not applicable	}	1,489
- CL 085313079	31/12/2078		949.50		Not applicable	}	7,066
District of Labuk/Sugut, Sabah							
- CL 095317552	31/12/2085	Oil palm plantation	15.00	18 June 1999	Not applicable	}	111
- CL 095317561	31/12/2085		14.66			}	109
- CL 095315058	31/12/2085		749.70			}	5,486
- CL 095317436	31/12/2087		35.21			}	315
- CL 095310777	31/12/2078		978.00			}	7,284
- CL 095315049	31/12/2085		849.80			}	6,328
- CL 095316957	31/12/2086		199.70			}	1,405
- CL 095310428	31/12/2077		200.30			}	1,493
District of Kinabatangan, Sabah							
Selokan Sdn Bhd							
- CL 085311306	31/12/2077	Oil palm and cocoa plantation	300.10	18 June 1999	Not applicable	Nil	2,267
District of Labuk/Sugut, Sabah							
Lokan Development Sdn Bhd							
- CL 095310526	31/12/2077	Oil palm plantation	602.30	18 June 1999	Not applicable	Nil	4,550
District of Kinabatangan, Sabah							
Suhenson Estate Sdn Bhd							
- CL 085311315	31/12/2077	Oil palm and cocoa plantation	253.30	18 June 1999	Not applicable	Nil	1,913
District of Labuk/Sugut, Sabah							

Particular of Properties continued

List of land properties held by the Group continued

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 2003 RM'000
Syarikat Kong Fen Shin & Sons Sdn Bhd - CL 085311244 District of Labuk/Sugut, Sabah	31/12/2077	Oil palm and cocoa plantation	411.50	18 June 1999	Not applicable	Nil	3,108
Desa Kim Loong Industries Sdn Bhd - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Factory/quarter	⁽¹⁾	N/A	648	3 years	143
Desa Kim Loong Plantations Sdn Bhd - CL 095332639 District of Kinabatangan, Sabah	31/12/2086	Oil palm plantation	3,978.00	18 June 1999	Not applicable	Nil	20,623
Okidville Holdings Sdn Bhd - CL 135328782 Sook, District of Keningau, Sabah	31/12/2083	Oil palm plantation	6,850.00	(20 July 2000)	Not applicable	Nil	34,077
- CL 135320295 Mile 32, Keningau-Pensiangan Keningau, Sabah	31/12/2077	Oil palm plantation	389.00	(20 July 2000)	Not applicable	Nil	1,163

Particular of Properties continued

List of land properties held by the Group continued

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 2003 RM'000
Desa Okidville Sdn Bhd - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Oil palm plantation	10,781.00 ⁽²⁾	(20 July 2000)	Not applicable	Nil	53,596
Desa Kim Loong Palm Oil Sdn Bhd - CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Palm oil mill and being planted with oil palm	100.00 ⁽²⁾	(20 July 2000)	1,707	Nil	1,652
Kim Loong Palm Oil Mills Sdn Bhd - HS (D) 15057 Kota Tinggi, Johor	Freehold	Palm oil mill	59.74	(20 July 2000)	33,000	6 years	13,974
Tyeco Corporation Sdn Bhd - NT 02313683, NT 02313684 - NT 023192556, NT 023192565 - NT 023192574 District of Papar, Sabah	1/4/2032 ⁽³⁾	Being planted with coconut	16.32	Not applicable ⁽³⁾	Not applicable	Nil	71
			<u>27,932.93</u>				<u>168,223</u>

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

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

(3) These land are sub-leased from a third party commencing from 2 April 2002.

Form of Proxy



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

I/We, _____

of _____

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

of _____

or failing whom, _____ of _____ or

failing whom, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-eighth Annual General Meeting of the Company to be held at Sheraton Subang Hotel & Towers, Melati Room, Mezzanine Floor, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 29 July 2003 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-election of Director: Mr. Gooi Seong Heen		
6.	Re-election of Director: Mr. Mathew K. Mathai		
7.	Re-appointment of Auditors		
8.	Authority to issue shares		
9.	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 _____ 2003

Signature of Member(s)

Number of Shares held	
-----------------------	--

NOTES:

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

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

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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