



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司

Annual Report 2009

Kim Loong Resources Berhad

Annual Report 2009

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

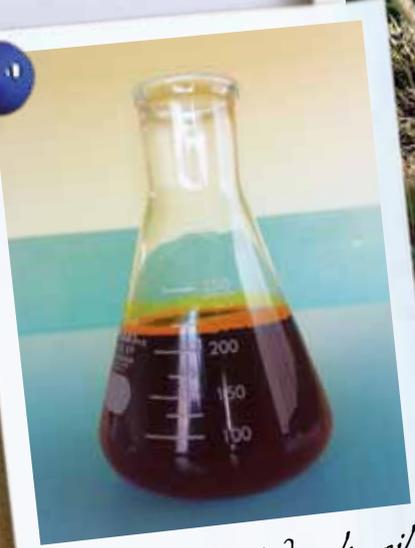
42
years
and beyond

CONTENTS ■

Notice of Annual General Meeting	6
Statement Accompanying	
Notice of Annual General Meeting	8
Corporate Information	9
Board of Directors	12
Profiles of Directors	14
Group Structure	17
Group Financial Highlights	18
Statistics	19
Statement on Corporate Governance	22
Statement on Internal Control	30
Statement on Corporate	
Social Responsibilities	33
Report of the Audit Committee	35
Report of the Remuneration Committee	38
Report of the Nominating Committee	39
Chairman's Statement	40
Financial Statements	43
Analysis of Shareholdings	96
Analysis of Warrant Holdings	99
Particulars of Properties	101
Form of Proxy	Enclosed



Nursery at Winsome Al-Yatama



Solvent extracted palm oil





corporate milestones (1967-2008)

2008

Commissioned the 3rd palm oil mill at Telupid, Sabah.

Commissioned our first CDM project at Kota Tinggi in August 2008.

Kim Loong Resources Berhad received an award from Malaysia Cocoa Board under cocoa estate category.

2007

Keningau mill was awarded by MPOB as the highest OER mill in Malaysia in year 2007.

The Group undertook another CDM project in Keningau mill.

Commissioned the world's first palm-pressed fibre oil extraction plant.

2006

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

2005

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

2004

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

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

2003

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

2002

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

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

2000

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

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

1999

As part of the listing restructuring exercise, KLPO group (milling operations at Kota Tinggi, Johor) and KLC (the plantation and milling operations at Sook, Keningau, Sabah) were transferred to Kim Loong Resources Berhad.

1998

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

1997

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



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

1993

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

1981

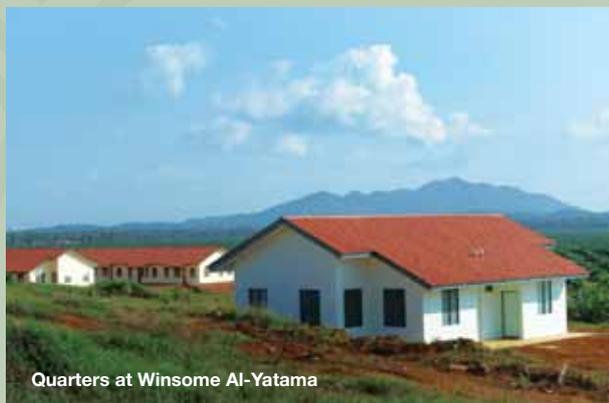
SKL expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah.

1980

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

1967

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



Quarters at Winsome Al-Yatama



Solvent extraction plant at Keningau mill



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of Kim Loong Resources Berhad will be held at Maple Junior Ball Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 July 2009 at 2.30 p.m. for the following purposes :-

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2009 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 2.5 sen less 25% tax and 0.5 sen tax exempt in respect of the financial year ended 31 January 2009. **(Resolution 2)**
3. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-
 - Gooi Seong Chneh **(Resolution 3)**
 - Chew Poh Soon **(Resolution 4)**
4. To re-appoint SKW Associates as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. As Special Business, to consider and if thought fit, to pass the following resolutions:-

ORDINARY RESOLUTION I – AUTHORITY TO ISSUE SHARES

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

(Resolution 6)

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

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

1. the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 30,289,359 representing 10% of the issued and paid-up share capital of the Company as at 18 June 2009;
2. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the combined total of the audited retained profits and/or the share premium reserves of the Company as at 31 January 2009 of RM24,611,547 and RM623,425 respectively;
3. the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting or the expiry of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
4. upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder,

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

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

(Resolution 7)

Notice Of Annual General Meeting (cont'd)

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

“THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to renew the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 3.5 of the Circular dated 8 July 2009, provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

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

and such authority shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, such authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the said Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

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

(Resolution 8)

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-fourth Annual General Meeting, the final dividend of 2.5 sen less 25% tax and 0.5 sen tax exempt in respect of the financial year ended 31 January 2009 will be paid on 18 August 2009 to depositors registered in the Record of Depositors on 31 July 2009.

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 31 July 2009 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

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

Petaling Jaya
8 July 2009

Notice Of Annual General Meeting (cont'd)

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 6 -

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 7 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Circular to Shareholders dated 8 July 2009 which is enclosed together with the Annual Report 2009.

(4) Resolution 8 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 8 July 2009 which is enclosed together with the Annual Report 2009.

Statement Accompanying Notice Of Annual General Meeting

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

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

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

Gooi Seong Chneh
Chew Poh Soon

(2) (a) There were four (4) Board of Directors' Meetings during the financial year ended 31 January 2009, all held at Lot 18.02, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. The date and time of the Meetings were as follows:-

Date of Meetings	Time
Thursday, 27 March 2008	2.35 p.m.
Friday, 27 June 2008	11.00 a.m.
Friday, 26 September 2008	3.20 p.m.
Tuesday, 30 December 2008	3.30 p.m.

(b) Attendance of Directors at the Board Meetings held during the financial year ended 31 January 2009 are as follows -

Name of Directors	Attendance at Meetings	Percentage of Attendance (%)
Loo Geok Eng (f) (Deceased on 13.08.2008)	2/2	100
Gooi Seong Lim	3/4	75
Gooi Seong Heen	4/4	100
Gooi Seong Chneh	4/4	100
Gooi Seong Gum	4/4	100
Gan Kim Guan	4/4	100
Teoh Cheng Hai	4/4	100
Chew Poh Soon	4/4	100

(3) The Thirty-fourth Annual General Meeting will be held at Maple Junior Ball Room, Level C of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 July 2009 at 2.30 p.m.

(4) The profile of Directors standing for re-election at the Thirty-fourth Annual General Meeting are set out in pages 15 and 16 of this Annual Report.

Corporate Information

**BOARD OF DIRECTORS**

- Gooi Seong Lim** Executive Chairman
Gooi Seong Heen Managing Director
Gooi Seong Chneh Executive Director
Gooi Seong Gum Executive Director
Gan Kim Guan Senior Independent Non-Executive Director
Teoh Cheng Hai Independent Non-Executive Director
Chew Poh Soon Independent Non-Executive Director

AUDIT COMMITTEE

- Gan Kim Guan *Chairman*
 Teoh Cheng Hai
 Chew Poh Soon

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

SKW Associates
 Chartered Accountants
 (Firm No. AF 0312)
 4Q - 4Q3, Jalan Tun Abdul Razak (Susur 3)
 80200 Johor Bahru,
 Johor Darul Takzim.

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
 Stock Short Name : KML0ONG
 Stock Code : 5027



*Visit to Kota Tinggi mill by the Minister of Natural Resources and Environment,
YB Datuk Douglas Uggah Embas and Director - General of the Department
of Environment, Dato' Hajah Rosnani Bt Ibarahim*

Board Of Directors



Left to right:

Gooi Seong Lim
Executive Chairman

Gooi Seong Heen
Managing Director



Left to right:

Gooi Seong Chneh
Executive Director

Gooi Seong Gum
Executive Director

Board Of Directors (cont'd)



Left to right:

Gan Kim Guan
*Senior Independent
Non-executive Director*

Chew Poh Soon
*Independent
Non-executive Director*

Teoh Cheng Hai
*Independent
Non-executive Director*



Left to right:

Chong Fook Sin
Company Secretary

Ng Kam May
Company Secretary

Profile Of Directors



MR. GOOI SEONG LIM

Aged 60, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was the Managing Director of KLR up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"), a public company listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended three (3) of the four (4) Board meetings held during the financial year 2009.



MR. GOOI SEONG HEEN

Aged 58, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He was also a member of the Audit Committee until 8 January 2008. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

Profile Of Directors (cont'd)

**MR. GOOI SEONG CHNEH**

Aged 54, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. He has been responsible for the development and management of oil palm and cocoa estates in Sabah since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

**MR. GOOI SEONG GUM**

Aged 53, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

Profile Of Directors (cont'd)

**MR. GAN KIM GUAN**

Aged 46, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 28 March 2001. He is currently the Senior Independent Non-executive Director of KLR. He was appointed as a member of the Audit Committee on 28 March 2001 and currently, he is the Chairman of the Audit Committee. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He is a partner of a firm of Chartered Accountants. He has extensive experience in auditing, investigation, financial planning and financing related work. He is also a director of CCB.

Mr Gan is a member of the Association of Chartered Certified Accountants, and a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

**MR. TEOH CHENG HAI**

Teoh Cheng Hai, aged 64, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and is the Chairman of both the Nominating and Remuneration Committees of KLR with effect from 27 March 2002. He graduated with a Bachelor of Agricultural Science Degree from the University of Malaya in 1968. He has more than 35 years experience in the plantation industry, principally in research and development and in total quality & environment management. He was formerly Director of R&D (1989-1995) and Director, Quality & Environment Management (1995-2000) of Golden Hope Plantations Berhad. He was the 1st Secretary-General of the Roundtable on Sustainable Palm Oil ("RSPO") in 2004/05 and served as Advisor to the RSPO Executive Board 2005/06. He was the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature ("WWF") Malaysia from 2001 - 2004. He is a member of the Faculty of SustainAbility Ltd, UK since 2000.

Mr Teoh has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

**MR. CHEW POH SOON**

Aged 64, a Malaysian, was an Independent Non-executive Director of KLR from 21 July 2000 to 30 April 2001. He was re-appointed an Independent Non-executive Director and a member of the Audit Committee of KLR on 30 March 2006. A graduate from University of Malaya with Bachelor of Agricultural Science (Hon) in 1967 and Master of Agricultural Science in 1976, he was Head of Agricultural Research of HRU Sdn Bhd and following that, Applied Agricultural Research Sdn. Bhd., a joint venture between Boustead Holdings Berhad and Kuala Lumpur Kepong Berhad till his retirement in March 2000. He was Plantation Director (Peninsula Malaysia) of IOI Corporation Berhad from 2001 to 2003. He has been closely involved in professional activities in the plantation industry and holds fellowships from the Incorporated Society of Planters, Malaysian Society of Soil Science and Malaysian Oil Scientists' and Technologists' Association.

Mr Chew has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the four (4) Board meetings held during the financial year 2009.

Family Relationships

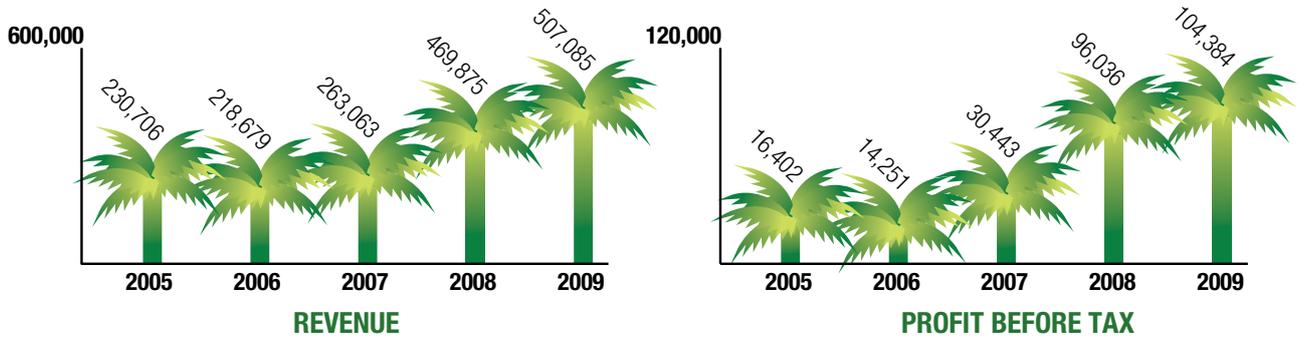
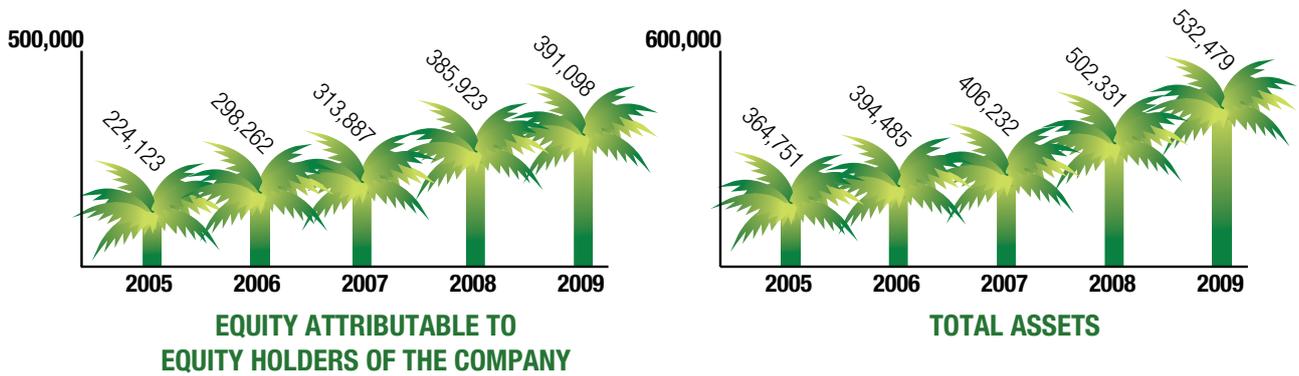
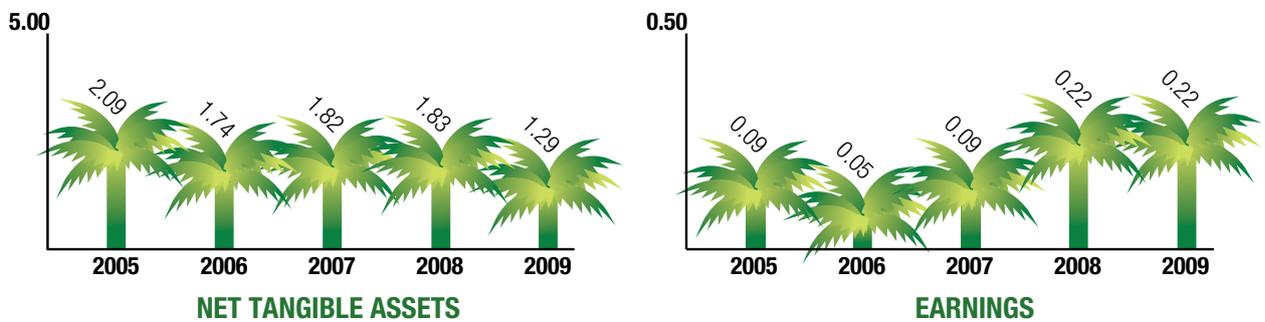
Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are brothers.

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

Group Structure As At 31 January 2009



Group Financial Highlights

INCOME STATEMENT (RM'000)**BALANCE SHEET (RM'000)****PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)**

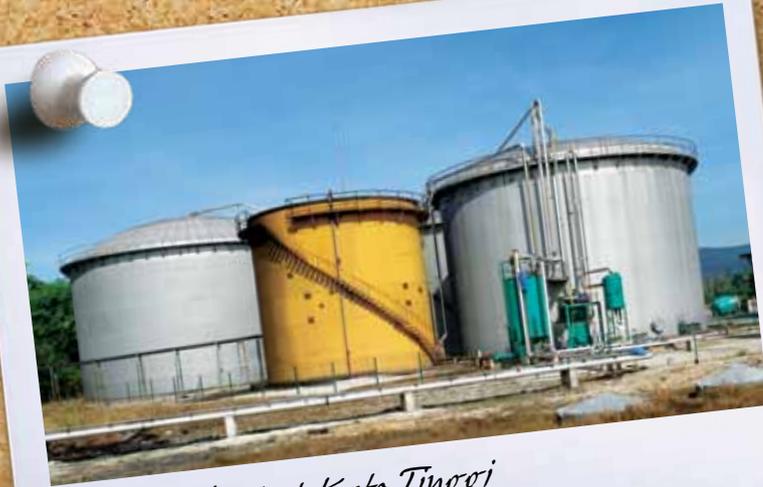
Group Financial Highlights (cont'd)

	2005	2006	2007	2008	2009
INCOME STATEMENT (RM'000)					
Revenue	230,706	218,679	263,063	469,875	507,085
Profit before tax	16,402	14,251	30,443	96,036	104,384
Profit after tax	11,551	9,938	22,674	71,463	81,563
BALANCE SHEET (RM'000)					
Paid-up share capital	106,750	170,864	171,459	209,957	302,253
Equity attributable to equity holders of the Company	224,123	298,262	313,887	385,923	391,098
Total assets	364,751	394,485	406,232	502,331	532,479
PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)					
Earnings	0.09*	0.05*	0.09*	0.22*	0.22
Net tangible assets	2.09	1.74	1.82	1.83	1.29
Dividends	0.07	0.07	0.10	0.18	0.36
Weighted average number of shares in issue ('000)	149,450*	219,533*	239,442*	264,742*	300,520
FINANCIAL RATIO (%)					
Return on shareholders' equity (Pretax)	7.32	4.78	9.70	24.88	26.69
Return on total assets (Pretax)	4.50	3.61	7.49	19.12	19.60

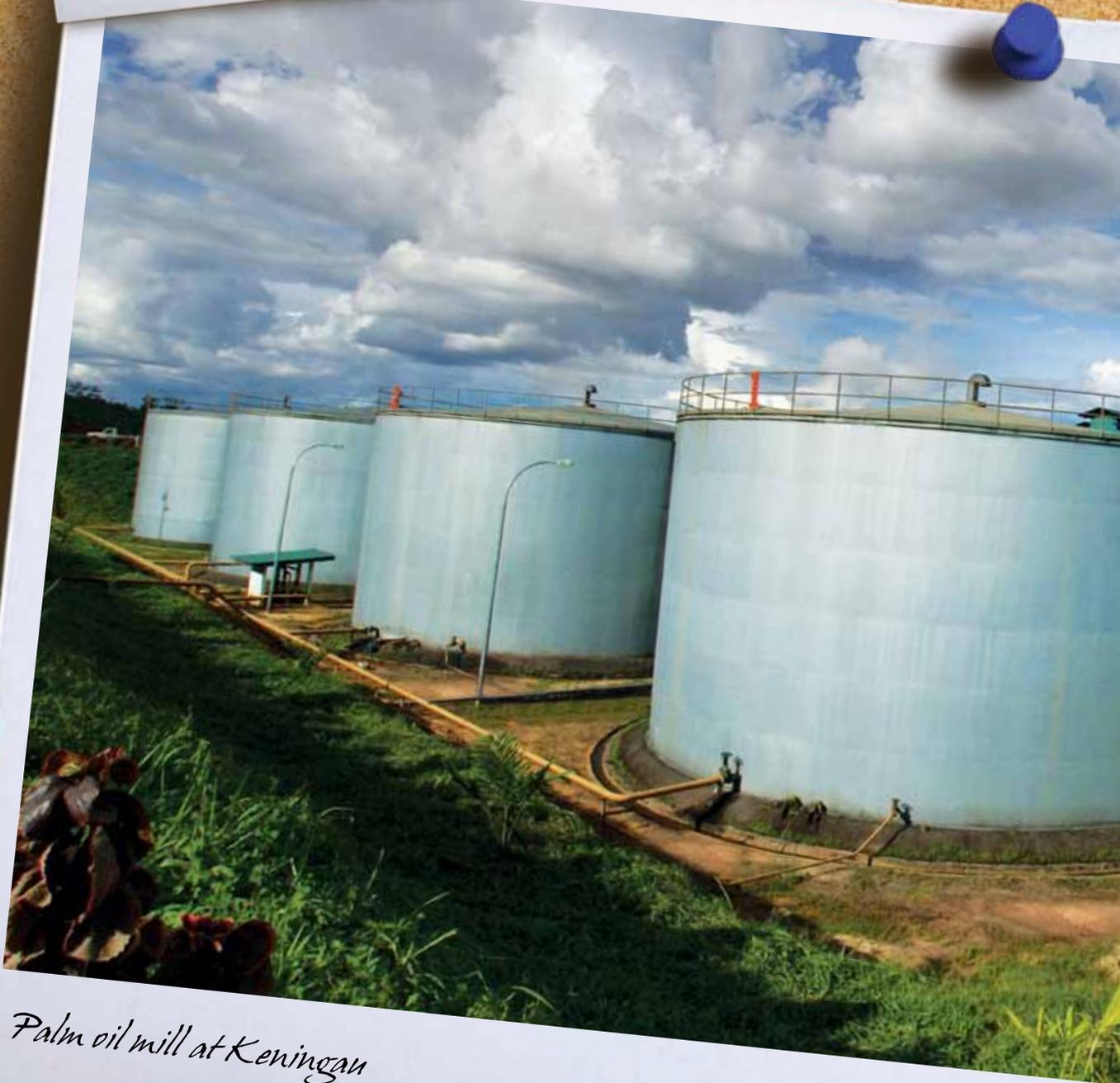
* Adjusted pursuant to the adjustment arising from Bonus Issue completed in August 2008.

Statistics

	2005	2006	2007	2008	2009
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	10,918	10,918	11,065	11,193	11,193
Immature	401	1,522	1,067	1,042	1,104
Unplanted land	1,521	400	-	-	-
	12,840	12,840	12,132	12,235	12,297
Cocoa and others	166	166	166	167	122
Total plantable area	13,006	13,006	12,298	12,402	12,419
Infrastructure and unplanted land	556	556	706	646	629
Total land area	13,562	13,562	13,004	13,048	13,048
Production (MT)					
Fresh fruit bunches ("FFB")	148,875	180,119	220,908	248,268	272,334
Yield per mature hectare	13.64	16.50	19.96	22.18	24.33
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	100,079	108,471	126,553	138,994	145,441
Oil extraction rate (% of FFB)	19.68	20.23	20.50	21.03	21.58
Palm kernel ("PK") (MT)	31,819	31,879	35,701	37,573	36,468
Kernel extraction rate (% of FFB)	6.26	5.94	5.78	5.69	5.41
Palm kernel oil ("PKO") (MT)	11,673	8,272	958	11,405	9,697
Oil extraction rate (% of PK)	43.02	43.82	45.12	45.30	45.40



Biogas plant at Kota Tinggi



Palm oil mill at Keningau



Reverse Osmosis plant at Kim Loong Sabah Mills



Aeration ponds



Polishing system for effluent treatment plant



Vertical steriliser

Statement on Corporate Governance

INTRODUCTION

The Statement on Corporate Governance by the Board of Directors has been set in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors is committed to ensure that a high standard of corporate governance is practised throughout Kim Loong Resources Berhad and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors is pleased to report to the shareholders on the manner the Group has applied the principles of good corporate governance and the extent of compliance with the Best Practices of Good Governance as set out in Part 1 and Part 2 respectively of the Malaysian Code of Corporate Governance ("the Code") throughout the financial year ended 31 January 2009.

1. BOARD OF DIRECTORS

1.1 The Board

Kim Loong Resources Berhad is led and managed by an effective Board comprising of members with a wide range of experience in relevant fields such as, plantation management, palm oil milling, engineering, business administration, finance, planning, development and marketing. They collectively bring a wide range of competencies to support the business direction of the Group. The Board as at 31 January 2009, comprised seven (7) directors consisting of:

- An Executive Chairman;
- A Managing Director;
- Two (2) Executive Directors;
- A Senior Independent Non-executive Director; and
- Two (2) Independent Non-executive Directors.

A profile of each Director is presented on pages 14 to 16 of this Annual Report.

Three (3) out of the seven (7) members of the Board that is more than one third (1/3) are Independent Non-executive Directors. The Independent Non-executive Directors namely Mr Gan Kim Guan, Mr Teoh Cheng Hai and Mr Chew Poh Soon play an important role of objectively assessing management strategies and practices and their impact on the long term interests of the shareholders fulfill a pivotal role in corporate accountability. Although all Directors have an equal responsibility to the Group, the role of these Independent Non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interests not only of the Group, but also the shareholders, employees, customers, suppliers and community in which the Group conducts its business. All Non-executive Directors are independent of the management and free from any relationship which could interfere with their judgement.

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

1.2 The Board's Responsibilities

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

The Board has reviewed the size of the Board and considers the current composition as optimum and effective given the scope, size and complexity of the business affairs of the Group and in compliance with the Independent Non-executive Directors criteria set out under the Listing Requirements of Bursa Securities.

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

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

1.3 Division of roles and responsibilities between Executive Chairman and Managing Director

The Board has appointed Mr. Gooi Seong Lim, as its Executive Chairman, and Mr. Gooi Seong Heen as the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses. The Group practises separate and divided responsibilities between the Executive Chairman and the Managing Director and these two positions are held by two separate persons. As part of good governance, the Chairman is responsible for ensuring Board effectiveness and

Statement on Corporate Governance (cont'd)

conduct. He encourages a healthy debate on issues raised at meetings and gives every opportunity to directors who wish to speak out. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not individuals or an interest group.

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

1.4 Board Meetings and Attendance

Board meetings are scheduled at least once every quarter, with additional meetings convened as and when required. During the financial year ended 31 January 2009, there were four (4) Board meetings. The composition of the Board and the attendance of each Director at the Board meetings held during the financial year were as follows:

Name of Director	Status of Directorship	Number of Board Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman	3 of 4	75%
Gooi Seong Heen	Managing Director	4 of 4	100%
Loo Geok Eng	Executive Director (Deceased on 13 August 2008)	2 of 2	100%
Gooi Seong Chneh	Executive Director	4 of 4	100%
Gooi Seong Gum	Executive Director	4 of 4	100%
Gan Kim Guan	Senior Independent Non-executive Director	4 of 4	100%
Teoh Cheng Hai	Independent Non-executive Director	4 of 4	100%
Chew Poh Soon	Independent Non-executive Director	4 of 4	100%

1.5 Supply of Information to the Board

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

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

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

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

1.6 Appointment and Election to the Board

Appointment

The Board appoints its members through a formal and transparent process which is consistent with the Company's Articles of Association. The appointment of new member(s) of the Board as well as the proposed re-appointment/re-election of Directors seeking re-appointment/re-election at the Annual General Meeting ("AGM") are recommended by the Nominating Committee to the Board for its approval.

The Board constantly reviews its effectiveness as a whole, the various Committees of the Board and the contributions of each director. All assessments and evaluations carried out by the Nominating Committee in discharging all its functions are properly documented. All newly appointed Directors are subject to re-election by the shareholders at the AGM following their appointment.

Statement on Corporate Governance (cont'd)

Re-election

The Company's Articles of Association provide that nearest to one-third (1/3) of the Board are required to retire by rotation at each AGM provided always that each Director shall retire at least once in every three years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment in accordance with the Articles of Association. This provides an opportunity for shareholders to renew their mandate. To assist shareholders in their decision, sufficient information such as personal profile and meeting attendance of each Director standing for election at the forthcoming AGM are shown in the Notice of AGM (Ordinary Resolution 3 & 4) on page 6.

2. BOARD COMMITTEES

The following Board Committees have been established to assist the Board in discharging its duties and the execution of specific responsibilities. All the Committees listed below do not have any executive power but report to the Board on all matters considered and submit recommendations for Board's approval (except the power of the Audit Committee to report to the Bursa Securities in circumstances described in the Audit Committee Report).

2.1 Audit Committee

The Audit Committee reviews the issues of accounting policies and presentation for external financial reporting, monitors the work of internal audit function and ensures that an objective and professional relationship is maintained by the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. The Committee has full access to the auditors both internal and external, who in turn, have access at all times to the Chairman of the Audit Committee.

In line with good corporate governance practices, the Executive Directors are not member of the Audit Committee.

The terms of reference of the Audit Committee together with the Report of the Audit Committee are disclosed on pages 35 to 37 of this Annual Report. The activities of the Audit Committee during the year ended 31 January 2009 are also set out in the Report of the Audit Committee.

2.2 Remuneration Committee

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Chairman, Managing Director and Executive Directors and assists the Board in ensuring that the remuneration is commensurate with the responsibilities and duties undertaken by each.

The terms of reference of the Remuneration Committee are set out under the Report of the Remuneration Committee on page 38 of this Annual Report.

2.3 Nominating Committee

The Nominating Committee is made up entirely of Non-executive Directors.

The Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Committee is also entrusted with the task of assessing annually the performance of the Board members, the Committees of the Board and effectiveness of the Board as a whole. The Nominating Committee also considers the balance of the Board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively.

The terms of reference of the Nominating Committee are set out under the Report of the Nominating Committee on page 39 of this Annual Report.

3. DIRECTORS' TRAINING

All existing Directors have completed the "Mandatory Accreditation Programme" conducted by the Research Institute of Investment Analyst Malaysia (RIIAM) as prescribed by the Listing Requirements of Bursa Securities.

Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. It is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as Directors.

Statement on Corporate Governance (cont'd)

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

Name	Programmes / Seminar
Gooi Seong Lim	<ul style="list-style-type: none"> • In House Training on Updates on Corporate Governance & Companies Act and Employment Law • The Strategic CFO • Government Financial Assistance for Malaysian Companies
Gooi Seong Heen	<ul style="list-style-type: none"> • In House Training on Updates on Corporate Governance & Companies Act and Employment Law • Effective Governance – The Way Forward • World Palm Oil Summit & Exhibition • Annual Palm & Lauric Oils Conference & Exhibition • The Strategic CFO • Seminar on Biofertilizer, Biogas & Effluent treatment
Loo Geok Eng	<ul style="list-style-type: none"> • In House Training on Updates on Corporate Governance & Companies Act and Employment Law
Gooi Seong Chneh	<ul style="list-style-type: none"> • In House Training on Updates on Corporate Governance & Companies Act and Employment Law • International Palm Oil Sustainability Conference 2008 – MPOC • The Strategic CFO • Government Financial Assistance for Malaysian Companies
Gooi Seong Gum	<ul style="list-style-type: none"> • In House Training on Updates on Corporate Governance & Companies Act and Employment Law • The Strategic CFO
Gan Kim Guan	<ul style="list-style-type: none"> • Key Amendment to the Malaysian Code of Corporate Governance • Wealth Management • 2008 National Conference on Internal Auditing • Firm of the Future Forum • National Tax Conferences 2008 • National Seminar on Taxation 2008 • 2009 Budget Seminar
Teoh Cheng Hai	<ul style="list-style-type: none"> • International Palm Oil Sustainability Conference 2008 – MPOC • Training Workshop on “How to Manage CSR Risks from the Global Supply Chain • OFIC 2008 Conference on Global Availability and Sustainability of Oils and Fats • 6th Roundtable Meeting (RT6) on Sustainable Palm Oil - RSPO • Seminar on Biofertilizer, Biogas & Effluent treatment
Chew Poh Soon	<ul style="list-style-type: none"> • Seminar on Biofertilizer, Biogas & Effluent treatment • Performance of MPOB PS1 & PS2 Materials & Elite Germplasm

4. DIRECTORS' REMUNERATION

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



Telupid mill



Keningau mill

Statement on Corporate Governance (cont'd)

The Remuneration Committee is responsible for setting the policy framework of the Executive Directors' remuneration packages and makes recommendations to the Board on the elements of the remuneration and other terms of appointment to the Board. The Executive Directors abstain from the deliberations and voting in respect of their remuneration. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. All Independent Non-executive Directors are paid director's remuneration for serving as Directors on the Board and its Committees. All Directors are paid a meeting allowance for attendance at each Board meeting.

A summary of the remuneration of the Directors for the year ended 31 January 2009, distinguishing between Executive and Non-executive Directors, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000, is set out as below:

a. Summary of Directors' Remuneration

Aggregate Remuneration	Executive Directors (RM)	Non-executive Directors (RM)	Total (RM)
Salary	1,020,000	-	1,020,000
Bonus	260,000	-	260,000
Fees	25,500	140,000	165,500
Meeting allowance	8,500	6,000	14,500
Estimated monetary value of benefits-in-kind	13,325	-	13,325
Defined contribution plan	145,680	-	145,680
Share options granted under ESOS	65,715	-	65,715
Total	1,538,720	146,000	1,684,720

b. Remuneration Band

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

5. SHAREHOLDERS COMMUNICATIONS AND INVESTORS RELATIONS**5.1 Dialogue between the Group and Investors**

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

The Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

In addition, the Group recognises the need for independent third party assessment of itself. In this regard, the Executive Chairman, Managing Director and key senior management of the Group also conduct dialogue sessions or briefings with Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. These briefings enable a direct and frank dialogue on the affairs of the Group.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data at Bursa Securities and via the Company's website at www.kimloong.com.my which they can access for information about the Group.

Shareholders and stakeholders can also contact Mr. Gan Kim Guan, the Senior Independent Non-executive Director on matters concerning the Group. He may be contacted at 03-92871889 or e-mail: gankg@kimloong.com.my

Statement on Corporate Governance (cont'd)

5.2 AGM

The AGM is the principal forum of dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least 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.

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

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

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond.

5.3 Annual Report

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

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

Bursa Securities also provides for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website at www.bursamalaysia.com.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

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

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors are responsible to present a balanced, clear and meaningful assessment of the Group's financial positions and future prospects.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness of information.

6.2 Internal Control

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

The review on the systems of internal control is set out under the Statement on Internal Control as set out in pages 30 to 32 of this Annual Report.

6.3 Internal Audit Function

The Internal Audit function of the Group has been outsourced to the Internal Audit Department ("IAD") of the Group's holding company, Sharikat Kim Loong Sendirian Berhad which acts independently from the activities and operations of the Group.

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

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

Statement on Corporate Governance (cont'd)

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

The estimated total cost incurred in relation to the internal audit function of the Group for financial year ended 31 January 2009 is RM190,000.

6.4 External Audit Function

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

The Group has maintained a close, transparent and professional relationship with its External Auditors i.e. Messrs SKW Associates in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia as well as the auditors' professional requirements. Messrs SKW Associates reports to the shareholders of the Company on its opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.27(a) of the Listing Requirements of Bursa Securities to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

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

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

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

The Directors took steps to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

8. ADDITIONAL COMPLIANCE INFORMATION

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

8.1 Utilisation of Proceeds from Corporate Proposals

The Company made a Bonus Issue during the year of 2 new shares for every 5 existing shares held in the Company. However, there were no proceeds raised from such exercise for the financial year 2009.

8.2 Share Buy-Back

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

8.3 Options, Warrant or Convertible Securities

There were no options, warrant or convertible securities issued to any parties during the financial year, other than those disclosed in Note 16 to the Financial Statements.

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

The Company did not sponsor any ADR or GDR programme during the financial year.

Statement on Corporate Governance (cont'd)

8.5 Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by any regulatory bodies during financial year save and except for the following: -

Name of Company	Nature of non compliance	Amount (RM)	Remedial Action
Kim Loong Resources Berhad	Section 5(1) (b) (aa) – Occupational Safety and Health Regulations	3,000	Provided safety helmets for all FFB Loaders. Also conducted training on safe operating procedures. The relevant forms were also submitted to JKKP.
Kim Loong Resources Berhad	Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 – Notification and reporting of accident and dangerous occurrence	3,000	A safe driving training was conducted for all lorry drivers and have submitted the required documents to JKKP.
Desa Okidville Sdn Bhd	Section 21 Control of Supplies Act 1961 (Revised 1973) – Unlawful possession of controlled item (diesel & petrol)	1,000	The Company has submitted its application for storage of diesel and petrol at its premises. The approval was received vide "Surat Kuasa Khas" on 23 April 2009.

8.6 Non-audit fees

Non-audit fee paid and payable to the External Auditors, Messrs SKW Associates, during the financial year 2009 was RM3,000.

8.7 Variation in results

There was no material variation between the results for the financial year ended 31 January 2009 and the unaudited results previously announced.

8.8 Profit Guarantee

The Company did not give any profit guarantee during the financial year.

8.9 Material Contracts Involving Directors and Major Shareholders' Interest

Material contracts for the Company and its subsidiaries involving Directors either subsisting at the end of the financial year or entered into since the end of the previous year are disclosed in Note 38 to the financial statements under "Significant Related Party Disclosures" on page 91.

8.10 Revaluation Policy

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

8.11 Recurrent Related Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 38 to the Financial Statements.

9. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board is of the opinion that it had complied with the Best Principles as set out in the Code of Corporate Governance throughout the financial year ended 31 January 2009 except for the details of Directors' remuneration. The Company complies with the disclosure requirements under the Listing Requirements of Bursa Securities i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made on page 26. In addition, the composition of the Remuneration Committee has been fully disclosed on page 38 of the Annual Report.

This Statement is made in accordance with a resolution of the Board dated 26 June 2009.

Statement On Internal Control

(Pursuant to paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1.0 INTRODUCTION

The Board of Directors of Kim Loong Resources Berhad is pleased to present its Statement on Internal Control for the financial year ended 31 January 2009, prepared in accordance with the Bursa Malaysia Securities Berhad's "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

2.0 BOARD RESPONSIBILITIES

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

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

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

3.0 KEY INTERNAL CONTROL PROCESSES

In reviewing and ensuring the adequacy and integrity of the internal control system, the Board has established the following key elements in the internal control framework of the Group.

3.1 Risk Management Framework

The Group has put in place a Risk Management Committee ("RMC") that is chaired by the Managing Director and its members comprise Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. HODS are trained to lead the risk management functions of their respective operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMC and the Audit Committee.

3.2 Organisation Structure and Authorisation Procedures

The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

Specific responsibilities have been delegated to relevant Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Executive Directors / Managing Director / Executive Chairman / Board with their recommendations.

3.3 Internal Audit Function

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

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

Statement On Internal Control (cont'd)



Vertical steriliser



Depericarper station and kernel plant of Kim Loong Sabah Mills

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

3.4 Operations Review and Monitoring

Operations of the Group are constantly monitored with up-to-date reports being presented by the Management, which reviews the performance of the Group against budget and prior year performance on a monthly basis. Variances are carefully analysed and corrective actions taken where necessary. Detailed reports on performance review with steps to be taken are presented to the Executive Directors periodically.

The Plantation General Manager and Executive Directors regularly visit the Group's estates to monitor their state of affairs. During the visits, the estate managers report on the progress and performance, discuss and resolve the estates' operational and key management issues.

Executive Directors also monitor the performance of the estates through reports produced by the external Planting Advisor and in-house Agronomist. The roles of the Planting Advisor and Agronomist are to ensure that the technical aspects of all estates under the Group are based on current best practices in plantation management.

The Milling Operations are regularly visited by the Managing Director, Executive Directors and the Mill Advisor. During the visits, the managers report on the mill performance, discuss and resolve all operational and key management issues faced by them.

3.5 Human Capital Development and Training

Emphasis is being placed on enhancing the quality and ability of employees through training and development. Employees' competencies are assessed annually through the annual appraisal system and subsequently, potential areas for further development and training are highlighted by the Heads of Departments and business units for follow up.

3.6 Other Key Elements of Internal Control

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

- Other Directors also visit the Group's estates and mills. Their comments and suggestions for improvement are directed to the Executive Chairman, Managing Director and/or Executive Directors.
- The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiaries records.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
- The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are regularly revised and updated to meet operational needs.
- All recurrent related party transactions are dealt with in accordance with the Listing Requirements of Bursa Securities. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.

Statement On Internal Control (cont'd)



4.0 REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2009. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

5.0 CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group and to facilitate the expansion of its operations. Additionally, the Board regards the risks faced by the Group are within acceptable levels to the business environment within which the Group operates.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 June 2009.

Statement On Corporate Social Responsibilities

The Group does not have a formal Corporate Social Responsibilities (“CSR”) Policy. However, as a socially responsible corporation, the Group supports and contributes positively to the sustainable development of the economy and the community where the Group operates. It places importance on its CSR and remains committed to care for the environment and employees, fostering strong relationships with business associates and supporting worthy community welfare causes as part of its business ethics and responsibilities.

Marketplace

The setting up of a palm oil mills at Sook-Keningau and Telupid in Sabah by our Group has spurred the economic activities in their respective surrounding areas. More locals are earning higher income by cultivating oil palm which is more profitable than the traditional crops. Our Keningau Mill now accepts FFB from more than 300 smallholders.

Workplace

Cognisant that a team of dedicated and motivated employees plays a crucial role in ensuring that the Group is well poised to meet present and future challenges, the Group continues to place emphasis on developing its human capital, the organisation’s most valuable asset. The Group had a total workforce of over 1,950 as at 31 January 2009.

The Group has also invested substantially on the construction of roads, employees housing, provision of free electricity and water supplies to them in the estates with the objective of providing better living conditions. Free/subsidised transportation is provided for school going children to the nearest school. We also provide recreational activities for the residents e.g., football field, volleyball and sepak takraw courts for the residents. Vegetable and fruit tree planting within the housing compound are promoted to enhance food sufficiency by way of provision of seeds and young plant. Annual kenduri was conducted to foster better relations between the staff and workers. The roads leading to the estates are properly maintained to facilitate the movements of vehicles. Some of our main roads have benefited the neighbouring villagers as they also use these roads to go to the nearest town.

The Group has carried out various activities to improve the workforce knowledge, quality of life and foster a sense of belonging, such as:

- Conducting in-house training for the staff on communication, legal, accounting, technical issues and management skills. Where specialist training is required, the staff are sent for external training;
- Various staff activities including festival celebrations and sporting events through the In-House Sports Club;
- A partially subsidised company trip to Cambodia and Kota Kinabalu was organised for the staff and their family members; and
- During the financial year, at the height of the rise of petrol prices, our employees were provided with a Special Relief Allowance to cope.

In accordance with its tradition in appreciation for the contributions of our staff, business associates and partners an annual dinner was organised at a five star hotel in Johor Bahru.

Community

Our Group has over the years placed great emphasis on enhancing the quality of life of the communities where we operate. This is evidenced by the Group’s wide-ranging contributions in areas of education, infrastructure, cultural and social development initiatives. It is the Group’s practice to create and offer priority in job opportunities to local villagers, either by way of direct employment or through the award of contract works. This policy has proven effective in improving their living standards.

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

During the year, the Group has assisted trainees from various universities, institutes of higher learning and training centres to undergo their practical training. Suitable candidates have been offered employment after they have completed their training.

The Group also made several contributions and donations amounting to approximately RM170,000 to worthy causes and organisations including:

- Embassy of The People’s Republic of China for earthquake victims in China
- Rotary Club of Tebrau Foundation
- Various amounts were donated to governmental and non-governmental organisations to support their sports, cultural and welfare activities
- Donations to schools for building funds, sports day and Persatuan Ibu Bapa & Guru in Johor and Sabah.

Statement On Corporate Social Responsibilities (cont'd)

**Environment**

The Group supports conservation of the environment by actively managing its resources in a responsible manner by developing and implementing environmental-friendly practices such as zero burning, soil and water conservation measures and avoids practices that may harm the environment irreversibly in its estates.

The Group has successfully implemented the methane capture and power generation project which will reduce greenhouse gas emissions as well as supply low cost steam and electricity for milling operations and other downstream activities of the Group. This is the first project in the world that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change ("UNFCCC") on biogas generated from palm oil mill effluent. The sales of the Certified Emission Reduction ("CER") generated by the project to third party will start in 2009.

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

Report Of The Audit Committee

The Board of Directors of Kim Loong Resources Berhad is pleased to present the Report of the Audit Committee which lays out its activities held throughout the financial year ended 31 January 2009 and in compliance with Paragraph 15.16 (1) of the Listing Requirements of Bursa Securities.

MEMBERS OF THE AUDIT COMMITTEE

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall not be fewer than three (3) members. All the members must be Non-executive Directors, with a majority of them being Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Securities. The quorum shall be two (2) members, a majority of whom shall be Independent Directors. The Chairman of the Committee shall be elected by the members of the Committee from amongst their members and shall be an Independent Director.

At least one member of the Committee:

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

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

The Company Secretary shall be the Secretary of the Committee.

2. Attendance At Meetings

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

3. Frequency and Procedures of Meetings

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

During the financial year 2009, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the year was as follows:

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

Report Of The Audit Committee (cont'd)

The details of training attended by the above Directors are tabulated on page 25.

4. Functions

The Committee shall amongst others, discharge the following functions:

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

5. Rights

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

- a. have authority to investigate any matter within its Terms of Reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Group;
- d. have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- e. be able to obtain independent professional advice; and
- f. be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

6. Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

During the financial year 2009, the Audit Committee has discharged its duties and responsibilities in accordance with its terms of reference. The main activities undertaken by the Audit Committee were as follows:

Financial and Operations Review

- Reviewed operational reports;
- Reviewed and recommended for the Board's approval the quarterly reports for announcement to the Bursa Securities in compliance with the Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and the Company with the External Auditors prior to submission to the Board for approval;
- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and

Report Of The Audit Committee (cont'd)

- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Malaysian Code of Corporate Governance in conjunction with the preparation of the Corporate Governance Statement and Internal Control Statement.

External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2009 to ensure their scope of work adequately covered the activities of the Company and the Group
- Discussed with the management and the External Auditors the Financial Reporting Standards applicable to the financial statements of the Company and the Group that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon.
- Reviewed and evaluated the External Auditor's performance, objectivity and independence during the year before recommending to the Board for re-appointment and remuneration.
- Held independent meetings (without the presence of Management) with the External Auditors on significant findings in the course of the audit.

Internal Audit

- Reviewed and approved the Internal Audit Department's ("IAD") resource requirement, programmes and plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries.
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by the Management and relevant issues reported to the Board.
- Prepared the Audit Committee report for inclusion in the Annual Report 2009;
- Held independent meetings (without the presence of Management) with the Internal Auditors on significant findings in the course of the audit.

Risk Management

- Reviewed the Risk Management Committee's reports and assessment.

Related Party Transactions

- The Audit Committee reviewed all significant related party transactions entered by the Company and the Group to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

Employees Share Options Scheme ("ESOS")

- Reviewed the list of eligible employees and the allocation of options to be offered to them in accordance with the By-laws of the ESOS.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group has been outsourced to the IAD of the Group's holding company, Sharikat Kim Loong Sendirian Berhad.

The Head of IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The IAD adopts a risk-based auditing approach taking into account best practices and industry standards.

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

During the financial year under review, the internal auditors conducted audits on business units and carried out regular reviews of the operations of the companies within the Group in accordance with the approved Internal Audit Plan

This Statement is made in accordance with a resolution of the Board of Directors dated 26 June 2009.

Report Of The Remuneration Committee

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

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

TERMS OF REFERENCE

(1) Membership

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

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

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

The Company Secretary shall be the Secretary of the Committee.

(2) Frequency of Meetings

Meetings shall be held not less than once a year.

(3) Authority

The Committee is authorised to draw advice from outside as and when necessary in forming its recommendation to the Board on the remuneration of the Executive Directors in all its forms. Executive Directors should play no part in deciding their own remuneration and should abstain from discussion of their own remuneration.

(4) Duty

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

(5) Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2009. All members attended the meeting.

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

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

Report of The Nominating Committee

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

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

TERMS OF REFERENCE

(1) Membership

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

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

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

The Company Secretary shall be the Secretary of the Committee.

(2) Frequency of Meetings

Meetings shall be held not less than once a year.

(3) Authority

The Committee is to recommend new nominees for the Board and the board committees and to assess Directors on an ongoing basis.

The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

(4) Duty

The duties of the Committee shall be:

- (i) to recommend to the Board, candidates for all directorships and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder may also be considered;
- (ii) to recommend to the Board, directors to fill the seats in board committees;
- (iii) to review annually, on behalf of the Board, the required mix of skills, experience and other qualities, including core competencies, which Non-executive Directors should bring to the Board.
- (iv) to carry out annually, on behalf of the Board, the assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each individual Director.

(5) Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2009. All members attended the meeting.

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

- a) Reviewed the composition and the required mix of skills, experience and other qualities of the Board; and
- b) Reviewed the re-election of directors retiring at the AGM under Article 77 of the Articles of Association.

Chairman's Statement



On behalf of the Board of Directors of Kim Loong Resources Berhad ("KLR"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2009.

RESULTS

I am pleased to report that the Group achieved a 9% increase in Profit Before Tax ("PBT") compared to financial year 2008 despite higher production costs due to volatile commodity prices and sharp drop in palm oil prices in the second half of financial year 2009. Revenue and PBT were at record highs of RM507.1 million and RM104.4 million respectively for the financial year 2009 compared to RM469.9 million and RM96.0 million for the financial year 2008.

The 8% and 9% growth in revenue and PBT respectively were mainly contributed by 10% higher FFB production and higher Crude Palm Oil ("CPO") price which was about 7% more than last year.

DIVIDEND

In view of the satisfactory financial performance, the Board has recommended a final dividend of 3 sen per share comprising 2.5 sen less 25% tax and 0.5 sen tax exempt (2008: final dividend of 5 sen per share, less 25% tax), for the financial year 2009 making a total dividend of 36 sen per share, of which 35.5 sen is less 25% tax and 0.5 sen is tax exempt (2008 : 13 sen per share, less 26% tax and 5 sen per share, less 25% tax).

CORPORATE ACHIEVEMENTS AND DEVELOPMENTS

1. Awards and Achievements

We are proud to report that our effort and commitment to improve efficiency and productivity has once again been recognised by an award given to our Keningau mill from Malaysia Palm Oil Board ("MPOB") as the mill with the highest Oil Extraction Rate ("OER") in Malaysia in 2007. The previous awards won by the Company from MPOB include achieving OER exceeding 25% by our Keningau mill in 2005 and Most Innovative Mill by our Kota Tinggi mill in 2002.

In 2008, the Company also received an award from Malaysia Cocoa Board under cocoa estate category.

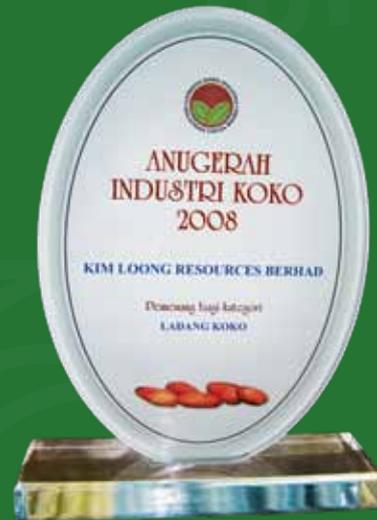
2. Bonus Issue

On 15 August 2008, the Company completed the Bonus Issue of 86,247,636 ordinary shares of RM1.00 each in the Company on the basis of two (2) new shares for every five (5) existing shares of RM1.00 each held in the Company by way of capitalizing the Company's share premium account and part of retained earnings. This has increased the Company's share capital base to better reflect the size of the operations of the Group and also reward the shareholders of the Company for their support and loyalty to the Group. The Bonus Issue will also enable the shareholders of the Company to have greater participation in the equity of the Company in terms of number of shares held while maintaining their percentage of equity interest.

Chairman's Statement (cont'd)



Award by MPOB as highest OER mill in Malaysia in 2007



Award by Malaysia Cocoa Board in 2008

3. Share Buy-Back Scheme

The Share Buy-Back scheme of up to ten percent (10%) of the issued and paid-up capital of the Company was duly approved by the shareholders at an Extraordinary General Meeting held on 23 February 2009. The Share Buy-Back scheme enables the Company to utilise the surplus financial resources to purchase its own shares listed on Bursa Malaysia Securities Berhad ("Bursa Securities") which may help to stabilise the demand and supply of the Company's shares traded on Bursa Securities. Consequently, the earnings per share of the Company is expected to improve which should have a favourable impact on the market prices of the Company's shares. Moreover, the Company is able to keep the shares bought back as treasury shares and subsequently either resell them on Bursa Securities to realise capital gains or distribute them to the shareholders of the Company, in lieu of cash dividends.

PALM OIL MILLING OPERATIONS

The palm oil milling operations recorded an increase of 8.7% in revenue to RM447.7 million mainly due to increase in CPO price. However, the profit declined by 19% or RM4.5 million to RM19.3 million, compared to RM23.8 million for the financial year 2008. The reduction in profit was mainly due to inventory write-down as a result of the steep decline in palm oil product prices in the second half of the financial year.

PLANTATION OPERATIONS

The revenue from the plantation operations increased by RM20.4 million or 16% to RM144.6 million (inclusive of inter-segment adjustments) in the financial year 2009. The profit also increased by RM10.7 million or 14% to RM86.4 million as compared to RM75.7 million in the financial year 2008 as a result of the better palm oil prices and about 10% increase in FFB production by 24,000 MT as compared to last financial year.

DEVELOPMENT AND PROSPECTS

The long term outlook for the palm oil industry in Malaysia remains good. However, the CPO price is expected to remain volatile for this year and may trend lower over the next 6 months in view of the expected higher production in the second half of the year as Malaysia's and Indonesia's production recovers.

The production capacity of the Group's Keningau mill has increased to 60 MT of FFB/hour. The third mill in Telupid, Sabah with a capacity of 45MT of FFB/hour was successfully commissioned on 18 December 2008. With the expansion in Sabah, the processing capacity of the Group has increased to 950,000 MT of FFB per annum.

Chairman's Statement (cont'd)



AGM 2008



Award by Malaysia Cocoa Board

Downstream milling projects aimed at improving efficiency and reducing palm oil mill wastes through innovations and new technologies under development are as follows:

- (i) The Group's second palm-pressed fibre oil extraction plant at its Keningau mill, Sabah is currently under construction and expected to be commissioned in 2009.
- (ii) The Group plans to install a palm kernel oil solvent extraction plant at its Kota Tinggi mill to improve PKO extraction efficiency.
- (iii) The second Clean Development Mechanism ("CDM") project on methane capture at Keningau is under construction and is expected to be fully commissioned by end of July 2009. Application for third CDM project at Telupid mill will commence in June 2009.

We believe we have created a milling complex prototype which extracts maximum value from various integrated operations and at the same time minimizes impact to the environment. This would contribute to the industry's progress towards sustainable production of palm oil.



The Group's production of FFB is expected to increase by 5% to 10% in the financial year 2010 with a higher yield per hectare due to more favourable age profile. The Group will continue to look into opportunities for increasing its landbank in the states of Johor, Pahang, Sabah and Sarawak and suitable land near its existing palm oil mills through acquisition or joint venture to provide a sustainable and synergistic growth in revenue and profit.

The Group expects an increase in profits from milling operations in financial year 2010 in view of the third palm oil mill in operation at Telupid, Sabah.

In view of the current economic downturn and volatile commodity price, the Group will take measures to mitigate its exposure to any unexpected loss due to sudden drop in CPO price.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group's performance to remain good in the financial year ending 31 January 2010.

BOARD MATTER

We are saddened by the demise of our beloved Founder and Director, my mother Madam Loo Geok Eng, who passed away peacefully on 13 August 2008. The late Madam Loo through integrity and hard work established the Group which has since grown and diversified under her leadership. Her remarkable entrepreneurial legacy lives on.

APPRECIATION

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

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

Gooi Seong Lim

Executive Chairman
Johor Bahru, Johor

Date: 26 June 2009

FINANCIAL STATEMENTS ■

Directors' Report	44
Statement by Directors	50
Statutory Declaration	50
Report of the Independent Auditors	51
Balance Sheets	52
Income Statements	53
Consolidated Statement of Changes in Equity	54
Company Statement of Changes in Equity	58
Cash Flow Statements	60
Notes to the Financial Statements	63

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 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of cultivation of oil palm and cocoa and investment holding. The principal activities of the subsidiary companies are listed in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	81,562,835	76,029,898
Attributable to :		
Equity holders of the Company	65,375,115	76,029,898
Minority interests	16,187,720	-
	81,562,835	76,029,898

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 2008, as shown in the Directors' report of that year, a final gross dividend of 5 sen per share on 212,518,994 ordinary shares, less tax, paid on 22 August 2008	7,969,462
In respect of the financial year ended 31 January 2009, a special dividend of 23 sen per share on 214,622,526 ordinary shares, less tax, paid on 30 May 2008	37,022,386
In respect of the financial year ended 31 January 2009, an interim gross dividend of 10 sen per share on 302,123,872 ordinary shares, less tax, paid on 26 November 2008	22,659,290
	67,651,138

The Directors recommend the payment of a final gross dividend in respect of the financial year ended 31 January 2009 of 3 sen per share which comprises 2.5 sen less tax and 0.5 sen tax exempt, 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, SHARE OPTIONS AND DEBENTURES

During the financial year:

- i) 1,238,700 ordinary shares of RM1 each were issued by virtue of the exercise of 875,400 share options (at RM1.14 per share), 143,000 share options (at RM1.22 per share), 105,300 share options (at RM1.67 per share) and 115,000 share options (at RM3.18 per share) granted pursuant to the Company's Employees' Share Option Scheme.

Directors' Report (cont'd)

- ii) 4,809,941 ordinary shares of RM1 each were issued pursuant to the exercise of 4,809,941 Warrants.
- iii) 86,247,636 bonus shares of RM1 each were issued on the basis of two new ordinary shares for every five existing ordinary shares.

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

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

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 18 March 2005 for a period of 5 years. The ESOS is governed by the By-Laws which was approved by the shareholders on 26 January 2005. On 30 March 2009, the Directors approved to extend the ESOS period for another 5 years from 17 March 2010.

The main features of the ESOS are :

- (i) The total number of new ordinary shares to be issued by the Company under the ESOS shall not exceed 15% of the total issued and paid up ordinary shares of the Company, and such that not more than 50% of the shares available under ESOS is allocated in aggregate to the directors and senior management.
- (ii) Not more than 10% shares available under ESOS is allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid up capital of the Company.
- (iii) Only staff and executive directors of the Group are eligible to participate in the scheme. Executive directors are those involved in a full time day-to-day managerial and executive capacity in any company within the Group and on the payroll of the Group.
- (iv) The option price under the ESOS is the five (5) days weighted average market price of the shares of the Company at the time the option is granted, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give, or the par value of the shares of the Company of RM1, whichever is the higher.
- (v) The options granted will be valid up to the extended expiry date of the ESOS on 17 March 2015.
- (vi) An option holder may, in a particular year, exercise up to such maximum number of shares as specified in the option certificate in accordance with By-law 7.4.

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

Options issued in :	Number of share options granted and unexercised as at 31 January 2009	Percentage of options exercisable in financial year 2010 %
2005	991,300	100
2006	55,300	100
2007	502,900	100
2008	1,258,700	100
	2,808,200	

- (vii) The persons to whom the options are granted have no right to participate by virtue of the options in any shares issue of any other company within the Group.
- (viii) Eligible employees are those who have been employed for at least three calendar months of continuous service, after the probation period, and is confirmed in full time service in any company within the Group.

During the financial year, the Company issued 1,891,300 new options (inclusive of 827,900 new options arising from adjustments pursuant to Bonus Issue) to eligible employees. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each.

Directors' Report (cont'd)

The employees granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Grant Date	Exercise Expiry date	Price RM	Number of Share Options		
				Granted/ Adjustment pursuant to Bonus Issue	Exercised	31.01.2009
Gan Leong Hoe @ Zephyrinus	27 March 2008 and 15 August 2008	17 March 2015	2.27	126,000	-	126,000
Lee Choo Chai	27 March 2008 and 15 August 2008	17 March 2015	2.27	126,000	-	126,000

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

DIRECTORS

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

Gooi Seong Lim
 Gooi Seong Heen
 Gooi Seong Chneh
 Gooi Seong Gum
 Gan Kim Guan
 Teoh Cheng Hai
 Chew Poh Soon
 Loo Geok Eng (f) (Deceased on 13.8.2008)

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of the Director	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2008	Bought/ Bonus Issue	Sold	At 31.1.2009
Gooi Seong Lim				
- direct interests	748,000	411,760	-	1,159,760
- indirect interests	137,656,400	55,062,565	-	192,718,965
Gooi Seong Heen				
- direct interests	628,000	391,760	-	1,019,760
- indirect interests	137,416,400	54,966,565	-	192,382,965

Directors' Report (cont'd)

Number of ordinary shares of RM1 each in the Company

Name of the Director	At 1.2.2008	Bought/ Bonus Issue	Sold	At 31.1.2009
Gooi Seong Chneh				
- direct interests	548,000	331,760	-	879,760
- indirect interests	137,416,400	54,966,565	-	192,382,965
Gooi Seong Gum				
- direct interests	518,000	1,624,000	-	2,142,000
- indirect interests	137,576,400	54,862,565	-	192,438,965

Number of Warrants 2005/2012 in the Company

Name of the Director	At 1.2.2008	Bought/ Bonus Issue	Exercised	At 31.1.2009
Gooi Seong Lim				
- direct interests	-	-	-	-
- indirect interests	1,600	640	-	2,240
Gooi Seong Heen				
- direct interests	20,000	-	(20,000)	-
- indirect interests	1,600	640	-	2,240
Gooi Seong Chneh				
- direct interests	-	-	-	-
- indirect interests	1,600	640	-	2,240
Gooi Seong Gum				
- direct interests	-	-	-	-
- indirect interests	1,600	640	-	2,240

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

Name of the Director	At 1.2.2008	Granted/ Bonus Issue	Exercised	At 31.1.2009
Gooi Seong Lim	134,000	55,000	(80,400)	108,600
Gooi Seong Heen	134,000	55,000	(80,400)	108,600
Gooi Seong Chneh	134,000	55,000	(80,400)	108,600
Gooi Seong Gum	134,000	55,000	(80,400)	108,600

Number of ordinary shares of RM1 each in related corporations

Name of the Director	At 1.2.2008	Bought	Sold	At 31.1.2009
Crescendo Corporation Berhad				
Gooi Seong Lim	2,277,836	-	-	2,277,836
Gooi Seong Heen	2,142,835	-	-	2,142,835
Gooi Seong Chneh	1,974,836	-	-	1,974,836
Gooi Seong Gum	1,835,437	-	(1,835,437)	-
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim	9,800	-	-	9,800
Gooi Seong Heen	9,800	-	-	9,800
Gooi Seong Chneh	9,800	-	-	9,800
Gooi Seong Gum	9,800	-	-	9,800
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim	4,560	-	-	4,560
Gooi Seong Heen	4,560	-	-	4,560
Gooi Seong Chneh	4,560	-	-	4,560
Gooi Seong Gum	4,560	-	-	4,560

Directors' Report (cont'd)

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

Name of the Director	At 1.2.2008	Granted	Exercised	At 31.1.2009
Gooi Seong Lim	-	-	-	-
Gooi Seong Heen	228,000	-	-	228,000
Gooi Seong Chneh	128,000	-	-	128,000
Gooi Seong Gum	329,000	-	-	329,000

**Number of Irredeemable Convertible Unsecured Loan Stocks
2009/2016 at nominal value of RM1 each in a related corporation,
Crescendo Corporation Berhad**

Name of the Director	At 1.2.2008	Bought	Exercised	At 31.1.2009
Gooi Seong Lim	-	1,138,918	-	1,138,918
Gooi Seong Heen	-	1,071,417	-	1,071,417
Gooi Seong Chneh	-	987,418	-	987,418
Gooi Seong Gum	-	-	-	-

**Number of Warrants 2009/2014 in a related corporation,
Crescendo Corporation Berhad**

Name of the Director	At 1.2.2008	Allotted	Exercised	At 31.1.2009
Gooi Seong Lim	-	1,138,918	-	1,138,918
Gooi Seong Heen	-	1,071,417	-	1,071,417
Gooi Seong Chneh	-	987,418	-	987,418
Gooi Seong Gum	-	-	-	-

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

Name of the Director	At 1.2.2008	Bought	Sold	At 31.1.2009
Gooi Seong Lim				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Heen				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Gum				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250

By virtue of their interests in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are also deemed to have interests:

- in the shares in the Company and its related corporations to the extent that the holding company has interests.
- in the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") issued by a related company, Crescendo Corporation Berhad, to the extent that the holding company has interests.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

In the opinion of the Directors :

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

HOLDING AND ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, SKW Associates, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors

GOOI SEONG HEEN

Director

GOOI SEONG CHNEH

Director

Dated : 27 May 2009

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

We, Gooi Seong Heen and Gooi Seong Chneh, being two of the Directors of KIM LOONG RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 52 to 95 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 2009 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 Financial Reporting Standards and the provisions of the Companies Act 1965.

On behalf of the Board,

GOOI SEONG HEEN
Director

GOOI SEONG CHNEH
Director

Dated : 27 May 2009

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

I, Gooi Seong Heen, being the Director primarily responsible for the financial management of KIM LOONG RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 52 to 95 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
Gooi Seong Heen,)
at Johor Bahru in the state of Johor)
this 27 May 2009)

GOOI SEONG HEEN

Before me,

Commissioner for Oaths

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Kim Loong Resources Berhad, which comprise the balance sheets as at 31 January 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 95.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SKW Associates
Firm Number : AF 0312
Chartered Accountants

Soong Ah Chye
Approval Number : 1767/05/10 (J)
Chartered Accountant

Johor Bahru
Dated : 27 May 2009

Balance Sheets As At 31 January 2009

	NOTE	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	169,514,979	121,915,879	4,804,904	4,652,397
Prepaid land lease payments	5	164,647,337	166,621,545	63,088,055	63,972,131
Biological assets	6	65,330,218	64,929,336	1,871,926	2,374,400
Investment in subsidiary companies	7	-	-	72,736,668	89,466,098
Quoted investments	8	12,500	55,500	-	-
Intangible assets	9	1,452,590	1,532,447	-	-
Deferred tax assets	24	3,359,000	927,000	-	-
		404,316,624	355,981,707	142,501,553	160,465,026
Current assets					
Inventories	10	24,287,259	15,218,123	942,760	291,098
Trade receivables	11	19,285,277	20,479,473	1,953,776	1,863,498
Other receivables, deposits and prepayments	12	6,541,035	8,493,747	1,259,400	1,079,906
Tax recoverable		1,177,275	224,752	-	-
Amount owing by holding company	26	2,251	-	-	-
Amount owing by subsidiary companies	13	-	-	177,966,968	151,842,689
Amount owing by related companies	14	490,015	290,117	4,560	-
Bank and cash balances	15	76,379,232	101,642,798	45,385,942	74,414,842
		128,162,344	146,349,010	227,513,406	229,492,033
TOTAL ASSETS		532,478,968	502,330,717	370,014,959	389,957,059
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	302,252,972	209,956,695	302,252,972	209,956,695
Reserves	17	88,844,858	175,965,889	53,070,769	145,667,211
		391,097,830	385,922,584	355,323,741	355,623,906
Minority interests		27,728,890	16,066,695	-	-
Total equity		418,826,720	401,989,279	355,323,741	355,623,906
Non-current liabilities					
Other borrowings	22	13,671,774	12,143,510	-	-
Interest bearing borrowings (secured)	23	22,323,440	7,538,109	-	-
Deferred tax liabilities	24	42,348,191	38,541,185	9,876,678	10,423,178
		78,343,405	58,222,804	9,876,678	10,423,178
Current liabilities					
Trade payables	25	14,084,400	17,992,854	2,382,981	1,162,552
Other payables and accruals	25	8,361,875	9,377,916	1,235,405	1,786,778
Amount owing to holding company	26	164,042	160,973	45,600	47,683
Amount owing to subsidiary companies	13	-	-	1,052,741	18,897,498
Amount owing to related companies	14	365,166	376,983	-	32
Other borrowings	22	400,000	400,000	-	-
Interest bearing borrowings (secured)	23	9,315,447	9,651,446	-	-
Tax payable		2,617,913	4,158,462	97,813	2,015,432
		35,308,843	42,118,634	4,814,540	23,909,975
Total liabilities		113,652,248	100,341,438	14,691,218	34,333,153
TOTAL EQUITY AND LIABILITIES		532,478,968	502,330,717	370,014,959	389,957,059

Income Statements

For The Financial Year Ended 31 January 2009

	NOTE	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	27	507,084,584	469,875,491	32,533,140	33,627,090
Cost of sales	28	(383,834,868)	(358,647,834)	(13,427,096)	(9,594,482)
Gross profit		123,249,716	111,227,657	19,106,044	24,032,608
Other income	29	3,654,049	3,130,325	68,816,051	63,673,552
Distribution costs		(10,513,391)	(7,943,047)	-	-
Administration expenses		(8,955,876)	(8,872,962)	(5,218,884)	(5,131,107)
Other expenses		(2,390,388)	(625,987)	(1,886,216)	(69,733)
Finance costs	30	(660,304)	(879,812)	-	-
Profit before tax	31	104,383,806	96,036,174	80,816,995	82,505,320
Tax expense	34	(22,820,971)	(24,573,308)	(4,787,097)	(20,925,125)
Net profit for the financial year		81,562,835	71,462,866	76,029,898	61,580,195
Attributable to :					
Equity holders of the Company		65,375,115	58,517,405	76,029,898	61,580,195
Minority interests		16,187,720	12,945,461	-	-
		81,562,835	71,462,866	76,029,898	61,580,195
Earnings per share (sen) :					
- Basic	35	21.8	22.1		
- Diluted	35	21.5	21.7		

Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009

	Attributable to equity holders of the Company						Total equity RM	
	Share capital RM	Non-distributable			Distributable			Total RM
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Minority interests RM		
Balance as at 1 February 2007	171,458,700	35,284,587	45,197,188	63,600	61,883,307	313,887,382	324,038,356	
As previously stated								
Prior year adjustments:								
Effects of adopting FRS 112 on income tax	-	-	-	-	2,704,100	2,704,100	3,863,000	
As restated	171,458,700	35,284,587	45,197,188	63,600	64,587,407	316,591,482	327,901,356	
Realisation of revaluation surplus on leasehold land, net of tax (Note 37)	-	-	(817,790)	-	817,790	-	-	
Underprovision of deferred tax in prior years	-	-	(163,284)	-	-	(163,284)	(163,284)	
Reduction in deferred tax arising from change in tax rate	-	-	569,209	-	-	569,209	673,484	
Income and expenses recognised directly in equity	-	-	(411,865)	-	817,790	405,925	510,200	
Net profit for the year	-	-	-	-	58,517,405	58,517,405	71,462,866	
Total recognised income and expenses for the year	-	-	(411,865)	-	59,335,195	58,923,330	71,973,066	

Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009 (cont'd)

	Attributable to equity holders of the Company						Total RM	Minority interests RM	Total equity RM
	Share capital RM	Non-distributable			Distributable				
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM			
Dividends for the year ended	-	-	-	-	(8,918,171)	(8,918,171)	-	(8,918,171)	
- 31.1.2007	-	-	-	-	(20,086,918)	(20,086,918)	(3,324,000)	(23,410,918)	
- 31.1.2008	-	-	-	-	-	-	-	-	
Reversal of minority interests' share of loss previously set off against their advances	-	-	-	-	-	-	(4,968,915)	(4,968,915)	
Share-based payment under ESOS	-	-	-	278,585	-	278,585	-	278,585	
Transfer of reserve arising from exercise of ESOS	-	342,185	-	(342,185)	-	-	-	-	
Issue of shares pursuant to exercise of:									
- ESOS	3,575,400	636,281	-	-	-	4,211,681	-	4,211,681	
- Warrants	34,922,595	-	-	-	-	34,922,595	-	34,922,595	
Balance as at 31 January 2008	209,956,695	36,263,053	44,785,323	-	94,917,513	385,922,584	16,066,695	401,989,279	

Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009 (cont'd)

	Attributable to equity holders of the Company						Minority interests RM	Total equity RM	
	Share capital RM	Non-distributable			Distributable				Total RM
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM			
Balance as at 1 February 2008	209,956,695	36,263,053	44,785,323	-	-	92,947,013	383,952,084	15,222,195	399,174,279
As previously stated									
Prior year adjustments:									
Effects of adopting FRS 112 on income tax	-	-	-	-	-	1,970,500	1,970,500	844,500	2,815,000
As restated	209,956,695	36,263,053	44,785,323	-	-	94,917,513	385,922,584	16,066,695	401,989,279
Realisation of revaluation surplus on leasehold land, net of tax (Note 37)	-	-	(825,670)	-	-	825,670	-	-	-
Reduction in deferred tax arising from change in tax rate	-	-	561,314	-	-	-	561,314	102,739	664,053
Income and expenses recognised directly in equity	-	-	(264,356)	-	-	825,670	561,314	102,739	664,053
Net profit for the year	-	-	-	-	-	65,375,115	65,375,115	16,187,720	81,562,835
Total recognised income and expenses for the year	-	-	(264,356)	-	-	66,200,785	65,936,429	16,290,459	82,226,888

Consolidated Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009 (cont'd)

	Attributable to equity holders of the Company						Total RM	Minority interests RM	Total equity RM
	Share capital RM	Non-distributable			Distributable				
		Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM			
Dividends for the year ended	-	-	-	-	(7,969,462)	(7,969,462)	-	(7,969,462)	
- 31.1.2008	-	-	-	-	(59,681,676)	(59,681,676)	(2,700,000)	(62,381,676)	
- 31.1.2009	-	-	-	-	-	-	-	-	
Reversal of minority interests' share of loss previously set off against their advances	-	-	-	-	-	-	(1,928,264)	(1,928,264)	
Share-based payment under ESOS	-	-	-	411,215	-	411,215	-	411,215	
Transfer of reserve arising from exercise of ESOS	-	193,326	-	(193,326)	-	-	-	-	
Issue of shares pursuant to:									
- exercise of ESOS	1,238,700	475,267	-	-	-	1,713,967	-	1,713,967	
- exercise of Warrants	4,809,941	-	-	-	-	4,809,941	-	4,809,941	
- Bonus issue	86,247,636	(36,263,053)	-	-	(49,984,583)	-	-	-	
Expenses in relation to issuance of shares	-	(45,168)	-	-	-	(45,168)	-	(45,168)	
Balance as at 31 January 2009	302,252,972	623,425	44,520,967	217,889	43,482,577	391,097,830	27,728,890	418,826,720	

Company Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009

	Non-distributable			Distributable		Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	
Balance as at 1 February 2007	171,458,700	35,284,587	43,553,884	63,600	33,237,012	283,597,783
Realisation of revaluation surplus on leasehold land, net of tax (Note 37)	-	-	(201,264)	-	201,264	-
Under provision of deferred tax in prior years	-	-	(163,284)	-	-	(163,284)
Reduction in deferred tax arising from change in tax rate	-	-	201,440	-	-	201,440
Income and expenses recognised directly in equity	-	-	(163,108)	-	201,264	38,156
Net profit for the year	-	-	-	-	61,580,195	61,580,195
Total recognised income and expenses for the year	-	-	(163,108)	-	61,781,459	61,618,351
Dividends for the year ended :-						
- 31.1.2007	-	-	-	-	(8,918,171)	(8,918,171)
- 31.1.2008	-	-	-	-	(20,086,918)	(20,086,918)
Share-based payment under ESOS	-	-	-	278,585	-	278,585
Transfer of reserve arising from exercise of ESOS	-	342,185	-	(342,185)	-	-
Issue of shares pursuant to exercise of:						
- ESOS	3,575,400	636,281	-	-	-	4,211,681
- Warrants	34,922,595	-	-	-	-	34,922,595
Balance as at 31 January 2008	209,956,695	36,263,053	43,390,776	-	66,013,382	355,623,906

Company Statement Of Changes In Equity
For The Financial Year Ended 31 January 2009 (cont'd)

	Non-distributable			Distributable		Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	
Balance as at 1 February 2008	209,956,695	36,263,053	43,390,776	-	66,013,382	355,623,906
Realisation of revaluation surplus on leasehold land, net of tax (Note 37)	-	-	(203,988)	-	203,988	-
Reduction in deferred tax arising from change in tax rate	-	-	198,719	-	-	198,719
Reversal of impairment loss	-	-	1,584,968	-	-	1,584,968
Realisation of revaluation surplus	-	-	(17,352,567)	-	-	(17,352,567)
Income and expenses recognised directly in equity	-	-	(15,772,868)	-	203,988	(15,568,880)
Net profit for the year	-	-	-	-	76,029,898	76,029,898
Total recognised income and expenses for the year	-	-	(15,772,868)	-	76,233,886	60,461,018
Dividends for the year ended :-						
- 31.1.2008	-	-	-	-	(7,969,462)	(7,969,462)
- 31.1.2009	-	-	-	-	(59,681,676)	(59,681,676)
Share-based payment under ESOS	-	-	-	411,215	-	411,215
Transfer of reserve arising from exercise of ESOS	-	193,326	-	(193,326)	-	-
Issue of shares pursuant to:						
- exercise of ESOS	1,238,700	475,267	-	-	-	1,713,967
- exercise of Warrants	4,809,941	-	-	-	-	4,809,941
- Bonus issue	86,247,636	(36,263,053)	-	-	(49,984,583)	-
Expenses in relation to issuance of shares	-	(45,168)	-	-	-	(45,168)
Balance as at 31 January 2009	302,252,972	623,425	27,617,908	217,889	24,611,547	355,323,741

Cash Flow Statements

For The Financial Year Ended 31 January 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Cash receipts from customers	506,340,368	457,542,025	34,523,421	35,540,929
Rental received	35,210	37,200	-	-
Interest received	2,490,479	1,954,362	3,664,227	1,322,023
Dividends received	-	42,500	63,041,455	59,311,081
Cash paid to suppliers and employees	(402,025,700)	(358,754,681)	(16,933,378)	(12,136,180)
Cash generated from operations	106,840,357	100,821,406	84,295,725	84,037,853
Interest paid	(646,024)	(906,086)	-	-
Tax paid	(23,273,751)	(12,843,021)	(7,052,497)	(20,024,315)
Net cash from operating activities	82,920,582	87,072,299	77,243,228	64,013,538
Cash flows from investing activities				
Acquisition of biological assets and property, plant and equipment (Note a)	(57,981,818)	(29,917,218)	(584,152)	(339,652)
Land lease payments (Note b)	(490,385)	(400,000)	-	-
Additional investment in existing subsidiary companies	-	-	(499,998)	(99,998)
Proceeds from disposal of property, plant and equipment	709,650	493,133	31,650	45,000
Development expenditure paid (Note c)	(712,927)	(407,396)	-	-
Interest paid	(205,156)	(258,224)	-	-
Net cash effect on acquisition of subsidiary company (Note d)	-	-	-	-
Proceeds from disposal of quoted investments	-	2,761,944	-	-
Net cash used in investing activities	(58,680,636)	(27,727,761)	(1,052,500)	(394,650)
Cash flows from financing activities				
Advances to holding company	(2,251)	-	-	-
Advances to subsidiary companies	-	-	(43,969,036)	(20,823,523)
Dividends paid	(67,651,138)	(29,005,089)	(67,651,138)	(29,005,089)
Dividends paid to minority interests	(2,700,000)	(3,324,000)	-	-
Expenses paid in relation to issuance of shares	(123,362)	(23,244)	(123,362)	(23,244)
Proceeds from issuance of shares	6,523,908	39,134,276	6,523,908	39,134,276
Proceeds from bank borrowings	20,000,000	500,000	-	-
Repayments of bank borrowings	(5,131,336)	(5,253,555)	-	-
Net cash (used in)/from financing activities	(49,084,179)	2,028,388	(105,219,628)	(10,717,580)
Net (decrease)/increase in cash and cash equivalents	(24,844,233)	61,372,926	(29,028,900)	52,901,308
Cash and cash equivalents at beginning of year	100,122,688	38,749,762	74,414,842	21,513,534
Cash and cash equivalents at end of year (Note e)	75,278,455	100,122,688	45,385,942	74,414,842

Cash Flow Statements

For The Financial Year Ended 31 January 2009 (cont'd)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Biological assets and property, plant and equipment acquired	62,476,396	30,295,091	584,152	339,652
Less expenses capitalised :				
- depreciation	(309,067)	(270,072)	-	-
- interest	(205,156)	(258,224)	-	-
Cash paid in respect of prior year acquisition	1,062,454	590,645	-	-
Unpaid balances of current year's acquisition included under payables	(3,407,852)	(1,012,422)	-	-
Prepayment/deposits paid in prior years	(2,140,364)	(132,000)	-	-
Prepayment/deposits paid in current year	505,407	704,200	-	-
Cash paid	57,981,818	29,917,218	584,152	339,652

Note b : Land lease payments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Addition of prepaid land lease payments	398,365	-	-	-
Cash paid in respect of prior year's addition	400,000	400,000	-	-
Unpaid balance of current year's addition included under payables	(307,980)	-	-	-
	490,385	400,000	-	-

Note c : Development expenditure

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Incurring during the year	1,452,590	526,858	-	-
Less depreciation capitalised	(739,663)	(119,462)	-	-
Cash paid	712,927	407,396	-	-

Cash Flow Statements

For The Financial Year Ended 31 January 2009 (cont'd)

Note d : Net cash effect on acquisition of subsidiary company

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current assets	-	-	-	-
Current assets	2	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
	2	-	-	-
Goodwill on consolidation	-	-	-	-
Total consideration	2	-	-	-
Less: Cash and cash equivalents acquired	(2)	-	-	-
Net cash effect	-	-	-	-

Note e : Cash and cash equivalents at end of year

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Bank and cash balances (Note 15)	76,379,232	101,642,798	45,385,942	74,414,842
Bank overdrafts (Note 23)	(1,100,777)	(1,520,110)	-	-
	75,278,455	100,122,688	45,385,942	74,414,842

Notes To The Financial Statements – 31 January 2009

1. GENERAL INFORMATION

a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation**

The financial statements of the Group and of the Company are prepared under the historical cost convention (unless indicated in the significant accounting policies) and comply with the provisions of the Companies Act 1965 and the applicable Financial Reporting Standards.

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

b) Adoption of new and revised financial reporting standards

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

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have any financial impact on the Group except for FRS 112.

The Group has not elected for early adoption of the following FRSs relevant to the current operations of the Group, which were issued but not yet effective for the financial year ended 31 January 2009:

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments : Recognition and Measurement

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

The initial application of the other FRSs and amendments to FRSs is not expected to have any material impact on the financial statements of the Group except for FRS 112:

FRS 112 Income Taxes

The revised FRS 112 requires that entities with unutilised reinvestment allowance or other similar allowances in excess of the normal capital allowance to recognise deferred tax asset to the extent that it is probable that the future taxable profit will be available against which the unused reinvestment allowance or other similar allowances can be utilised.

Notes To The Financial Statements – 31 January 2009 (cont'd)

The financial impacts have been accounted for retrospectively and certain comparatives are restated as follows:

	As previously stated RM	Effects on adoption of FRS 112 RM	As restated RM
Group			
As at 1 February 2007			
Deferred tax assets	270,000	2,720,155	2,990,155
Retained profits	61,883,307	2,704,100	64,587,407
Minority interests	10,150,974	1,158,900	11,309,874
Deferred tax liabilities	33,935,317	(1,142,845)	32,792,472
Year ended 31 January 2008			
Tax expenses	23,525,308	1,048,000	24,573,308
Net profit for the year	72,510,866	(1,048,000)	71,462,866
Net profit attributable to equity holders of the Company	59,251,005	(733,600)	58,517,405
Net profit attributable to minority interests	13,259,861	(314,400)	12,945,461
As at 31 January 2008			
Retained profits	92,947,013	1,970,500	94,917,513
Minority interests	15,222,195	844,500	16,066,695
Deferred tax liabilities	41,356,185	(2,815,000)	38,541,185

c) Subsidiary companies and basis of consolidation

Investment in subsidiary companies is stated at cost or valuation less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(t). A company is considered as a subsidiary when the Company owns directly or indirectly more than one half of the voting power of that company or the Company controls the composition of the board of directors or equivalent governing body.

The Group has adopted the policy of revaluing its investment in subsidiary companies based on valuation of land in subsidiary companies on a regular basis at least once in every five years. Investment in subsidiary companies without land is stated at cost less impairment losses, if any. In the Company's separate financial statements, investments in subsidiaries are stated at cost or valuation less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

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

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

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

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

d) Property, plant and equipment and depreciation and amortisation

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

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

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

No. of years

Buildings	20 - 50
Plant and machinery	4 - 17
Equipment, furniture and fittings	10 - 17
Motor vehicles	5 - 10

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

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

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

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

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

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

e) Prepaid land lease payments

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring a leasehold land are accounted as prepaid land lease payment and amortised over the remaining lease term. A long lease is a lease with an unexpired period of 50 years or more.

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

f) Biological assets

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

g) Investments

Quoted and unquoted investments which are held as long term investments are stated at cost. Allowance is made for diminution in value where, in the opinion of the Directors, there is a decline, other than temporary, in value of the investments. When there is a reversal of decline in value of these investments, the reversal is credited to the income statement. Such reversal shall be limited to the extent of previous decline in value for the same assets. The market value of the quoted investments is calculated based on the last transacted prices of these investments quoted in the respective stock exchanges at the balance sheet date.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Notes To The Financial Statements – 31 January 2009 (cont'd)

h) Intangible assets**Research and development costs**

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

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

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

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

Goodwill

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

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

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

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

i) Inventories

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

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

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

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

j) Receivables

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

k) Cash and cash equivalents

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

l) Share capital

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

m) Other borrowings

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

n) Interest bearing borrowings

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

o) Payables

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

p) Revenue recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of discounts and returns. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Group, and there is no continuing management involvement with the goods.

Revenue from power generation activities is recognised upon invoiced value of steam supplied.

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

Management fee income is recognised on the accrual basis.

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

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

q) Borrowing costs

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

r) Employee benefits**(i) Short term benefits**

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

(ii) Defined Contribution Plan

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

(iii) Share-based Compensation

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

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

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

s) Income taxes

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

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

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

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

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

t) Impairment of non-financial assets

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

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

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

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

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

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

u) 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 rate used in translation of foreign currency amounts was as follows :

Foreign currency	2009 RM	2008 RM
1 USD	3.61	-

v) Financial instruments**(i) Recognition of financial instruments**

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

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

(ii) Fair value estimation for disclosure purposes

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

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

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

w) Segment reporting

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

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

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

x) Reporting currency

The financial statements are presented in Ringgit Malaysia.

Notes To The Financial Statements – 31 January 2009 (cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Deferred tax assets

Deferred tax assets are recognised to the extent that is probable that future taxable profits will be available against which the unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance or other similar allowances in excess of normal capital allowance can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax assets have been recognised.

The total amount of recognised deferred tax assets on the unused tax losses, unabsorbed capital allowance and unutilised reinvestment allowance or other similar allowances in excess of normal capital allowance of the Group was approximately RM14,773,000 (2008 : RM9,453,000). The amount of temporary differences not recognised as deferred tax assets of the Group was approximately RM2,698,000 (2008 : RM2,416,000).

Depreciation of property, plant and equipment and biological assets

The cost of property, plant and equipment and biological assets for the palm oil industry is depreciated on a straight line basis over the useful lives of the assets. Management estimates the useful lives of these assets to be within 4 to 50 years. The estimation of the useful lives of property, plant and equipment and biological assets are based on the internal technical evaluation and experience with similar assets. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

4. PROPERTY, PLANT AND EQUIPMENT**Group**

At 31 January 2009	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost					
At 1 February 2008	55,281,765	106,796,467	7,515,878	9,803,761	179,397,871
Additions	11,155,075	44,894,929	746,201	1,216,341	58,012,546
Disposals/write-offs	(63,739)	(1,053,739)	(125,553)	(565,488)	(1,808,519)
Reclassifications	9,173	380,889	-	(390,062)	-
At 31 January 2009	66,382,274	151,018,546	8,136,526	10,064,552	235,601,898
Accumulated Depreciation					
At 1 February 2008	8,293,444	39,193,230	4,195,157	5,800,161	57,481,992
Depreciation for the year	1,732,325	6,744,517	522,908	901,415	9,901,165
Disposals/write-offs	(15,111)	(751,961)	(63,090)	(466,076)	(1,296,238)
Reclassifications	-	14,974	-	(14,974)	-
At 31 January 2009	10,010,658	45,200,760	4,654,975	6,220,526	66,086,919
Net Book Value					
At 31 January 2009	56,371,616	105,817,786	3,481,551	3,844,026	169,514,979
Net book value of assets under restriction of title due to bank borrowings	15,904,703	27,769,520	286,841	172,139	44,133,203
Net book value of assets under construction	4,109,270	19,749,750	-	-	23,859,020

Notes To The Financial Statements – 31 January 2009 (cont'd)

Group

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

Properties consist of :

	2009		2008	
	Cost RM	Net book value RM	Cost RM	Net book value RM
Freehold				
At cost :				
Land	13,586,469	13,586,469	13,586,469	13,586,469
Buildings	8,387,799	6,349,396	8,259,496	6,445,751
Buildings under construction	506,998	506,998	33,844	33,844
Roads, culverts and fencing	3,177,511	960,165	3,073,270	1,044,500
Long leasehold				
At cost :				
Buildings	35,327,583	30,018,639	25,669,049	21,574,403
Buildings under construction	3,602,272	3,602,272	2,865,995	2,865,995
Roads, culverts and fencing	1,793,642	1,347,677	1,793,642	1,437,359
	66,382,274	56,371,616	55,281,765	46,988,321

During the financial year, valuation of freehold land was carried out on 4 December 2008 by the following qualified valuers using the comparison method to reflect fair value:

Chan An Nee, member of the Institute of Surveyors, Malaysia, a registered valuer with CCO & Associates, Chartered Valuation Surveyors.

The Directors did not adjust the book values of the freehold land to reflect the new value as their fair market value approximates their book value.

Notes To The Financial Statements – 31 January 2009 (cont'd)

	2009 RM	2008 RM
Depreciation charge for the year:		
Amount capitalised in biological assets (Note 6)	88,795	49,799
Amount capitalised in development expenditure (Note 9)	739,663	119,462
Amount charged to income statement	9,072,707	7,682,412
	9,901,165	7,851,673

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

Interest (Note 30)	-	50,504
Staff costs (Note 32)	111,485	52,064

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

Company

At 31 January 2009	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost					
At 1 February 2008	4,788,905	2,591,053	909,764	1,813,819	10,103,541
Additions	144,808	268,234	37,100	134,010	584,152
Disposals/write-offs	-	-	(11,614)	(74,016)	(85,630)
At 31 January 2009	4,933,713	2,859,287	935,250	1,873,813	10,602,063
Accumulated Depreciation					
At 1 February 2008	1,387,376	2,065,019	442,452	1,556,297	5,451,144
Depreciation for the year	97,110	130,693	77,645	119,709	425,157
Disposals/write offs	-	-	(6,966)	(72,176)	(79,142)
At 31 January 2009	1,484,486	2,195,712	513,131	1,603,830	5,797,159
Net Book Value					
At 31 January 2009	3,449,227	663,575	422,119	269,983	4,804,904
Net book value of assets under construction	17,408	9,912	-	-	27,320
At 31 January 2008					
Cost					
At 1 February 2007	4,636,327	2,462,117	856,043	1,894,483	9,848,970
Additions	152,578	128,936	58,138	-	339,652
Disposals/write-offs	-	-	(4,417)	(80,664)	(85,081)
At 31 January 2008	4,788,905	2,591,053	909,764	1,813,819	10,103,541
Accumulated Depreciation					
At 1 February 2007	1,295,991	1,946,592	372,689	1,538,353	5,153,625
Depreciation for the year	91,385	118,427	72,892	98,607	381,311
Disposals/write-offs	-	-	(3,129)	(80,663)	(83,792)
At 31 January 2008	1,387,376	2,065,019	442,452	1,556,297	5,451,144
Net Book Value					
At 31 January 2008	3,401,529	526,034	467,312	257,522	4,652,397
Net book value of assets under construction	4,134	-	-	-	4,134

Notes To The Financial Statements – 31 January 2009 (cont'd)

Properties consist of :

	2009		2008	
	Cost RM	Net book value RM	Cost RM	Net book value RM
Long leasehold				
At cost :				
Buildings	4,916,305	3,431,819	4,784,771	3,397,395
Buildings under construction	17,408	17,408	4,134	4,134
	4,933,713	3,449,227	4,788,905	3,401,529

5. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 February 2008/2007	166,621,545	168,993,694	63,972,131	64,856,207
Additions	398,365	-	-	-
Disposals	-	-	-	-
Amortisation for the year	(2,372,573)	(2,372,149)	(884,076)	(884,076)
At 31 January 2009/2008	164,647,337	166,621,545	63,088,055	63,972,131
Analysed as:				
Long term leasehold land	161,836,065	164,105,133	63,088,055	63,972,131
Short term leasehold land	2,811,272	2,516,412	-	-
	164,647,337	166,621,545	63,088,055	63,972,131
Amortisation charge for the year:				
Amount capitalised in biological assets (Note 6)	220,272	220,273	-	-
Amount charged to income statement	2,152,301	2,151,876	884,076	884,076
	2,372,573	2,372,149	884,076	884,076

Group and Company

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Net book value of leasehold land under restriction on title due to bank borrowings	33,424,397	33,891,881	-	-

Notes To The Financial Statements – 31 January 2009 (cont'd)

6. BIOLOGICAL ASSETS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost				
At 1 February 2008/2007	89,102,654	85,417,312	9,545,860	9,545,860
Additions	4,463,850	3,685,342	-	-
Disposals	-	-	-	-
At 31 January 2009/2008	93,566,504	89,102,654	9,545,860	9,545,860
Accumulated Depreciation and Impairment Losses				
At 1 February 2008/2007	24,173,318	20,057,339	7,171,460	6,666,475
Depreciation for the year	3,990,968	3,993,479	502,474	504,985
Disposals	-	-	-	-
Impairment losses for the year	72,000	122,500	-	-
At 31 January 2009/2008	28,236,286	24,173,318	7,673,934	7,171,460
Analysed as :				
Accumulated depreciation	27,743,082	23,752,114	7,673,934	7,171,460
Accumulated impairment losses	493,204	421,204	-	-
	28,236,286	24,173,318	7,673,934	7,171,460
Net Book Value				
At 31 January 2009/2008	65,330,218	64,929,336	1,871,926	2,374,400
Net book value of assets under restriction of title due to bank borrowings	27,362,685	29,252,136	-	-
Included in the addition of biological assets are :				
Depreciation and amortisation (Note 4 and 5)	309,067	270,072	-	-
Interest (Note 30)	205,156	207,720	-	-
Staff costs (Note 32)	171,805	228,208	-	-
Lease rental (Note 39)	72,000	72,000	-	-

Notes To The Financial Statements – 31 January 2009 (cont'd)

7. SUBSIDIARY COMPANIES**Company**

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

	2009 RM	2008 RM
At valuation:		
At 1 February 2008/2007	50,447,938	50,447,938
Less: Accumulated impairment loss		
Balance brought forward	(1,584,968)	(1,584,968)
Reversal of impairment loss	1,584,968	-
Balance carried forward	-	(1,584,968)
Realisation of revaluation surplus	(17,352,567)	-
Reclassified as carrying amount at cost	(1,493,604)	-
At 31 January 2009/2008	31,601,767	48,862,970
At cost:		
At 1 February 2008/2007	40,603,128	40,503,130
Addition	499,998	99,998
Reclassification from carrying amount at valuation	1,493,604	-
Accumulated impairment loss	(1,461,829)	-
At 31 January 2009/2008	41,134,901	40,603,128
	72,736,668	89,466,098

The original cost of unquoted shares at valuation amounts to RM3,540,000 (2008 : RM5,033,604).

Revaluation surplus on investment in certain subsidiary companies was realised as a result of distribution of dividends from those subsidiary companies to the Company.

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2009 %	2008 %	
Suhenson Estate Sdn. Bhd.	100	100	Dormant
Selokan Sdn. Bhd.	100	100	Dormant
Okidville Corporation Sdn. Bhd. (formerly known as Syarikat Kong Fen Shin & Sons Sdn. Bhd.)	100	100	Dormant
Lokan Development Sdn. Bhd.	100	100	Dormant
Kim Loong - KPD Plantations Sdn. Bhd.	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Cultivation of coconut
Winsome Plantations Sdn. Bhd.	100	100	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Sabah Mills Sdn. Bhd.	100	100	Processing and marketing of oil palm products
Kim Loong Power Sdn. Bhd.	100	100	Bio-gas and power generation activities

Notes To The Financial Statements – 31 January 2009 (cont'd)

Name of subsidiary company	Group's effective equity interest		Principal activity
	2009 %	2008 %	
Okidville Plantations Sdn. Bhd.	90	90	Dormant
Winsome Sarawak Plantations Sdn. Bhd. (formerly known as Winsome Kledang Sdn. Bhd.)	100	100	Dormant
Kim Loong Corporation Sdn. Bhd.	100	100	Dormant
Okidville Holdings Sdn. Bhd.	100	100	Cultivation of oil palm and investment holding
Desa Okidville Sdn. Bhd.	51	51	Cultivation of oil palm
Desa Kim Loong Palm Oil Sdn. Bhd.	70	70	Processing and marketing of oil palm products
Kim Loong Technologies (Sabah) Sdn. Bhd.	70	N/A	Intended for extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre
Kim Loong Palm Oil Sdn. Bhd.	100	100	Trading of fresh fruit bunches and investment holding
Kim Loong Palm Oil Mills Sdn. Bhd.	100	100	Processing and marketing of oil palm products
Sungkit Enterprise Sdn. Bhd.	100	100	Processing and trading of palm kernel products
Kim Loong Evergrow Sdn. Bhd.	60	60	Manufacturing of bio-fertilizers
Winsome Yields Sdn. Bhd.	90	90	Investment holding
Winsome Al-Yatama Sdn. Bhd.	61	61	Cultivation of oil palm
Winsome Jaya Sdn. Bhd.	100	100	Dormant
Palm Nutraceuticals Sdn. Bhd.	70	70	Manufacturing of health supplements and food ingredients
Kim Loong Technologies Sdn. Bhd.	100	100	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre
Okidville Jaya Sdn. Bhd.	90	90	Investment holding
Sepulut Plantations Sdn. Bhd.	90	90	Dormant

8. QUOTED INVESTMENTS**Group**

	2009 RM	2008 RM
Securities quoted in Malaysia, at cost	362,081	362,081
Less : diminution in value	(349,581)	(306,581)
	12,500	55,500
Market value of securities - quoted in Malaysia	12,500	55,500

Notes To The Financial Statements – 31 January 2009 (cont'd)

9. INTANGIBLE ASSETS**Group**

	2009 RM	2008 RM
Brought forward	1,532,447	1,031,563
Incurred during the year	1,452,590	526,858
Less: Amortisation charged to income statement	-	(25,974)
Less: Written off during the year	(1,532,447)	-
Carried forward	1,452,590	1,532,447

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

Included in development expenditure incurred during the year are depreciation and staff cost capitalised of RM739,663 (2008 : RM119,462) (**Note 4**) and RM544,812 (2008 : RM396,298) (**Note 32**) respectively.

10. INVENTORIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost :				
Raw materials	233,662	467,898	-	-
Work-in-progress	5,566	-	-	-
Finished goods	4,997,389	10,682,323	-	101,378
Nursery stocks	14,933	11,008	5,683	5,323
Building materials, supplies, spare parts and consumables	6,141,470	3,996,885	671,121	184,397
	11,393,020	15,158,114	676,804	291,098
At realisable value :				
Work in progress	-	48,212	-	-
Finished goods	12,894,239	11,797	265,956	-
	12,894,239	60,009	265,956	-
Total	24,287,259	15,218,123	942,760	291,098

11. TRADE RECEIVABLES**Group and Company**

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

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	2,070,582	2,430,032	852,005	847,462
Deposits and prepayments	4,470,453	6,063,715	407,395	232,444
	6,541,035	8,493,747	1,259,400	1,079,906

Notes To The Financial Statements – 31 January 2009 (cont'd)

13. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES**Company**

Included in the amount owing by subsidiary companies, RM241,094 (2008 : RM221,735) is trade in nature and with credit terms of less than 60 days.

Included in the amount owing by subsidiary companies are RM34,623,355 (2008 : RM19,368,249) which bear effective interest of 7.71% (2008 : 7.75%) per annum. All other balances are non-interest bearing. The amounts owing by/to subsidiary companies are unsecured and repayable on demand.

14. AMOUNTS OWING BY/TO RELATED COMPANIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amount owing by related companies				
- Trade in nature	62,480	-	4,560	-
- Non-trade	427,535	290,117	-	-
	490,015	290,117	4,560	-
Amount owing to related companies				
- Trade in nature	245,166	376,951	-	-
- Non-trade	120,000	32	-	32
	365,166	376,983	-	32

Group and Company

The amounts owing by/to related companies, which are trade in nature, are with credit term of less than 60 days.

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

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

15. BANK AND CASH BALANCES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Balance at banks and cash in hand	9,059,075	18,693,654	2,266,997	6,481,588
Deposits with licensed banks	61,561,317	10,010,245	42,350,000	9,200,000
Short term deposits with other financial institution	5,758,840	72,938,899	768,945	58,733,254
	76,379,232	101,642,798	45,385,942	74,414,842

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

	Group		Company	
	2009 % p.a	2008 % p.a	2009 % p.a	2008 % p.a
Deposits with licensed banks	3.28	3.26	3.29	3.27
Short term deposits with other financial institution	2.85	2.92	2.96	2.99

Notes To The Financial Statements – 31 January 2009 (cont'd)

Group

Included in the deposits with licensed banks is an amount of RM411,307 (2008 : RM228,845) pledged to licensed banks as security for overdraft and banker's guarantee facilities.

Deposits with licenced banks have an average maturity of 26 days (2008 : 34 days) from the end of the financial year.

Company

Deposits with licenced banks have an average maturity of 22 days (2008 : 36 days) from the end of the financial year.

16. SHARE CAPITAL**Group and Company**

	2009 RM	2008 RM
Authorised - 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid - Ordinary shares of RM1 each Balance brought forward	209,956,695	171,458,700
Issued during the year pursuant to:		
- exercise of ESOS	1,238,700	3,575,400
- exercise of Warrants	4,809,941	34,922,595
- Bonus issue	86,247,636	-
	92,296,277	38,497,995
Balance carried forward	302,252,972	209,956,695

Employees' Share Option Scheme ("ESOS")

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

	Number of Share Options Movement during the year					Adjustment pursuant to Bonus Issue	Outstanding at 31 January	Exercisable at 31 January
	Outstanding at 1 February	Granted	Exercised	Forfeited				
2009								
2005 Options	1,600,900	-	(875,400)	(17,900)	283,700	991,300	83,800	
2006 Options	186,000	-	(143,000)	(4,900)	17,200	55,300	25,900	
2007 Options	495,600	-	(105,300)	(39,900)	152,500	502,900	228,800	
2008 Options	-	1,098,400	(115,000)	(99,200)	374,500	1,258,700	690,900	
	2,282,500	1,098,400	(1,238,700)	(161,900)	827,900	2,808,200	1,029,400	
WAEP	1.26	3.18	1.38	2.13	-	1.60	1.89	
2008								
2005 Options	4,751,400	-	(3,049,400)	(101,100)	-	1,600,900	100,400	
2006 Options	505,900	-	(317,900)	(2,000)	-	186,000	67,300	
2007 Options	-	735,000	(208,100)	(31,300)	-	495,600	164,900	
	5,257,300	735,000	(3,575,400)	(134,400)	-	2,282,500	332,600	
WAEP	1.15	1.67	1.18	1.26	-	1.26	1.42	

Notes To The Financial Statements – 31 January 2009 (cont'd)

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

	Exercise price		Exercisable Period
	Original RM	Adjusted after Bonus Issue RM	
2009			
2005 Options	1.14	1.00	21/3/2005 - 17/3/2015
2006 Options	1.22	1.00	29/3/2006 - 17/3/2015
2007 Options	1.67	1.19	29/3/2007 - 17/3/2015
2008 Options	3.18	2.27	27/3/2008 - 17/3/2015
2008			
2005 Options	1.14	N/A	21/3/2005 - 17/3/2010
2006 Options	1.22	N/A	29/3/2006 - 17/3/2010
2007 Options	1.67	N/A	29/3/2007 - 17/3/2010

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

- (ii) Share options exercised during the year :

Share options exercised during the financial year resulted in the issuance of 1,238,700 (2008 : 3,575,400) ordinary shares at an average price of RM1.38 (2008 : RM1.18) each. The related weighted average share price at the date of exercise was RM3.51 (2008 : RM2.23).

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

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

	2009	2008
Fair value of share options at the following grant dates (RM):		
27 March 2008	0.597	-
29 March 2007	-	0.427
Weighted average share price (RM)	3.31	2.11
Weighted average exercise price (RM)	3.18	1.67
Expected volatility (%)	38.75	20.30
Expected life (years)	1.61	2.27
Risk-free rate (%)	3.42	3.44
Expected dividend yield (%)	5.44	4.74

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

Warrants 2005/2012

The main features of the Warrants are as follows :

- Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM1.00 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- The Warrants may be exercised at any time on or after 22 April 2007 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of seven (7) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.

Notes To The Financial Statements – 31 January 2009 (cont'd)

- (c) The new ordinary shares of RM1 each allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends that may be declared in respect of the financial year prior to the date of allotment and issue of the new shares, nor shall they be entitled to any rights, allotments, distributions or such entitlements for which the record date is prior to the date of allotment and issue of the new shares.

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

During the financial year, a total number of 1,341,483 additional Warrants 2005/2012 have been issued pursuant to the adjustment arising from the Bonus Issue.

Warrants exercised during the financial year resulted in 4,809,941 (2008 : 34,922,595) new ordinary shares being issued at RM1.00 each. The weighted average share price at the time of exercise was RM3.56 (2008 : RM2.49) per share.

The number of Warrants unexercised as at balance sheet date was 4,308,947 (2008 : 7,777,405).

17. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Share premium (Note 18)	623,425	36,263,053	623,425	36,263,053
Revaluation reserve (Note 19)	44,520,967	44,785,323	27,617,908	43,390,776
Option reserve (Note 20)	217,889	-	217,889	-
Distributable				
Retained profits (Note 21)	43,482,577	94,917,513	24,611,547	66,013,382
	88,844,858	175,965,889	53,070,769	145,667,211

18. SHARE PREMIUM (NON-DISTRIBUTABLE)**Group and Company**

	2009 RM	2008 RM
Balance brought forward	36,263,053	35,284,587
Arising from :		
a) Issuance of shares arising from ESOS	475,267	636,281
b) Capitalisation pursuant to Bonus Issue	(36,263,053)	-
c) Transfer from option reserve arising from exercise of ESOS	193,326	342,185
Less: Expenses in relation to issuance of shares	(45,168)	-
Balance carried forward	623,425	36,263,053

19. REVALUATION RESERVE (NON-DISTRIBUTABLE)**Group**

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

Company

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

20. OPTION RESERVE (NON-DISTRIBUTABLE)**Group and Company**

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

21. RETAINED PROFITS**Company**

Prior to the year of assessment 2009, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has not elected for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 January 2009, the Company has sufficient credit in the 108 balance and the exempt income account to pay net dividends of RM9,639,000 (2008 : RM66,013,000) out of retained profits without incurring additional tax liability.

22. OTHER BORROWINGS**Group**

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

	2009 RM	2008 RM
Repayable :		
Within 1 year	400,000	400,000
After 1 year	13,671,774	12,143,510
	14,071,774	12,543,510

Included in the amount repayable after 1 year, RM7,610,000 is subordinated to the term loan 5 as disclosed in **Note 23** until the term loan is fully repaid.

23. INTEREST BEARING BORROWINGS (SECURED)**Group**

	Amount utilised	
	2009 RM	2008 RM
Overdrafts	1,100,777	1,520,110
Revolving credit	3,000,000	3,000,000
Term loan 1	2,096,000	3,920,000
Term loan 2	4,331,000	7,055,000
Term loan 3	361,112	694,445
Term loan 4	749,998	1,000,000
Term loan 5	20,000,000	-
	31,638,887	17,189,555

Notes To The Financial Statements – 31 January 2009 (cont'd)

Group

	Amount utilised	
	2009 RM	2008 RM
Current	9,315,447	9,651,446
Non-current	22,323,440	7,538,109
	31,638,887	17,189,555

Maturity profile of non-current borrowings

Amounts payable within:

More than 1 year and not later than 5 years	22,323,440	7,538,109
---	------------	-----------

The facilities extended by financial institutions are secured by :

- a) a fixed charge over the leasehold land (classified under prepaid land lease payments) of a subsidiary company;
- b) fixed and floating charges over all the assets of a subsidiary company;
- c) fixed deposits of RM200,000 (2008 : RM200,000) of a subsidiary company;
- d) corporate guarantee from the Company;
- e) personal guarantee of RM960,000 from a shareholder of a subsidiary company; and
- f) personal guarantee of RM480,000 by certain directors of a subsidiary company.

The principal amount of term loan 1 is repayable over 65 monthly instalments of RM152,000 each and a final instalment of RM120,000 commencing from October 2004.

The principal amount of term loan 2 is repayable over 65 monthly instalments of RM227,000 each and a final instalment of RM245,000 commencing from March 2005.

The principal amount of term loan 3 is repayable over 36 monthly instalments of RM27,778 each commencing from March 2007.

The principal amount of term loan 4 is repayable over 35 monthly instalments of RM27,778 each and a final instalment of RM27,770 commencing from May 2008.

The principal amount of term loan 5 is repayable over 53 monthly instalments of RM556,000 each and a final instalment of RM532,000 commencing from 1 August 2010. The total term loan granted is RM30 million and only RM20 million was drawn down as at the balance sheet date.

Effective interest rates

	2009 % p.a.	2008 % p.a.
Overdrafts	7.75	7.77
Term loans	5.68	5.63
Revolving credit	4.86	4.93

Unutilised facilities

	2009 RM	2008 RM
Revolving credit	500,000	500,000
Trade facilities	3,000,000	3,000,000
Overdrafts	16,908,000	16,690,000
	20,408,000	20,190,000

Notes To The Financial Statements – 31 January 2009 (cont'd)

24. DEFERRED TAX

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Disclosed as :				
Deferred tax liabilities	42,348,191	38,541,185	9,876,678	10,423,178
Deferred tax assets	(3,359,000)	(927,000)	-	-
	38,989,191	37,614,185	9,876,678	10,423,178
Brought forward	37,614,185	29,802,317	10,423,178	10,972,422
Charged/(credit) to income statement :				
- biological assets and property, plant and equipment	8,445,000	7,785,000	(67,000)	(60,000)
- accrued interest income	(6,000)	(2,000)	-	-
- unabsorbed capital allowances	(4,153,000)	(598,000)	-	-
- unutilised reinvestment allowance	2,549,000	1,048,000	-	-
- unutilised investment tax allowance	(2,640,000)	-	-	-
- unused tax losses	(1,076,000)	1,184,000	-	-
- revaluation of leasehold land	(447,941)	(624,932)	(280,781)	(451,088)
- unrealised profits	(632,000)	(470,000)	-	-
	2,039,059	8,322,068	(347,781)	(511,088)
Credited to equity :				
- revaluation of leasehold land	(664,053)	(510,200)	(198,719)	(38,156)
Carried forward	38,989,191	37,614,185	9,876,678	10,423,178
Subject to income tax				
Deferred tax liabilities (before offsetting)				
Revaluation of leasehold land	22,052,191	23,164,185	8,820,678	9,300,178
Biological assets and property, plant and equipment	32,748,000	24,303,000	1,056,000	1,123,000
Accrued interest income	64,000	70,000	-	-
	54,864,191	47,537,185	9,876,678	10,423,178
Offsetting	(12,516,000)	(8,996,000)	-	-
Deferred tax liabilities (after offsetting)	42,348,191	38,541,185	9,876,678	10,423,178
Deferred tax assets (before offsetting)				
Unabsorbed capital allowances	5,498,000	1,345,000	-	-
Unutilised reinvestment allowance	266,000	2,815,000	-	-
Unutilised investment tax allowance	2,640,000	-	-	-
Unused tax losses	6,369,000	5,293,000	-	-
Unrealised profits	1,102,000	470,000	-	-
	15,875,000	9,923,000	-	-
Offsetting	(12,516,000)	(8,996,000)	-	-
Deferred tax assets (after offsetting)	3,359,000	927,000	-	-

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

Group

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

	2009 RM	2008 RM
Excess of capital allowances over depreciation	(158,000)	(2,212,000)
Excess of depreciation over capital allowances	1,223,000	-
Unabsorbed capital allowances	509,000	3,003,000
Unutilised reinvestment allowance	262,000	-
Unused tax losses	862,000	1,625,000
	2,698,000	2,416,000

25. TRADE AND OTHER PAYABLES**Group and Company**

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

26. AMOUNT OWING BY/TO HOLDING COMPANY**Group**

The amount owing by holding company is unsecured, interest-free and with no fixed terms of repayment.

Group and Company

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

27. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of :				
- Fresh fruit bunches	59,200,329	57,821,078	32,388,943	33,350,337
- Palm oil milling products	447,717,134	411,777,660	-	-
- Cocoa and others	167,121	276,753	144,197	276,753
	507,084,584	469,875,491	32,533,140	33,627,090

28. COST OF SALES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fresh fruit bunches	21,205,998	18,601,210	13,062,442	9,229,778
Palm oil milling products	362,246,550	339,665,383	-	-
Cocoa and others	382,320	381,241	364,654	364,704
	383,834,868	358,647,834	13,427,096	9,594,482

29. OTHER INCOME**Company**

Other income for the current financial year includes gross dividend from subsidiary companies amounting to RM63,041,455 (2008 : RM59,311,081).

Notes To The Financial Statements – 31 January 2009 (cont'd)

30. FINANCE COSTS**Group**

	2009 RM	2008 RM
Total interest expense on bank borrowings	865,460	1,138,036
Interest capitalised to property, plant and equipment (Note 4)	-	(50,504)
Interest capitalised to biological assets (Note 6)	(205,156)	(207,720)
Charged to income statement	660,304	879,812

31. PROFIT BEFORE TAX

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
The following items have been charged/(credited) in arriving at profit before tax :				
Auditors' remuneration :				
Statutory audit - current year	126,900	120,400	24,000	24,000
- under provision in prior years	4,800	14,950	1,000	2,000
Depreciation and amortisation :				
- property, plant and equipment	9,072,707	7,682,412	425,157	381,311
- prepaid land lease payments	2,152,301	2,151,876	884,076	884,076
- biological assets	3,990,968	3,993,479	502,474	504,098
- development expenditure	-	25,974	-	-
Bad debts	1,808	14,605	-	-
Rental of premises	198,486	196,776	137,326	125,658
Property, plant and equipment written off	181,046	79,534	4,647	1,288
Inventories written off	11,697	2,700	10,332	-
Allowance for diminution in value of quoted securities	43,000	7,000	-	-
Impairment loss of assets	72,000	122,500	-	-
Impairment of investment in subsidiaries	-	-	1,461,829	-
Development expenditure written off	1,532,447	-	-	-
Staff costs (Note 32)	25,572,204	23,418,385	6,511,566	5,646,152
Write-down of inventories	256,717	152,784	39,477	-
Reversal of write-down of inventories	(1,020)	(86,985)	-	(70,337)
Gain on disposal of property, plant and equipment	(787,350)	(128,940)	(29,810)	(44,999)
Gain on foreign exchange - realised	-	(1,731)	-	-
Gain on disposal of quoted investments	-	(612,664)	-	-
Rental income	(35,210)	(63,400)	-	-
Gross dividend income from investments quoted :				
- in Malaysia	-	(42,500)	-	-
Gross dividend income from subsidiary companies	-	-	(63,041,455)	(59,311,081)
Interest income from :				
- deposits	(2,418,719)	(1,882,602)	(1,734,289)	(1,322,023)
- subsidiaries	-	-	(1,858,178)	(1,168,430)
- others	(71,760)	(71,760)	(71,760)	(71,760)

Notes To The Financial Statements – 31 January 2009 (cont'd)

32. STAFF COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries, wages and bonuses	24,376,047	22,363,008	5,689,667	5,014,482
Defined contribution plan	1,433,785	1,287,226	396,484	340,776
Social security costs	140,380	130,221	14,200	12,309
HRD fund	38,879	35,915	-	-
Share options granted under ESOS	411,215	278,585	411,215	278,585
	26,400,306	24,094,955	6,511,566	5,646,152
Amount capitalised in property, plant and equipment (Note 4)	(111,485)	(52,064)	-	-
Amount capitalised in biological assets (Note 6)	(171,805)	(228,208)	-	-
Amount capitalised in development expenditure (Note 9)	(544,812)	(396,298)	-	-
	25,572,204	23,418,385	6,511,566	5,646,152

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,641,475 (2008 : RM1,977,760) and RM1,525,395 (2008 : RM1,797,940) respectively as further disclosed in **Note 33**.

33. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive Directors				
- fees - current	125,500	163,000	25,500	38,000
- prior year overprovision	(12,500)	-	-	-
- salaries and other emoluments	1,315,400	1,621,700	1,288,500	1,608,160
- defined contribution plan	147,360	167,880	145,680	126,600
- share options granted under ESOS	65,715	25,180	65,715	25,180
	1,641,475	1,977,760	1,525,395	1,797,940
- estimated monetary value of benefits-in-kind	13,325	13,325	13,325	13,325
	1,654,800	1,991,085	1,538,720	1,811,265
Non-executive Directors				
- fees	140,000	140,000	140,000	140,000
- other emoluments	6,000	6,000	6,000	6,000
	146,000	146,000	146,000	146,000
	1,800,800	2,137,085	1,684,720	1,957,265

Notes To The Financial Statements – 31 January 2009 (cont'd)

34. TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax				
- Malaysian income tax	20,781,912	16,203,910	5,134,878	21,436,213
- Real Property Gains Tax (RPGT)	-	47,330	-	-
Deferred tax	2,039,059	8,322,068	(347,781)	(511,088)
	22,820,971	24,573,308	4,787,097	20,925,125
Current Malaysian tax				
Current year	21,250,000	16,220,819	5,101,000	21,421,000
(Over)/under provision in prior years (net)	(468,088)	(16,909)	33,878	15,213
Real Property Gains Tax (RPGT) - under provision in prior year	-	47,330	-	-
Deferred tax				
Origination/(reversal) of temporary differences	2,670,450	9,174,000	(22,000)	(27,000)
Realisation of revaluation surplus on land	(288,960)	(300,516)	(121,800)	(126,672)
Under/(over) provision in prior years (net)	266,019	(346,916)	(160,981)	(313,416)
Reduction in tax rate	(608,450)	(204,500)	(43,000)	(44,000)
	22,820,971	24,573,308	4,787,097	20,925,125

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Numerical reconciliation between tax expense and the result before tax multiplied by the applicable Malaysian tax rates				
Profit before tax	104,383,806	96,036,174	80,816,995	82,505,320
Tax calculated at a Malaysia tax rate of 25% (2008 : 26%)	26,095,951	24,969,405	20,204,249	21,451,383
Tax effects of :				
- reduction in tax rates for subsidiary companies with paid up share capital of RM2,500,000 and below	-	(120,056)	-	-
- expenses not deductible for tax purposes	1,515,954	744,087	777,187	349,478
- income not subject to tax	(575,583)	(376,693)	(16,024,236)	(533,533)
- deferred tax assets not recognised on:				
a) current year's tax loss of subsidiaries	409	276,488	-	-
b) current year's deductible temporary differences	18,971	16,128	-	-
- double deductions	(22,989)	(20,833)	-	-
- reinvestment allowance	(753,808)	(394,223)	-	-
- investment tax allowance	(2,640,000)	-	-	-
- utilisation of previously unrecognised deferred tax assets	(7,415)	-	-	-

Notes To The Financial Statements – 31 January 2009 (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Reduction in tax rate	(608,450)	(204,500)	(43,000)	(44,000)
(Over)/under provision of income tax in prior years (net)	(468,088)	(16,909)	33,878	15,213
Under/(over) provision of deferred tax in prior years (net)	266,019	(346,916)	(160,981)	(313,416)
Under provision of RPGT in prior year (net)	-	47,330	-	-
Tax expense	22,820,971	24,573,308	4,787,097	20,925,125

Group

Tax savings during the financial year arising from utilisation of previously unrecognised tax losses is RM3,860 (2008 : Nil).

Domestic current income tax is calculated at the statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 25% from the previous year's rate of 26%. The computation of deferred tax as at 31 January 2009 has reflected these changes.

For the year of assessment 2008, subsidiary companies with a paid-up share capital of RM2,500,000 and below, enjoyed a tax rate of 20% on the first RM500,000 taxable income. This rate is not available to these subsidiaries for the current financial year.

35. EARNINGS PER SHARE**Group**

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM65,375,115 (2008 : RM58,517,405) over the weighted average number of ordinary shares in issue during the financial year of 300,520,321 (2008 : 264,742,145).

Diluted earnings per share for the Group for the financial year ended 31 January 2009 is calculated based on profit after tax and minority interests of RM65,375,115 (2008 : RM58,517,405) over the adjusted weighted average number of shares of 303,440,987 (2008 : 269,190,689).

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

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

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

The diluted earnings per share for financial year ended 31 January 2009 is calculated as follows :

	2009 RM	2008 RM
Net profit attributable to equity holders of the Company	65,375,115	58,517,405
Weighted average number of ordinary shares in issue	300,520,321	264,742,145
Impact on shares under option that would have been issued at fair value:		
- ESOS	634,699	827,004
- Warrants	2,285,967	3,621,540
	303,440,987	269,190,689
Diluted earnings per share (sen)	21.5	21.7

Notes To The Financial Statements – 31 January 2009 (cont'd)

The earnings per share and diluted earnings per share of 30.9 sen and 30.0 sen respectively for the financial year 2008 have been adjusted, pursuant to the adjustment arising from Bonus Issue completed during the year, to 22.1 sen and 21.7 sen respectively.

36. DIVIDENDS**Company**

Dividends declared or proposed in respect of the financial year ended 31 January 2009 are as follows :

	Dividends in respect of year		Dividends recognised in year	
	2009 RM	2008 RM	2009 RM	2008 RM
Dividends recognised:				
Financial year 2007:				
Final : 4 sen per share less 27% tax	-	-	-	5,096,098
Special : 3 sen per share less 27% tax	-	-	-	3,822,073
Financial year 2008:				
Interim : 3 sen per share less 26% tax	-	4,594,532	-	4,594,532
Special : 10 sen per share less 26% tax	-	15,492,386	-	15,492,386
Final : 5 sen per share less 25% tax	-	7,969,462	7,969,462	-
Financial year 2009:				
Special : 23 sen per share less 25% tax	37,022,386	-	37,022,386	-
Interim : 10 sen per share less 25% tax	22,659,290	-	22,659,290	-
Dividends proposed for approval at AGM (not recognised as at 31 January):				
Financial year 2009:				
Final : 2.5 sen per share less 25% tax	5,667,243	-	-	-
0.5 sen per share tax exempt	1,511,265	-	-	-
	66,860,184	28,056,380	67,651,138	29,005,089

At the forthcoming Annual General Meeting ("AGM"), a final gross dividend of 3 sen per share which comprises 2.5 sen less tax and 0.5 sen tax exempt (2008 : 5 sen per share less tax) will be proposed for shareholders' approval. These financial statements do not reflect the final dividend which will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2010 when approved by shareholders. The proposed final dividend of RM7,178,508 is subject to change in proportion to changes in the Company's paid-up capital, if any.

37. TRANSFER OF RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Realisation of revaluation surplus on leasehold land, net of tax, arising from :				
- excess of amortisation based on revalued leasehold land over their original costs				
	825,670	817,790	203,988	201,264
	825,670	817,790	203,988	201,264

Notes To The Financial Statements – 31 January 2009 (cont'd)

38. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
With holding company :				
Professional services	178,000	177,000	42,000	46,000
With subsidiary companies :				
Management fee income	-	-	1,213,647	1,128,139
Commission income	-	-	733,058	613,247
Purchase of plant and equipment	-	-	-	64,000
Sale of plant and equipment	-	-	-	45,000
Interest income	-	-	1,858,178	1,168,430
With fellow subsidiary companies of the holding company:				
Management fee income	31,920	-	31,920	-
Purchase of plant and equipment	120,000	-	-	-
Purchase of goods	5,350,798	4,876,008	648	-
Rental expenses	6,000	6,000	-	-
Sale of goods	113,377	73,950	-	-
Sale of plant and equipment	-	65,000	-	-

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

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term employee benefits	2,187,064	2,421,914	1,630,400	1,892,700
Defined contribution plan	237,492	259,872	183,648	202,080
Share options granted under ESOS	108,030	41,044	70,690	29,444
	2,532,586	2,722,830	1,884,738	2,124,224

Included in the total remuneration of key management personnel are :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive Directors' remuneration	1,641,475	1,977,760	1,525,395	1,797,940

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

	2009	2008
	At 1 February 2008/2007	1,037,200
Granted	177,000	18,000
Exercised	(633,600)	(1,365,200)
Bonus Issue	232,000	-
Ceased as key management	(122,600)	-
At 31 January 2009/2008	690,000	1,037,200

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

39. OPERATING LEASE ARRANGEMENTS**Group**

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2009 RM	2008 RM
Future minimum rental payments:		
Not later than 1 year	72,000	72,000
Later than 1 year and not later than 5 years	288,000	288,000
Later than 5 years	1,326,000	1,398,000
	1,686,000	1,758,000

The lease rental payments during the financial year are capitalised to biological assets as disclosed in **Note 6**.

40. ACQUISITION OF SUBSIDIARY COMPANY**Group**

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

	2009 RM	2008 RM
Revenue	-	-
Loss before tax	(3,524)	-
Net loss for the financial year	(3,524)	-

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

	2009 RM	2008 RM
Non-current assets	4,050,856	-
Current assets	(4,017,835)	-
Current liabilities	(36,543)	-
Decrease in Group's net assets	(3,522)	-

41. SEGMENTAL INFORMATION

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

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

	Plantation RM	Milling RM	Eliminations RM	Group RM
Year ended 31 January 2009				
Revenue				
External sales	59,367,450	447,717,134	-	507,084,584
Intersegment sales	85,198,978	-	(85,198,978)	-
Total sales	144,566,428	447,717,134	(85,198,978)	507,084,584

Notes To The Financial Statements – 31 January 2009 (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
Results				
Segment results	86,381,370	19,367,828	501,000	106,250,198
Unallocated costs				(3,696,567)
Finance income				2,490,479
Finance costs				(660,304)
Profit before tax				104,383,806
Tax expense				(22,820,971)
Net profit for the financial year				81,562,835
At 31 January 2009				
Segment assets	390,166,811	204,486,735	(108,022,396)	486,631,150
Unallocated assets				45,847,818
Total assets				532,478,968
Segment liabilities	78,549,472	139,688,871	(108,022,396)	110,215,947
Unallocated liabilities				3,436,301
Total liabilities				113,652,248
Year ended 31 January 2009				
Other information				
Capital expenditure	12,108,966	50,765,795	-	62,874,761
Depreciation and amortisation	9,031,461	7,233,245	-	16,264,706
Other non-cash expenses	571,427	1,938,504	-	2,509,931
Year ended 31 January 2008				
Revenue				
External sales	58,099,307	411,776,184	-	469,875,491
Intersegment sales	66,083,917	-	(66,083,917)	-
Total sales	124,183,224	411,776,184	(66,083,917)	469,875,491
Results				
Segment results	75,650,158	23,790,191	(1,806,000)	97,634,349
Unallocated costs				(3,327,889)
Finance income				1,954,362
Finance costs				(879,812)
Other investment income				655,164
Profit before tax				96,036,174
Tax expense				(24,573,308)
Net profit for the financial year				71,462,866
At 31 January 2008				
Segment assets	345,898,628	158,063,504	(71,046,675)	432,915,457
Unallocated assets				69,415,260
Total assets				502,330,717
Segment liabilities	60,808,948	109,277,478	(71,046,675)	99,039,751
Unallocated liabilities				1,301,687
Total liabilities				100,341,438
Year ended 31 January 2008				
Other information				
Capital expenditure	10,221,706	20,073,385	-	30,295,091
Depreciation and amortisation	8,473,942	5,769,333	-	14,243,275
Other non-cash expenses	453,175	95,159	-	548,334

Notes To The Financial Statements – 31 January 2009 (cont'd)

42. CONTINGENT LIABILITIES (UNSECURED)**Company**

The Company provided corporate guarantees for seven (2008 : seven) of its subsidiary companies in respect of credit facilities totalling RM51,697,000 (2008 : RM40,595,000) granted to the subsidiary companies by licensed financial institutions. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities of RM31,087,535 (2008 : RM16,804,269) utilised by these subsidiary companies.

43. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Credit risk

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

(c) Market risk

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

(d) Interest rate risk

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

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

(e) Liquidity and cash flow risks

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

(f) Foreign currency exchange risk

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

(g) Fair values

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

Notes To The Financial Statements – 31 January 2009 (cont'd)

Group

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current liabilities				
Other borrowings :				
- with fixed terms of repayment	6,000,000	4,532,000	6,400,000	4,540,000
- without fixed terms of repayment	7,671,774	*	6,143,510	*
	13,671,774		12,543,510	

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

44. CAPITAL EXPENDITURE COMMITMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Approved and contracted for :				
Property, plant and equipment	17,074,700	35,162,000	133,000	-
Approved but not contracted for :				
Property, plant and equipment	-	4,368,000	-	-

45. EVENT AFTER THE BALANCE SHEET DATE

On 21 May 2009, a subsidiary company, Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), entered into a Joint Venture and Shareholders Agreement ("JV Agreement") with Prominent Platform Sdn. Bhd. ("PPSB") for the purpose of undertaking a palm kernel crushing and solvent extraction project to maximise recovery of crude palm kernel oil at the palm oil mill of KLPOM at Kota Tinggi, Johor through a joint venture company called Sungkit Enterprise Sdn. Bhd. ("SESB").

Currently, SESB is a wholly owned subsidiary of KLPOM. Pursuant to the JV Agreement, KLPOM will transfer 30% of its shareholdings or 60,000 shares in SESB at par to PPSB.

46. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 27 May 2009.

Analysis Of Shareholdings As At 18 June 2009

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid Up Capital	:	RM302,893,592.00
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	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	39	1.01	1,388	0.00
100 to 1,000 shares	244	6.28	170,164	0.06
1,001 to 10,000 shares	2,733	70.38	9,920,321	3.27
10,001 to 100,000 shares	732	18.85	21,386,796	7.06
100,001 to less than 5% of issued shares	134	3.45	80,239,318	26.49
5% and above of issued shares	1	0.03	191,175,605	63.12
Total	3,883	100.00	302,893,592	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	191,175,605	63.12
2. ECM Libra Investment Bank Berhad Beneficiary : IVT (A02) for ECM Libra Investment Berhad (Account 1)	9,149,280	3.02
3. AllianceGroup Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pheim Asset Management Sdn. Bhd. For Employees Provident Fund	6,780,920	2.24
4. HSBC Nominees (Asing) Sdn. Bhd. Beneficiary : Krishnan Chellam (HBMB301-26)	5,342,400	1.76
5. Timbas Helmi Bin Oesman Joesoef Helmi	3,663,800	1.21
6. HSBC Nominees (Asing) Sdn. Bhd. Beneficiary : Exempt An For JPMorgan Chase Bank, National Association (Norges Bank)	2,893,100	0.96
7. Koperasi Polis DiRaja Malaysia Berhad	2,800,000	0.92
8. ECML Nominees (Tempatan) Sdn. Bhd. Beneficiary : ECM Libra Foundation	2,404,882	0.79
9. Malaysia Nominees (Tempatan) Sendirian Berhad Beneficiary : Gooi Seong Gum (10-00040-000)	2,123,000	0.70
10. Loo Geok Eng	1,789,760	0.59
11. HLG Nominee (Tempatan) Sdn. Bhd. Beneficiary : PB Trustee Services Berhad For HLG Growth Fund	1,680,000	0.55
12. Khoo Heng Suan	1,563,660	0.52
13. AMSEC Nominees (Tempatan) Sdn. Bhd. Beneficiary : AmTrustee Berhad For HLG Penny Stock Fund (UT-HLG-PSF)	1,499,120	0.49
14. Loo Geok Eng	1,288,000	0.43
15. Prudent Strength Sdn. Bhd.	1,230,600	0.41
16. Amsec Nominees (Tempatan) Sdn. Bhd. Beneficiary : AmTrustee Berhad For HLG Strategic Fund (UT-HLG-SF)	1,204,380	0.40
17. Heng Yuen Sdn. Bhd.	1,086,400	0.36
18. Neoh Choo Ee & Company, Sdn. Berhad	1,068,200	0.35
19. HSBC Nominees (Tempatan) Sdn. Bhd. Beneficiary : HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust (3548)	985,320	0.33
20. Gan Tee Jin	945,000	0.31
21. Teo Chuan Keng Sdn. Bhd.	911,000	0.30
22. Gooi Seong Chneh	851,760	0.28

Analysis Of Shareholdings As At 18 June 2009 (cont'd)

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No. of Shares held	% of Issued capital
23. Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary : Exempt An For OCBC Securities Private Limited (client A/C-Res)	842,760	0.28
24. Radeshah Binti Ridzwani	835,800	0.28
25. Lim Ah Choo	759,000	0.25
26. Chellam Investments Sdn. Berhad	700,000	0.23
27. Yayasan Kelantan Darul Naim	700,000	0.23
28. Ang Chai Eng	671,000	0.22
29. Gooi Seow Mee	588,000	0.19
30. Amsec Nominees (Tempatan) Sdn. Bhd. Beneficiary : AmTrustee Berhad For Apex Dana Al-Sofi-I (UT-Apex-Sofi)	567,840	0.19
TOTAL	248,100,587	81.91

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

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

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Issued capital	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	191,175,605	8,960 ^(a)	63.12	0.00
Estate of Loo Geok Eng, Deceased	3,077,760	191,184,565 ^(b)	1.02	63.12
Gooi Seong Lim	1,248,760 ^(c)	192,718,965 ^(d)	0.41	63.63
Gooi Seong Heen	1,108,760 ^(e)	192,382,965 ^(f)	0.37	63.52
Gooi Seong Chneh	879,760	192,382,965 ^(g)	0.29	63.52
Gooi Seong Gum	2,123,000 ^(h)	192,438,965 ⁽ⁱ⁾	0.70	63.53
Gooi Seow Mee	588,000	192,270,965 ^(j)	0.19	63.48

Notes:-

- (a) Deemed interest through Kim Loong Plantations Sdn. Bhd.
- (b) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares) and Kim Loong Plantations Sdn. Bhd. (8,960 shares).
- (c) Includes 772,760 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd.
- (d) Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Lim Phaik Ean (448,000 shares).
- (e) Includes 280,000 and 492,760 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- (f) Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Looi Kok Yean (112,000 shares).
- (g) Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Lee T'ian C'ean (112,000 shares).
- (h) All 2,123,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.
- (i) Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Teo Ai Mei (168,000 shares).
- (j) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares) and Kim Loong Plantations Sdn. Bhd. (8,960 shares).

Analysis Of Shareholdings As At 18 June 2009 (cont'd)

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Gooi Seong Lim	1,248,760 ¸	0.41	192,718,965 §	63.63
Gooi Seong Heen	1,108,760 Ω	0.37	192,382,965 €	63.52
Gooi Seong Chneh	879,760	0.29	192,382,965 ð	63.52
Gooi Seong Gum	2,123,000 ¥	0.70	192,438,965 ß	63.53
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Chew Poh Soon	-	-	-	-

Notes:-

¸ Includes 772,760 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd.

§ Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Lim Phaik Ean (448,000 shares).

Ω Includes 280,000 and 492,760 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.

€ Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Looi Kok Yean (112,000 shares).

ð Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Lee T'ian C'ean (112,000 shares).

¥ All 2,123,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.

ß Deemed interests by virtue of his interest in Sharikat Kim Loong Sendirian Berhad (191,175,605 shares), Heng Yuen Sdn. Bhd. (1,086,400 shares), Kim Loong Plantations Sdn. Bhd. (8,960 shares) and his spouse, Teo Ai Mei (168,000 shares).

Analysis Of Warrant holdings As At 18 June 2009

No. of Warrants 2005/2012 issued	:	44,041,483
Exercise Price	:	RM1.00 for one ordinary share of RM1.00 each.
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each.
Exercise Period	:	22 April 2007 to 22 April 2012
No. of Warrants exercised	:	39,784,656
No. of Warrants unexercised	:	4,256,827

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100 warrants	68	13.60	4,277	0.10
100 to 1,000 warrants	131	26.20	84,215	1.98
1,001 to 10,000 warrants	233	46.60	859,324	20.19
10,001 to 100,000 warrants	62	12.40	1,598,474	37.55
100,001 to less than 5% of warrants	4	0.80	475,472	11.17
5% and above of warrants	2	0.40	1,235,065	29.01
Total	500	100.00	4,256,827	100.00

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

Name of Warrant Holders	No. of Warrants Held	% of Warrants
1. Neoh Choo Ee & Company, Sdn. Berhad	629,998	14.80
2. ECML Nominees (Tempatan) Sdn. Bhd. Beneficiary : ECM Libra Foundation	605,067	14.21
3. Heah Sieu Lay	140,000	3.29
4. Neoh Brothers Sdn. Berhad	126,932	2.98
5. RHB Capital Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Chay Yew Meng (CEB)	105,000	2.47
6. Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Avenue Invest Berhad For Kumpulan Wang Simpanan Pekerja (KWSP02-280418)	103,540	2.43
7. Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Chee Kah Khuin	98,280	2.31
8. Quek Siow Leng	84,000	1.97
9. Ng Swee Huat	65,800	1.54
10. Dato' Teo Soo Cheng	61,040	1.43
11. Eyu Chin Wat	49,000	1.15
12. Timbas Helmi bin Oesman Joesoef Helmi	46,666	1.10
13. Goh Tai Meng	44,540	1.05
14. Eng Watt Ya @ Eng Watt Ying	42,000	0.99
15. Victor Lim Fung Tuang	42,000	0.99
16. Mah Siew Keong	40,000	0.94
17. Teh Kok Meng	40,000	0.94
18. How Li Min	38,080	0.89
19. How Li Min	35,504	0.83
20. Sam Fong @ Chan Sam Fong	34,000	0.80
21. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Sam Mun Yee @ Suum Mun Yee	33,880	0.80
22. Chin Kiam Hsung	29,400	0.69
23. HDM Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Neoh Soon Kean (M01)	28,932	0.68

Analysis Of Warrant holdings As At 18 June 2009 (cont'd)

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

Name of Warrant Holders	No of Warrants Held	% of Warrants
24. HDM Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Chan Hong Ee (M01)	28,932	0.68
25. Tang Eng Hooi	28,300	0.66
26. Chin Kian Fong	28,000	0.66
27. Lee Pei Hoon @ Lee Poh	28,000	0.66
28. Lee Pei Hoon @ Lee Poh	28,000	0.66
29. Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged Securities Account for Chen Siew Yoke	26,800	0.63
30. Loh Kam Thye	25,200	0.59
TOTAL	2,716,891	63.82

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

Name of Directors	Direct Interest		Indirect Interest	
	Warrant Holdings	%	Warrant Holdings	%
Gooi Seong Lim	-	-	2,240 *	0.05
Gooi Seong Heen	-	-	2,240 *	0.05
Gooi Seong Chneh	-	-	2,240 *	0.05
Gooi Seong Gum	-	-	2,240 *	0.05
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Chew Poh Soon	-	-	-	-

Note:-

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

Particulars of properties

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net book value as at 31 January 2009 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	2,051
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	9,758
- CL 085311306	31/12/2077	Oil palm and cocoa	121.45	31 Jan 2004	Not applicable	3,124
- CL 085311315	31/12/2077	Oil palm and cocoa	102.51	31 Jan 2004	Not applicable	2,688
- CL 085311244	31/12/2077	Oil palm and cocoa	166.53	31 Jan 2004	Not applicable	4,283
District of Labuk/Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	155
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	152
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	7,747
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	365
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	10,051
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	8,781
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	2,065
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	2,057
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	8,916
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	6,266
District of Kinabatangan, Sabah						
Desa Kim Loong Industries Sdn. Bhd.						
- CL 135345069	31/12/2080	Factory/quarter ⁽¹⁾		Not applicable	6 years	199
Sook, District of Keningau, Sabah						
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 095332639	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	30,338
- Part of CL 095332648	30/06/2032	Oil palm plantation	386.76 ⁽²⁾	31 Jan 2004	Not applicable	4,632
District of Kinabatangan, Sabah						
Okidville Holdings Sdn. Bhd.						
- CL 135328782	31/12/2083	Oil palm plantation	2,772.10	31 Jan 2004	Not applicable	50,063
Sook, District of Keningau, Sabah						
Desa Okidville Sdn. Bhd.						
- CL 135345069	31/12/2080	Oil palm plantation	4,419.57 ^{(3) (4)}	31 Jan 2004	Not applicable	68,588
Sook, District of Keningau, Sabah						
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135345069	31/12/2080	Palm oil mill	40.47 ⁽⁵⁾	31 Jan 2004	6 years	8,104
Sook, District of Keningau, Sabah						

Particulars of properties (cont'd)

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net book value as at 31 January 2009 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420	Freehold	Palm oil mill	24.18	04 Dec 2008	12 years	13,143
- HS (D) 708, MLD 598	Freehold	Vacant land	4.32	04 Dec 2008	Not applicable	2,321
- HS (D) 709, MLD 599	Freehold	Vacant land	4.93	04 Dec 2008	Not applicable	2,645
- HS (M) 118 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	2.05	04 Dec 2008	Not applicable	620
Kim Loong Evergrow Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store ⁽¹⁾	-	Not applicable	3 years	452
Winsome AI-Yatama Sdn. Bhd.						
- HSD 13896, PTD 828 Mukim Hulu Sg Sedeli Besar Kota Tinggi, Johor	31/10/2064	Oil palm plantation	1,093.46	(09 Nov 2004)	Not applicable	28,077
Palm Nutraceuticals Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office ⁽¹⁾	-	Not applicable	4 years	1,215
Kim Loong Technologies Sdn. Bhd.						
- HS (D) 15057, Lot No. 2420 Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory ⁽¹⁾	-	Not applicable	3 year	1,007
Kim Loong Sabah Mills Sdn. Bhd.						
- Part of CL 095332648 District of Kinabatangan, Sabah	31/12/2086	Palm oil mill	13.84	(02 August 2007)	1 year	5,812
Tyeco Corporation Sdn Bhd						
- NT 02313683, NT 02313684 - NT 023192556, NT 023192565 - NT 023192574 District of Papar, Sabah	01/04/2032	Planted with coconut	6.60 ⁽²⁾	Not applicable	Not applicable	13
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135345069 Sook, District of Keningau, Sabah	31/12/2080	Factory ⁽¹⁾	-	Not applicable	Construction in progress	711
		13,109.38			286,349	

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

⁽²⁾ These lands were subleased from third parties.

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

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

Form Of Proxy



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

I/We, _____

of _____

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

of _____

or failing whom, _____ of _____

or failing whom, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at Maple Junior Ball Room, Lower Ground Floor of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on 24 July 2009 at 2.30 p.m and at any adjournment thereof in the manner as indicated below:-

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Re-election of Director: Gooi Seong Chneh		
4.	Re-election of Director: Chew Poh Soon		
5.	Re-appointment of Auditors		
6.	Authority to issue shares		
7.	Proposed Renewal of Authority for Share Buy-Back		
8.	Proposed Renewal of Shareholders' Mandate		

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

Signed this _____ day of _____ 2009

Signature of Member(s)

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

NOTES:

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

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

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

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

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

Please fold this flap for sealing

Please fold here



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

Please fold here