



KIM LOONG
RESOURCES BERHAD

(22703-K)

錦隆資源有限公司

ANNUAL REPORT 2007



Commitment



Value



Innovation



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-second Annual General Meeting of Kim Loong Resources Berhad will be held at The Orchid/Olive Room, Lower Ground Floor of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Monday, 30 July 2007 at 2.00 p.m. for the following purposes:-

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2007 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 4 sen less 27% income tax and a special dividend of 3 sen less 27% income tax in respect of the financial year ended 31 January 2007. **(Resolution 2)**
3. To re-appoint Mdm. Loo Geok Eng as a Director pursuant to Section 129(6) of the Companies Act, 1965. **(Resolution 3)**
4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-

Mr. Gooi Seong Lim **(Resolution 4)**
Mr. Gooi Seong Gum **(Resolution 5)**
Mr. Teoh Cheng Hai **(Resolution 6)**
5. To re-appoint Messrs SKW Associates (formerly known as Liang & Co.) as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. As Special Business, to consider and if thought fit, to pass the following resolutions:-

ORDINARY RESOLUTION I - AUTHORITY TO ISSUE SHARES

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

(Resolution 8)

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

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to renew the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.5 of the Circular dated 6 July 2007, provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 9)

SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

“THAT the Proposed Amendments to the Articles of Association of the Company as set out in Appendix III of the Circular to Shareholders dated 6 July 2007 be and are hereby approved and adopted.

THAT the Directors and the Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendments as set out in Appendix III of the Circular to Shareholders dated 6 July 2007.

AND THAT the Directors of the Company be and are hereby authorised to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad.”

(Resolution 10)

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-second Annual General Meeting, the final dividend of 4 sen less 27% income tax and a special dividend of 3 sen less 27% income tax in respect of the financial year ended 31 January 2007 will be paid on 16 August 2007 to depositors registered in the Record of Depositors on 1 August 2007.

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

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. 1 August 2007 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Petaling Jaya
6 July 2007

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 8 -

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

(3) Resolution 9 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 6 July 2007 which is enclosed together with the Annual Report 2007.

(4) Resolution 10 -

The Special Resolution proposed, if passed, will render the Articles of Association of the Company to be consistent with the new provisions under Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad and any prevailing laws, rules, regulations, orders, guidelines or requirements of the relevant authorities.

For further information on the Proposed Amendments to the Articles of Association of the Company, please refer to the Circular to Shareholders dated 6 July 2007, which is enclosed together with the Annual Report 2007.



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-second Annual General Meeting:-

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

Mdm. Loo Geok Eng

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

Mr. Gooi Seong Lim
Mr. Gooi Seong Gum
Mr. Teoh Cheng Hai

- (2) (a) There were six (6) Board of Directors' Meetings during the financial year ended 31 January 2007, all were 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, 30 March 2006	11.50 a.m.
Friday, 19 May 2006	3.55 p.m.
Wednesday, 28 June 2006	2.25 p.m.
Wednesday, 27 September 2006	12.00 noon
Wednesday, 29 November 2006	2.00 p.m.
Friday, 29 December 2006	2.00 p.m.

- (b) Attendance of Directors at the Board of Directors' Meetings held during the financial year ended 31 January 2007 is as follows:-

Name of Directors	Attendance at Meetings	Percentage of Attendance (%)
Gooi Seong Lim	6/6	100
Gooi Seong Heen	5/6	83
Loo Geok Eng (f)	6/6	100
Gooi Seong Chneh	6/6	100
Gooi Seong Gum	6/6	100
Gan Kim Guan	6/6	100
Teoh Cheng Hai	6/6	100
Chew Poh Soon (Appointed: 30.03.2006)	5/5	100

- (3) The Thirty-second Annual General Meeting will be held at The Orchid/Olive Room, Lower Ground Floor of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Monday, 30 July 2007 at 2.00 p.m.
- (4) The profiles of Directors standing for re-appointment or re-election as mentioned in paragraph (1) above at the Thirty-second Annual General Meeting are set out in pages 7 to 10 of this Annual Report.

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

AUDIT COMMITTEE Gan Kim Guan Chairman
Gooi Seong Heen
Teoh Cheng Hai
Chew Poh Soon

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

REGISTERED OFFICE Unit 203, 2nd Floor,
Block C, Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
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 (formerly known as Liang & Co.)
Chartered Accountants
(Firm No. AF 0312)
4L, Jalan Tun Abdul Razak (Susur 3)
80200 Johor Bahru
Johor

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

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

BOARD OF DIRECTORS



Board of Directors :

(from left to right, sitting to standing)

- | | | |
|----|-------------------------|---------------------------|
| 1 | Gooi Seong Heen | <i>Managing Director</i> |
| 2 | Gooi Seong Lim | <i>Executive Chairman</i> |
| 3 | Loo Geok Eng (f) | |
| 4 | Teoh Cheng Hai | |
| 7 | Gooi Seong Chneh | |
| 8 | Chew Poh Soon | |
| 9 | Gan Kim Guan | |
| 10 | Gooi Seong Gum | |
| 5 | Ng Kam May (f) | |
| 6 | Chong Fook Sin | |

Company Secretaries :

(from left to right, standing)

GOOI SEONG LIM

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



Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the six (6) Board meetings held during the financial year 2007.



GOOI SEONG HEEN



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

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended five (5) of the six (6) Board meetings held during the financial year 2007.

PROFILES OF DIRECTORS (cont'd)

LOO GEOK ENG

Loo Geok Eng (f), aged 88, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. She is the founder of SKL, an investment holding company which owns a controlling stake in KLR and CCB and has been a Director of SKL since 11 August 1967. Her experience includes that of oil palm and rubber estate management and property development. She currently sits on the Board of CCB and several other private companies.

Madam Loo has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of her directorship and shareholding in SKL. She has not been convicted of any offences within the past 10 years. She attended all the six (6) Board meetings held during the financial year 2007.



GOOI SEONG CHNEH



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

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the six (6) Board meetings held during the financial year 2007.

GOOI SEONG GUM

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

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the six (6) Board meetings held during the financial year 2007.



GAN KIM GUAN



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

Mr Gan is a member of the Association of Chartered Certified Accountants, and a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the six (6) Board meetings held during the financial year 2007.

PROFILES OF DIRECTORS (cont'd)

TEOH CHENG HAI

Teoh Cheng Hai, aged 62, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and is the Chairman of both the Nomination and Remuneration Committees of KLR with effect from 27 March 2002. He graduated with a Bachelor of Agricultural Science Degree from the University of Malaya in 1968. He has 35 years experience in the plantation industry, principally in research and development and in total quality & environment management. He was formerly Director of R&D (1989-1995) and Director, Quality & Environment Management and Member of the Group Management Committee of Golden Hope Plantations Berhad from 1995 until his retirement from the company in year 2000. 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 in 2005/06. Currently, he is the Advisor to the RSPO Indonesia Liaison Office. He served as the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature ("WWF") Malaysia from 2001 - 2004. He is a member of the Faculty of SustainAbility Ltd, UK.



Mr Teoh has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the six (6) Board meetings held during the financial year 2007.



CHEW POH SOON



Chew Poh Soon, aged 62, 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. He graduated from University of Malaya in 1967 with Bachelor of Agricultural Science (Hon) and obtained his Master of Agricultural Science in 1976. His professional career started as an agronomist at Highlands Research Unit (subsequently HRU Sdn. Bhd.) and he was its Head of Agricultural Research till 1986. Subsequently, he assumed the same position in Applied Agricultural Research Sdn. Bhd., a joint venture between Boustead Holdings Berhad and Kuala Lumpur Kepong Berhad till his retirement in March 2000. He was the Plantation Director (Peninsula Malaysia) of IOI Corporation Berhad from 2 May 2001 to 30 April 2003 and has wide experience in the oil palm, cocoa and rubber sectors, having conducted research and rendered agronomic and management advice including soil surveys, land evaluation and crop feasibility studies to plantations and small estates in Peninsula Malaysia, Sabah, Sarawak, Indonesia and Philippines. He has been closely involved in professional activities in the plantation industry and holds fellowships from the Incorporated Society of Planters, Malaysian Society of Soil Science and Malaysian Oil Scientists' and Technologists' Association.

Mr Chew has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the five (5) Board meetings held during the financial year 2007 since his appointment to the Board.

Family Relationships

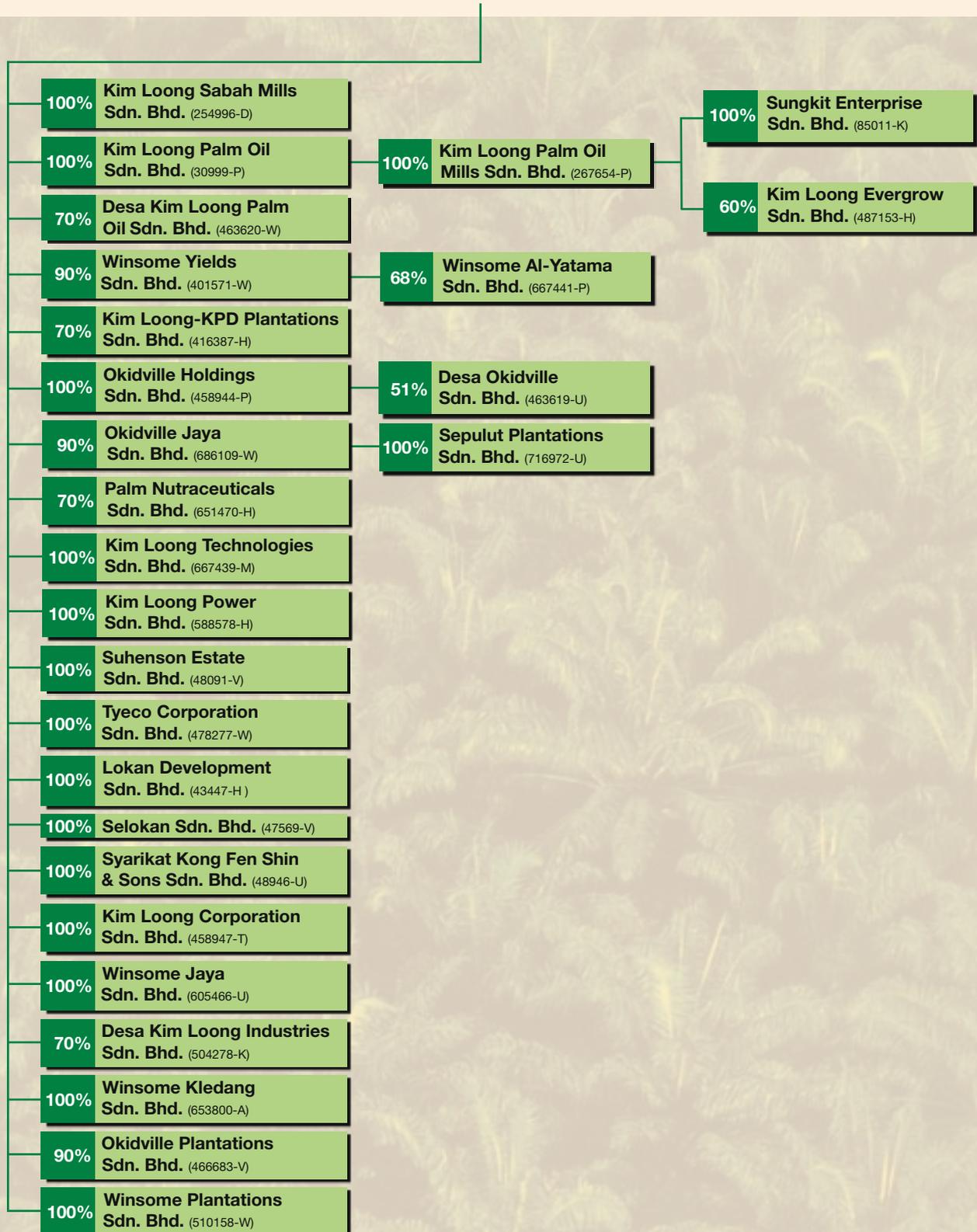
Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, who are brothers, are children of Loo Geok Eng.

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



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司



GROUP

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 JANUARY

GROUP	2003	2004	2005	2006	2007
INCOME STATEMENT (RM'000)					
Revenue	147,318	196,131	230,706	218,679	263,063
Profit before tax	13,568	15,813	16,402	14,251	30,443
Profit after tax	9,057	11,411	11,551	9,938	22,674
BALANCE SHEET (RM'000)					
Paid-up share capital	106,750	106,750	106,750	170,864	171,459
Equity attributable to equity holders of the Company	160,720	216,317	224,123	298,262	313,887
Total assets	229,769	343,500	364,751	394,485	406,232
PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)					
Earnings	0.09	0.13	0.12	0.07	0.13
Net tangible assets	1.50	2.01	2.09	1.74	1.82
Dividends	0.06	0.07	0.07	0.07	0.10
Weighted average number of shares in issue ('000)	106,750	106,750	106,750	156,809	171,030
FINANCIAL RATIO (%)					
Return on shareholders' equity (Pretax)	8.44	7.31	7.32	4.78	9.70
Return on total assets (Pretax)	5.91	4.60	4.50	3.61	7.49
PLANTATIONS					
Plantation Area (Ha)					
<i>Oil palm</i>					
Mature	5,701	9,671	10,918	10,918	11,065
Immature	4,537	1,648	401	1,522	1,067
Unplanted land	301	428	1,521	400	-
	10,539	11,747	12,840	12,840	12,132
Cocoa and others	160	166	166	166	166
Total plantable area	10,699	11,913	13,006	13,006	12,298
Infrastructure and unplanted land	562	556	556	556	706
Total land area	11,261	12,469	13,562	13,562	13,004
Production (MT)					
Fresh fruit bunches ("FFB")	70,623	105,276	148,875	180,119	220,908
Yield per mature hectare	12.39	10.89	13.64	16.50	19.96
MILLS					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	73,618	94,072	100,079	108,471	126,553
Oil extraction rate (% of FFB)	18.50	19.02	19.68	20.23	20.50
Palm kernel oil ("PKO") (MT)	11,456	12,809	11,673	8,272	958
Oil extraction rate (% palm kernel ("PK"))	42.84	42.83	43.02	43.82	45.12

INTRODUCTION

The Board of Directors of Kim Loong Resources Berhad (“KLR”) believes that good corporate governance is fundamental to the Group’s continued success. To this, the Board is fully committed to its policy on managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of corporate governance practices is in place at all levels of the Group’s businesses thus discharging its principal responsibility towards protecting and enhancing long-term stakeholders’ value and investors’ interests consistent with the principles and best practices as enshrined in the Code.

In particular, the Company has complied with the Best Practices in Corporate Governance embodied in Part 2 of the Malaysian Code of Corporate Governance (“the Code”). The Board is therefore pleased to provide the following statement which narrates the various measures taken by the Company and the Group to strengthen the application of the principles set out in Part 1 of the Code.

The Board is pleased to present the following report on the application of principles and compliance with best practices as set out in the Code during the financial year ended 31 January 2007.

THE BOARD OF DIRECTORS

Board Responsibilities

The Board retains full and effective leadership and controls the Group. It is responsible for the overall performance of the Group and focuses mainly on strategies, performance and critical business issues. The Board is responsible for the following:

- Group strategic plan;
- Conduct of the Group’s businesses;
- Principle risks identification and their management;
- Shareholders communication policy; and
- Group’s internal control system and management information systems.

The Group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the objective of realising long term shareholders’ value, whilst taking into account the interest of other stakeholders.

Composition and Balance

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

The Board currently consists of eight directors:

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

The Board has reviewed the size of the Board and has considered the current composition is optimum and effective given the scope, size and complexity of the business affairs of the Group. The Company is in compliance with Independent Non-executive Director criteria set out under the Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements of Bursa Securities”).

During the financial year, the Board has maintained a mix of Executive and Non-executive Directors from diverse professional fields and with a wealth of experience, skills and expertise for an effective management of the Group’s businesses. The presence of Independent Non-executive Directors brings unbiased and independent views, advice and judgement to the decision making of the Board taking into account of the interest of the Group, shareholders, employees, customers and suppliers. A profile of each Director is presented on pages 7 to 10 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

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

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

Gooi Seong Lim, the Executive Chairman, Gooi Seong Heen, the Managing Director and other Executive Directors have many years of experience in managing the Group's core business, cultivation of oil palm and palm oil milling.

The Group practises a division of responsibilities between the Executive Chairman and the Managing Director and there is a balance of Executive and Independent Non-executive Directors. The roles of the Chairman and Managing Director are separate and clearly defined and are held by two persons.

The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group 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 policies and decisions.

Board Meetings

Board meetings are scheduled at least once every quarter, with additional meetings convened as and when required. During the financial year ended 31 January 2007, there were six (6) Board meetings. All Directors attended a majority of the Board meetings held during their tenure.

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

Name of Director	Status of Directorship	Attendance of Meetings
Gooi Seong Lim	Executive Chairman	6 of 6
Gooi Seong Heen	Group Managing Director	5 of 6
Loo Geok Eng (f)	Executive Director	6 of 6
Gooi Seong Chneh	Executive Director	6 of 6
Gooi Seong Gum	Executive Director	6 of 6
Gan Kim Guan	Senior Independent Non-executive Director	6 of 6
Teoh Cheng Hai	Independent Non-executive Director	6 of 6
Chew Poh Soon	Independent Non-executive Director	5 of 5

Appointment and election to the Board

In accordance with the Articles of Association, all Directors shall retire at least once in every three years and one third of the remaining Directors are required to retire by rotation at the Annual General Meeting ("AGM"). The Directors due to retire by rotation at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution 4) on page 1.

All newly appointed Directors are subject to re-election by the shareholders at the forthcoming AGM following their appointment.

Directors over seventy years old are required to submit themselves for re-appointment annually pursuant to Section 129(6), Companies Act, 1965. Director seeking re-appointment under this Section at the forthcoming AGM is shown in the Notice of Meeting (Ordinary Resolution 3) on page 1.

The proposed 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 AGM are recommended by the Nomination Committee to the Board for its approval.

Director's Continuing Development

All existing Directors have completed the "Mandatory Accreditation Program". They have also attended the Continuous Education Programme to keep abreast with relevant new regulatory development on a continuous basis on the general economic, industry and technical development to further enhance their skills, knowledge and experience in order to fulfil their duties as Directors.

During the financial year under review, the Directors collectively or individually attended a number of trainings, meetings and seminars as below:

Seminar/Training Title	Organiser
Global Wealth Management Next Generation	UBS Wealth Management
National Conference on Internal Auditing	The Institute of Internal Auditors Malaysia
National Tax Conference 2006	Lembaga Hasil Dalam Negeri & Malaysian Institute of Taxation
Managing Stakeholders' Expectation Effectively & Ethically	ACCA Malaysia
China International Oil and Oilseed Conference (CIOC), 2006	Bursa Malaysia Securities Berhad
Annual Palm & Lauric Oils Conference and Exhibition : Price Outlook 2007/08	Bursa Malaysia Securities Berhad
5th International Planters Conference 2006	Incorporated Society of Planters
Exploring the CDM Potential in the Palm Oil Industry	Malaysian Palm Oil Association & Business Council for Sustainable Development Malaysia
1st Conference on Green Purchasing "Connecting Green Asia with the Global Market"	International Green Purchasing Network, NPC and GPN Malaysia
4th Roundtable Meeting on Sustainable Palm Oil	The Roundtable on Sustainable Palm Oil (RSPO)

Supply of Information to the Board

The Chairman plays a key role to ensure that all Directors have full and timely access to information.

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

Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group.

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

In exercising their duties, the Directors have access to all information within the Group and to the advice and service of the Company Secretary, who is responsible for ensuring that Board meeting procedures are followed and all applicable rules and regulations are complied with. In furtherance of their duties, the Directors may seek independent professional advice at the Company's expenses.

Board Committees

To assist the Board in discharging its duties three committees, namely, the Audit, Nomination and Remuneration Committees were established. All Board Committees have their function, written terms of reference and operating procedures clearly defined and where applicable, comply with the recommendation of the Code.

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The terms of reference of board committee have been approved by the Board, the salient terms of reference and frequency of meetings are as follow:

Audit Committee

- The terms of reference of the Audit Committee are set out under the Audit Committee Report on pages 25 to 28 of this Annual Report.
- The Audit Committee meets at least once every quarter.

Nomination Committee

- The terms of reference of the Nomination Committee are set out under the Nomination Committee Report on pages 30 to 31 of this Annual Report.
- The Nomination Committee meets as and when required, and at least once a year.

Remuneration Committee

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

Director's Remuneration

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the calibre needed to manage the Group successfully. For Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-executive Director concerned.

The Remuneration Committee recommends to the Board, the framework of the Executive Director's remuneration and the remuneration package for each Executive Director. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. Save that the fees of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall be divisible among the Directors as they may agree, the determination of the remuneration packages of Non-executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Director does not participate in decision regarding his/her own remuneration package.

A summary of the remuneration of the Directors for the year ended 31 January 2007, 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 are set out as follows:

Aggregate Remuneration	Executive Directors (RM)	Non-executive Directors (RM)	Total (RM)
Salary	1,086,000	-	1,086,000
Bonus and allowances	286,000	8,000	294,000
Fees	38,000	140,000	178,000
Defined Contribution Plan	143,100	-	143,100
Total	1,553,100	148,000	1,701,100

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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

Analysis of Remuneration	Executive Directors	Non-executive Directors
0 – RM50,000	-	2
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	3	-

Dialogue between the Group and Investors

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

The Group conducts briefing to Financial/Investment Analysts and the press on the results, performance and the potential of new developments of the Group. The briefings enable a direct and frank dialogue to be established on the affairs of the Group.

Annual General Meeting (“AGM”)

The AGM is the principal forum of dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least twenty one (21) days prior to the meeting. Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution. Much effort is undertaken by the Company to produce an Annual Report which is informative with facts and figures, and a statutory report with disclosures and explanatory notes.

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and future prospects in all their reports to shareholders, investors and regulatory authorities. This is done through the release of quarterly reports. In addition, an annual assessment is provided in the Annual Report through the Chairman's Statement.

The Board is conscious of its responsibilities over the Group's financial statements. All results, prior to their release to the public, are tabled and scrutinised at the Audit Committee and Board meetings to ensure that they present a balanced and understandable assessment of the Group's performance and prospects.

A Statement by Directors on their responsibilities in preparing the financial statement is set out in page 23 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)



Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal control, which provides reasonable assessment of effective and efficient operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A Statement on Internal Control, which provides an overview of the state of internal control within the Group is set out on pages 19 to 21 of this Annual Report.

Relationship with the Auditors

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

The role of the Audit Committee in relation to the External Auditors is set out in pages 25 to 28 of this Annual Report.

CONCLUSION

This Statement is made in accordance with a resolution of the Board dated 28 June 2007.



STATEMENT ON INTERNAL CONTROL

1.0 INTRODUCTION

Paragraph 15.27(b) of the Listing Requirements of Bursa Securities requires the Board to make a statement in the Company's Annual Report about the state of its internal controls. The Malaysian Code on Corporate Governance requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Accordingly, the Board is pleased to set out below the Statement on Internal Control ("Statement") that was prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by Bursa Securities. The Board recognises that the practice of good governance is an important continuous process. Set out below are the outline of the key elements of internal control for the financial year ended 31 January 2007.

2.0 BOARD RESPONSIBILITIES

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

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

The Board confirms that the risk management process is an ongoing 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.

3.0 KEY INTERNAL CONTROL PROCESSES

3.1 Risk Management Framework

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

The Group has put in place a Risk Management Committee ("RMC") that is chaired by the Managing Director and comprises Executive Directors, Heads of Divisions & Departments ("HODS") and includes representatives from operations. Heads of Operations are trained to lead the risk management function of their respective operations. The RMC is tasked to develop and maintain an effective risk management system in the Group. Reviews are to cover matters such as responses to major risks identified, changes to internal control systems and outputs from monitoring processes. The RMC reports to the Audit Committee on a regular basis.



STATEMENT ON INTERNAL CONTROL (cont'd)



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

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

3.2. Internal Audit Function

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

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

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

3.3 Other Key Elements of Internal Control

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

- An organisational structure with clearly defined authority limits and reporting mechanism to higher levels of management and to the Board, which supports the maintenance of a strong control environment.
- Specific responsibilities have been delegated to relevant Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.
- Executive Directors and the Plantation General Manager regularly visit the Group's estates to monitor their state of affairs. During the visits, the estate managers report on the progress and performance and discuss and resolve the estates' operational and key management issues.

STATEMENT ON INTERNAL CONTROL (cont'd)

- Other Directors also visit the Group's estates and their comments and suggestions for improvement are directed to the Executive Chairman, Managing Directors and/or Executive Directors.
- Periodic management meetings are held to provide a forum where management undertakes overall responsibility for periodic reviews of the risk management system. The risk-based decisions shall be made at the operating company level where knowledge and expertise reside. Executive Directors and managers responsible for the operations play an integral part in monitoring the effectiveness of risk management in their activities.
- The Finance Department monitors the active subsidiaries' performances through the monthly management accounts and ensure control accounts are reconciled with the subsidiary records.
- Budgeting process where subsidiaries prepare budget for next financial year and approved by management level. Monitoring of results against budget is carried out on a quarterly basis, with major variances being acted upon.
- The staff is provided with the necessary resources to enable the achievement of corporate objectives and ensuring the existence of an adequate system of internal control and carrying out risk management activities.
- Asset counts are done on a periodical basis and reconciled to the underlying records. All access to the assets and records of the Group are controlled to safeguard assets and reduce the risk against unauthorised access.
- 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.

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

4.0 REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 January 2007 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

5.0 CONCLUSION

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

This Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2007



ADDITIONAL COMPLIANCE ISSUES

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

1) Utilisation of Proceeds

During the financial year, there was no proceed raised by the Company from any corporate proposals other than those disclosed in the Note 18 and 21 to the financial statements.

2) Share Buy-Back

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

3) Options, Warrant or Convertible Securities

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

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

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

5) Sanctions and/or Penalties

There was no sanction and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by Bursa Securities, Suruhanjaya Sekuriti and Suruhanjaya Syarikat Malaysia during the financial year.

6) Non-audit fees

There was no non-audit fee paid and payable to the External Auditors, SKW Associates (formerly known as Liang & Co.) during the financial year 2007.

7) Variation in results

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

8) Profit Guarantee

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

9) Material Contracts involving Directors and major shareholders' interest

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

10) Revaluation Policy

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

11) Recurrent related-party transactions

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

CONCLUSION

This Statement is made in accordance with a resolution of the Board dated 28 June 2007.

STATEMENT ON
DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS



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

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

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2007.





The Company does not have any formal Corporate Social Responsibilities programme.

As part of being a Good Corporate Citizen, the Group commits and upholds the interests of our stakeholders in the work place and community. The Group has made contributions of approximately RM50,000 to schools, charitable organisations and assistance to Kota Tinggi flood victims.



MEMBERS

The Audit Committee presently comprises four (4) directors of the Board, majority of whom including the Chairman are Independent Non-executive Directors. The members are:

Chairman : Gan Kim Guan
(Senior Independent Non-executive Director & Member of the Malaysian Institute of Accountants)

Members : Gooi Seong Heen (Managing Director)
Teoh Cheng Hai (Independent Non-executive Director)
Chew Poh Soon (Independent Non-executive Director)

Secretaries : Chong Fook Sin
Ng Kam May



TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall be composed of no fewer than three (3) members, the majority of whom shall be Independent Directors as defined in 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 Audit Committee shall be elected by the members of the Audit Committee from amongst their members and shall be an Independent Director.

At least one member of the Audit Committee:

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

The Company Secretary shall be the Secretary of the Committee.

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

2. Function of Audit Committee

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

- i. To review the following and report the same to the Board;
 - a. with the External Auditors, the audit plan;

AUDIT COMMITTEE

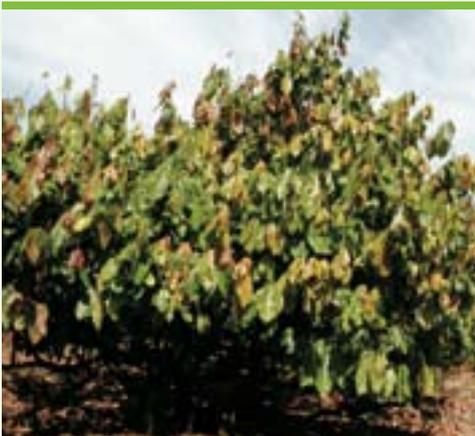
REPORT (cont'd)

- 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 and resources of the Internal Auditors and that they have the necessary authority to carry out their work;
 - f. the internal audit programme, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
 - g. the quarterly reports and year end financial statements, prior to the approval by the Board, particularly on:
 - i) public announcement of results and dividend payments;
 - ii) any changes in or implementation of major accounting policies and practices;
 - iii) major judgemental areas/issues;
 - iv) significant and unusual events;
 - v) compliance with accounting standards; and
 - vi) compliance with stock exchange and other legal requirements.
 - h. any related party transaction and conflict of interest situations that may arise within the Group or the Company 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 (substantiated) 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 their remuneration.

3. Rights of Audit Committee

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

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



4. Meetings

During the financial year 2007, the Audit Committee held a total of four (4) meetings. The attendance by each member at the Committee meetings during the year is as follows:

Director	Total number of meetings held in the financial year during Director's tenure in office	Meetings attended by Directors
Gan Kim Guan	4	4
Gooi Seong Heen	4	3
Teoh Cheng Hai	4	4
Chew Poh Soon	3	3

Details of meetings

- 4.1 To form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be Independent Directors
- 4.2 A minimum of four (4) meetings per year are planned, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda will be sent to all members of the Audit Committee and any other persons who may be required/invited to attend. Quarterly reports and annual financial statements are reviewed by the Audit Committee before presenting to the Board for approval.
- 4.3 In addition to the above, upon request of any member of the Audit Committee, the External Auditors and the Internal Auditors, the Chairman of the Committee shall convene a meeting to consider the matters brought to its attention.
- 4.4 Other Directors, representatives of the External Auditors, Financial Controller, Internal Auditors and other members of senior management or any other relevant employees within the Group may be invited to attend the meetings as determined by the Chairman.
- 4.5 The External Auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
- 4.6 Other Directors and employees of the Group may only attend any particular Audit Committee meeting at the Committee's invitation.
- 4.7 The Audit Committee shall regulate its own procedures, in particular:
 - a. the calling of meetings;
 - b. the notice to be given of such meeting;
 - c. the voting and proceedings of such meetings;
 - d. the keeping of the minutes; and
 - e. the custody, production and inspection of such minutes.

5. Activities During the Financial Year

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

During the financial year 2007, the Audit Committee discharged its duties and responsibilities in accordance with its terms of reference. The main activities undertaken by the Audit Committee were as follows:

- Reviewed with the External Auditors, their scope of work and annual audit plan and discussed results of their examinations and recommendations.
- Reviewed with the External Auditors, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon.
- Reviewed the annual audited financial statements of the Group and the Company with the External Auditors prior to submission to the Board for approval. The review entailed due compliance with the provisions of the Companies Act, 1965, Listing Requirements of Bursa Securities, applicable approved accounting standards in Malaysia as well as other legal and regulatory requirements.

AUDIT COMMITTEE REPORT (cont'd)

- Reviewed the Company's compliance, in particular the quarterly reports with the Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- Reviewed the Internal Audit Department's ("IAD") resource requirement, programmes and plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries.
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by management. Where required, members of the Audit Committee carried out ground visits to verify significant issues highlighted in the Internal Audit Report.
- Reviewed and recommended for the Board's approval the quarterly reports for announcement to the Bursa Securities in compliance with the approved accounting standards and adhered to other legal and regulatory requirements.
- Reviewed and recommended adoption of the various statements included in the Annual Report to the Board.
- Reviewed the disclosure on related party transactions entered by the Group and the Company and the appropriateness of such transactions before recommending to the Board for its approval.
- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans.
- Reviewed the list of eligible employees and the allocation of options to be offered to them in accordance with the By-laws of the Employees' Share Option Scheme.

6. Internal Audit Function

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

The IAD carries out their audits according to the audit plan approved by the Audit Committee. Risk identification and assessment is carried out as part of the routine audit process, where audit emphasis is given on high and critical risk areas and compliance regulatory guidelines.

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

This Statement is made in accordance with a resolution of the Board of Directors dated 28 June 2007.



COMPOSITION OF MEMBERS

(1) Members

The Remuneration Committee comprises the following members:

Chairman : Teoh Cheng Hai

Members : Gan Kim Guan
Gooi Seong Lim
Chew Poh Soon

Secretaries : Chong Fook Sin
Ng Kam May

TERMS OF REFERENCE

(1) Membership

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

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

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

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

(2) Frequency of Meeting

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

(3) Authority

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

(4) Function of Remuneration Committee

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

REPORTS AND MINUTES

(1) Reporting Procedures

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

(2) Summary of Activities of the Remuneration Committee

The Committee met twice during the financial year 2007. 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;

NOMINATION COMMITTEE REPORT

COMPOSITION OF MEMBERS

(1) Members

The Nomination 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 Nomination Committee shall elect the Chairman from amongst their members who shall be an Independent Director.

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

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

(2) Frequency of Meeting

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

(3) Authority

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

(4) Function of Nomination Committee

The duties of the Nomination Committee shall be:

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

REPORT AND MINUTES

(1) Reporting Procedures

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

(2) Summary of Activities of the Nomination Committee

The Committee met three (3) times during the financial year 2007. All members appointed during the period 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 skill, experience and other qualities of the Board;
- b. Recommend the appointment of Executive Chairman and Managing Director of the Group;
- c. Reviewed the appointment of new director;
- d. Reviewed the re-appointment of a director who retired under Section 129(2) of the Companies Act 1965, and re-election of directors retiring at the AGM under Article 77 and 84 of the Articles of Association; and
- e. The course of action to be taken on the Notice of Demand on Libelous Report of the Committee of the Company from the lawyers acting on behalf of a former director.





GOOI SEONG LIM
Executive Chairman

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 2007.

RESULTS

I am glad to report that the Group has continued to perform well. The financial year 2007 is a record setting year for the Group. The Group achieved a record profit before tax (“PBT”) of RM30.4 million or a 114% increase and revenue of RM263.1 million or a 20% increase as compared to the financial year 2006.

The impressive increase in PBT is mainly contributed by higher as well as more efficient production from both the plantation and milling operations which led to better profit margin for both operations.

DIVIDEND

In view of the good financial performance, the Board has recommended a final dividend of 4 sen per share and a special dividend of 3 sen per share, both less 27% tax (2006: final dividend of 4 sen per share, less 28% tax), making a total dividend of 10 sen per share, at 3 sen less 28% tax and 7 sen less 27% tax (2006: 7 sen per share, less 28% tax) for the financial year 2007.

CORPORATE ACHIEVEMENTS

We are proud to have been included for 3 consecutive years from 2005 to 2007 in the book “Top Malaysian Small Cap Companies – 100 Hidden Jewels” published by OSK Research Sdn. Bhd.. The selection criteria was mainly focused on small companies with paid-up capital below RM500 million, sound fundamentals, proven track record and growth potential.

The Company was also selected for the 2 consecutive years 2006 and 2007 as one of the top ten Small Cap Companies listed by OSK Research Sdn. Bhd..

The performance of our mill at Keningau, Sabah has demonstrated our efforts and commitment to improve efficiency and productivity. This has been recognised by an award from Malaysian Palm Oil Board (“MPOB”) for achieving Oil Extraction Rate (“OER”) exceeding 25% in the year 2005.

PALM OIL MILLING OPERATIONS

The palm oil milling operations recorded an increase of 21% in revenue to RM230.7 million (inclusive of inter-segment adjustments) as a result of 15% or 81,000 MT increase in FFB processed by the mills.

The profit from the milling operations improved significantly by 143% or RM5.0 million to RM8.5 million, compared to RM3.5 million for the financial year 2006. The increase in profit was mainly due to better processing margin and increase in the volume of FFB processed.



PLANTATION OPERATIONS

The revenue from the plantation operations increased by RM14.3 million to RM64.0 million in the financial year 2007 on account of increase in FFB production by 41,000 MT or 23%. The increase in FFB production was due mainly to a more productive age profile of the palms.

As a result of improved revenue, the profit from the plantation operations also achieved a record high of RM22.8 million which is RM8.0 million or 54% better than financial year 2006.

DEVELOPMENT AND PROSPECTS

The outlook for the palm oil industry in Malaysia is expected to remain bright in year 2007 with the rapidly increasing demand for biofuel and biodiesel in consequence of high prices for crude oil and the European Union's biofuel target. The CPO price is expected to remain high throughout 2007. CPO price could also narrow its gap with the price of rapeseed oil due to substitution effect as rapeseed oil alone is not sufficient to meet the European Union's biofuel requirement. The sharp decline in inventory level due to the increase in exports to China and steady local consumption will help to sustain the uptrend in CPO price. The weakening of the United States Dollar against major currencies also bodes well for the demand for palm oil as it makes palm oil more competitive against oilseeds priced in other currencies.

For milling operations, the Group plans to increase its Keningau, Sabah mill production capacity from 45MT of FFB/hour to 60 MT of FFB/hour and set up its third palm oil mill with an initial capacity of 30MT of FFB/hour this financial year. With the proposed expansion in Sabah, the processing capacity of the Group will increase from approximately 750,000 MT of FFB per annum to 950,000 MT of FFB per annum. The mill at Kota Tinggi, Johor has invested in a solvent extraction plant which will recover residual palm oil from pressed fibres. This plant is expected to be in operation by the second half year of 2007.

The development of the mill downstream projects and utilisation of palm oil mill wastes is as follows:

- (i) The palm nutraceuticals project which involves the construction and operation of a facility for extracting tocotrienol (part of the vitamin E family) concentrates is expected to commence commercial operation in the second half of 2007. Currently, the plant has been successfully commissioned and we are in the stage of optimisation of extraction efficiency.
- (ii) Kim Loong Evergrow Sdn. Bhd. has increased its production capacity of bio-fertilizers to 1,500 MT per month. We will also continue our effort to develop the local and export markets of the bio-fertilizers.





- (iii) The Group has embarked on a methane capture and power generation project which will reduce greenhouse gas emissions. The Group has via its subsidiary company entered into Emission Reductions Purchase Agreements, to sell the Certified Emission Reductions ("CER") generated by the project to third parties. This project is expected to contribute positively to the Group's operation through revenue from sales of the CERs and supply of low cost steam and electricity for the milling operation and other downstream activities of the Group. This is the first project on biogas generated from palm oil mill effluent in Malaysia that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change ("UNFCCC").
- (iv) Kim Loong Palm Oil Mills Sdn. Bhd. has successfully developed and operated an empty bunch shredding and pressing system to utilise shredded empty bunches in boiler, allowing excess kernel shell to be sold to third parties.

The Group's plantation operations are expected to benefit from higher FFB production from more favourable age profile and satisfactory palm oil prices. The yield per hectare is expected to continue to improve in the next few years. The Group will continue to look into opportunities for increasing its landbank in the states of Sarawak, Johor and Sabah near its existing palm oil mills through acquisition or joint venture to provide a sustainable and synergistic growth in revenue and profit.

The Group will further intensify its efforts to improve efficiency, productivity and cost effectiveness in its operations to enhance the competitiveness of the Group to create wealth for its shareholders, as well as contribute to the sustainable production of palm oil.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group to achieve impressive growth in the financial year ending 31 January 2008.

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 : 28 June 2007

Bagi pihak Lembaga Pengarah Kim Loong Resources Berhad (“KLR”), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan yang telah diaudit untuk tahun kewangan berakhir 31 Januari 2007.



PRESTASI PENCAPAIAN

Saya dengan sukacitanya ingin memaklumkan bahawa Kumpulan telah terus mencapai prestasi yang membanggakan. Tahun kewangan 2007 mencatatkan rekod pencapaian yang membanggakan bagi Kumpulan. Kumpulan telah memperolehi keuntungan sebelum cukai (“PBT”) tertinggi sebanyak RM30.4 juta atau peningkatan sebanyak 114% dan hasil berjumlah RM263.1 juta atau peningkatan sebanyak 20% berbanding dengan tahun kewangan 2006.

Peningkatan dalam PBT yang sangat membanggakan ini disebabkan terutamanya oleh pengeluaran yang lebih tinggi dalam operasi perladangan dan pengilangan yang menghasilkan margin keuntungan yang lebih baik untuk kedua-dua operasi.

DIVIDEN

Memandangkan prestasi kewangan yang baik ini, Lembaga Pengarah telah mencadangkan dividen akhir berjumlah 4 sen sesaham dan dividen khas berjumlah 3 sen sesaham, kedua-duanya ditolak cukai (2006 : dividen akhir berjumlah 4 sen sesaham, tolak cukai), di mana jumlah dividen adalah 10 sen sesaham, tolak cukai (2006 : 7 sen sesaham, tolak cukai) bagi tahun kewangan 2007.

PENCAPAIAN KORPORAT

Kami berbangga kerana terpilih menjadi salah satu syarikat yang tersenarai dalam buku “Top Malaysian Small Cap Companies – 100 Hidden Jewels” yang diterbitkan oleh OSK Research Sdn. Bhd. untuk tiga tahun berturut-turut dari tahun 2005 hingga 2007. Kriteria pemilihan adalah tertumpu kepada syarikat-syarikat yang mempunyai modal berbayar kurang daripada RM500 juta, asas yang kukuh, memiliki rekod prestasi yang bagus dan terbukti dan juga mempunyai potensi untuk berkembang.

Syarikat juga telah dipilih sebagai salah satu syarikat dalam senarai sepuluh terbaik, oleh OSK Research Sdn. Bhd. untuk 2 tahun berturut-turut, iaitu untuk tahun 2006 dan 2007.

Segala usaha dan komitmen kami untuk meningkatkan kecekapan dan produktiviti telah terbukti berjaya di mana kilang kami di Keningau, Sabah telah mencapai prestasi yang membanggakan dan telah menerima anugerah daripada Lembaga Minyak Kelapa Sawit Malaysia (“MPOB”) kerana telah mencapai Kadar Pengekstrakan Minyak (“OER”) melebihi 25% pada tahun 2005.

OPERASI KILANG MINYAK KELAPA SAWIT

Operasi pengilangan minyak kelapa sawit mencatatkan peningkatan hasil sebanyak 21% yang berjumlah RM230.7 juta, berikutan peningkatan sebanyak 15% atau 81,000 MT dalam Buah Tandan Segar (“FFB”) yang diproses oleh kilang-kilang.

Keuntungan daripada operasi pengilangan bertambah dengan ketaranya sebanyak 143% atau RM5.0 juta kepada RM8.5 juta, berbanding dengan RM3.5 juta pada tahun kewangan 2006. Peningkatan dalam keuntungan ini disebabkan terutamanya oleh margin prosesan yang lebih baik dan peningkatan dalam isipadu FFB yang diproses.

OPERASI PERLADANGAN

Hasil daripada operasi perladangan meningkat sebanyak RM14.3 juta kepada RM64.0 juta untuk tahun kewangan 2007 disebabkan oleh peningkatan dalam produksi FFB sebanyak 41,000 MT atau 23%. Peningkatan dalam produksi FFB disebabkan oleh pokok-pokok kelapa sawit yang telah mencapai tahap kematangan.

Berikutan daripada perolehan hasil yang lebih memuaskan, keuntungan daripada operasi perladangan juga mencatatkan keuntungan paling tinggi pada jumlah RM22.8 juta, yang mana lebih RM8.0 juta atau 54% lebih baik daripada tahun kewangan 2006.

PERKEMBANGAN DAN PROSPEK

Industri minyak kelapa sawit di Malaysia dijangka akan berada dalam keadaan yang memberangsangkan dalam tahun 2007, dengan pertambahan di atas permintaan untuk biobahan api dan biodiesel disebabkan oleh harga minyak mentah yang tinggi dan juga target biobahan Kesatuan Eropah. Harga Minyak Sawit Mentah (“CPO”) dijangka kekal tinggi sepanjang tahun 2007. Harga CPO juga boleh merapatkan jurangnya dengan minyak biji sesawi disebabkan oleh kesan penggantian kerana minyak biji sesawi bersendirian tidak dapat memenuhi permintaan biobahan api Kesatuan Eropah. Pengurangan yang ketara dalam tahap inventori disebabkan oleh peningkatan dalam jumlah eksport ke Negara China dan penggunaan tempatan yang tetap akan membantu mengekalkan harga CPO. Nilai matawang Dolar Amerika Syarikat yang semakin lemah berbanding dengan matawang asing yang utama juga membawa petanda baik bagi permintaan untuk minyak kelapa sawit kerana ianya membuatkan minyak kelapa sawit dapat bersaing dengan minyak biji jarak yang dijual dalam matawang asing yang lain.

PENYATA PENGERUSI (cont'd)

Untuk operasi pengilangan, Kumpulan merancang untuk meningkatkan kapasiti pengilangan bagi kilang di Keningau, Sabah daripada 45 MT FFB/jam kepada 60 MT FFB/jam dan juga untuk menubuhkan kilang minyak kelapa sawitnya yang ketiga dengan kapasiti awal berjumlah 30 MT FFB/jam untuk tahun kewangan ini. Dengan rancangan pengembangan di Sabah, kapasiti pemprosesan bagi Kumpulan akan meningkat lebih kurang 750,000 MT FFB setahun kepada 950,000 MT FFB setahun. Kilang di Kota Tinggi, Johor telah membeli sebuah loji pengekstrak pelarut yang akan mengeluarkan sisa-sisa minyak kelapa sawit daripada sabut sawit kempa. Loji ini dijangka akan memulakan operasi pada bahagian kedua tahun 2007

Perkembangan bagi projek perkilangan dan penggunaan bahan buangan kilang minyak kelapa sawit adalah seperti berikut :

- (i) Projek minyak kelapa sawit nutrasetik yang melibatkan pembinaan dan operasi kemudahan untuk mengekstrak pati tokotrienol (sebahagian daripada keluarga vitamin E) dijangka akan memulakan operasi komersilnya pada bahagian kedua tahun 2007. Pada masa ini, loji tersebut sudah berjaya dijalankan dan kami sedang melakukan kerja-kerja untuk mengoptimumkan kecekapan loji itu dalam mengekstrak pati tokotrienol tersebut.
- (ii) Kim Loong Evergrow Sdn. Bhd. telah meningkatkan kapasiti pengeluaran bio-bajanya kepada 1,500 MT setiap bulan. Kami juga akan meneruskan usaha kami untuk mengembangkan pasaran tempatan dan pasaran eksport untuk bio-baja.
- (iii) Kumpulan juga telah memulakan projek tawanan metana dan penjana kuasa yang akan mengurangkan pemancaran gas rumah tanaman. Melalui anak syarikatnya, Kumpulan telah menandatangani Perjanjian Belian Pengurangan Pemancaran (Emission Reductions Purchase Agreement) untuk menjual Certified Emission Reductions ("CER") yang dihasilkan oleh projek, kepada pihak ketiga. Projek ini dijangka akan menyumbang secara positif kepada operasi Kumpulan melalui hasil daripada jualan CER dan pembekalan stim kos rendah dan tenaga elektrik kepada operasi pengilangan dan aktiviti-aktiviti lain yang dijalankan oleh Kumpulan. Ini adalah projek pertama bagi biogas yang dijana daripada efluen kilang minyak kelapa sawit di Malaysia yang telah didaftarkan dengan Lembaga Eksekutif bagi United Nations Framework Convention on Climate Change ("UNFCCC") untuk Mekanisma Pembangunan Bersih (Clean Development Mechanism - "CDM").
- (iv) Kim Loong Palm Oil Mills Sdn. Bhd. telah berjaya mengusaha dan menjalankan sistem menghancurkan dan mengempa tandan kosong untuk menggunakan tandan kosong yang telah dihancurkan di dalam dandang, di mana kulit isirung yang berlebihan akan dijual kepada pihak ketiga.

Untuk operasi pengilangan, Kumpulan menjangka akan mendapat manfaat dengan pengeluaran FFB yang lebih tinggi disebabkan oleh profil umur pokok-pokok kelapa sawit yang menggalakkan dan harga minyak sawit yang memuaskan. Hasil sehektar dijangka akan terus bertambah baik bagi tahun-tahun yang akan datang. Kumpulan akan terus mencari peluang baru untuk meningkatkan bank tanah di Sarawak, Johor dan Sabah di kawasan-kawasan yang berdekatan dengan kilang-kilang minyak kelapa sawit yang sedia ada melalui pengambilalihan atau usaha sama untuk mengekalkan peningkatan hasil dan keuntungan secara berterusan.

Kumpulan juga akan mempergiatkan lagi usaha untuk mempertingkatkan kecekapan, produktiviti dan keberkesanan kos dalam operasi Kumpulan untuk meningkatkan daya saing Kumpulan untuk menambahkan keuntungan bagi pemegang sahamnya, dan juga untuk menyumbang kepada pengeluaran minyak kelapa sawit yang berterusan.

Berdasarkan faktor-faktor yang disebutkan di atas dan jika tiada sebarang peristiwa yang tidak diduga, Lembaga Pengarah menjangka Kumpulan akan mencapai pertumbuhan yang memberangsangkan bagi tahun kewangan berakhir 31 Januari 2008.

PENGHARGAAN

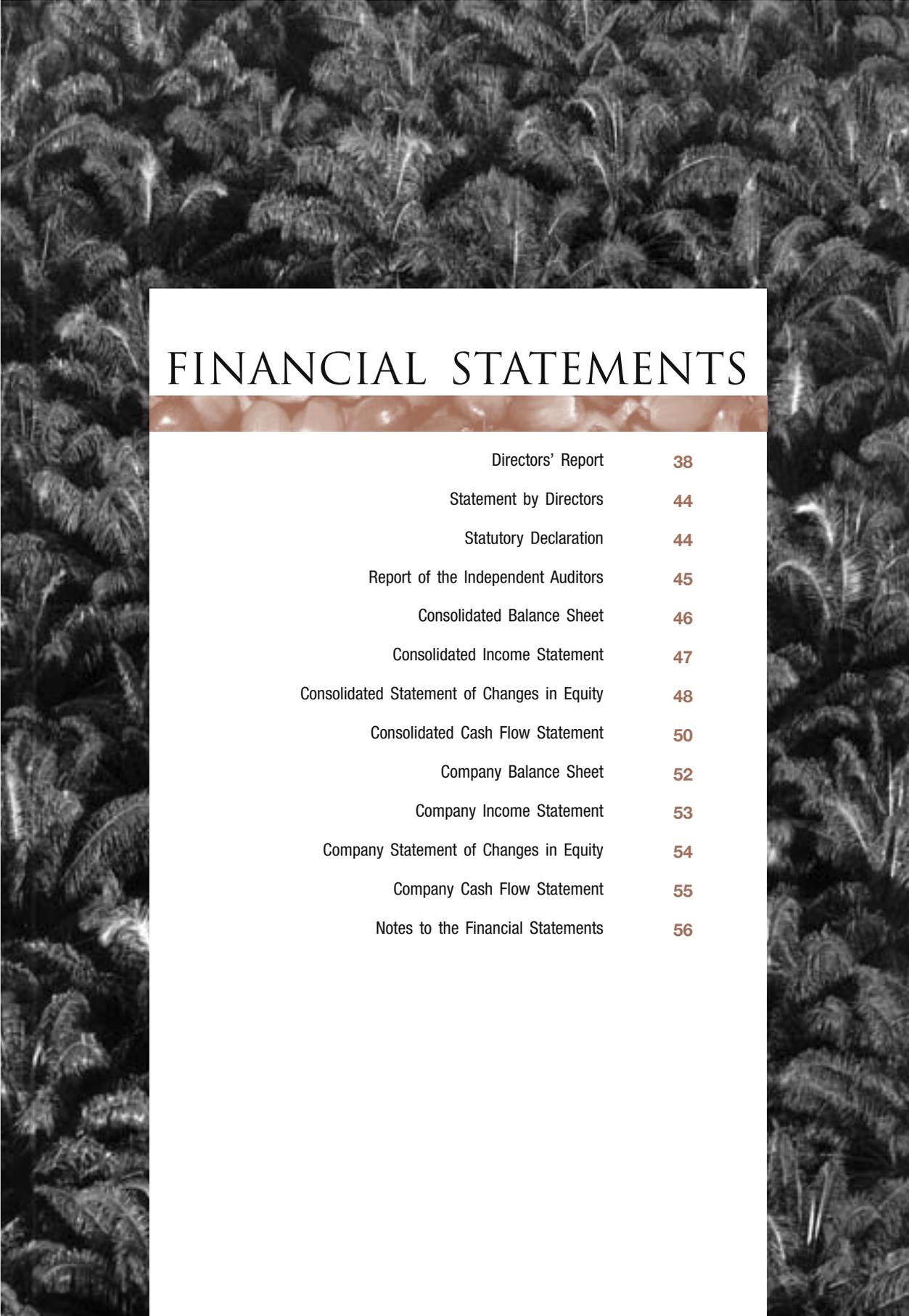
Saya ingin mengambil kesempatan ini untuk merakamkan penghargaan kepada Pihak Pengurusan dan Kakitangan di atas kesetiaan dan dedikasi mereka kepada Kumpulan, dan juga ucapan terima kasih kepada pihak berkuasa dan agensi kerajaan, bank-bank, pelanggan-pelanggan dan pembekal-pembekal yang dihormati dan rakan perniagaan di atas kerjasama dan sokongan mereka yang berterusan.

Akhir sekali, saya ingin mengucapkan ribuan terima kasih kepada rakan Lembaga Pengarah atas sokongan mereka dan para pemegang saham atas keyakinan mereka terhadap Lembaga Pengarah dan Pengurusan Kumpulan.

GOOI SEONG LIM
Pengerusi Eksekutif

Johor Bahru, Johor

Tarikh : 28 Jun 2007



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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2007.

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 6 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit after tax attributable to :		
Equity holders of the Company	22,449,223	10,097,657
Minority interests	225,045	-
Net profit for the financial year	22,674,268	10,097,657

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 2006, as shown in the Directors' report of that year, a final gross dividend of 4 sen per share on 170,950,600 ordinary shares, less tax, paid on 18 August 2006	4,923,377
In respect of the financial year ended 31 January 2007, an interim gross dividend of 3 sen per share on 171,175,400 ordinary shares, less tax, paid on 18 December 2006	3,697,389
	8,620,766

The Directors recommend the payment of a final gross dividend and a special dividend in respect of the financial year ended 31 January 2007 of 4 sen per share and 3 sen per share respectively less tax, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND SHARE OPTIONS

During the financial year, 595,100 ordinary shares of RM1 each were issued by virtue of the exercise of 583,100 share options and 12,000 share options granted pursuant to the Company's Employees' Share Option Scheme at an exercise price of RM1.14 per share and RM1.22 per share respectively for cash.

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

EMPLOYEES' SHARE OPTION SCHEME

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

The main features of the ESOS are :

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

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

Options issued in :	Number of share options granted and unexercised as at 31 January 2007	Percentage of options exercisable in financial year		
		2008 %	2009 %	2010 %
2005	4,751,400	67	19	14
2006	505,900	77	19	4
	5,257,300			

- (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 575,300 new options to eligible employees. The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 300,000 ordinary shares of RM1 each.

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

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

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

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

In accordance with Article 77 of the Company's Articles of Association, Gooi Seong Lim, Gooi Seong Gum and Teoh Cheng Hai retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Loo Geok Eng (f) retires at the forthcoming Annual General Meeting pursuant to Section 129 (2) of the Companies Act, 1965 and resolution will be proposed for her re-appointment as Director under the provisions of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

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

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

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 31.1.2007
	At 1.2.2006	Bought	Sold	
Gooi Seong Lim				
- direct interests	452,000	-	-	452,000
- indirect interests	121,330,400	-	(7,000,000)	114,330,400
Gooi Seong Heen				
- direct interests	372,000	-	-	372,000
- indirect interests	121,330,400	-	(7,000,000)	114,330,400
Loo Geok Eng (f)				
- direct interests	656,000	100,000	-	756,000
- indirect interests	120,709,600	-	(7,000,000)	113,709,600
Gooi Seong Chneh				
- direct interests	335,600	-	-	335,600
- indirect interests	121,330,400	-	(7,000,000)	114,330,400
Gooi Seong Gum				
- direct interests	248,000	-	-	248,000
- indirect interests	121,330,400	-	(7,000,000)	114,330,400

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of the Director	Number of Warrants 2005/2012 in the Company			At 31.1.2007
	At 1.2.2006	Allotted	Exercised	
Gooi Seong Lim				
- direct interests	88,000	-	-	88,000
- indirect interests	31,007,600	-	-	31,007,600
Gooi Seong Heen				
- direct interests	68,000	-	-	68,000
- indirect interests	31,007,600	-	-	31,007,600
Loo Geok Eng (f)				
- direct interests	164,000	-	-	164,000
- indirect interests	30,852,400	-	-	30,852,400
Gooi Seong Chneh				
- direct interests	68,000	-	-	68,000
- indirect interests	31,007,600	-	-	31,007,600
Gooi Seong Gum				
- direct interests	62,000	-	-	62,000
- indirect interests	31,007,600	-	-	31,007,600

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

Name of the Director	At 1.2.2006	Granted	Exercised	At 31.1.2007
Gooi Seong Lim	318,000	24,000	-	342,000
Gooi Seong Heen	318,000	24,000	-	342,000
Loo Geok Eng (f)	318,000	24,000	-	342,000
Gooi Seong Chneh	254,400	24,000	-	278,400
Gooi Seong Gum	318,000	24,000	-	342,000

Number of ordinary shares of RM1 each in
related corporations

Name of the Director	At 1.2.2006	Bought/ Converted	Sold	At 31.1.2007
Crescendo Corporation Berhad				
Gooi Seong Lim	1,787,836	-	-	1,787,836
Gooi Seong Heen	2,142,835	-	-	2,142,835
Loo Geok Eng (f)	1,721,827	-	-	1,721,827
Gooi Seong Chneh	1,974,836	-	-	1,974,836
Gooi Seong Gum	1,835,437	-	-	1,835,437
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim	9,800	-	-	9,800
Gooi Seong Heen	9,800	-	-	9,800
Gooi Seong Chneh	9,800	-	-	9,800
Gooi Seong Gum	9,800	-	-	9,800
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim	4,560	-	-	4,560
Gooi Seong Heen	4,560	-	-	4,560
Gooi Seong Chneh	4,560	-	-	4,560
Gooi Seong Gum	4,560	-	-	4,560

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (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 1.2.2006	Granted	Exercised	At 31.1.2007
Gooi Seong Lim	329,000	21,000	-	350,000
Gooi Seong Heen	207,000	21,000	-	228,000
Loo Geok Eng (f)	186,000	-	-	186,000
Gooi Seong Chneh	107,000	-	-	107,000
Gooi Seong Gum	308,000	-	-	308,000

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

Name of the Director	At 1.2.2006	Bought	Sold	At 31.1.2007
Gooi Seong Lim				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Heen				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Loo Geok Eng (f)				
- direct interests	1,250	-	-	1,250
Gooi Seong Chneh				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250
Gooi Seong Gum				
- direct interests	17,500	-	-	17,500
- indirect interests	11,250	-	-	11,250

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

No debentures have been issued by the Company or its related corporations other than the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") issued by the related corporation, Crescendo Corporation Berhad.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

- which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

- (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 (formerly known as Liang & Co.), 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 : 25 May 2007

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 46 to 92 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 2007 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards for Entities Other than Private Entities.

On behalf of the Board,

GOOI SEONG HEEN

Director

GOOI SEONG CHNEH

Director

Dated : 25 May 2007

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 46 to 92 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 25 May 2007)

GOOI SEONG HEEN

Before me,

Commissioner for Oaths

REPORT OF
THE INDEPENDENT AUDITORS
TO THE MEMBERS OF KIM LOONG RESOURCES BERHAD

We have audited the financial statements set out on pages 46 to 92. These financial statements are the responsibility of the Company's Directors.

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

We conducted our audit in accordance with Approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards for Entities Other than Private Entities so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 January 2007 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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

SKW Associates
(formerly known as Liang & Co.)
Firm Number : AF 0312
Chartered Accountants

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

Johor Bahru

Dated : 25 May 2007

CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2007

	NOTE	2007 RM	2006 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	272,595,223	265,807,109
Biological assets	5	65,359,973	66,699,144
Quoted investments	7	2,211,780	6,133,528
Intangible assets	8	1,031,563	530,915
Goodwill on consolidation	9	-	1,154,441
Deferred tax assets	24	270,000	202,000
		341,468,539	340,527,137
Current assets			
Inventories	10	10,662,943	9,070,540
Trade receivables	11	7,849,363	5,197,263
Other receivables, deposits and prepayments	12	5,521,522	5,492,116
Tax recoverable		637,971	1,329,814
Amount owing by related companies	14	262,762	122,109
Bank and cash balances	15	39,829,098	32,746,511
		64,763,659	53,958,353
TOTAL ASSETS		406,232,198	394,485,490
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	171,458,700	170,863,600
Reserves	17	142,428,682	127,398,707
		313,887,382	298,262,307
Minority interests		10,150,974	8,779,103
Total equity		324,038,356	307,041,410
Non-current liabilities			
Other borrowings	22	7,574,595	9,899,652
Interest bearing borrowings (secured)	23	12,669,442	16,923,000
Deferred tax liabilities	24	33,935,317	35,037,255
		54,179,354	61,859,907
Current liabilities			
Trade payables	25	11,352,550	5,616,343
Other payables and accruals	25	5,850,007	4,851,994
Amount owing to holding company	26	170,339	169,406
Amount owing to related companies	14	245,236	241,488
Other borrowings	22	400,000	400,000
Interest bearing borrowings (secured)	23	8,832,894	14,115,942
Tax payable		1,163,462	189,000
		28,014,488	25,584,173
Total liabilities		82,193,842	87,444,080
TOTAL EQUITY AND LIABILITIES		406,232,198	394,485,490

**CONSOLIDATED
INCOME STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	NOTE	2007 RM	2006 RM
Revenue	27	263,062,840	218,678,925
Cost of sales	28	(218,944,657)	(191,508,127)
Gross profit		44,118,183	27,170,798
Other income		3,223,392	1,877,526
Distribution costs		(6,865,507)	(4,389,543)
Administration expenses		(7,670,388)	(7,064,220)
Other expenses		(1,263,791)	(562,322)
Reversal of diminution in value of quoted securities		285,480	142,571
Impairment loss on assets		(72,665)	(226,039)
Gain on disposal of a subsidiary company		74,865	-
Finance costs	30	(1,386,647)	(2,697,598)
Profit before tax	31	30,442,922	14,251,173
Tax expense	34	(7,768,654)	(4,312,781)
Net profit for the financial year		22,674,268	9,938,392
Attributable to :			
Equity holders of the Company		22,449,223	11,381,222
Minority interests		225,045	(1,442,830)
		22,674,268	9,938,392
Earnings per share (sen) :			
- Basic	35	13	7
- Diluted	35	10	6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	----- Attributable to equity holders of the Company-----								
	----- Non-distributable -----				Distributable			Total RM	Minority interests RM
	Share capital RM	Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM			
Balance as at 1 February 2005									
As previously stated	106,750,000	29,742,206	11,352,722	46,792,804	-	29,954,773	224,592,505	7,484,906	232,077,411
Prior year adjustments :									
Effect of adopting FRS 3 on goodwill on consolidation	-	-	-	-	-	(470,000)	(470,000)	-	(470,000)
As restated	106,750,000	29,742,206	11,352,722	46,792,804	-	29,484,773	224,122,505	7,484,906	231,607,411
Expenses pertaining to Rights Issue and ESOS	-	(1,002,039)	-	-	-	-	(1,002,039)	-	(1,002,039)
Realisation of revaluation surplus on property, plant and equipment, net of tax (Note 37)	-	-	-	(811,937)	-	811,937	-	-	-
Income and expenses recognised directly in equity	-	(1,002,039)	-	(811,937)	-	811,937	(1,002,039)	-	(1,002,039)
Net profit for the year	-	-	-	-	-	11,381,222	11,381,222	(1,442,830)	9,938,392
Total recognised income and expenses for the year	-	(1,002,039)	-	(811,937)	-	12,193,159	10,379,183	(1,442,830)	8,936,353
Dividends for the year ended									
- 31.1.2005	-	-	-	-	-	(3,076,232)	(3,076,232)	-	(3,076,232)
- 31.1.2006	-	-	-	-	-	(3,690,653)	(3,690,653)	-	(3,690,653)
Minority interests' share of loss set off against their advances	-	-	-	-	-	-	-	2,617,017	2,617,017
Issue of shares pursuant to :									
- Rights Issue	64,050,000	6,405,000	-	-	-	-	70,455,000	-	70,455,000
- Exercise of ESOS	63,600	8,904	-	-	-	-	72,504	-	72,504
Issue of shares to minority interests	-	-	-	-	-	-	-	120,010	120,010
Balance as at 31 January 2006	170,863,600	35,154,071	11,352,722	45,980,867	-	34,911,047	298,262,307	8,779,103	307,041,410

CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007 (cont'd)

	----- Attributable to equity holders of the Company -----								
	----- Non-distributable -----					----- Distributable -----			
	Share capital RM	Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
Balance as at 1 February 2006									
As previously stated	170,863,600	35,154,071	11,352,722	45,980,867	-	35,381,047	298,732,307	8,779,103	307,511,410
Prior year adjustments:									
Effects of adopting FRS 3 on goodwill on consolidation	-	-	-	-	-	(470,000)	(470,000)	-	(470,000)
As restated	170,863,600	35,154,071	11,352,722	45,980,867	-	34,911,047	298,262,307	8,779,103	307,041,410
Effect of adopting FRS 3 on reserve on consolidation	-	-	(11,352,722)	-	-	11,352,722	-	-	-
	170,863,600	35,154,071	-	45,980,867	-	46,263,769	298,262,307	8,779,103	307,041,410
Realisation of revaluation surplus on property, plant and equipment, net of tax (Note 37)	-	-	-	(1,791,081)	-	1,791,081	-	-	-
Reduction in deferred tax arising from change in tax rate	-	-	-	1,007,402	-	-	1,007,402	105,795	1,113,197
Share-based payment under ESOS	-	-	-	-	109,842	-	109,842	-	109,842
Transfer of reserve arising from exercise of ESOS	-	46,242	-	-	(46,242)	-	-	-	-
Income and expenses recognised directly in equity	-	46,242	-	(783,679)	63,600	1,791,081	1,117,244	105,795	1,223,039
Net profit for the year	-	-	-	-	-	22,449,223	22,449,223	225,045	22,674,268
Total recognised income and expenses for the year	-	46,242	-	(783,679)	63,600	24,240,304	23,566,467	330,840	23,897,307
Dividends for the year ended									
- 31.1.2006	-	-	-	-	-	(4,923,377)	(4,923,377)	-	(4,923,377)
- 31.1.2007	-	-	-	-	-	(3,697,389)	(3,697,389)	(654,000)	(4,351,389)
Minority interests' share of loss set off against their advances	-	-	-	-	-	-	-	1,925,057	1,925,057
Issue of shares pursuant to exercise of ESOS	595,100	84,274	-	-	-	-	679,374	-	679,374
Issue of shares to minority interests	-	-	-	-	-	-	-	80,000	80,000
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	(310,026)	(310,026)
Balance as at 31 January 2007	171,458,700	35,284,587	-	45,197,188	63,600	61,883,307	313,887,382	10,150,974	324,038,356

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	2007 RM	2006 RM
Cash flows from operating activities		
Cash receipts from customers	260,542,484	219,057,181
Rental received	28,300	22,400
Interest received	734,584	890,760
Dividends received	130,263	211,641
Cash paid to suppliers and employees	(214,410,597)	(191,463,842)
Cash generated from operations	47,025,034	28,718,140
Interest paid	(1,448,154)	(2,884,760)
Tax paid	(6,159,091)	(5,618,412)
Net cash from operating activities	39,417,789	20,214,968
Cash flows from investing activities		
Acquisition of biological assets and property, plant and equipment (Note a)	(22,164,924)	(17,016,616)
Proceeds from disposal of biological assets and property, plant and equipment	1,761,580	222,016
Development expenditure paid	(394,210)	(299,732)
Interest paid	(210,427)	(62,805)
Net cash effect on acquisition of subsidiary companies (Note b)	-	-
Net cash effect on disposal of subsidiary company (Note c)	2,981,629	-
Additional investments in existing subsidiary companies	(217,144)	-
Deposits paid for acquisition of property, plant and equipment	(132,000)	(121,239)
Acquisition of quoted investments	(6,800)	(64,205)
Proceeds from disposal of quoted investments	4,644,122	780,000
Net cash used in investing activities	(13,738,174)	(16,562,581)
Cash flows from financing activities		
Dividends paid	(8,620,766)	(6,766,885)
Dividends paid to minority interests of subsidiary companies	(654,000)	-
Expenses pertaining to Rights Issue and ESOS	-	(666,380)
Proceeds from issuance of shares	679,374	70,527,504
Proceeds from issuance of shares to minority shareholders	80,000	120,010
Proceeds from bank borrowings	3,500,000	1,000,000
Repayments of bank borrowings	(12,098,000)	(37,361,000)
Other borrowings	(545,030)	(1,725,000)
Net cash (used in)/from financing activities	(17,658,422)	25,128,249
Net increase in cash and cash equivalents	8,021,193	28,780,636
Cash and cash equivalents at beginning of year	30,728,569	1,947,933
Cash and cash equivalents at end of year (Note d)	38,749,762	30,728,569

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

	2007 RM	2006 RM
Biological assets and property, plant and equipment acquired	21,947,601	17,237,587
Less expenses capitalised :		
- depreciation	(264,527)	(413,178)
- interest	(210,427)	(62,805)
Other payables	413,516	224,367
Deposit paid in prior years	(121,239)	(369,355)
Amount owing to a minority shareholder	400,000	400,000
Cash paid	22,164,924	17,016,616

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007 (cont'd)

Note b : Net cash effect on acquisition of subsidiary companies

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

	2007 RM	2006 RM
Non-current assets	-	-
Current assets	-	100
Current liabilities	-	-
Non-current liabilities	-	-
Goodwill on consolidation	-	100
Liabilities taken over	-	-
Total consideration	-	100
Less : Cash and cash equivalents acquired	-	(100)
Net cash effect	-	-

Note c : Net cash effect on disposal of subsidiary company

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

	2007 RM	2006 RM
Non-current assets	147,500	-
Current assets	389	-
Current liabilities	(704)	-
Non-current liabilities	(1,284,473)	-
Net liabilities	(1,137,288)	-
Incidental cost on acquisition of subsidiary previously capitalised	17,982	-
Goodwill on consolidation	1,154,441	-
Gain on disposal of subsidiary company	74,865	-
Consideration for disposal of subsidiary company	110,000	-
Consideration for liability taken over by purchasers	2,890,000	-
Total consideration	3,000,000	-
Less incidental cost on acquisition	(17,982)	-
Less cash and cash equivalent disposed	(389)	-
Net cash effect	2,981,629	-

Note d : Cash and cash equivalents at end of year

	2007 RM	2006 RM
Bank and cash balances (Note 15)	39,829,098	32,746,511
Bank overdrafts (Note 23)	(1,079,336)	(2,017,942)
	38,749,762	30,728,569

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2007

	NOTE	2007 RM	2006 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	69,551,552	70,341,195
Biological assets	5	2,879,385	3,388,472
Investment in subsidiary companies	6	89,366,100	88,953,961
		161,797,037	162,683,628
Current assets			
Inventories	10	283,752	209,548
Trade receivables	11	781,888	797,262
Other receivables, deposits and prepayments	12	1,677,538	2,639,022
Amount owing by subsidiary companies	13	131,040,369	120,621,826
Amount owing by a related company	14	28,757	-
Bank and cash balances	15	21,513,534	25,754,052
		155,325,838	150,021,710
TOTAL ASSETS		317,122,875	312,705,338
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	16	171,458,700	170,863,600
Reserves	17	112,139,083	110,100,634
Total equity		283,597,783	280,964,234
Non-current liabilities			
Deferred tax liabilities	24	10,972,422	11,724,408
Current liabilities			
Trade payables	25	1,861,759	1,628,419
Other payables and accruals	25	1,121,573	977,287
Amount owing to holding company	26	47,103	48,730
Amount owing to subsidiary companies	13	18,918,701	17,315,139
Amount owing to related companies	14	-	5,121
Tax payable		603,534	42,000
		22,552,670	20,016,696
Total liabilities		33,525,092	31,741,104
TOTAL EQUITY AND LIABILITIES		317,122,875	312,705,338

COMPANY
 INCOME STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	NOTE	2007 RM	2006 RM
Revenue	27	19,275,351	17,876,362
Cost of sales	28	(9,001,459)	(8,518,180)
Gross profit		10,273,892	9,358,182
Other income	29	8,306,620	7,944,526
Administration expenses		(4,107,294)	(3,746,750)
Other expenses		(146,945)	(162,181)
Finance costs		-	-
Profit before tax	31	14,326,273	13,393,777
Tax expense	34	(4,228,616)	(4,088,546)
Net profit for the financial year		10,097,657	9,305,231

COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

		----- Non-distributable -----		----- Distributable -----		
	Share capital RM	Share premium RM	Revaluation reserve RM	Option reserve RM	Retained profits RM	Total RM
Balance as at 1.2.2005	106,750,000	29,742,206	45,165,766	-	28,827,419	210,485,391
Expenses pertaining to Rights Issue and ESOS	-	(1,002,039)	-	-	-	(1,002,039)
Impairment of investment in subsidiary companies	-	-	(1,584,968)	-	-	(1,584,968)
Realisation of revaluation of property, plant and equipment, net of tax (Note 37)	-	-	(195,816)	-	195,816	-
Income and expenses recognised directly in equity	-	(1,002,039)	(1,780,784)	-	195,816	(2,587,007)
Net profit for the year	-	-	-	-	9,305,231	9,305,231
Total recognised income and expenses for the year	-	(1,002,039)	(1,780,784)	-	9,501,047	6,718,224
Dividends for the year ended :						
- 31.1.2005	-	-	-	-	(3,076,232)	(3,076,232)
- 31.1.2006	-	-	-	-	(3,690,653)	(3,690,653)
Issue of shares pursuant to :						
- Rights Issue	64,050,000	6,405,000	-	-	-	70,455,000
- Exercise of ESOS	63,600	8,904	-	-	-	72,504
Balance as at 31.1.2006	170,863,600	35,154,071	43,384,982	-	31,561,581	280,964,234
Realisation of revaluation of property, plant and equipment, net of tax (Note 37)	-	-	(198,540)	-	198,540	-
Reduction in deferred tax arising from change tax rate	-	-	367,442	-	-	367,442
Share-based payment under ESOS	-	-	-	109,842	-	109,842
Transfer of reserve arising from exercise of ESOS	-	46,242	-	(46,242)	-	-
Income and expenses recognised directly in equity	-	46,242	168,902	63,600	198,540	477,284
Net profit for the year	-	-	-	-	10,097,657	10,097,657
Total recognised income and expenses for the year	-	46,242	168,902	63,600	10,296,197	10,574,941
Dividends for the year ended :						
- 31.1.2006	-	-	-	-	(4,923,377)	(4,923,377)
- 31.1.2007	-	-	-	-	(3,697,389)	(3,697,389)
Issue of shares pursuant to exercise of ESOS	595,100	84,274	-	-	-	679,374
Balance as at 31.1.2007	171,458,700	35,284,587	43,553,884	63,600	33,237,012	283,597,783

COMPANY
CASH FLOW STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2007

	2007 RM	2006 RM
Cash flows from operating activities		
Cash receipts from customers	20,713,500	19,113,132
Dividends received	5,542,466	5,250,000
Interest received	1,870,949	815,536
Cash paid to suppliers and employees	(10,613,925)	(9,213,840)
Cash generated from operations	17,512,990	15,964,828
Tax paid	(4,051,626)	(5,195,962)
Net cash from operating activities	13,461,364	10,768,866
Cash flows from investing activities		
Acquisition of subsidiary companies	-	(90)
Additional investment in existing subsidiary companies	(412,139)	(280,000)
Acquisition of property, plant and equipment	(533,370)	(700,117)
Proceeds from disposal of plant and equipment	-	160,516
Net cash used in investing activities	(945,509)	(819,691)
Cash flows from financing activities		
Dividends paid	(8,620,766)	(6,766,885)
Proceeds from issuance of shares	679,374	70,527,504
Expenses pertaining to Rights Issue and ESOS	-	(666,380)
Advances to subsidiary companies	(8,814,981)	(48,258,049)
Net cash (used in)/from financing activities	(16,756,373)	14,836,190
Net (decrease)/increase in cash and cash equivalents	(4,240,518)	24,785,365
Cash and cash equivalents at beginning of year	25,754,052	968,687
Cash and cash equivalents at end of year (Note 15)	21,513,534	25,754,052

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007

1. GENERAL INFORMATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

b) Adoption of new and revised financial reporting standards

The MASB issued a total of 18 new and amended financial reporting standards and other interpretations (herein thereafter referred as FRSs) effective for financial periods commencing on or after 1 January 2006.

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

FRS 2 Share-based Payment
FRS 3 Business Combinations
FRS 5 Non-current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110 Events After the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 127 Consolidated and Separate Financial Statements
FRS 132 Financial Instruments : Disclosure and Presentation
FRS 133 Earnings Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards, amendments to published standards and interpretations. All relevant standards and amendments adopted by the Group are applied retrospectively, unless indicated otherwise.

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

b) Adoption of new and revised financial reporting standards (cont'd)

The adoption of the above FRSs does not result in changes in accounting policies of the Group except for FRS 2, FRS 3 and FRS 101 as follows :

(a) FRS 2 : Share-based Payment

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, 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.

Under the transitional provisions in FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet been vested on 1 January 2006. The application is retrospective. The financial impact to the Group arising from this change in accounting policy is as follows :

	Year ended 31.1.2007 RM
Decrease in profit for the year due to :	
- prior year under provision of share-based payment expenses	44,643
- current year's share-based payment expenses	65,199
	109,842

No prior year adjustment has been made as the adoption of this FRS has no material effect on the financial position of the Group and of the Company.

(b) FRS 3 : Business Combinations

The adoption of the new FRS 3 has resulted in changes in the accounting policy relating to Goodwill and Reserve (Negative Goodwill) on consolidation.

Goodwill on consolidation

Under FRS 3, any subsequent changes to the initial recognition of acquisition cost of a business combination shall not be recognised for the purpose of computing goodwill. In accordance with the transitional provisions of this FRS on limited retrospective application to goodwill, the Group has reversed all goodwill which arose from subsequent changes in cost of acquisition of subsidiary companies. As a result of the change, goodwill on consolidation of RM470,000 has been adjusted via prior years' adjustments with a corresponding decrease in the retained profits.

Reserve (Negative Goodwill) on consolidation

Under FRS 3, any excess of the Group's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions ("negative goodwill"), after reassessment, is now recognised immediately in the income statement. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 February 2006 of RM11,352,722 was derecognised with a corresponding increase in the retained profits.

The revised accounting policy has been applied prospectively, hence the change has had no impact on amounts reported for 2006 or prior periods.

(c) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the minority interests and other disclosures in the income statement, balance sheet and statement of changes in equity.

In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period as opposed to as a deduction before arriving at profit attributable to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

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

b) Adoption of new and revised financial reporting standards (cont'd)

(c) FRS 101 : Presentation of Financial Statements (cont'd)

In the consolidated balance sheet, minority interests are now presented within total equity. Similarly, the movement of the minority interests for the reported period is presented in the consolidated statements of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interests.

The revised FRS 101 has also given rise to new classes of assets and liabilities which are required to be reported on the face of the balance sheets. As a result of this, "Plantation Development Expenditure" previously included in property, plant and equipment is now presented as "Biological Assets" on the face of the balance sheets.

The effects to the Group and the Company's comparative figures on adoption of the above FRSs are as follows :

	As previously stated RM	Effects on adoption of FRS 101 FRS 3 RM		As restated RM
GROUP				
As at 31 January 2006				
Property, plant and equipment	332,506,253	(66,699,144)	-	265,807,109
Biological assets	-	66,699,144	-	66,699,144
Goodwill on consolidation *	1,624,441	-	(470,000)	1,154,441
Retained profits *	35,381,047	-	(470,000)	34,911,047
COMPANY				
As at 31 January 2006				
Property, plant and equipment	73,729,667	(3,388,472)	-	70,341,195
Biological assets	-	3,388,472	-	3,388,472

* adjusted via prior years' adjustments

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 2007 :

FRS 117 Leases
FRS 124 Related Party Disclosures
FRS 139 Financial Instruments : Recognition and Measurement

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.

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

c) **Subsidiary companies and basis of consolidation** (cont'd)

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.

Long and short leasehold land are stated at cost/valuation less accumulated amortisation and impairment losses, if any. Cost consists of the purchase price and incidental expenditure on acquisition. A long lease is a lease with an unexpired period of 50 years or more. Leasehold land is amortised over the period of the respective leases which range from 30 years to 89 years on straight line basis.

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(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 and leasehold land on a regular basis at least once in every five years.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

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

d) Property, plant and equipment and depreciation and amortisation (cont'd)

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

e) Biological assets

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

f) 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.

g) 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 expenditure which do not meet these criteria are expensed when incurred.

Development expenditure is carried forward at cost and is amortised to the income statement over a period of 3 to 5 years depending on the expected product life. The amortisation will commence in the year in which the commercial sale of the developed product commences. 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 which arose before 1 January 2006 is derecognised at the beginning of that period, with a corresponding adjustment to the opening balance of retained earnings. Negative goodwill which arises on or after 1 January 2006 is recognised immediately to the income statement.

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

h) 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.

i) 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.

j) 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 net of bank overdrafts.

k) 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.

l) Other borrowings

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

m) 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.

n) Payables

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

o) Revenue recognition

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

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

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.

p) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

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

q) Foreign currencies

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

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

Foreign currency	2007 RM	2006 RM
1 SGD *	-	2.31

* There were no foreign currency balances at current balance sheet date.

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.

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.

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

s) Income taxes (cont'd)

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

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

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

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.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

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

u) Financial instruments (cont'd)

(i) Recognition of financial instruments (cont'd)

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.

v) 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.

w) Reporting currency

The financial statements are presented in Ringgit Malaysia.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Deferred tax assets

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

The total amount of recognised deferred tax assets of the Group was approximately RM6,477,000 (2006 : RM6,311,000) and the amount of unrecognised deferred tax assets of the Group was approximately RM212,000 (2006 : RM2,454,000).

Depreciation of property, plant and equipment and biological assets

The cost of property, plant and equipment and biological assets for the palm oil industry is depreciated on a straight line basis over the useful lives of the assets. Management estimates the useful lives of these assets to be within 5 to 50 years. The estimation of the useful lives or 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 2007	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation					
At 1 February 2006	218,652,169	82,896,792	7,046,468	8,349,324	316,944,753
Additions	6,503,591	10,956,550	248,130	692,135	18,400,406
Disposals	(1,479,435)	(2,662,134)	(43,961)	(251,883)	(4,437,413)
Arising from disposal of subsidiary company	(399,017)	(537,924)	-	-	(936,941)
Reclassifications	-	152,000	-	(152,000)	-
At 31 January 2007	223,277,308	90,805,284	7,250,637	8,637,576	329,970,805
Representing :					
At cost	61,303,640	90,805,284	7,250,637	8,637,576	167,997,137
At valuation	161,973,668	-	-	-	161,973,668
	223,277,308	90,805,284	7,250,637	8,637,576	329,970,805
Accumulated Depreciation, and Amortisation					
At 1 February 2006	10,573,010	32,481,014	3,209,643	4,873,977	51,137,644
Depreciation and amortisation for the year	3,463,058	4,656,507	503,135	843,726	9,466,426
Disposals	(64,681)	(2,164,728)	(12,582)	(197,056)	(2,439,047)
Arising from disposal of subsidiary company	(251,517)	(537,924)	-	-	(789,441)
Reclassifications	-	152,000	-	(152,000)	-
At 31 January 2007	13,719,870	34,586,869	3,700,196	5,368,647	57,375,582
Net Book Value					
At 31 January 2007					
At cost	53,945,490	56,218,415	3,550,441	3,268,929	116,983,275
At valuation	155,611,948	-	-	-	155,611,948
	209,557,438	56,218,415	3,550,441	3,268,929	272,595,223
Net book value of assets under restriction of title due to bank borrowings	46,233,601	24,144,821	227,559	333,868	70,939,849
Net book value of assets under construction	2,233,504	13,420,687	-	-	15,654,191

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

Group (cont'd)

At 31 January 2006	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation					
At 1 February 2005	212,747,990	73,076,535	7,015,801	10,755,767	303,596,093
Additions	5,904,179	5,792,101	553,725	1,965,387	14,215,392
Disposals	-	(173,270)	(545,528)	(147,934)	(866,732)
Reclassifications	-	4,201,426	22,470	(4,223,896)	-
At 31 January 2006	218,652,169	82,896,792	7,046,468	8,349,324	316,944,753
Representing :					
At cost	55,276,444	82,896,792	7,046,468	8,349,324	153,569,028
At valuation	163,375,725	-	-	-	163,375,725
	218,652,169	82,896,792	7,046,468	8,349,324	316,944,753
Accumulated Depreciation and Amortisation					
At 1 February 2005	7,236,328	24,510,559	2,983,971	7,704,400	42,435,258
Depreciation and amortisation for the year	3,336,682	4,515,161	506,582	827,651	9,186,076
Disposals	-	(95,133)	(280,910)	(107,647)	(483,690)
Reclassification	-	3,550,427	-	(3,550,427)	-
At 31 January 2006	10,573,010	32,481,014	3,209,643	4,873,977	51,137,644
Net Book Value					
At 31 January 2006					
At cost	48,962,778	50,415,778	3,836,825	3,475,347	106,690,728
At valuation	159,116,381	-	-	-	159,116,381
	208,079,159	50,415,778	3,836,825	3,475,347	265,807,109
Net book value of assets under restriction of title due to bank borrowings					
	44,054,418	24,728,596	254,757	239,165	69,276,936
Net book value of assets under construction					
	4,682,225	6,595,984	913	-	11,279,122

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

Group (cont'd)

Properties consist of :

	2007		2006	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
Freehold				
At cost :				
Land	12,742,030	12,742,030	12,657,030	12,657,030
Buildings	5,904,699	4,331,753	5,397,937	4,002,399
Buildings under construction	574,642	574,642	114,432	114,432
Roads, culverts and fencing	2,999,636	1,153,422	2,999,636	1,333,400
Long leasehold				
At cost :				
Land	13,911,132	13,381,746	13,911,132	13,613,599
Buildings	21,725,335	18,582,333	13,454,949	10,929,930
Buildings under construction	1,658,862	1,658,862	4,567,793	4,567,793
Roads, culverts and fencing	1,787,304	1,520,702	1,774,518	1,596,695
At valuation :				
Land	159,044,936	152,992,456	160,446,993	156,393,809
Short leasehold				
At cost :				
Land	-	-	300,000	147,500
Buildings	-	-	23,059	-
Land development	-	-	75,958	-
At valuation :				
Land	2,928,732	2,619,492	2,928,732	2,722,572
	223,277,308	209,557,438	218,652,169	208,079,159

	2007 RM	2006 RM
Depreciation and amortisation charge for the year:		
Amount capitalised in biological assets (Note 5)	264,527	413,178
Amount capitalised in development expenditure (Note 8)	106,437	70,159
Amount charged to income statement	9,095,462	8,702,739
	9,466,426	9,186,076
Included in the addition of property, plant and equipment during the year are :		
Interest (Note 30)	79,055	34,497
Staff costs (Note 32)	37,259	-

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

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

Company	Long leasehold properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At 31 January 2007					
Cost/Valuation					
At 1 February 2006	71,839,401	2,419,175	840,441	1,673,633	76,772,650
Additions	246,191	42,942	23,387	220,850	533,370
Disposals	-	-	(7,785)	-	(7,785)
At 31 January 2007	72,085,592	2,462,117	856,043	1,894,483	77,298,235
Representing :					
At cost	22,071,555	2,462,117	856,043	1,894,483	27,284,198
At valuation	50,014,037	-	-	-	50,014,037
	72,085,592	2,462,117	856,043	1,894,483	77,298,235
Accumulated Depreciation and Amortisation					
At 1 February 2006	2,915,681	1,759,931	306,288	1,449,555	6,431,455
Depreciation and amortisation for the year	973,368	186,661	70,070	88,798	1,318,897
Disposals	-	-	(3,669)	-	(3,669)
At 31 January 2007	3,889,049	1,946,592	372,689	1,538,353	7,746,683
Net Book Value					
At 31 January 2007					
At cost	20,124,706	515,525	483,354	356,130	21,479,715
At valuation	48,071,837	-	-	-	48,071,837
	68,196,543	515,525	483,354	356,130	69,551,552
Net book value of assets under construction	90,145	12,959	-	-	103,104

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

Company (cont'd)

At 31 January 2006	Long leasehold properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation					
At 1 February 2005	71,839,401	2,411,443	788,135	1,617,385	76,656,364
Additions	-	96,871	340,609	56,249	493,729
Disposals	-	(66,669)	(310,773)	(1)	(377,443)
Reclassifications	-	(22,470)	22,470	-	-
At 31 January 2006	71,839,401	2,419,175	840,441	1,673,633	76,772,650
Representing :					
At cost	21,825,364	2,419,175	840,441	1,673,633	26,758,613
At valuation	50,014,037	-	-	-	50,014,037
	71,839,401	2,419,175	840,441	1,673,633	76,772,650
Accumulated Depreciation and Amortisation					
At 1 February 2005	1,948,667	1,633,389	382,008	1,319,790	5,283,854
Depreciation and amortisation for the year	967,014	192,420	81,106	129,765	1,370,305
Disposals	-	-	-	-	-
Write offs	-	(65,878)	(156,826)	-	(222,704)
At 31 January 2006	2,915,681	1,759,931	306,288	1,449,555	6,431,455
Net Book Value					
At 31 January 2006					
At cost	20,204,483	659,244	534,153	224,078	21,621,958
At valuation	48,719,237	-	-	-	48,719,237
	68,923,720	659,244	534,153	224,078	70,341,195
Net book value of assets under construction	93,071	-	913	-	93,984

Long leasehold properties consist of :

	2007		2006	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost :				
Buildings	4,546,182	3,250,191	4,297,065	3,090,366
Buildings under construction	90,145	90,145	93,071	93,071
Land	17,435,228	16,784,370	17,435,228	17,021,046
At valuation :				
Land	50,014,037	48,071,837	50,014,037	48,719,237
	72,085,592	68,196,543	71,839,401	68,923,720

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

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

Certain leasehold land were last revalued on 10 and 11 December 2003 and freehold land on 19 March 2004 by a firm of independent qualified professional valuers using the comparison method to reflect fair value.

The valuation of a piece of freehold land approximated its carrying value. Therefore no revision was made to the carrying value.

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Net book value of revalued leasehold land, had these assets been carried at cost less accumulated amortisation :	51,046,899	52,090,768	11,823,408	11,983,680

5. BIOLOGICAL ASSETS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cost				
At 1 February 2006/2005	82,789,690	79,767,495	9,545,860	9,545,860
Additions	3,547,195	3,022,195	-	-
Disposals	(919,573)	-	-	-
At 31 January 2007/2006	85,417,312	82,789,690	9,545,860	9,545,860
Accumulated Depreciation and Impairment Losses				
At 1 February 2006/2005	16,090,546	11,941,087	6,157,388	5,637,918
Depreciation for the year	4,024,401	3,923,420	509,087	519,470
Disposals	(130,273)	-	-	-
Impairment losses for the year	72,665	226,039	-	-
At 31 January 2007/2006	20,057,339	16,090,546	6,666,475	6,157,388
Analysed as :				
Accumulated depreciation	19,758,635	15,864,507	-	-
Accumulated impairment losses	298,704	226,039	-	-
	20,057,339	16,090,546	-	-
Net Book Value				
At 31 January 2007/2006	65,359,973	66,699,144	2,879,385	3,388,472
Net book value of assets under restriction of title due to bank borrowings	31,141,587	33,031,038	-	-
Included in the addition of biological assets are :				
Depreciation and amortisation (Note 4)	264,527	413,178	-	-
Interest (Note 30)	131,372	28,308	-	-
Staff costs (Note 32)	193,790	487,875	-	-
Rental	72,000	72,500	-	-

6. SUBSIDIARY COMPANIES

Company

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

	2007 RM	2006 RM
At valuation	50,447,938	50,447,938
Accumulated impairment loss	(1,584,968)	(1,584,968)
	48,862,970	48,862,970
At cost	40,503,130	40,090,991
	89,366,100	88,953,961

The original cost of unquoted shares at valuation amounts to RM5,033,604 (2006 : 5,033,604).

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2007 %	2006 %	
Suhenson Estate Sdn. Bhd.	100	100	Dormant
Selokan Sdn. Bhd.	100	100	Dormant
Syarikat Kong Fen Shin & Sons Sdn. Bhd.	100	100	Dormant
Lokan Development Sdn. Bhd.	100	100	Dormant
Kim Loong - KPD Plantations Sdn. Bhd.	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Cultivation of coconut
Winsome Plantations Sdn. Bhd.	100	80	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Sabah Mills Sdn. Bhd.	100	100	Intended for processing and marketing of oil palm products
Kim Loong Power Sdn. Bhd.	100	100	Intended for power generation and selling Certified Emission Reduction
Okidville Plantations Sdn. Bhd.	90	90	Investment holding
Winsome Kledang Sdn. Bhd.	100	90	Dormant
Kim Loong Corporation Sdn. Bhd.	100	100	Dormant
Okidville Holdings Sdn. Bhd.	100	100	Cultivation of oil palm and investment holding
Desa Okidville Sdn. Bhd.	51	51	Cultivation of oil palm
Desa Kim Loong Palm Oil Sdn. Bhd.	70	70	Processing and marketing of oil palm products
Kim Loong Palm Oil Sdn. Bhd.	100	100	Trading of fresh fruit bunches and investment holding
Kim Loong Palm Oil Mills Sdn. Bhd.	100	100	Processing and marketing of oil palm products
Sungkit Enterprise Sdn. Bhd.	100	100	Processing and trading of palm kernel products
Kim Loong Evergrow Sdn. Bhd.	60	60	Manufacturing of bio-fertilizers
Winsome Yields Sdn. Bhd.	90	90	Investment holding
Winsome Al-Yatama Sdn. Bhd.	61	61	Cultivation of oil palm
Winsome Jaya Sdn. Bhd.	100	80	Dormant
Arab-Malaysian Agriculture Sdn. Bhd.	-	80	Dormant
Palm Nutraceuticals Sdn. Bhd.	70	70	Manufacturing of health supplements and food ingredients
Kim Loong Technologies Sdn. Bhd.	100	100	Dormant
Okidville Jaya Sdn. Bhd.	90	90	Investment holding
Sepulut Plantations Sdn. Bhd.	90	90	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

7. QUOTED INVESTMENTS

Group

	2007 RM	2006 RM
Securities quoted in Malaysia, at cost	2,566,582	6,338,641
Less : diminution in value	(354,802)	(301,070)
	2,211,780	6,037,571
Securities quoted outside Malaysia, at cost	-	95,957
	2,211,780	6,133,528
Market value of securities		
- quoted in Malaysia	2,211,780	6,037,571
- quoted outside Malaysia	-	126,643
	2,211,780	6,164,214

8. INTANGIBLE ASSETS

Group

	2007 RM	2006 RM
Balance brought forward	530,915	161,024
Incurred during the year	500,648	369,891
Balance carried forward	1,031,563	530,915

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

Included in development expenditure incurred during the year are depreciation and staff costs capitalised of RM106,437 (2006 : RM70,159) (Note 4) and RM349,619 (2006 : RM229,321) (Note 32) respectively.

9. GOODWILL ON CONSOLIDATION

Group

	2007 RM	2006 RM
As previously stated	1,624,441	1,624,441
Prior year adjustment	(470,000)	(470,000)
As restated	1,154,441	1,154,441
Disposal of subsidiary company	(1,154,441)	-
	-	1,154,441

10. INVENTORIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost :				
Raw materials	250,676	67,978	-	-
Work-in progress	3,068	-	-	-
Finished goods	144,099	78,865	-	-
Nursery stocks	94,577	104,706	3,546	-
Building materials, supplies, spare parts and consumables	4,053,205	3,045,573	161,875	128,583
	4,545,625	3,297,122	165,421	128,583
At realisable value :				
Work in progress	-	87,805	-	-
Finished goods	6,117,318	5,685,613	118,331	80,965
	6,117,318	5,773,418	118,331	80,965
Total	10,662,943	9,070,540	283,752	209,548

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	3,221,283	3,187,851	1,519,593	2,511,419
Deposits and prepayments	2,300,239	2,304,265	157,945	127,603
	5,521,522	5,492,116	1,677,538	2,639,022

13. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Company

Included in the amounts owing by subsidiary companies are RM11,942,070 (2006 : RM6,613,187) which bear effective interest of 7.67% (2006 : 7.04% - 7.25%) 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	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount owing by related companies				
Kim Loong Plantations Sdn. Bhd.	34,402	30,727	-	-
Crescendo Technologies Sdn. Bhd.	35,248	35,248	-	-
Unibase Concrete Industries Sdn. Bhd.	20,661	-	-	-
Crescendo Corporation Berhad	85,494	2,428	28,757	-
Crescendo Development Sdn. Bhd.	21,490	2,528	-	-
Unigolf Sdn. Bhd.	65,467	51,178	-	-
	262,762	122,109	28,757	-
Amount owing to related companies				
Kim Loong Plantations Sdn. Bhd.	183,950	94,620	-	-
Aerogolf Sdn. Bhd.	38,486	6,764	-	686
Crescendo Corporation Berhad	-	48,571	-	4,435
Unibase Concrete Industries Sdn. Bhd.	-	20,157	-	-
Unibase Trading Sdn. Bhd.	22,800	33,376	-	-
Unibase Construction Sdn. Bhd.	-	38,000	-	-
	245,236	241,488	-	5,121

The amounts owing by/to related companies are unsecured, interest-free and repayable on demand.

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

15. BANK AND CASH BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Balance at banks and cash in hand	12,503,575	4,819,511	1,813,534	947,052
Fixed deposits with licensed banks	27,325,523	27,927,000	19,700,000	24,807,000
	39,829,098	32,746,511	21,513,534	25,754,052

Group

Included in the fixed deposits with licensed banks is an amount of RM220,000 (2006 : RM220,000) pledged to licensed banks as security for overdraft and banker's guarantee facilities.

The weighted average interest rate for fixed deposits with licensed banks that was effective during the financial year was 3.33% (2006 : 2.65%) per annum.

Fixed deposits have an average maturity of 40 days (2006 : 26 days) from the end of the financial year.

Company

The weighted average interest rate for fixed deposits with licensed banks that was effective during the financial year was 3.34% (2006 : 2.65%).

Fixed deposits have an average maturity of 47 days (2006 : 27 days) from the end of the financial year.

Group and Company

Included in the bank and cash balances is RM9,220,000 consists of balance of proceeds from Rights Issue referred to in Note 44.

16. SHARE CAPITAL

Group and Company

	2007 RM	2006 RM
Authorised - 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid - 171,458,700 ordinary shares of RM1 each		
Balance brought forward	170,863,600	106,750,000
Issued during the year pursuant to :		
Rights Issue	-	64,050,000
Employees' Share Option Scheme	595,100	63,600
	595,100	64,113,600
Balance carried forward	171,458,700	170,863,600

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 -----						
	Outstanding at 1 February	----- Granted	Movement during the year -----			Outstanding at 31 January	Exercisable at 31 January
			Exercised	Forfeited	Expired		
2007							
2005 Options	5,488,200	-	(583,100)	(153,700)	-	4,751,400	2,088,600
2006 Options	-	575,300	(12,000)	(57,400)	-	505,900	267,400
	5,488,200	575,300	(595,100)	(211,100)	-	5,257,300	2,356,000
WAEP	1.14	1.22	1.14	1.16	-	1.15	1.15
2006							
2005 Options	-	5,952,400	(63,600)	(400,600)	-	5,488,200	1,694,300
	-	5,952,400	(63,600)	(400,600)	-	5,488,200	1,694,300
WAEP	-	-	1.14	1.14	-	1.14	1.14

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

16. SHARE CAPITAL (cont'd)

Employees' Share Option Scheme ("ESOS") (cont'd)

(ii) Share options exercised during the year

Share options exercised during the financial year resulted in the issuance of 595,100 (2006 : 63,600) ordinary shares at an average price of RM1.14 (2006 : RM1.14) each. The related weighted average share price at the date of exercise was RM1.59 (2006 : RM1.08).

(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 :

	2007	2006
Fair value of share options at the following grant dates (RM):		
29 March 2006	0.135	-
21 March 2005	-	0.069
Weighted average share price (RM)	1.26	1.07
Weighted average exercise price (RM)	1.22	1.14
Expected volatility (%)	18.77	19.20
Expected life (years)	3.29	3.42
Risk-free rate (%)	4.18	3.70
Expected dividend yield (%)	5.56	6.54

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

Warrants 2005/2012

The main features of the Warrants are as follows :

- (a) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM1.00 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- (b) The Warrants may be exercised at any time on or after 22 April 2007 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of seven (7) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.
- (c) The new ordinary shares of RM1 each allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends that may be declared in respect of the financial year prior to the date of allotment and issue of the new shares, nor shall they be entitled to any rights, allotments, distributions or such entitlements for which the record date is prior to the date of allotment and issue of the new shares.

For the purpose hereof, record date means the date on which as at the close of business the shareholders or debenture holders of the Company must be registered in the register of members or Record of 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.

There were no movements during the financial year in the Warrants as the Warrants are only exercisable on or after 22 April 2007.

The number of Warrants unexercised as at balance sheet date was 42,700,000 (2006 : 42,700,000).

17. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable				
Share premium (Note 18)	35,284,587	35,154,071	35,284,587	35,154,071
Revaluation reserve (Note 19)	45,197,188	45,980,867	43,553,884	43,384,982
Reserve on consolidation (Note 20)	-	11,352,722	-	-
Option reserve (Note 21)	63,600	-	63,600	-
Distributable				
Retained profits	61,883,307	34,911,047	33,237,012	31,561,581
	142,428,682	127,398,707	112,139,083	110,100,634

18. SHARE PREMIUM (NON-DISTRIBUTABLE)

Group and Company

	2007 RM	2006 RM
Balance brought forward	35,154,071	29,742,206
Arising from :		
a) Issuance of 64,050,000 ordinary shares of RM1 each at an issue price of RM1.10 per share in respect of Rights Issue	-	6,405,000
b) Issuance of 583,100 (2006 : 63,600) ordinary shares of RM1 each at an issue price of RM1.14 per share pursuant to ESOS	81,634	8,904
c) Issuance of 12,000 ordinary shares of RM1 each at an issue price of RM1.22 per share pursuant to ESOS	2,640	-
d) Transfer from option reserve arising from exercise of ESOS	46,242	-
Less : expenses pertaining to Rights Issue and ESOS	-	(1,002,039)
Balance carried forward	35,284,587	36,156,110

19. REVALUATION RESERVE (NON-DISTRIBUTABLE)

Group

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

Company

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

20. RESERVE (NEGATIVE GOODWILL) ON CONSOLIDATION (NON-DISTRIBUTABLE)

Group

Reserve (negative goodwill) on consolidation arose from acquisition of subsidiary companies. During the financial year, this reserve was transferred to retained profits due to the adoption of FRS 3.

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

21. OPTION RESERVE (NON-DISTRIBUTABLE)

Group and Company

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

22. 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.

	2007 RM	2006 RM
Repayable :		
Within 1 year	400,000	400,000
After 1 year	7,574,595	9,899,652
	7,974,595	10,299,652

23. INTEREST BEARING BORROWINGS (SECURED)

Group

Amount utilised

	2007 RM	2006 RM
Overdrafts	1,079,336	2,017,942
Revolving credit	2,500,000	-
Term loan 1	-	4,670,000
Term loan 2	400,000	3,280,000
Term loan 3	5,744,000	7,568,000
Term loan 4	9,779,000	12,503,000
Term loan 5	1,000,000	1,000,000
Term loan 6	1,000,000	-
	21,502,336	31,038,942
Current	8,832,894	14,115,942
Non-current	12,669,442	16,923,000
	21,502,336	31,038,942
Maturity profile of non-current borrowings		
Amounts payable :		
More than 1 year and less than 5 years	12,669,442	16,923,000

The facilities extended by financial institutions are secured by :

- a) a deed of assignment to assign all rights, title and interest over a property of a subsidiary company;
- b) fixed and floating charges over all the assets of a subsidiary company;
- c) fixed deposits of RM200,000 (2006 : 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.

23. INTEREST BEARING BORROWINGS (SECURED) (cont'd)

Group (cont'd)

Term loan 1 was fully repaid during financial year.

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

The principal amount of term loan 3 is repayable over 65 monthly instalments of RM152,000 each and a final instalment of RM120,000 commencing from October 2004.

The principal amount of term loan 4 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 5 is repayable over 36 monthly instalments of RM27,778 each commencing from March 2007.

The principal amount of term loan 6 is repayable over 35 monthly instalments of RM27,778 each and a final instalment of RM27,770 commencing from May 2008.

Effective interest rates

	2007 % p.a.	2006 % p.a.
Overdrafts	7.74	7.29
Term loans	5.91	5.71
Revolving credit	5.33	-

Unutilised facilities

	2007 RM	2006 RM
Revolving credit	1,000,000	3,500,000
Trade facilities	3,000,000	3,000,000
Overdrafts	17,131,000	15,992,000
	21,131,000	22,492,000

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Disclosed as :				
Deferred tax liabilities	33,935,317	35,037,255	10,972,422	11,724,408
Deferred tax assets	(270,000)	(202,000)	-	-
	33,665,317	34,835,255	10,972,422	11,724,408

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

24. DEFERRED TAX (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Brought forward	34,835,255	34,904,747	11,724,408	11,778,824
(Credit)/charged to income statement :				
- biological assets and property, plant and equipment	269,259	(677,492)	(236,544)	(202,416)
- accrued interest income	(150,000)	188,000	(148,000)	148,000
- tax losses	(176,000)	420,000	-	-
	(56,741)	(69,492)	(384,544)	(54,416)
Credited to equity :				
- property, plant and equipment	(1,113,197)	-	(367,442)	-
Carried forward	33,665,317	34,835,255	10,972,422	11,724,408
Subject to income tax				
Deferred tax liabilities (before offsetting)				
Biological assets and property, plant and equipment	40,070,317	40,924,255	10,972,422	11,576,408
Accrued interest income	72,000	222,000	-	148,000
	40,142,317	41,146,255	10,972,422	11,724,408
Offsetting	(6,207,000)	(6,109,000)	-	-
Deferred tax liabilities (after offsetting)	33,935,317	35,037,255	10,972,422	11,724,408
Deferred tax assets (before offsetting)				
Tax losses	6,477,000	6,301,000	-	-
Property, plant and equipment	-	10,000	-	-
Offsetting	(6,207,000)	(6,109,000)	-	-
Deferred tax assets (after offsetting)	270,000	202,000	-	-

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.

Group

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

	2007 RM	2006 RM
Deductible temporary differences	206,000	1,636,000
Unused tax losses	581,000	7,130,000
	787,000	8,766,000

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of the Income Tax Act, 1967.

25. TRADE AND OTHER PAYABLES

Group and Company

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

26. AMOUNT OWING TO HOLDING COMPANY

Group and Company

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

27. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of :				
- Fresh fruit bunches	32,224,285	28,181,222	19,088,437	17,569,872
- Palm oil milling products	230,648,521	190,182,503	-	-
- Cocoa and others	190,034	315,200	186,914	306,490
	263,062,840	218,678,925	19,275,351	17,876,362

28. COST OF SALES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fresh fruit bunches	15,304,100	11,710,708	8,617,324	8,096,670
Palm oil milling products	203,211,010	179,340,155	-	-
Cocoa and others	429,547	457,264	384,135	421,510
	218,944,657	191,508,127	9,001,459	8,518,180

29. OTHER INCOME

Company

Other income for the current financial year includes gross dividend from subsidiary companies amounting to RM5,542,466 (2006 : RM5,250,000).

30. FINANCE COSTS

Group

	2007 RM	2006 RM
Total interest expense	1,597,074	2,760,403
Interest capitalised to property, plant and equipment (Note 4)	(79,055)	(34,497)
Interest capitalised to biological assets (Note 5)	(131,372)	(28,308)
Charged to income statement	1,386,647	2,697,598

31. PROFIT BEFORE TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
The following items have been charged/(credited) in arriving at profit before tax :				
Auditors' remuneration :				
Statutory audit				
- current year	105,350	99,800	23,000	22,000
- under/(over) provision in prior years	3,600	(4,600)	-	(3,000)
Depreciation and amortisation :				
- property, plant and equipment	9,095,462	8,702,739	1,318,897	1,370,305
- biological assets	4,024,401	3,923,420	509,087	519,470
Bad debts	4,527	6,070	650	145
Preliminary expenses	-	5,025	-	-
Rental of premises	185,704	160,392	115,992	134,592
Property, plant and equipment written off	166,534	238,876	4,116	56,251
Inventories written off	375	1,963	-	(61)
Share-based payment expenses	109,842	-	109,842	-
Impairment loss of assets	72,665	226,039	-	-
Staff costs (Note 32)	20,293,935	18,183,122	5,005,009	4,865,504
Loss/(gain) on disposal of biological assets and property, plant and equipment	750,643	(77,851)	-	(62,028)
Write-down of inventories	86,985	68,563	70,337	13,176
Gain on disposal of quoted investments	(430,094)	(99,646)	-	-
Gain on disposal of a subsidiary company	(74,865)	-	-	-
Gain on assignment of debt in a subsidiary company	(1,605,526)	-	-	-
Rental income	(28,300)	(22,400)	-	-
Gross dividend income from investments quoted :				
- in Malaysia	(128,630)	(210,154)	-	-
- outside Malaysia	(1,633)	(1,487)	-	-
Gross dividend income from subsidiary companies	-	-	(5,542,466)	(5,250,000)
Interest from fixed deposits	(642,283)	(819,000)	(524,032)	(740,789)
Other interest income	(92,301)	(71,760)	(817,347)	(602,898)
Reversal of diminution in value of quoted securities	(285,480)	(142,571)	-	-
Profit from existing continuing operations	30,442,922	14,318,386	14,326,273	13,393,777
Loss from newly acquired subsidiary companies	-	(67,213)	-	-
	30,442,922	14,251,173	14,326,273	13,393,777

32. STAFF COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries, wages and bonuses	19,597,023	17,667,733	4,679,213	4,575,076
Defined contribution plan	1,122,836	1,056,415	314,569	280,388
Social security costs	121,925	123,795	11,227	10,040
HRD fund	32,819	52,375	-	-
	20,874,603	18,900,318	5,005,009	4,865,504
Amount capitalised in property, plant and equipment (Note 4)	(37,259)	-	-	-
Amount capitalised in biological assets (Note 5)	(193,790)	(487,875)	-	-
Amount capitalised in development expenditure (Note 8)	(349,619)	(229,321)	-	-
	20,293,935	18,183,122	5,005,009	4,865,504

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,684,950 (2006 : RM1,533,932) and RM1,553,100 (2006 : RM1,186,032) respectively as further disclosed in Note 33.

33. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive Directors				
- fees	175,500	220,500	38,000	40,500
- overprovision of fees in prior year	(13,750)	(2,000)	-	(2,000)
- salaries and other emoluments	1,395,300	1,208,300	1,372,000	1,057,200
- overprovision of bonus in prior year	(20,000)	(17,200)	-	(17,200)
- defined contribution plan	147,900	124,332	143,100	107,532
	1,684,950	1,533,932	1,553,100	1,186,032
Non-executive Directors				
- fees	140,000	191,000	140,000	191,000
- other emoluments	8,000	8,500	8,000	8,500
	148,000	199,500	148,000	199,500
	1,832,950	1,733,432	1,701,100	1,385,532

34. TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax				
- Malaysian income tax	7,816,895	4,381,976	4,613,160	4,142,962
- foreign tax	-	297	-	-
- Real Property Gains Tax (RPGT)	8,500	-	-	-
Deferred tax	(56,741)	(69,492)	(384,544)	(54,416)
	7,768,654	4,312,781	4,228,616	4,088,546

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

34. TAX EXPENSE (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current Malaysian tax				
Current year	7,783,450	4,390,000	4,400,000	4,112,000
Under/(over) provision in prior years (net)	33,445	(8,024)	213,160	30,962
Real Property Gains Tax (RPGT)	8,500	-	-	-
Current Foreign tax				
Current year	-	297	-	-
Deferred tax				
Origination/(reversal) of temporary differences	794,200	335,000	(68,000)	65,000
Realisation of revaluation surplus on land	(322,741)	(327,492)	(131,544)	(136,416)
(Over)/underprovision in prior years (net)	(207,200)	(77,000)	(139,000)	17,000
Reduction in tax rate	(321,000)	-	(46,000)	-
	7,768,654	4,312,781	4,228,616	4,088,546

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Numerical reconciliation between tax expense and the result before tax multiplied by the applicable Malaysian tax rates				
Profit before tax	30,442,922	14,251,173	14,326,273	13,393,777
Tax calculated at a Malaysia tax rate of 27% (2006 : 28%)	8,219,589	3,990,328	3,868,094	3,750,258
Tax effects of :				
- reduction in tax rates for subsidiary companies with paid-up share capital of RM2,500,000 and below	(105,637)	(87,200)	-	-
- expenses not deductible for tax purposes	1,005,535	779,179	332,362	290,326
- income not subject to tax	(732,776)	(73,373)	-	-
- deferred tax assets not recognised previously on :				
a) deductible temporary differences	-	(40,049)	-	-
b) tax losses	-	(108,697)	-	-
- deferred tax assets not recognised on :				
a) current year's tax loss of subsidiaries	3,409	90,670	-	-
b) current year's deductible temporary differences	17,677	9,115	-	-
- utilisation of previously unrecognised tax losses	(20,039)	-	-	-
- double deductions	(20,250)	(21,000)	-	-
- reinvestment allowance	(104,099)	(141,168)	-	-
- reduction in tax rate	(321,000)	-	(46,000)	-
Under/(over) provision of income tax in prior years (net)	33,445	(8,024)	213,160	30,962
(Over)/under provision of deferred tax in prior years (net)	(207,200)	(77,000)	(139,000)	17,000
Tax expense	7,768,654	4,312,781	4,228,616	4,088,546

34. TAX EXPENSE (cont'd)

For companies with a paid-up share capital of RM2,500,000 and below, the applicable tax rates are 20% on the first RM500,000 taxable income and 27% (2006 : 28%) on the remaining taxable income.

Domestic current income tax is calculated at the statutory tax rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The domestic statutory tax rate has been reduced to 27% from the previous year's rate of 28%, effective year of assessment 2007. The computation of deferred tax as at 31 January 2007 has reflected these changes.

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and credit balance in the tax exempt income account to pay net dividends out of the entire retained profits at the balance sheet date without incurring additional tax liability.

35. EARNINGS PER SHARE

Group

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM22,449,223 (2006 : RM11,381,222) over the weighted average number of ordinary shares in issue during the financial year of 171,030,142 (2006 : 156,809,039).

Diluted earnings per share for the Group for the financial year ended 31 January 2007 is calculated based on profit after tax and minority interests of RM22,449,223 (2006 : RM11,381,222) over the adjusted weighted average number of shares of 215,034,610 (2006 : 199,509,039).

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 2007 is calculated as follows :

	2007 RM	2006 RM
Net profit attributable to equity holders of the Company	22,449,223	11,381,222
Weighted average number of ordinary shares in issue	171,030,142	156,809,039
Impact on shares under option that would have been issued at fair value	1,304,468	-
Assumed exercise of Warrants	42,700,000	42,700,000
	215,034,610	199,509,039
Diluted earnings per share (sen)	10	6

36. DIVIDENDS**Company**

Dividends declared or proposed in respect of the financial year ended 31 January 2007 are as follows :

	Dividends in respect of year		Dividends recognised in year	
	2007 RM	2006 RM	2007 RM	2006 RM
Dividends recognised during the year :				
Financial year 2005:				
Final : 4 sen per share less 28% tax	-	-	-	3,076,232
Financial year 2006:				
Interim : 3 sen per share less 28% tax	-	3,690,653	-	3,690,653
Final : 4 sen per share less 28% tax	-	4,923,377	4,923,377	-
Financial year 2007:				
Interim : 3 sen per share less 28% tax	3,697,389	-	3,697,389	-
Dividends proposed for approval at AGM (not recognised as at 31 January) :				
Financial year 2007:				
Special : 3 sen per share less 27% tax	3,754,946	-	-	-
Final : 4 sen per share less 27% tax	5,006,594	-	-	-
	12,458,929	8,614,030	8,620,766	6,766,885

At the forthcoming Annual General Meeting ("AGM"), a final gross dividend of 4 sen per share (2006 : 4 sen per share) less tax and a special dividend of 3 sen per share (2006 : Nil) less tax will be proposed for shareholders' approval. These financial statements do not reflect the final and special dividends which will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2008 when approved by shareholders. The proposed final dividend of RM5,006,594 and special dividend of RM3,754,946 are subject to change in proportion to changes in the Company's paid-up capital, if any.

37. TRANSFER OF RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Realisation of revaluation surplus on property, plant and equipment, net of tax, arising from :				
- excess of amortisation based on revalued leasehold land over their original costs	815,783	811,937	198,540	195,816
- disposal of land	975,298	-	-	-
	1,791,081	811,937	198,540	195,816

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
With holding company :				
Sharikat Kim Loong Sendirian Berhad				
Internal audit expenses and risk management service fee	176,800	168,000	46,000	48,000
Dividend paid	5,730,641	4,735,566	5,730,641	4,735,566
With subsidiary companies :				
Kim Loong Palm Oil Sdn. Bhd.				
Dividend income	-	-	3,452,055	5,250,000
Kim Loong - KPD Plantations Sdn. Bhd.				
Management fee income	-	-	144,000	144,000
Commission income	-	-	311,624	273,995
Dividend income	-	-	2,090,411	-
Okidville Holdings Sdn. Bhd.				
Management fee income	-	-	212,308	217,170
Desa Okidville Sdn. Bhd.				
Management fee income	-	-	323,430	323,430
Purchase of motor vehicle	-	-	50,000	-
Desa Kim Loong Palm Oil Sdn. Bhd.				
Management fee income	-	-	281,597	193,486
Winsome Al-Yatama Sdn. Bhd.				
Management fee income	-	-	72,000	90,000
Commission income	-	-	56,372	39,235
Winsome Yields Sdn. Bhd.				
Interest income	-	-	598,926	512,520
Okidville Plantations Sdn. Bhd.				
Interest income	-	-	22,645	13,065
Okidville Jaya Sdn. Bhd.				
Interest income	-	-	14,839	3,985
Palm Nutraceuticals Sdn. Bhd.				
Interest income	-	-	109,177	-
With fellow subsidiary companies of the holding company:				
Kim Loong Plantations Sdn. Bhd.				
Purchase of fresh fruit bunches	2,925,023	2,734,506	-	-
Unibase Trading Sdn. Bhd.				
Purchases	197,184	229,273	-	-
Unibase Concrete Industries Sdn. Bhd.				
Rental expenses	6,000	6,000	-	-
Purchases	230,205	167,840	-	-
Crescendo Development Sdn. Bhd.				
Sales of fertilizer	72,754	51,380	-	-
Crescendo Corporation Berhad				
Disposal of equipment, furniture and fittings	-	150,016	-	150,016
Repute Construction Sdn. Bhd.				
Purchases	-	28,825	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

39. ACQUISITION OF SUBSIDIARY COMPANIES

Group

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

	2007 RM	2006 RM
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating income	-	-
Administration expenses	-	(41,146)
Other operating expenses	-	(26,067)
Loss from operations	-	(67,213)
Finance costs	-	-
Loss before tax	-	(67,213)
Tax	-	-
Net loss for the financial year	-	(67,213)

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

	2007 RM	2006 RM
Non-current assets	-	-
Current assets	-	59,789
Current liabilities	-	(1,146)
Non-current liabilities	-	-
Increase in Group's net assets	-	58,643

40. SEGMENTAL INFORMATION

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

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

40. SEGMENTAL INFORMATION (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

40. SEGMENTAL INFORMATION (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
YEAR ENDED 31 JANUARY 2006				
Revenue				
External sales	28,496,422	190,182,503	-	218,678,925
Intersegment sales	21,202,929	41,893	(21,244,822)	-
Total sales	49,699,351	190,224,396	(21,244,822)	218,678,925
Results				
Segment results	14,775,729	3,456,039	-	18,231,768
Unallocated costs				(2,627,615)
Finance income				890,760
Finance costs				(2,697,598)
Other investment income				453,858
Profit before tax				14,251,173
Tax expense				(4,312,781)
Net profit for the financial year				9,938,392
At 31 January 2006				
Net assets				
Segment assets	282,892,846	105,774,938	(22,292,588)	366,375,196
Unallocated assets				28,110,294
Total assets				394,485,490
Segment liabilities	55,760,265	53,377,766	(22,292,588)	86,845,443
Unallocated liabilities				598,637
Total liabilities				87,444,080
Year ended 31 January 2006				
Other information				
Capital expenditure	9,894,010	7,343,577	-	17,237,587
Depreciation and amortisation	7,870,898	5,238,598	-	13,109,496
Other non-cash expenses	296,030	183,141	-	479,171

41. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided corporate guarantees for seven (2006 : seven) of its subsidiary companies in respect of credit facilities totalling RM45,543,000 (2006 : RM56,921,000) 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 RM25,055,331 (2006 : RM34,941,361) utilised by these subsidiary companies.

42. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Credit risk

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

42. FINANCIAL INSTRUMENTS (cont'd)

(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 Group's transactions and balances are denominated in Ringgit Malaysia.

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

	2007 RM	2006 RM
Quoted investments		
Singapore Dollar	-	95,957

(g) Fair values

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

Group

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current liabilities				
Other borrowings :				
- with fixed terms of repayment	6,800,000	4,640,000	7,200,000	4,688,000
- without fixed terms of repayment	774,595	*	2,699,652	*
	7,574,595		9,899,652	

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

43. CAPITAL COMMITMENTS

	2007 RM	2006 RM
Group		
Approved and contracted for : Property, plant and equipment	7,472,000	7,081,000

NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2007 (cont'd)

44. UTILISATION OF PROCEEDS FROM RIGHTS ISSUE

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

The total proceeds of RM70,455,000 arising from this corporate exercise were utilised as follows :

	Approved by Securities Commission RM	Amount utilised RM	Balance to be utilised as at 31.1.2007 RM
a) Repayment of bank borrowings	30,000,000	30,000,000	-
b) Property, plant and equipment	24,250,000	15,030,000	9,220,000
c) Working capital	15,205,000	15,205,000	-
d) Expenses relating to Rights Issue	1,000,000	1,000,000	-
Total	70,455,000	61,235,000	9,220,000

As a result of the disposal of a subsidiary company, proceeds from Rights Issue reserved for the development of the land owned by that subsidiary company has been utilised for the general working capital purposes of the Group.

The Company also announced to Bursa Securities on 11 April 2007 that the balance of the proceeds of RM9,220,000 will be utilised within another twenty four (24) months from April 2007 as the construction of the solvent extraction plant was rescheduled to enable the incorporation of upgraded designs and there is a delay in certain planting schedules.

45. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the paid-up share capital of the Company was increased to RM173,782,299 consisting of 173,782,299 ordinary shares of RM1 each, through the exercise of:

- a) 2,247,400 options under ESOS; and
- b) 76,199 Warrants

46. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 25 May 2007.

ANALYSIS OF SHAREHOLDINGS AS AT 18 JUNE 2007

Authorised Share Capital	: RM500,000,000.00
Issued and Fully Paid-up Capital	: RM174,039,099.00
Class of Share	: Ordinary shares of RM1.00 each fully paid
Voting Right	: 1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued capital
Less than 100 shares	15	0.48	509	0.00
100 to 1,000 shares	1,073	34.76	1,029,280	0.59
1,001 to 10,000 shares	1,515	49.08	6,408,257	3.68
10,001 to 100,000 shares	401	12.99	12,199,080	7.01
100,001 to less than 5% of issued shares	82	2.66	45,698,773	26.26
5% and above of issued shares	1	0.03	108,703,200	62.46
Total	3,087	100.00	174,039,099	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	108,703,200	62.46
2. ECM Libra Avenue Securities Sdn. Bhd. - IVT (A02) for ECM Libra Securities Sdn. Bhd. (Account 1)	6,535,200	3.76
3. HSBC Nominees (Asing) Sdn. Bhd. - Krishnan Chellam (HBMB301-26)	3,460,000	1.99
4. Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pheim Asset Management Sdn. Bhd. for Employees Provident Fund	2,744,100	1.58
5. Timbas Helmi Bin Oesman Joesoef Helmi	2,617,000	1.50
6. Mayban Nominees (Tempatan) Sdn. Bhd. - Mayban Trustees Berhad for PB Asean Dividend Fund (270334)	2,000,000	1.15
7. ECM Libra Avenue Nominees (Tempatan) Sdn. Bhd. - ECM Libra Foundation	1,717,773	0.99
8. Koperasi Polis Diraja Malaysia Berhad	1,600,000	0.92
9. Loo Geok Eng	1,208,000	0.69
10. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Public Smallcap Fund	1,170,000	0.67
11. Teoh Guan Kok & Co. Sdn. Berhad	1,131,400	0.65
12. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LPF)	1,100,000	0.63
13. M & A Nominee (Tempatan) Sdn. Bhd. - Titan Express Sdn. Bhd.	1,024,700	0.59
14. Neoh Choo Ee & Company, Sdn. Berhad	1,000,000	0.57
15. Loo Geok Eng	756,000	0.43
16. Heng Yuen Sdn. Bhd.	620,800	0.36
17. Radeshah binti Ridzwani	597,000	0.34
18. Prudent Strength Sdn. Bhd.	578,600	0.33
19. Malaysia Nominees (Tempatan) Sendirian Berhad - Overseas Assurance Corporation (Malaysia) Berhad (MGF)	574,900	0.33
20. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Gooi Seong Gum (10-00040-000)	518,000	0.30
21. Chellam Investments Sdn. Berhad	500,000	0.29
22. Lim Ah Choo	500,000	0.29
23. Yayasan Kelantan DarulNaim	500,000	0.29
24. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LBF)	474,900	0.27
25. Gooi Seong Chneh	464,000	0.27
26. Kurnia Insurans (Malaysia) Berhad	459,200	0.26
27. Ang Chai Eng	420,900	0.24
28. Loh Lai Kim	411,000	0.24
29. Gan Tee Jin	400,000	0.23

ANALYSIS OF SHAREHOLDINGS AS AT 18 JUNE 2007 (cont'd)

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

Name of Shareholders	No. of Shares held	% of Issued capital
30. Tee Chong Chu & Sons Sdn. Bhd.	358,000	0.20
Total	144,144,673	82.82

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	108,703,200	6,400 ^(a)	62.46	-
Loo Geok Eng	1,964,000	108,709,600 ^(b)	1.13	62.46
Gooi Seong Lim	660,000 ^(c)	109,330,400 ^(d)	0.38	62.82
Gooi Seong Heen	580,000 ^(e)	109,330,400 ^(d)	0.33	62.82
Gooi Seong Chneh	480,000	109,330,400 ^(d)	0.28	62.82
Gooi Seong Gum	518,000 ^(f)	109,330,400 ^(d)	0.30	62.82
Gooi Seow Mee	336,000	109,330,400 ^(d)	0.19	62.82

Note:-

- (a) Deemed interest through Kim Loong Plantations Sdn. Bhd.
- (b) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (108,703,200 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- (c) Includes 288,000 shares held in bare trust by Public Nominees (Tempatan) Sdn. Bhd.
- (d) Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (108,703,200 shares), Herrng Yuen Sdn. Bhd. (620,800 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- (e) Includes 180,000 and 208,000 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- (f) All 518,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Loo Geok Eng	1,964,000	1.13	108,709,600 ^(a)	62.46
Gooi Seong Lim	660,000 ^(b)	0.38	109,330,400 ^(c)	62.82
Gooi Seong Heen	580,000 ^(d)	0.33	109,330,400 ^(c)	62.82
Gooi Seong Chneh	480,000	0.28	109,330,400 ^(c)	62.82
Gooi Seong Gum	518,000 ^(e)	0.30	109,330,400 ^(c)	62.82
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Chew Poh Soon	-	-	-	-

Note:-

- (a) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (108,703,200 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- (b) Includes 288,000 shares held in bare trust by Public Nominees (Tempatan) Sdn. Bhd.
- (c) Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (108,703,200 shares), Herrng Yuen Sdn. Bhd. (620,800 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- (d) Includes 180,000 and 208,000 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.
- (e) All 518,000 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF WARRANT HOLDINGS AS AT 18 JUNE 2007

No. of Warrants 2005/2012	: 42,614,801
Exercise Price	: RM1.00 for one ordinary share of RM1.00 each.
Exercise Rights	: Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each.
Exercise Period	: 22 April, 2007 to 22 April, 2012.

DISTRIBUTION OF WARRANT HOLDINGS (As per Record of Depositors)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100 warrants	83	9.61	4,596	0.01
100 to 1,000 warrants	236	27.31	140,142	0.33
1,001 to 10,000 warrants	388	44.91	1,614,021	3.79
10,001 to 100,000 warrants	138	15.97	4,515,519	10.60
100,001 to less than 5% of warrants	18	2.08	5,489,723	12.88
5% and above of warrants	1	0.12	30,850,800	72.39
Total	864	100.00	42,614,801	100.00

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

Name of Warrant Holders	No of Warrants Held	% of Warrants
1. Sharikat Kim Loong Sendirian Berhad	30,850,800	72.39
2. Teoh Guan Kok & Co. Sdn. Berhad	893,100	2.10
3. Teoh Liang Huat @ Teoh Lean Huat	822,200	1.93
4. Neoh Choo Ee & Company, Sdn. Berhad	449,999	1.06
5. ECM Libra Avenue Nominees (Tempatan) Sdn. Bhd. - ECM Libra Foundation	432,191	1.01
6. HSBC Nominees (Asing) Sdn. Bhd. - Krishnan Chellam (HBMB301-26)	420,000	0.99
7. Koperasi Polis Diraja Malaysia Berhad	400,000	0.94
8. Gan Tee Jin	290,600	0.68
9. Teo Ah Seng	271,033	0.64
10. Mah Yoke Lian	184,500	0.43
11. Prudent Strength Sdn. Bhd.	174,400	0.41
12. Loo Geok Eng	164,000	0.38
13. Ee Wee Hee	158,500	0.37
14. Heng Yuen Sdn. Bhd.	155,200	0.36
15. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chong Teck Mon	150,500	0.35
16. Malaysia Nominees (Tempatan) Sendirian Berhad - Overseas Assurance Corporation (Malaysia) Berhad (MGF)	139,700	0.33
17. Tan Eng Huat	135,000	0.32
18. TA Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Koon Yew Yin	128,800	0.30
19. Chew Gim Hye	120,000	0.28
20. Chiat Moh Sdn. Bhd.	97,900	0.23
21. Ti Siok Leong	94,000	0.22
22. Neoh Brothers Sdn. Berhad	90,666	0.21
23. Chiat Cheong Holding Sdn. Bhd.	86,600	0.20
24. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Bong Yoon Pah @ Wong Yoon Pah	86,000	0.20
25. Gooi Seow Mee	84,000	0.20
26. Ler Lee Lian	80,000	0.19
27. Gooi Seong Lim	68,000	0.16
28. Lee Soi Gek	67,999	0.16

ANALYSIS OF WARRANT HOLDINGS AS AT 18 JUNE 2007 (cont'd)

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

Name of Warrant Holders	No of Warrants Held	% of Warrants
29. Goh Tai Meng	67,700	0.16
30. Telesys Network Inc.	66,000	0.16
Total	37,229,388	87.36

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

Name of Directors	Direct Interest		Indirect Interest	
	Warrant Holdings	%	Warrant Holdings	%
Loo Geok Eng	164,000	0.38	30,852,400 ^(a)	72.40
Gooi Seong Lim	88,000 ^(b)	0.21	31,007,600 ^(c)	72.76
Gooi Seong Heen	68,000 ^(d)	0.16	31,007,600 ^(c)	72.76
Gooi Seong Chneh	68,000	0.16	31,007,600 ^(c)	72.76
Gooi Seong Gum	-	-	31,007,600 ^(c)	72.76
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Chew Poh Soon	-	-	-	-

Note:-

- (a) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (30,850,800 warrants) and Kim Loong Plantations Sdn. Bhd. (1,600 warrants).
- (b) Includes 20,000 warrants held in bare trust by Public Nominees (Tempatan) Sdn. Bhd.
- (c) Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (30,850,800 warrants), Heng Yuen Sdn. Bhd. (155,200 warrants) and Kim Loong Plantations Sdn. Bhd. (1,600 warrants).
- (d) Includes 20,000 warrants held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd.

PARTICULARS OF PROPERTIES

Beneficial owner/ Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2007 RM'000
Kim Loong Resources Berhad							
- CL 085311253	31/12/2077	Oil palm plantation	80.86	31 Jan 2004	Not applicable	Not applicable	2,009
- CL 085313079	31/12/2078	Oil palm plantation	384.25	31 Jan 2004	Not applicable	Not applicable	9,555
- CL 085311306	31/12/2077	Oil palm and cocoa	121.45	31 Jan 2004	Not applicable	Not applicable	3,215
- CL 085311315	31/12/2077	Oil palm and cocoa	102.51	31 Jan 2004	Not applicable	Not applicable	2,715
- CL 085311244	31/12/2077	Oil palm and cocoa	166.53	31 Jan 2004	Not applicable	Not applicable	4,407
District of Labuk/Sugut, Sabah							
- CL 095317552	31/12/2085	Oil palm plantation	6.07	31 Jan 2004	Not applicable	Not applicable	152
- CL 095317561	31/12/2085	Oil palm plantation	5.93	31 Jan 2004	Not applicable	Not applicable	148
- CL 095315058	31/12/2085	Oil palm plantation	303.39	31 Jan 2004	Not applicable	Not applicable	7,569
- CL 095317436	31/12/2087	Oil palm plantation	14.25	31 Jan 2004	Not applicable	Not applicable	356
- CL 095310777	31/12/2078	Oil palm plantation	395.78	31 Jan 2004	Not applicable	Not applicable	9,841
- CL 095315049	31/12/2085	Oil palm plantation	343.90	31 Jan 2004	Not applicable	Not applicable	8,579
- CL 095316957	31/12/2086	Oil palm plantation	80.82	31 Jan 2004	Not applicable	Not applicable	2,017
- CL 095310428	31/12/2077	Oil palm plantation	81.06	31 Jan 2004	Not applicable	Not applicable	2,015
- CL 095310982	31/12/2078	Oil palm plantation	400.56	31 Jan 2004	Not applicable	Not applicable	9,171
- CL 095310526	31/12/2077	Oil palm plantation	243.74	31 Jan 2004	Not applicable	Not applicable	6,448
District of Kinabatangan, Sabah							
Desa Kim Loong Industries Sdn. Bhd.							
- CL 135345069	31/12/2080	Factory/quarter ⁽¹⁾		Not applicable	648	4 years	133
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	Nil	22,357
- CL 095332648	30/06/2032	Oil palm plantation	400.60 ⁽²⁾	31 Jan 2004	Not applicable	Nil	2,619
District of Kinabatangan, Sabah							
Okidville Holdings Sdn. Bhd.							
- CL 135328782	31/12/2083	Oil palm plantation	2,772.10	31 Jan 2004	Not applicable	Nil	36,331
Sook, District of Keningau, Sabah							
Desa Okidville Sdn. Bhd.							
- CL 135345069	31/12/2080	Oil palm plantation	4,362.92 ⁽³⁾	31 Jan 2004	Not applicable	Nil	38,191
Sook, District of Keningau, Sabah							
Desa Kim Loong Palm Oil Sdn. Bhd.							
- CL 135345069	31/12/2080	Oil palm plantation/ Palm oil mill	40.47 ⁽³⁾	31 Jan 2004	21,115	4 years	8,042
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)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2007 RM'000
Kim Loong Palm Oil Mills Sdn. Bhd.							
- HS (D) 15057, Lot No. 2420	Freehold	Palm oil mill	24.18	31 Jan 2004	37,711	10 years	13,510
- HS (D) 708, MLD 598	Freehold	Vacant land	4.32	(10 Mar 2003)	Not applicable	Nil	2,209
- HS (D) 709, MLD 599	Freehold	Vacant land	4.93	(10 Mar 2003)	Not applicable	Nil	2,517
- HS (M) 118	Freehold	Vacant land	2.05	(17 Feb 2003)	Not applicable	Nil	566
Hulu Sg Sedeli Besar Kota Tinggi, Johor							
Winsome Al-Yatama Sdn. Bhd.							
- HSD 13896, PTD 828	31/10/2064	Oil palm plantation	1,093.46	(09 Nov 2004)	Not applicable	Nil	12,804
Mukim Hulu Sg Sedeli Besar Kota Tinggi, Johor							
Palm Nutraceuticals Sdn. Bhd.							
- HS (D) 15057, Lot No. 2420	Freehold	Factory/office ⁽⁴⁾		Not applicable	1,200	2 years	1,266
Hulu Sg Sedeli Besar Kota Tinggi, Johor							
Kim Loong Technologies Sdn. Bhd.							
- HS (D) 15057, Lot No. 2420	Freehold	Factory ⁽⁴⁾		Not applicable	1,610	1 year	815
Hulu Sg Sedeli Besar Kota Tinggi, Johor							
							13,046.13
							209,557

(1) These buildings are sited on the leasehold land CL 135345069 held by Desa Kim Loong Palm Oil Sdn. Bhd.

(2) This land was subleased from a third party.

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

(4) These buildings are sited on the freehold land HS (D) 15057, Lot No. 2420 held by Kim Loong Palm Oil Mills Sdn. Bhd.

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-second Annual General Meeting of the Company to be held at The Orchid/Olive Room, Lower Ground Floor of One World Hotel, First Avenue, Off Dataran Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Monday, 30 July 2007 at 2.00 p.m. for the following purposes:-

NO	RESOLUTION	FOR	AGAINST
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final and special dividends		
3.	Re-appointment of Director: Mdm. Loo Geok Eng		
4.	Re-election of Director: Mr. Gooi Seong Lim		
5.	Re-election of Director: Mr. Gooi Seong Gum		
6.	Re-election of Director: Mr. Teoh Cheng Hai		
7.	Re-appointment of Auditors		
8.	Authority to issue shares		
9.	Proposed Renewal of Shareholders' Mandate		
10.	Proposed Amendments to the Articles of Association of the Company		

(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 _____ 2007

Signature of Member(s)

Number of Shares held	
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NOTES:

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

To be valid, this Form duly completed must be deposited at the registered office of the Company at Unit No. 203, 2nd Floor, Block C, Damansara Intan, No. 1, Jalan SS 20/27, 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.

SECOND FOLD

STAMP

THE SECRETARY
KIM LOONG RESOURCES BERHAD

(22703-K)

UNIT NO. 203, 2ND FLOOR, BLOCK C

DAMANSARA INTAN

NO. 1, JALAN SS 20/27

47400 PETALING JAYA

SELANGOR DARUL EHSAN

FIRST FOLD

