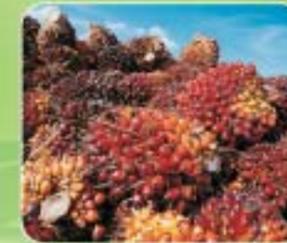




KIM LOONG
RESOURCES BERHAD
(22703-K)

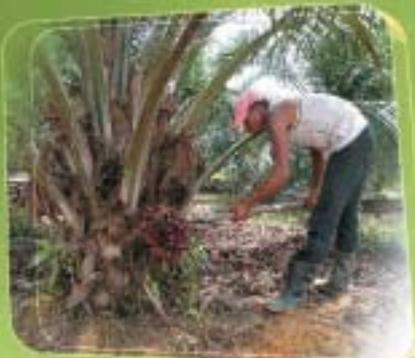
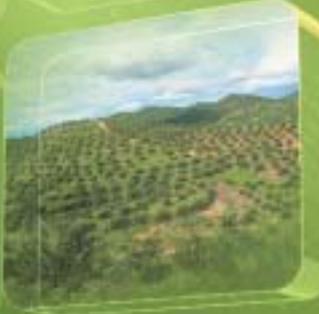
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Kim Loong Resources Berhad will be held at Tropicana Golf & Country Resort Berhad, Ballroom 2, 1st Floor, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 July 2005 at 11.00 a.m. for the following purposes:-

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2005 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final dividend of 4% less tax in respect of the financial year ended 31 January 2005. **Resolution 2**

3. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965:-
Datuk Haji Mohd. Zamani bin Samah **Resolution 3**
Mdm. Loo Geok Eng **Resolution 4**
Mr. Mathew K. Mathai **Resolution 5**

4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association of the Company:-
Mr. Gooi Seong Gum **Resolution 6**
Mr. Teoh Cheng Hai **Resolution 7**

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:-
"THAT the vacancy arising upon the retirement at the conclusion of this meeting of Ms. Gooi Seow Mee as a director under Article 77 of the Articles of Association should not be filled or any person elected as an additional director for the time being." **Resolution 8**

6. To re-appoint Messrs Liang & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

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

ORDINARY RESOLUTION I - AUTHORITY TO ISSUE SHARES

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

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

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to renew the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.5 of the Circular dated 5 July 2005, provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

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



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

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

whichever is the earlier;

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

Resolution 11

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirtieth Annual General Meeting, the final dividend of 4% less tax in respect of the financial year ended 31 January 2005 will be paid on 15 August 2005 to depositors registered in the Record of Depositors on 29 July 2005.

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

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 July 2005 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
5 July 2005

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 -

The Nomination Committee has not recommended Ms. Gooi Seow Mee for re-election. She will be deemed re-elected if the proposed resolution is not passed.

(3) Resolution 10 -

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

(4) Resolution 11 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 5 July 2005 which is enclosed together with the Annual Report 2005.

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 Thirtieth Annual General Meeting:-

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

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

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

Mr. Gooi Seong Gum
Mr. Teoh Cheng Hai

(2) (a) There were ten (10) Board of Directors' Meetings during the financial year ended 31 January 2005, all held at Lot 18.01, 18th Floor, Public Bank Tower, No. 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, except the Meetings of 27 June 2004 and 26 July 2004 which were held at Function Room 1, Level 3, The Pacific Sutera Hotel, 1, Sutera Harbour Boulevard, Sutera Harbour, 88100 Kota Kinabalu and Sheraton Subang Hotel & Towers, Melati Room, Mezzanine Floor, Jalan SS12/1, 47500 Subang Jaya respectively. The date and time of the Meetings were as follows:-

Date of Meetings	Time
Tuesday, 3 February 2004	2.30 p.m.
Thursday, 25 March 2004	9.15 a.m.
Monday, 26 April 2004	11.15 a.m.
Wednesday, 5 May 2004	11.15 a.m.
Tuesday, 11 May 2004	11.15 a.m.
Sunday, 27 June 2004	11.30 a.m.
Monday, 26 July 2004	9.40 a.m.
Monday, 2 August 2004	9.50 a.m.
Friday, 24 September 2004	2.15 p.m.
Thursday, 30 December 2004	3.00 p.m.

(b) Attendance of Directors at the Board of Directors' Meetings held during the financial year ended 31 January 2005 are as follows:-

Name of Director	Attendance at Meetings	Percentage of Attendance (%)
Datuk Haji Mohd. Zamani bin Samah	10/10	100
Gooi Seong Lim	10/10	100
Loo Geok Eng (f)	10/10	100
Gooi Seong Heen	10/10	100
Gooi Seong Chneh	10/10	100
Gooi Seong Gum	10/10	100
Gooi Seow Mee (f)	10/10	100
Gan Kim Guan	10/10	100
Teoh Cheng Hai	9/10	90
Mathew K. Mathai	8/10	80

(3) The Thirtieth Annual General Meeting will be held Tropicana Golf & Country Resort Berhad, Ballroom 2, 1st Floor, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 July 2005 at 11.00 a.m.

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

Corporate Information

Board of Directors

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

Audit Committee

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

Secretaries

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

Registered Office

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

Registrar

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

Auditors

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

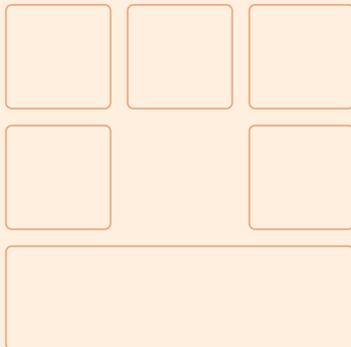
Principal Bankers

OCBC Bank (Malaysia) Berhad (295400-W)
Malayan Banking Berhad (3813-K)
HSBC Bank Malaysia Berhad (127776-V)

Stock Exchange Listing

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

Board of Directors



1st row from left to right

Mathew K. Mathai

Datuk Haji Mohd. Zamani bin Samah *(Chairman)*

Gooi Seong Lim *(Managing Director)*

2nd row from left to right

Loo Geok Eng *(f)*

Teoh Cheng Hai

3rd row from left to right

Chong Fook Sin *(Company Secretary)*

Gan Kim Guan

Gooi Seong Chneh

Gooi Seong Heen

Gooi Seong Gum

Gooi Seow Mee *(f)*

Ng Kam May *(f) (Company Secretary)*

Profile of Directors



Datuk Haji Mohd. Zamani bin Samah
Independent Chairman



Gooi Seong Lim
Managing Director



Loo Geok Eng
Executive Director

Datuk Haji Mohd. Zamani Bin Samah, aged 83, a Malaysian, was appointed to the Board of Directors (“the Board”) of Kim Loong Resources Berhad (“KLR”) on 21 July 2000. He is currently the Independent Non-executive Chairman of KLR and is also a member of the Audit Committee. He was the Chief Police Officer of Johor from 1973 to 1977. He has been active in the quarry, plantation and property development businesses for several years since retiring from the Government service in July 1977. He has been involved in the oil palm industry since 1978 through his shareholding and directorship in Kim Loong Palm Oil Sdn. Bhd. (“KLPO”) and later in the quarry business in 1983 through his shareholding and directorship in Syarikat Kuari Sinaran Cemerlang Sdn Bhd. He also sits on the Board of Crescendo Corporation Berhad (“CCB”), a public company listed on the Main Board of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and several other private companies.

Datuk Haji Mohd. Zamani has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended all the ten (10) Board meetings held during the financial year 2005.

Gooi Seong Lim, aged 57, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently the Managing Director of KLR. He is also a member of the Remuneration Committee with effect from 27 March 2002. He graduated with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and obtained a Master’s degree in Mechanical Engineering in 1975 both from the University of Toronto, Canada. From 1972 to 1975, he was an engineer of Spar Aerospace Ltd, an engineering company based in Toronto, Canada, specialising in the design and computer simulations of Canadian Communication Satellite and subsequently, with Atomic Energy of Canada Ltd based in Toronto, Canada, a quasi-government company specialising in the design, supply and construction of Canadian nuclear reactors. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad (“SKL”), an investment holding company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and property development. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with 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 ten (10) Board meetings held during the financial year 2005.

Loo Geok Eng (f), aged 86, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. She is the founder of SKL, an investment holding company which owns a controlling stake in KLR and CCB and has been the Director of SKL since 11 August 1967. Her experience includes that of oil palm and rubber estate management and property development. She currently sits on the Board of CCB and several other private companies.

Madam Loo has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with 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 ten (10) Board meetings held during the financial year 2005.

Profile of Directors (cont'd)



Gooi Seong Heen
Executive Director



Gooi Seong Chneh
Executive Director



Gooi Seong Gum
Executive Director

Gooi Seong Heen, aged 55, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR and is also a member of the Audit Committee. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 10 years. He attended all the ten (10) Board meetings held during the financial year 2005.

Gooi Seong Chneh, aged 51, 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 ten (10) Board meetings held during the financial year 2005.

Gooi Seong Gum, aged 50, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's 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 ten (10) Board meetings held during the financial year 2005.



Gooi Seow Mee
Executive Director



Mathew K. Mathai
Non-Executive Director

Gooi Seow Mee (f), aged 48, a Malaysian, was appointed to the Board of KLR on 28 February 1990. She is currently an Executive Director of KLR. She graduated with a Bachelor's degree in Commerce from the University of Toronto in 1980 and later obtained a Master's degree in Business Administration from the University of San Francisco, United States of America in 1986. In 1992, she obtained a Graduate Diploma in Hotel Management from Domino Carlton Tivoli Hotel Management School, Lucerne, Switzerland. She was a senior assistant in the Management Service Division of SGV-Kassim Chan, Kuala Lumpur from 1981 to 1984 and was an investment executive with Wearne Brothers Services Pte Ltd, a company incorporated in Singapore for a short period of time in 1986 to 1987. Her extensive experience lies in management consultancy, plantation management and property development. Since 1980, she has been a Director of SKL, an investment holding company which owns a controlling stake in KLR and CCB. Since 1987, she has been involved in the management of the housing development project known as Desa Cemerlang, Mukim Plentong, District of Johor Bahru, Johor Darul Takzim and since 1998, she has been involved in the management of KLR Group's Sabah plantations. She currently sits on the Board of CCB and several private companies.

Miss Gooi has no personal interest in any business arrangement involving KLR, except that she is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of her directorship and shareholding in SKL. She has not been convicted of any offences within the past 10 years. She attended all the ten (10) Board meetings held during the financial year 2005.

Mathew K. Mathai, aged 72, a Malaysian, was appointed to the Board of KLR on 21 July 2000. He is currently a Non-executive Director of KLR. He resigned from the Audit Committee on 28 March 2001 because under the revamped Listing Requirements of Kuala Lumpur Stock Exchange (currently known as the Listing Requirements of Bursa Securities) he is not an Independent Director. He sits as a member of both the Nomination and Remuneration Committees with effect from 27 March 2002. He graduated with Bachelor of Arts Degree in Economics from the University of Malaya in 1957 and is currently a director of a tax consultant firm. He is a director of CCB and of several other private companies. He is a Fellow of the Malaysian Institute of Taxation. He was attached to the Income Tax Department in Singapore from December 1957 to August 1960 and with the Inland Revenue Department, Malaysia from August 1960 to May 1968. He joined Coopers & Lybrand as a tax consultant in May 1968 and left in May 1974 to set up a tax consultancy firm.

Mr Mathai is not independent by virtue of his directorship in two companies which provide consultancy services to KLR Group. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended eight (8) of the ten (10) Board meetings held during the financial year 2005.

Profile of Directors (cont'd)



Gan Kim Guan
Senior Independent Director



Teoh Cheng Hai
Independent Director

Gan Kim Guan, aged 43, 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 ten (10) Board meetings held during the financial year 2005.

Teoh Cheng Hai, aged 60, a Malaysian, was appointed to the Board of KLR as an Independent Non-executive Director on 1 August 2001. He is a member of the Audit Committee of KLR with effect from 27 September 2001 and is the Chairman of both the Nomination and Remuneration Committees of KLR with effect from 27 March 2002. He graduated with a Bachelor of Agricultural Science Degree from the University of Malaya in 1968. He has 35 years experience in the plantation industry, principally in research and development and in total quality & environment management. He was formerly Director of R&D (1989-1995) and Director, Quality & Environment Management and Member of the Group Management Committee of Golden Hope Plantations Berhad from 1995 until his retirement from the company in year 2000. Currently, he is the Secretary-General of the Roundtable on Sustainable Palm Oil ("RSPO"). He served as the Honorary Advisor (Plantation Agriculture) to World Wide Fund for Nature ("WWF") Malaysia from 2000 - 2004. He is a member of the Faculty of Sustainability Ltd, UK.

Mr Teoh has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 10 years. He attended nine (9) of the ten (10) Board meetings held during the financial year 2005.

Family Relationships

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

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

Group Financial Highlights

financial year ended 31 January

	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
Income Statement (RM'000)					
Revenue	116,641	98,513	147,318	196,131	230,706
Profit before tax	16,610	8,818	13,568	16,283	16,402
Profit after tax	11,884	4,989	9,057	11,881	11,551
Balance Sheet (RM'000)					
Paid-up share capital	106,750	106,750	106,750	106,750	106,750
Shareholders' equity	156,593	155,044	160,720	216,787	224,593
Total assets	206,646	209,450	229,769	343,970	365,221
Per Share (RM)					
Earnings	0.12	0.05	0.09	0.13	0.12
Net tangible assets	1.46	1.45	1.50	2.01	2.09
Dividends	0.05	0.05	0.06	0.07	0.07
Weighted average number of share in issue ('000)	61,187	106,750	106,750	106,750	106,750
Financial Ratio (%)					
Return on shareholders' equity (Pretax)	10.61	5.69	8.44	7.51	7.30
Return on total assets (Pretax)	8.04	4.21	5.91	4.73	4.49
Plantations					
Plantation Area (Acres)					
Oil Palm					
Mature	5,081	6,895	14,088	23,897	26,978
Immature	14,169	16,718	11,211	4,071	990
Unplanted land	6,800	2,437	745	1,058	3,760
	26,050	26,050	26,044	29,026	31,728
Cocoa and others	435	435	395	411	411
Total plantable area	26,485	26,485	26,439	29,437	32,139
Infrastructure and unplantable land	1,342	1,342	1,388	1,374	1,374
Total land area	27,827	27,827	27,827	30,811	33,513
Production (MT)					
Fresh fruit bunches ("FFB")	51,376	59,111	70,623	105,276	148,875
Yield per mature acre	10.11	8.57	5.01	4.41	5.52
Mills					
Production and Extraction Rate					
Crude palm oil ("CPO") (MT)	87,150	78,006	73,618	94,072	100,079
Oil extraction rate (% of FFB)	18.13	18.33	18.50	19.02	19.68
Palm kernel oil ("PKO") (MT)	14,917	12,956	11,456	12,809	11,673
Oil extraction rate (% palm kernel "PK")	43.48	42.96	42.84	42.83	43.02



Group Structure as at 31 January 2005



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司



Statement on Corporate Governance

INTRODUCTION

The Board of KLR is committed to ensure the adoption of principles and best practices as enshrined in the Malaysian Code of Corporate Governance ("the Code") throughout the Group. It recognises that the adoption of highest standards of governance is imperative for the enhancement of stakeholders' value.

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 2005.

THE BOARD OF DIRECTORS

The Board is the ultimate decision making entity. It leads and controls the Group. The Board is primarily responsible for among other things, the review and adoption of a strategic plan for the Group, oversight of business performance, ensuring the adoption of appropriate risk management system and ensuring establishment of proper internal control system.

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

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

Composition and Balance

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

The Board comprises Datuk Haji Mohd. Zamani bin Samah, who is an Independent Chairman, six (6) Executive Directors, two (2) Independent Non-executive Directors (of which, one is a Senior Independent Non-executive Director) and one (1) Non-executive Director. The Directors who have a wide range of experience in both private and public sector and academic background provide a collective range of skills, expertise and experience which is necessary for the success of the Group. The Independent Non-executive Directors fulfil their role by providing objective judgement and participation in the decision making process. A brief profile of each Director is presented on pages 7 to 10 of this Annual Report.

The Group practises a division of responsibilities between the Chairman and the Group Managing Director and there is a balance of Executive, Non-executive and Independent Non-executive Directors. The roles of the Chairman and Group Managing Director are clearly segregated with defined responsibilities 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 over the day-to-day running of the business and implementation of Board policies and decisions.

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

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

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



Statement on Corporate Governance (cont'd)

THE BOARD OF DIRECTORS (cont'd)

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 2005, there were ten (10) Board meetings held. A majority of the Directors attended all Board meetings held during their tenure.

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

Name of Director	Status of Directorship	Attendance Of Meetings
Datuk Haji Mohd. Zamani bin Samah	Independent Chairman	10 of 10
Gooi Seong Lim	Group Managing Director	10 of 10
Loo Geok Eng (f)	Executive Director	10 of 10
Gooi Seong Heen	Executive Director	10 of 10
Gooi Seong Chneh	Executive Director	10 of 10
Gooi Seong Gum	Executive Director	10 of 10
Gooi Seow Mee (f)	Executive Director	10 of 10
Mathew K. Mathai	Non-executive Director	8 of 10
Gan Kim Guan	Senior Independent Non-executive Director	10 of 10
Teoh Cheng Hai	Independent Non-executive Director	9 of 10

Appointment and election to the Board

There is in place a formal and transparent procedure for the appointment of new Directors to the Board. 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 Annual General Meeting ("AGM") are recommended by the Nomination Committee to the Board for their approval. The Nomination Committee of the Board was established on 27 March 2002 to identify, nominate and recommend the appointments of Directors to the Board and Committees of the Board.

Director's Training

All Directors have attended the Mandatory Accreditation Programme and various courses linked to the Continuing Education Program. The Company has been on an on-going basis identifying conferences and seminar that will be beneficial to the Directors.

Information for the Board

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

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

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

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



THE BOARD OF DIRECTORS (cont'd)

Information for the Board (cont'd)

In exercising their duties, Directors whether as a Board Committee or in their individual capacity, in furtherance of their duties, may seek independent professional advice at the Company's expenses.

Board Committee

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

Audit Committee	4 meetings
Nomination Committee	2 meetings
Remuneration Committee	1 meeting

The terms of reference of each 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 23 to 27 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 page 29 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 28 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 Director's remuneration are to attract and retain Directors of the calibre needed to manage the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-executive Director concerned.

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



THE BOARD OF DIRECTORS (cont'd)

Director's Remuneration (cont'd)

The remuneration package of the Directors is as follows:-

Basic salary

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

Fees

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

Bonus scheme

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

Directors' Share Option

The Group also rewards the eligible staff and Directors of the Group with share options under its Employees' Share Option Scheme. During the year under review, the shareholders approved the establishment of a new scheme and options for up to fifteen (15) percent of the total number of shares issued and paid-up capital of the Company at any time during the existence of the scheme is available to be allotted and issued under the scheme.

A summary of the remuneration of the Directors for the financial year ended 31 January 2005, distinguishing between Executive and Non-executive Directors in aggregate, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive band of RM50,000 are set out as follows:-

Aggregate Remuneration	Executive Directors (RM'000)	Non-executive Directors (RM'000)	Total (RM'000)
Fees	45	227	272
Salary and Other Emoluments	1,295	18	1,313

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

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

INVESTORS AND SHAREHOLDERS RELATIONSHIP

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

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Board is conscious of their responsibility over the Group's Financial Statements. All results released to the public are tabled and scrutinised at the Audit Committee and Board meetings to ensure that it presents a balanced and understandable assessment of the Group's performance and prospects.

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

Internal Control

The 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 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 on page 23 to 27 of this Annual Report.



Statement on Corporate Governance (cont'd)

ACCOUNTABILITY AND AUDIT (cont'd)

Environmental Management

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

Other Information Pursuant To The Listing Requirements of Bursa Securities

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

1) Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

2) Share Buy-Back

There was no share buy-back performed 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.

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

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

5) Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities.

6) Non-audit fees

During the financial year, there were no non-audit fees paid and payable to the External Auditors.

7) Variation in results

There was no material variance 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 were no material contracts entered into by the Company and its subsidiaries involving Directors and/or major shareholder and/or related parties.

10) Revaluation Policy

The Group's revaluation policy is stated in Notes 2(b) and 2(c) 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 36 to the Financial Statements.

This Statement is made in accordance with a resolution of the Board dated 27 June 2005.



Statement on Internal Control



INTRODUCTION

The Board is pleased to present the Statement on Internal Control of the Group comprising Kim Loong Resources Berhad and its subsidiary companies which outline the key elements of internal control for the financial year ended 31 January 2005.

BOARD RESPONSIBILITY

The Board acknowledges its responsibilities for maintaining sound internal control systems to safeguard shareholders' interest and the Group's assets, and for reviewing the adequacy and integrity of these systems. Such systems, however, are designed to manage rather than 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 reviewed by the Board and accords with the guidance from the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by Bursa Securities and the Malaysian Code of Corporate Governance.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risk by considering the overall control environment of the organisation and an effective monitoring mechanism. The Group Managing Director and 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.

RISK MANAGEMENT

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") of the Group's major shareholder, Sharikat Kim Loong Sendirian Berhad.

The Group has put in place a Risk Management Committee ("RMC") that is chaired by the Group Managing Director 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.

The Group's risk management system was developed in 2002 with the help of both related and external experts. Risk assessment and evaluation will form an integral part of the annual 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 identified significant risk. New areas will be introduced for assessment as the business risk profile changes.

Statement on Internal Control (cont'd)



RISK MANAGEMENT (cont'd)

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.

INTERNAL AUDIT FUNCTION

The Internal Audit Function has been undertaken by the IAD of the Group's major shareholder, 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 audit recommendations. The status of implementation of the agreed actions are followed up by the Internal Auditors to ensure that satisfactory control is maintained.

The 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.

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.
- A recruitment and promotion policy that ensures appropriate persons of calibre is selected to fill position available.
- 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 back to the Board with their recommendations.
- Regular site visits to the operations within the Group by members of the Board and senior management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

- 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.
- The staff is provided with the necessary resources to enable the achievement of corporate objectives and ensuring the existence of an adequate system of internal control and by carrying out risk management activities.
- Asset counts are done on a periodical basis and reconciled to the underlying records. All access to the assets and records of the Group are controlled to safeguard assets and reduce the risk against unauthorised access.

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 Annual Report and Audited Financial Statements is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators and employees and the Group's assets.

The External Auditors have reviewed this Statement on Internal Control pursuant to paragraph 15.24 of the Listing Requirements of Bursa Securities and have reported to the Board that it appropriately reflects the processes that the Board adopts in reviewing the adequacy and integrity of the system of internal control.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2005.



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 for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Securities, the Financial Statements have been prepared in accordance with the applicable approved accounting standard in Malaysia and the provisions of the Act.

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

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

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and 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 of the Company to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2005.





MEMBERS

The Audit Committee presently comprises the following members:

- Chairman : Gan Kim Guan
(Senior Independent Non-executive Director & Member of the Malaysian Institute of Accountants)
- Members : Datuk Haji Mohd. Zamani bin Samah *(Independent Non-executive Director)*
Gooi Seong Heen *(Executive Director)*
Teoh Cheng Hai *(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 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.



TERMS OF REFERENCE (cont'd)

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;
 - b. with the External Auditors, their evaluation of the system of internal controls;
 - 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 program, processes, the results of the internal audit or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the Internal Auditors;
 - g. the quarterly results and year end financial statements, prior to the approval by the Board, particularly on:
 - i) any changes in or implementation of major accounting policies;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements
 - h. any related party transaction and conflict of interest situations that may arise within the 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 (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.
- (ii) To recommend the nomination of a person or persons as External Auditors and the external audit fee.



TERMS OF REFERENCE (cont'd)

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 2005, 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 Director
Gan Kim Guan	4	4
Datuk Haji Mohd. Zamani b Samah	4	4
Gooi Seong Heen	4	4
Teoh Cheng Hai	4	4

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 results 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 of the Committee to consider the matters brought to their attention.
- 4.4 Other Directors, representatives of the External Auditors, Group Accountant, Internal Auditors and other members of senior management or any other relevant employees within the Group may be invited to attend 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.



TERMS OF REFERENCE (cont'd)

4. Meetings (cont'd)

Details of meetings (cont'd)

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

During the financial year 2005, 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 discuss results of their examinations and recommendations.
- Reviewed with the External Auditors the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that require appropriate actions and the Management's responses thereon.
- Reviewed the Audited Financial Statements before recommending them to the Board's approval.
- Reviewed the Company's compliance, in particular the quarterly results with the Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.



5. Activities During the Financial Year (cont'd)

- Reviewed the IAD's resource requirement, programmes and plan 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 ensure that material findings are adequately addressed by management. Where required, members of the Audit Committee would carry out ground visit to verify significant issues highlighted in the Internal Audit Report.
- Reviewed and recommended for the Board's approval the quarterly results for announcement to the Bursa Securities in compliance with its Listing Requirements
- Reviewed the statements included in the Annual Report namely the Statement on Corporate Governance and Statement on Internal Control.
- 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 annual audited financial statements of the Group and the Company with the External Auditors prior to submission to the Board for approval. The review would entail due compliance with the provision of the Companies Act, 1965, Listing Requirements of Bursa Securities, applicable approved accounting standards in Malaysia as well as other legal and regulatory requirements.
- Reviewed the outcome of the risk management programme, including key risk identified, the potential impact and the likelihood of the risk occurring, existing controls and action plans;

6. Internal Audit Function

The Internal Audit Function has been outsourced to the IAD of the Group's major shareholder, 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 was given on high and critical risk areas and compliance regulatory guidelines. When a major risk was identified, significant audit resources would be directed to investigate the weakness and to recommend corrective actions.

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

This Statement is made in accordance with a resolution of the Board of Directors dated 27 June 2005.



Remuneration Committee Report

COMPOSITION OF MEMBERS

1. Members

The Remuneration Committee comprises the following members:-

Chairman	:	Teoh Cheng Hai
Members	:	Gan Kim Guan Gooi Seong Lim Mathew K. Mathai
Secretaries	:	Chong Fook Sin Ng Kam May

TERMS OF REFERENCE

1. Membership

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

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

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

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

2. Frequency of Meeting

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

3. Authority

The Remuneration Committee is authorised to draw from outside advice as and when necessary in forming its recommendation to the Board on the remuneration of the Executive Directors in all its forms. Executive Directors should play no part in 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 once during the financial year 2005. All members attended the meeting.

The Committee reviewed the current remuneration of the Executive Directors and recommended the levels of remuneration of Executive Directors for the financial year 2005.

Nomination Committee Report

COMPOSITION OF MEMBERS

1. Members

The Nomination Committee comprises the following members:-

Chairman	:	Teoh Cheng Hai
Members	:	Gan Kim Guan Mathew K. Mathai
Secretaries	:	Chong Fook Sin Ng Kam May

TERMS OF REFERENCE

1. Membership

The Committee shall be appointed by the Board from 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 a financial year.

3. Authority

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

4. Function of Nomination Committee

The duties of the Nomination Committee shall be:-

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

REPORT AND MINUTES

1. Reporting Procedures

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

2. Summary of Activities of the Nomination Committee

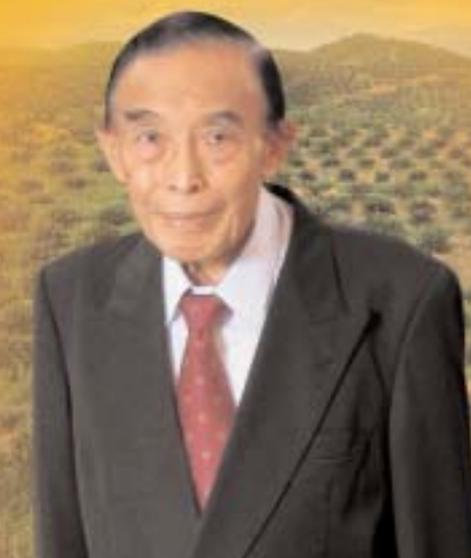
The Committee met twice during the financial year 2005. All members attended the meeting.

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



Chairman's Statement

On behalf of the Board of Directors of Kim Loong Resources Berhad ("KLR"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2005.



Datuk Haji Mohd. Zamani bin Samah

Independent Chairman

RESULTS

The Group recorded a revenue and profit before tax ("PBT") of RM230.7 million and RM16.4 million respectively for the current financial year 2005. This represents an increase of 18% in revenue and 1% in PBT as compared to RM196.1 million and RM16.3 million respectively recorded in the preceding financial year 2004.

The net increase of 18% in revenue amounting to RM34.6 million was contributed by both the palm oil milling operations and plantation operations due to increase in production as well as better palm oil prices.

Despite the increase in revenue of 18%, the PBT only increased by 1% mainly due to higher finance costs and lower reversal of diminution in value of quoted securities as compared to the financial year 2004.

DIVIDEND

The Board is pleased to recommend a final gross dividend of 4 sen per share, less 28% tax (2004: 4 sen per share, less 28% tax), making a total dividend of 7 sen per share, less 28% tax (2004: 7 sen per share, less 28% tax) for the financial year 2005.

CORPORATE DEVELOPMENTS

The Company was selected as one of the companies included in the book entitled "Top Malaysian Small Cap Companies – 100 Hidden Jewels" published by OSK Research Sdn. Bhd..

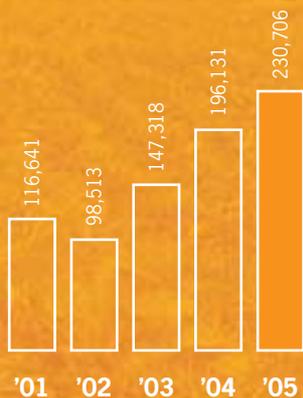
The Company has undertaken the following corporate exercise during the financial year:

Rights issue with detachable free warrants

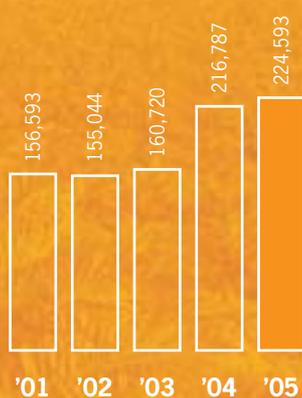
The Company has successfully raised RM70.46 million from the renounceable rights issue of 64,050,000 new ordinary shares of RM1 each at an issue price of RM1.10 together with 42,700,000 detachable free warrants on the basis of 3 new ordinary shares of RM1 each and 2 detachable free warrants for every 5 existing ordinary shares of RM1 each. The official quotation of the Rights Shares and Warrants commenced on 29 April 2005.

This exercise has raised funds mainly to retire part of the Group's borrowings and also to part finance plantation development expenditure and construction of plants. By retiring some of the Group's borrowings and hence lowering its gearing, the Group will be able to consider tapping bank borrowings at a later date to acquire suitable agricultural land to further expand its earning base.

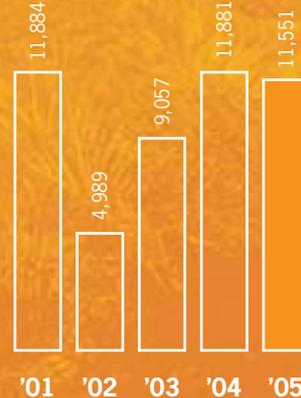
Revenue (RM'000)



Shareholders' Equity (RM'000)



Profit After Tax (RM'000)



CORPORATE DEVELOPMENTS (cont'd)

Employees' Share Option Scheme

The shareholders of the Company approved the establishment of an Employees' Share Option Scheme ("ESOS") for eligible employees and Directors of the Group at the Extraordinary General Meeting held on 26 January 2005. The ESOS is intended to motivate and encourage employees of the Group towards greater dedication and loyalty, reward and retain employees whose services are vital to the Group's business operations, continued growth and future expansion. It will also allow the employees to participate in the equity of the Company and to relate directly to the overall performance of the Group.

The implementation of ESOS is effective for a period of 5 years commencing from 18 March 2005.

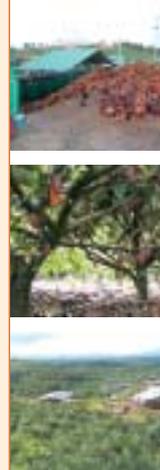
PALM OIL MILLING OPERATIONS

The palm oil milling operations recorded a 17% increase in revenue mainly on account of higher palm oil production and prices. Currently, the Group operates two crude palm oil ("CPO") mills which are situated at Kota Tinggi, Johor and Keningau, Sabah with a combined processing capacity of approximately 750,000MT of FFB per annum.

In July 2004, the mill at Keningau, Sabah successfully expanded its processing capacity from 15MT of FFB per hour to 45MT of FFB per hour. The improved processing capacity has contributed to higher palm oil production of the Group as compared to the financial year 2004.

The FFB processed increased by 2% or 11,000 Metric Tonnes ("MT") to 509,000 MT as compared to 498,000 MT in the financial year 2004. Of the total FFB processed, the contribution from the mill in Keningau, Sabah of 17% has mitigated the drop in FFB processed by the mill in Kota Tinggi, Johor of 8% due to competition for FFB supplies.

Although the average CPO and Palm Kernel Oil ("PKO") prices increased by approximately 3% and 47% respectively compared to those recorded in the last financial year, the profit from the milling operations dropped by 29% or RM2.4 million to RM5.9 million, compared to RM8.3 million for the last financial year. This was mainly due to the realisation of oil stocks at a value lower than their carrying amount during the year and also a lower processing margin due to competition for FFB supplies from surrounding mills. The drop in profit from operations was also partly caused by a lower reversal of diminution in value of quoted securities of RM0.35 million for current financial year as compared to the reversal of RM1.78 million in the last financial year.





PLANTATION OPERATIONS

The profit from plantation operations recorded an impressive 47% increase to RM16.9 million in the financial year 2005, compared to the financial year 2004. The better profit was achieved as a result of higher revenue of RM47.2 million (2004 : RM32.1 million). The good performance of the plantation operations was mainly attributable to the higher FFB production.

The weighted average selling price of FFB increased by approximately 4% whilst the FFB production had increased by approximately 41% or 43,600 MT from 105,300 MT to 148,900 MT because more young plantings were being harvested.

The Group's mature oil palm area has further increased by 13% from 23,900 acres to 27,000 acres in the financial year 2005 which represents about 96% of total planted area. The average yield per acre has improved by 25% or 1.11 MT per acre to 5.52 MT per acre, compared to 4.41 MT per acre for the financial year 2004. However, as productivity in the first one to two years of maturity is normally low, the overall yield per acre of the Group will further improve when more young plantings reach their prime yield profile.

During the financial year 2005, the Group acquired an additional 2,700 acres of land in Johor for oil palm plantation to reduce the dependency of external FFB supplies to the oil mill at Kota Tinggi, Johor.

DEVELOPMENT AND PROSPECTS

Although the crude palm oil prices have softened due to the anticipated increase in oilseed production in 2005, the prospects for the oil palm industry continue to be good as new markets are developing for palm oil. 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.

The expansion of the mill in Keningau, Sabah has increased the Group's palm oil milling operations to a total combined processing capacity of 750,000 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. The construction of this plant has commenced in the first quarter of 2005. The Group has also diversified into the palm nutraceuticals project which involves the construction and operation of a facility for extracting tocotrienol (belonging to vitamin E family) concentrates. This plant is expected to commence operations in the fourth quarter of 2005. We will also continue our effort to develop the local and export markets for the bio-fertilizers.

With the increasing mature oil palm acreage, the Group is expected to benefit from higher FFB production and satisfactory palm oil prices. The yield per acre is expected to continue to improve in the next few years. The Group will continue to look into the opportunity to increase its landbank near its existing palm oil mills through acquisition or joint venture to provide a sustainable and synergistic growth in revenue and profit.

The Group is also undertaking a feasibility study on the viability of setting up a renewable power co-generation plant using bio-mass and bio-gas from the waste generated from its palm oil mill at Kota Tinggi, Johor.

DEVELOPMENT AND PROSPECTS (cont'd)

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

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group's performance to improve for the financial year ending 31 January 2006.

APPRECIATION

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

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

Datuk Haji Mohd. Zamani bin Samah

Chairman
Johor Bahru, Johor

27 June 2005



Penyata Pengerusi

Bagi pihak Lembaga Pengarah Kim Loong Resources Berhad (“KLR”), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan bagi tahun kewangan berakhir 31 Januari 2005.

PRESTASI PENCAPAIAN

Kumpulan mencatatkan hasil dan keuntungan sebelum cukai (“PBT”) sebanyak RM230.7 juta dan RM16.4 juta masing-masing bagi tahun kewangan semasa 2005. Ini bersamaan dengan peningkatan sebanyak 18% dalam hasil dan 1% dalam PBT berbanding dengan jumlah RM196.1 juta dan RM16.3 juta masing-masing dalam tahun kewangan lepas 2004.

Peningkatan bersih sebanyak 18% dalam hasil yang berjumlah RM34.6 juta adalah sumbangan daripada kedua-dua operasi pengilangan minyak kelapa sawit dan perladangan kelapa sawit yang mengalami peningkatan dalam pengeluaran dan juga harga minyak kelapa sawit yang lebih baik.

Meskipun hasil meningkat sebanyak 18%, tetapi PBT hanya meningkat sebanyak 1% kerana kos pembiayaan kewangan yang lebih tinggi dan pembalikan yang lebih rendah dalam pengurangan nilai saham disenaraikan berbanding dengan tahun kewangan 2004.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir sebanyak 4 sen sesaham, tolak cukai 28% (2004: 4 sen sesaham, tolak cukai 28%), menjadikan jumlah dividen sebanyak 7 sen sesaham, tolak cukai 28% (2004: 7 sen sesaham, tolak cukai 28%) bagi tahun kewangan 2005.

PERKEMBANGAN KORPORAT

Syarikat telah dipilih sebagai salah sebuah syarikat yang tercatat dalam buku yang berjudul “Top Malaysian Small Cap Companies — 100 Hidden Jewels” terbitan OSK Research Sdn. Bhd..

Syarikat telah menjalankan pelaksanaan korporat berikut dalam tahun kewangan:

Terbitan hak dengan waran boleh cerai percuma

Syarikat telah berjaya mengumpul sebanyak RM70.46 juta daripada terbitan hak boleh lepas sebanyak 64,050,000 saham biasa baru RM1 sesaham pada harga terbitan RM1.10 sesaham dan 42,700,000 waran boleh cerai percuma atas dasar 3 saham biasa baru RM1 sesaham dan 2 waran boleh cerai percuma bagi setiap 5 saham biasa RM1 sesaham yang sedia ada. Penyenaraian dan sebut harga rasmi Saham Terbitan Hak dan Waran telah berkuatkuasa pada 29 April 2005.

Sebahagian besar dana yang dikumpulkan melalui pelaksanaan ini adalah untuk menyelesaikan sebahagian pinjaman Kumpulan dan juga untuk membiayai perbelanjaan pembangunan perladangan serta pembinaan loji-loji. Dengan menyelesaikan sebahagian pinjaman Kumpulan dapat merendahkan nisbah penggearing, Kumpulan boleh memperolehi pinjaman bank pada masa akan datang untuk membeli tanah pertanian yang sesuai bagi memperkembangkan lagi keupayaan perolehan Kumpulan.

Skim Opsyen Saham Kakitangan

Para pemegang saham Syarikat telah meluluskan penubuhan Skim Opsyen Saham Kakitangan (“ESOS”) untuk kakitangan dan Pengarah Kumpulan yang layak pada Mesyuarat Agung Luar Biasa yang telah diadakan pada 26 Januari 2005. ESOS bermatlamat untuk memberi motivasi dan galakan kepada kakitangan supaya mereka dapat bermotivasi dan setia terhadap Kumpulan. Selain daripada itu, ESOS memberi ganjaran kepada kakitangan untuk mengekalkan kepentingan perkhidmatan mereka dalam Kumpulan. ESOS juga menyediakan peluang penyertaan ekuiti kepada kakitangan dalam Syarikat dimana prestasi keseluruhan Kumpulan dapat dikaitkan secara langsung.

Implementasi ESOS berkuatkuasa untuk tempoh 5 tahun mulai 18 Mac 2005.



PERKEMBANGAN DAN PROSPEK

Walaupun harga minyak sawit mentah menjadi lembap disebabkan oleh jangkaan pengeluaran minyak bijirin yang lebih tinggi dalam tahun 2005, prospek industri minyak sawit masih cerah kerana pasaran minyak sawit yang baru kian berkembang. Mata wang Dollar Amerika Syarikat yang lemah berbanding dengan mata wang utama juga membawa petanda baik kepada permintaan minyak sawit kerana aliran ini menjadikan minyak sawit lebih kompetitif berbanding dengan minyak bijirin yang didagangkan atas mata wang lain.

Perkembangan kilang di Keningau, Sabah, telah meningkatkan jumlah gabungan kapasiti pemprosesan kilang minyak sawit Kumpulan kepada 750,000 MT FFB setahun. Kilang di Kota Tinggi, Johor, telah melabur dalam loji pengestrak pelarut untuk mengestrak sisa minyak daripada serat kelapa sawit yang telah diproses. Pembinaan loji ini mula sejak suku tahun pertama 2005. Selain itu, Kumpulan juga mempelbagaikan dalam perniagaan lain seperti projek produk buatan minyak sawit yang berkhasiat yang melibatkan pembinaan dan pengendalian sebuah loji yang mengekstrak tocotrienol (sejenis Vitamin E). Loji ini dijangka akan beroperasi dalam suku keempat tahun 2005. Kumpulan juga akan mempergiatkan usaha untuk meningkatkan pasaran baja bio dalam pasaran tempatan dan antarabangsa.

Kumpulan dijangka dapat bermanfaat dengan pengeluaran FFB yang lebih tinggi dan harga minyak sawit yang memuaskan dengan peningkatan keluasan tanah pokok matang. Hasil seekar pula dijangka terus bertambah baik pada tahun yang akan datang. Kumpulan akan terus mempelopori peluang baru untuk meningkatkan bank tanah di kawasan yang berdekatan dengan operasi yang sedia ada melalui pengambilalihan atau usaha sama untuk mengekalkan peningkatan hasil dan keuntungan secara berterusan.

Kumpulan kini sedang menjalankan kajian untuk pembinaan sebuah loji janakuasa yang menghasilkan tenaga dengan menggunakan biojisim dan biogas daripada sisa-sisa buangan kilang minyak sawit di Kota Tinggi.

Kumpulan juga akan mempergiatkan usaha mempertingkatkan kecekapan, produktiviti dan keberkesanan kos dalam operasi Kumpulan ini untuk meningkatkan nilai pegangan ekuiti para pemegang saham.

Oleh itu, berdasarkan perkara tersebut dan jika tiada sebarang perkara yang tidak diduga, Lembaga Pengarah meramalkan prestasi Kumpulan akan bertambah baik pada tahun kewangan 31 Januari 2006.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan penghargaan kepada pihak Pengurusan dan kakitangan atas kesetiaan, dedikasi dan perkhidmatan cemerlang mereka yang dicurahkan kepada Kumpulan. Saya juga mengambil kesempatan ini untuk mengiktiraf sumbangan para pelanggan dan rakan pembekal yang dihargai atas sokongan padu dan keyakinan mereka terhadap Kumpulan. Sekalung budi kepada pihak berkuasa dan agensi kerajaan, ahli bank dan rakan perniagaan atas kerjasama dan sokongan yang berterusan.

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

Datuk Haji Mohd Zamani bin Samah

Pengerusi
Johor Bahru, Johor

27 Jun 2005



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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 2005.

Principal activities

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

Financial results

	Group RM	Company RM
Profit after tax	11,551,022	6,844,383
Minority interests	1,700,026	-
Net profit for the financial year	13,251,048	6,844,383

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 2004, as shown in the Directors' report of that year, a final gross dividend of 4 sen per share on 106,750,000 ordinary shares, less tax, paid on 20 September 2004	3,074,400
In respect of the financial year ended 31 January 2005, an interim gross dividend of 3 sen per share on 106,750,000 ordinary shares, less tax, paid on 15 December 2004	2,305,800
	5,380,200

The Directors recommend the payment of a final gross dividend in respect of the financial year ended 31 January 2005 of 4 sen per share less tax, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Reserves and provisions

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

Issue of shares and share options

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

Directors' Report (cont'd)

Directors

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

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

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

Directors' benefits

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

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

Directors' interest in shares and debentures

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

Shareholdings in the name of the Director	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2004	Bought	Sold	At 31.1.2005
Datuk Haji Mohd. Zamani bin Samah				
- direct interest	50,000	-	-	50,000
Gooi Seong Lim				
- direct interest	220,000	-	-	220,000
- indirect interest	77,519,000	-	-	77,519,000
Loo Geok Eng (f)				
- direct interest	410,000	-	-	410,000
- indirect interest	77,131,000	-	-	77,131,000
Gooi Seong Heen				
- direct interest	170,000	-	-	170,000
- indirect interest	77,519,000	-	-	77,519,000

Directors' Report (cont'd)

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

Shareholdings in the name of the Director	Number of ordinary shares of RM1 each in the Company			
	At 1.2.2004	Bought	Sold	At 31.1.2005
Gooi Seong Chneh				
- direct interest	170,000	-	-	170,000
- indirect interest	77,519,000	-	-	77,519,000
Gooi Seong Gum				
- direct interest	155,000	-	-	155,000
- indirect interest	77,519,000	-	-	77,519,000
Gooi Seow Mee (f)				
- direct interest	210,000	-	-	210,000
- indirect interest	77,519,000	-	-	77,519,000

Shareholdings in the name of the Director	Number of ordinary shares of RM1 each in related corporations			
	At 1.2.2004	Bought/Converted	Sold	At 31.1.2005
Crescendo Corporation Berhad				
Gooi Seong Lim	1,277,026	510,810	-	1,787,836
Loo Geok Eng (f)	1,142,734	579,093	-	1,721,827
Gooi Seong Heen	1,352,026	790,809	-	2,142,835
Gooi Seong Chneh	1,267,026	628,810	-	1,895,836
Gooi Seong Gum	1,311,027	524,410	-	1,835,437
Gooi Seow Mee (f)	1,964,036	-	-	1,964,036
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim	9,800	-	-	9,800
Gooi Seong Heen	9,800	-	-	9,800
Gooi Seong Chneh	9,800	-	-	9,800
Gooi Seong Gum	9,800	-	-	9,800
Gooi Seow Mee (f)	9,800	-	-	9,800
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim	4,560	-	-	4,560
Gooi Seong Heen	4,560	-	-	4,560
Gooi Seong Chneh	4,560	-	-	4,560
Gooi Seong Gum	4,560	-	-	4,560
Gooi Seow Mee (f)	4,560	-	-	4,560

Shareholdings in the name of the Director	Number of Irredeemable Convertible Unsecured Loan Stocks in a related corporation, Crescendo Corporation Berhad			
	At 1.2.2004	Bought	Converted	At 31.1.2005
Gooi Seong Lim	510,810	-	(510,810)	-
Loo Geok Eng (f)	457,093	-	(457,093)	-
Gooi Seong Heen	668,809	-	(668,809)	-
Gooi Seong Chneh	506,810	-	(506,810)	-
Gooi Seong Gum	524,410	-	(524,410)	-

Directors' Report (cont'd)

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

Shareholdings in the name of the Director	Number of options under Employee Share Option Scheme over ordinary shares of RM1 each in a related corporation, Crescendo Corporation Berhad			
	At 1.2.2004	Granted	Exercised	At 31.1.2005
Gooi Seong Lim	308,000	21,000	-	329,000
Loo Geok Eng (f)	287,000	-	(122,000)	165,000
Gooi Seong Heen	308,000	21,000	(122,000)	207,000
Gooi Seong Chneh	287,000	-	(122,000)	165,000
Gooi Seong Gum	287,000	-	-	287,000
Gooi Seow Mee (f)	213,000	-	-	213,000

Shareholdings in the name of the Director	Number of ordinary shares of RM100 each in holding company, Sharikat Kim Loong Sendirian Berhad			
	At 1.2.2004	Bought	Sold	At 31.1.2005
Gooi Seong Lim				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Loo Geok Eng (f)				
- direct interest	1,250	-	-	1,250
Gooi Seong Heen				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250
Gooi Seow Mee (f)				
- direct interest	17,500	-	-	17,500
- indirect interest	11,250	-	-	11,250

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

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

Statutory information on the financial statements

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

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

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

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

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

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

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

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

In the opinion of the Directors :

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

Holding and ultimate holding company

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

Auditors

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

Signed in accordance with a resolution of the Directors

GOOI SEONG LIM
Director

GOOI SEONG HEEN
Director

Dated : 26 May 2005

Statement By Directors

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

We, Gooi Seong Lim and Gooi Seong Heen, being two of the Directors of KIM LOONG RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 45 to 83 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 2005 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

On behalf of the Board,

GOOI SEONG LIM
Director

GOOI SEONG HEEN
Director

Dated : 26 May 2005

Statutory Declaration

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

I, Gooi Seong Lim, being the Director primarily responsible for the financial management of KIM LOONG RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 45 to 83 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
Gooi Seong Lim,)
at Johor Bahru in the state of Johor)
this 26 May 2005)

GOOI SEONG LIM

Before me,

Commissioner for Oaths

Report Of The Independent Auditors

to the Members of Kim Loong Resources Berhad (22703-K) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 45 to 83. 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 those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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

In our opinion :

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia and give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 January 2005 and of the results, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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

LIANG & CO.
Firm Number : AF0312
Chartered Accountants

Johor Bahru

Dated : 26 May 2005

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

Consolidated Balance Sheet

as at 31 January 2005

	NOTE	2005 RM	2004 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	328,987,243	311,245,481
Quoted investments	5	6,607,106	6,737,500
Development expenditure	6	161,024	134,874
Goodwill on consolidation	7	1,624,441	1,624,441
		337,379,814	319,742,296
CURRENT ASSETS			
Inventories	8	8,590,838	11,424,436
Trade receivables	9	5,006,514	3,276,401
Other receivables, deposits and prepayments	10	5,768,822	5,242,473
Tax recoverable		1,014,675	2,256,021
Amount owing by related companies	12	151,118	135,363
Bank and cash balances	13	7,309,023	1,893,430
		27,840,990	24,228,124
CURRENT LIABILITIES			
Trade payables	14	6,361,455	6,454,359
Other payables and accruals	14	5,250,380	6,271,656
Amount owing to holding company	15	149,841	276,582
Amount owing to related companies	12	167,965	185,790
Other borrowings	16	1,539,246	-
Interest bearing borrowings (secured)	17	17,722,090	9,986,256
Tax payable		1,110,000	719,033
		32,300,977	23,893,676
Net Current (Liabilities)/Assets		(4,459,987)	334,448
NON-CURRENT LIABILITIES			
Interest bearing borrowings (secured)	17	53,021,000	53,182,000
Other borrowings	16	12,916,669	8,903,082
Deferred tax	18	34,904,747	34,882,239
		100,842,416	96,967,321
		232,077,411	223,109,423
CAPITAL AND RESERVES			
Share capital	19	106,750,000	106,750,000
Reserves	20	117,842,505	110,037,110
		224,592,505	216,787,110
Minority interests		7,484,906	6,322,313
		232,077,411	223,109,423

Consolidated Income Statement

for the financial year ended 31 January 2005

	NOTE	2005 RM	2004 RM
Revenue	24	230,705,550	196,130,754
Cost of sales	25	(201,144,005)	(171,893,285)
Gross profit		29,561,545	24,237,469
Other operating income		660,483	627,178
		30,222,028	24,864,647
Distribution costs		(3,115,198)	(2,229,327)
Administration expenses		(6,531,503)	(6,015,495)
Other operating expenses		(844,281)	(472,916)
Reversal of diminution in value of quoted securities		347,998	1,782,905
Profit from operations	27	20,079,044	17,929,814
Finance costs	31	(3,676,922)	(1,646,712)
Profit before tax		16,402,122	16,283,102
Tax expense	32	(4,851,100)	(4,402,308)
Profit after tax		11,551,022	11,880,794
Minority interests		1,700,026	1,724,965
Net profit for the financial year		13,251,048	13,605,759
Basic earnings per share (sen)	33	12	13
Dividends per share (sen)	34	7	7

Consolidated Statement Of Changes In Equity

for the financial year ended 31 January 2005

	Share capital RM	Non-distributable		Distributable		Total RM
		Share premium RM	Revaluation reserve RM	Reserve on consolidation RM	Retained profits RM	
Balance as at 1.2.2003						
- as previously stated	106,750,000	29,742,206	107,509	11,355,980	27,841,910	175,797,605
- prior year adjustments :						
on amortisation (Note 42)	-	-	-	-	(1,530,867)	(1,530,867)
on deferred tax (Note 42)	-	-	(107,509)	-	(13,438,946)	(13,546,455)
	-	-	(107,509)	-	(14,969,813)	(15,077,322)
- as restated	106,750,000	29,742,206	-	11,355,980	12,872,097	160,720,283
Net gains not recognised in the income statement :						
Surplus on revaluation	-	-	64,438,991	-	-	64,438,991
Deferred tax on revaluation surplus	-	-	(16,594,465)	-	-	(16,594,465)
Transfer of reserves (Note 35)	-	-	(329,314)	-	329,314	-
Reversal of reserve on consolidation arising from group restructuring	-	-	-	(3,258)	-	(3,258)
	-	-	47,515,212	(3,258)	329,314	47,841,268
Net profit for the year	-	-	-	-	13,605,759	13,605,759
Dividends for year ended						
- 31 January 2003	-	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2004	-	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2004	106,750,000	29,742,206	47,515,212	11,352,722	21,426,970	216,787,110
Net gains not recognised in the income statement :						
Transfer of reserves (Note 35)	-	-	(656,955)	-	656,955	-
Prior year overstatement of surplus on revaluation	-	-	(65,453)	-	-	(65,453)
	-	-	(722,408)	-	656,955	(65,453)
Net profit for the year	-	-	-	-	13,251,048	13,251,048
Dividends for year ended						
- 31 January 2004	-	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2005	-	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2005	106,750,000	29,742,206	46,792,804	11,352,722	29,954,773	224,592,505

Consolidated Cash Flow Statement

for the financial year ended 31 January 2005

	2005 RM	2004 RM
Cash flows from operating activities		
Cash receipts from customers	229,083,950	196,831,591
Rental received	10,500	-
Interest received	179,333	145,820
Dividends received	235,504	156,493
Cash paid to suppliers and employees	(198,643,951)	(174,692,633)
Cash generated from operations	30,865,336	22,441,271
Interest paid	(3,494,836)	(1,498,677)
Tax paid	(3,196,279)	(4,478,286)
Net cash from operating activities	24,174,221	16,464,308
Cash flows from investing activities		
Acquisition of property, plant and equipment (Note a)	(20,171,565)	(36,810,967)
Proceeds from disposal of plant and equipment	58,064	1,462,339
Additional investment in subsidiary companies	-	(473,258)
Development expenditure paid	(130,498)	-
Interest paid	(782,592)	(2,288,359)
Net cash effect on acquisition of subsidiary companies (Note b)	-	(1,325,065)
Deposits paid for acquisition of property, plant and equipment	(369,355)	(222,500)
Acquisition of quoted investments	-	(47,000)
Proceeds from disposal of quoted investments	568,343	-
Net cash used in investing activities	(20,827,603)	(39,704,810)
Cash flows from financing activities		
Dividends paid	(5,380,200)	(5,380,200)
Advance to holding company	(140,000)	-
Shares and warrants issue cost	(335,659)	-
Proceeds from issuance of shares to minority shareholders	350,000	299,878
Drawdown of bank borrowings	12,200,000	37,800,000
Repayments of bank borrowings	(8,648,000)	(3,970,000)
Net cash (used in)/from financing activities	(1,953,859)	28,749,678
Net increase in cash and cash equivalents	1,392,759	5,509,176
Cash and cash equivalents at beginning of year	555,174	(4,954,002)
Cash and cash equivalents at end of year (Note c)	1,947,933	555,174

Consolidated Cash Flow Statement
for the financial year ended 31 January 2005 (cont'd)

Note a : Acquisition of property, plant and equipment

	2005 RM	2004 RM
Property, plant and equipment acquired	30,055,662	40,822,666
Less expenses capitalised :		
- depreciation	(299,786)	(829,871)
- interest	(637,979)	(2,268,518)
Other payables	(723,832)	-
Deposit paid in prior years	(222,500)	(913,310)
Amount owing to minority shareholder	(8,000,000)	-
Cash paid	20,171,565	36,810,967

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 :

	2005 RM	2004 RM
Non-current assets	-	180,558
Current assets	8	112
Current liabilities	-	(9,934)
Non-current liabilities	-	(1,200,000)
Goodwill on consolidation	8	(1,029,264)
Liabilities taken over	-	1,154,441
Total consideration	8	1,325,177
Less : Cash and cash equivalents acquired	(8)	(112)
Net cash effect	-	1,325,065

Note c : Cash and cash equivalents at end of year

	2005 RM	2004 RM
Bank and cash balances (Note 13)	7,309,023	1,893,430
Bank overdrafts (Note 17)	(5,361,090)	(1,338,256)
	1,947,933	555,174

Company Balance Sheet

as at 31 January 2005

	NOTE	2005 RM	2004 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	75,074,064	59,034,186
Investment in subsidiary companies	4	90,258,839	90,188,837
		165,332,903	149,223,023
CURRENT ASSETS			
Inventories	8	246,414	525,792
Trade receivables	9	748,054	645,673
Other receivables, deposits and prepayments	10	3,664,261	3,233,554
Amount owing by subsidiary companies	11	72,512,894	70,325,419
Bank and cash balances	13	968,687	568,997
		78,140,310	75,299,435
CURRENT LIABILITIES			
Trade payables	14	1,522,519	586,164
Other payables and accruals	14	1,084,892	1,329,073
Amount owing to holding company	15	42,738	181,250
Amount owing to subsidiary companies	11	17,462,837	245,915
Amount owing to a related company	12	1,012	-
Tax payable		1,095,000	718,608
		21,208,998	3,061,010
Net Current Assets		56,931,312	72,238,425
NON-CURRENT LIABILITY			
Deferred tax	18	11,778,824	12,440,240
		210,485,391	209,021,208
CAPITAL AND RESERVES			
Share capital	19	106,750,000	106,750,000
Reserves	20	103,735,391	102,271,208
		210,485,391	209,021,208

Company Income Statement

for the financial year ended 31 January 2005

	NOTE	2005 RM	2004 RM
Revenue	24	19,965,821	18,804,627
Cost of sales	25	(8,001,882)	(6,149,447)
Gross profit		11,963,939	12,655,180
Other operating income	26	1,633,838	5,382,407
		13,597,777	18,037,587
Administration expenses		(3,536,654)	(3,487,751)
Other operating expenses		(212,296)	(130,614)
Profit from operations	27	9,848,827	14,419,222
Finance costs		-	-
Profit before tax		9,848,827	14,419,222
Tax expense	32	(3,004,444)	(4,391,030)
Net profit for the financial year		6,844,383	10,028,192
Dividends per share (sen)	34	7	7

Company Statement Of Changes In Equity

for the financial year ended 31 January 2005

	Share capital RM	Non-distributable		Distributable	Total RM
		Share premium RM	Revaluation reserve RM	Retained profits RM	
Balance as at 1.2.2003					
- as previously stated	106,750,000	29,742,206	102,678	29,457,664	166,052,548
- prior year adjustments :					
on amortisation (Note 42)	-	-	-	(884,736)	(884,736)
on deferred tax (Note 42)	-	-	(102,678)	(6,053,500)	(6,156,178)
	-	-	(102,678)	(6,938,236)	(7,040,914)
- as restated	106,750,000	29,742,206	-	22,519,428	159,011,634
Net gains not recognised in the income statement :					
Surplus on revaluation of					
- long leasehold land	-	-	20,959,872	-	20,959,872
- investment in subsidiaries	-	-	30,270,474	-	30,270,474
Deferred tax					
on revaluation surplus	-	-	(5,868,764)	-	(5,868,764)
Transfer of reserves (Note 35)	-	-	(155,018)	155,018	-
	-	-	45,206,564	155,018	45,361,582
Net profit for the year	-	-	-	10,028,192	10,028,192
Dividends for year ended					
- 31 January 2003	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2004	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2004	106,750,000	29,742,206	45,206,564	27,322,438	209,021,208
Net gains not recognised in the income statement :					
Transfer of reserves (Note 35)	-	-	(40,798)	40,798	-
Net profit for the year	-	-	-	6,844,383	6,844,383
Dividends for year ended					
- 31 January 2004	-	-	-	(3,074,400)	(3,074,400)
- 31 January 2005	-	-	-	(2,305,800)	(2,305,800)
Balance as at 31.1.2005	106,750,000	29,742,206	45,165,766	28,827,419	210,485,391

Company Cash Flow Statement

for the financial year ended 31 January 2005

	2005 RM	2004 RM
Cash flows from operating activities		
Cash receipts from customers	21,322,075	19,445,704
Dividends received	-	3,587,500
Interest received	1,943,338	1,000,340
Cash paid to suppliers and employees	(9,033,302)	(9,551,318)
Cash generated from operations	14,232,111	14,482,226
Tax paid	(3,289,468)	(3,748,337)
Net cash from operating activities	10,942,643	10,733,889
Cash flows from investing activities		
Acquisition of subsidiary companies	(4)	(3,000,089)
Acquisition of property, plant and equipment	(17,878,406)	(6,734,353)
Proceeds from disposal of plant and equipment	80,001	58,000
Additional investment in existing subsidiary companies	(69,998)	(140,085)
Net cash used in investing activities	(17,868,407)	(9,816,527)
Cash flows from financing activities		
Dividends paid	(5,380,200)	(5,380,200)
Advances (to)/from holding company	(140,000)	140,000
Advances from subsidiary companies	13,181,313	3,341,542
Shares and warrants issue cost	(335,659)	-
Net cash from/(used in) financing activities	7,325,454	(1,898,658)
Net increase/(decrease) in cash and cash equivalents	399,690	(981,296)
Cash and cash equivalents at beginning of year	568,997	1,550,293
Cash and cash equivalents at end of year	968,687	568,997

Notes To The Financial Statements

31 January 2005

1. GENERAL INFORMATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Preparation of the financial statements

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

b) Subsidiary companies and basis of consolidation

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

The Group has adopted the policy of revaluing its investment in subsidiary companies based on valuation of land in subsidiary 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

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

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

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

Goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

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

c) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

d) Investments

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

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

Notes To The Financial Statements

31 January 2005 (cont'd)

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

e) Development expenditure

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.

f) Inventories

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

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

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

g) Trade receivables

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

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and net of bank overdrafts.

i) Trade and other payables

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

j) Borrowings from financial institutions

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

k) Dividends

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

l) Income taxes

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

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

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

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

l) Income taxes (cont'd)

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

m) Revenue recognition

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

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

Management fee income is recognised on the accrual basis.

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

n) Borrowing costs

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

o) Financial instruments

(i) Recognition of financial instruments

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

(ii) Fair value estimation for disclosure purposes

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

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

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

p) Foreign currencies

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

Notes To The Financial Statements

31 January 2005 (cont'd)

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

p) Foreign currencies (cont'd)

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

Foreign currency	2005 RM	2004 RM
1 SGD	2.32	2.25

q) Impairment of assets

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

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

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

r) Employee benefits

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

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

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

s) Segment reporting

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

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

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

t) Reporting currency

The financial statements are presented in Ringgit Malaysia.

Notes To The Financial Statements

31 January 2005 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value as at 1 February 2004	260,612,646	43,777,917	3,720,738	3,134,180	311,245,481
Additions	19,698,678	8,739,193	733,346	884,445	30,055,662
Disposals/write-offs	(74,178)	(203,389)	(5,994)	(8,356)	(291,917)
Reclassification	-	(40,000)	40,000	-	-
Depreciation charge	(6,899,076)	(3,707,745)	(456,260)	(958,902)	(12,021,983)
Net book value as at 31 January 2005	273,338,070	48,565,976	4,031,830	3,051,367	328,987,243
At 31 January 2004					
Cost	109,554,341	64,872,551	6,231,795	10,177,400	190,836,087
Valuation	163,356,496	-	-	-	163,356,496
Accumulated depreciation	(12,298,191)	(21,094,634)	(2,511,057)	(7,043,220)	(42,947,102)
Net book value	260,612,646	43,777,917	3,720,738	3,134,180	311,245,481
Net book value of assets under construction	126,299	14,602,506	-	-	14,728,805
Net book value of assets under restriction on title due to bank borrowings	128,341,201	23,204,051	-	-	151,545,252
At 31 January 2005					
Cost	129,139,760	73,076,535	7,015,801	10,755,767	219,987,863
Valuation	163,375,725	-	-	-	163,375,725
Accumulated depreciation	(19,177,415)	(24,510,559)	(2,983,971)	(7,704,400)	(54,376,345)
Net book value	273,338,070	48,565,976	4,031,830	3,051,367	328,987,243
Net book value of assets under construction	794,853	515,911	-	-	1,310,764
Net book value of assets under restriction on title due to bank borrowings	127,104,969	26,538,558	-	-	153,643,527

Notes To The Financial Statements

31 January 2005 (cont'd)

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

Group (cont'd)

Properties consist of :

	2005		2004	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
Freehold				
At cost :				
Land	12,657,030	12,657,030	12,657,030	12,657,030
Buildings	5,335,808	4,111,876	5,168,662	4,107,700
Buildings under construction	12,209	12,209	7,242	7,242
Roads, culverts and fencing	2,999,636	1,513,378	2,999,636	1,693,356
Long leasehold				
At cost :				
Land	13,911,133	13,845,450	-	-
Buildings	11,519,876	9,489,597	9,535,408	7,937,026
Buildings under construction	782,644	782,644	119,057	119,057
Plantation development expenditure	78,018,613	66,077,528	77,069,864	68,995,172
Roads, culverts and fencing	1,754,912	1,666,387	527,158	500,800
At valuation :				
Land	160,446,993	158,449,985	160,427,764	160,427,764
Short leasehold				
At cost :				
Land	300,000	157,500	300,000	167,500
Plantation development expenditure	1,748,882	1,748,882	1,071,267	1,071,267
Buildings	23,059	-	23,059	-
Land development	75,958	-	75,958	-
At valuation :				
Land	2,928,732	2,825,604	2,928,732	2,928,732
	292,515,485	273,338,070	272,910,837	260,612,646

	2005 RM	2004 RM
Depreciation charge for the year:		
Amount capitalised in plantation development expenditure	299,786	829,871
Amount capitalised in development expenditure (Note 6)	30,526	-
Amount charged to income statement	11,691,671	8,471,749
	12,021,983	9,301,620

Notes To The Financial Statements

31 January 2005 (cont'd)

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

Group (cont'd)

	2005 RM	2004 RM
Included in the addition of property, plant and equipment during the year are :		
Depreciation	299,786	829,871
Interest (Note 31)	637,979	2,268,518
Rental	2,272	50,191
Staff costs (Note 28)	433,291	1,995,651

Borrowing costs capitalised arose from financing specifically entered into for the development of oil palm estate and the construction of a palm oil mill.

Company

	Long leasehold properties RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Net book value					
as at 1 February 2004	57,584,000	832,891	420,528	196,767	59,034,186
Additions	17,452,862	160,614	48,993	215,937	17,878,406
Disposals/Write offs	-	(12,289)	-	(3)	(12,292)
Depreciation charge	(1,444,574)	(203,162)	(63,394)	(115,106)	(1,826,236)
Net book value					
as at 31 January 2005	73,592,288	778,054	406,127	297,595	75,074,064
At 31 January 2004					
Cost	13,711,974	2,448,203	739,142	1,603,919	18,503,238
Valuation	50,014,037	-	-	-	50,014,037
Accumulated depreciation	(6,142,011)	(1,615,312)	(318,614)	(1,407,152)	(9,483,089)
Net book value	57,584,000	832,891	420,528	196,767	59,034,186
Net book value					
of assets under construction	69,681	-	-	-	69,681
At 31 January 2005					
Cost	31,164,836	2,411,443	788,135	1,617,385	35,981,799
Valuation	50,014,037	-	-	-	50,014,037
Accumulated depreciation	(7,586,585)	(1,633,389)	(382,008)	(1,319,790)	(10,921,772)
Net book value	73,592,288	778,054	406,127	297,595	75,074,064
Net book value					
of assets under construction	5,813	42,972	-	-	48,785

Notes To The Financial Statements

31 January 2005 (cont'd)

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

Company (cont'd)

Long leasehold properties consist of :

	2005		2004	
	Cost/ Valuation RM	Net book value RM	Cost/ Valuation RM	Net book value RM
At cost :				
Buildings	4,177,935	3,054,174	4,096,433	3,053,626
Buildings under construction	5,813	5,813	69,681	69,681
Plantation development expenditure	9,545,860	3,907,942	9,545,860	4,446,656
Land	17,435,228	17,257,721	-	-
At valuation :				
Land	50,014,037	49,366,638	50,014,037	50,014,037
	81,178,873	73,592,288	63,726,011	57,584,000

The revalued leasehold land were last revalued on 10 and 11 December 2003 by a firm of independent qualified professional valuers using the comparison method to reflect fair 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	
	2005 RM	2004 RM	2005 RM	2004 RM
Net book value of revalued leasehold land, had these assets been carried at cost less accumulated amortisation :	52,786,000	53,472,378	12,143,952	12,295,323

4. SUBSIDIARY COMPANIES

Company

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

	2005 RM	2004 RM
At valuation	50,447,938	50,447,938
At cost	39,810,901	39,740,899
	90,258,839	90,188,837

The original cost of unquoted shares at valuation amounts to RM5,033,604 (2004 : 5,033,604).

Notes To The Financial Statements

31 January 2005 (cont'd)

4. SUBSIDIARY COMPANIES (cont'd)

Company (cont'd)

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

Name of subsidiary company	Group's effective equity interest		Principal activity
	2005 %	2004 %	
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. (formerly known as Desa Kim Loong Plantations Sdn. Bhd.)	70	70	Cultivation of oil palm
Tyeco Corporation Sdn. Bhd.	100	100	Cultivation of coconut
Winsome Plantations Sdn. Bhd.	80	80	Dormant
Desa Kim Loong Industries Sdn. Bhd.	70	70	Manufacturing of concrete culvert
Kim Loong Sabah Mills Sdn. Bhd.	100	100	Intended for processing and marketing of oil palm products
Kim Loong Power Sdn. Bhd.	100	100	Dormant
Okidville Plantations Sdn. Bhd.	90	100	Investment holding
Winsome Kledang Sdn. Bhd.	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	-	Cultivation of oil palm
Winsome Jaya Sdn. Bhd.	80	80	Investment holding
Arab-Malaysian Agriculture Sdn. Bhd.	80	80	Owning of leasehold land
Palm Nutraceuticals Sdn. Bhd.	70	-	Manufacturing of health supplements and food ingredients
Kim Loong Technologies Sdn. Bhd.	100	-	Dormant

Notes To The Financial Statements

31 January 2005 (cont'd)

5. QUOTED INVESTMENTS

Group

	2005 RM	2004 RM
Securities quoted in Malaysia, at cost	6,511,149	6,958,735
Less : diminution in value	-	(305,880)
	6,511,149	6,652,855
Securities quoted outside Malaysia, at cost	95,957	95,957
Less : diminution in value	-	(11,312)
	95,957	84,645
	6,607,106	6,737,500
Market value of securities		
- quoted in Malaysia	6,667,400	6,652,855
- quoted outside Malaysia	100,224	84,645
	6,767,624	6,737,500

6. DEVELOPMENT EXPENDITURE

Group

	2005 RM	2004 RM
Balance brought forward	134,874	269,748
Incurred during the year	161,024	-
Amount amortised during the year	(134,874)	(134,874)
Balance carried forward	161,024	134,874

Development expenditure capitalised during the year represents expenditure on the development of health and food supplements from palm oil. The amortisation of development expenditure during the year relates to expenditure incurred in developing bio-fertilizers from the waste of the palm oil mill.

Included in development expenditure during the year is depreciation and staff costs capitalised of RM30,526 (2004 : RM Nil) (Note 3) and RM102,977 (2004 : RM Nil) (Note 28) respectively.

7. GOODWILL ON CONSOLIDATION

Group

Goodwill on consolidation arose from acquisition of subsidiary companies.

Notes To The Financial Statements

31 January 2005 (cont'd)

8. INVENTORIES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At cost :				
Raw materials	159,975	-	-	-
Finished goods	73,356	184,867	-	-
Nursery stocks	235,307	9,150	6,052	9,150
Building materials, supplies, spare parts and consumables	2,832,325	2,669,536	128,265	289,154
	3,300,963	2,863,553	134,317	298,304
At realisable value :				
Work in progress	101,510	-	-	-
Finished goods	5,188,365	8,560,883	112,097	227,488
	5,289,875	8,560,883	112,097	227,488
	8,590,838	11,424,436	246,414	525,792

9. TRADE RECEIVABLES

Group and Company

Credit terms of trade receivables are less than 60 days.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	2,628,645	2,761,330	1,878,620	1,897,494
Deposits and prepayments	3,140,177	2,481,143	1,785,641	1,336,060
	5,768,822	5,242,473	3,664,261	3,233,554

11. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

Company

For the financial year 2004, the amount owing by subsidiary companies included RM4,699,837 bearing interest at 12% per annum. All other balances are non-interest bearing, unsecured and have no fixed terms of repayment.

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

Notes To The Financial Statements

31 January 2005 (cont'd)

12. AMOUNTS OWING BY/TO RELATED COMPANIES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Amount owing by related companies				
Kim Loong Plantations Sdn. Bhd.	27,179	33,079	-	-
Crescendo Technologies Sdn. Bhd.	35,248	35,248	-	-
Unibase Concrete Industries Sdn. Bhd.	24,929	21,703	-	-
Crescendo Corporation Berhad	2,861	2,402	-	-
Crescendo Development Sdn. Bhd.	24,072	15,734	-	-
Unigolf Sdn. Bhd.	36,829	27,197	-	-
	151,118	135,363	-	-
Amount owing to related companies				
Kim Loong Plantations Sdn. Bhd.	166,953	185,790	-	-
Aerogolf Sdn. Bhd.	1,012	-	1,012	-
	167,965	185,790	1,012	-

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

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

13. BANK AND CASH BALANCES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Balance at bank and cash in hand	5,089,023	1,639,170	968,687	568,997
Fixed deposits with licensed banks	2,220,000	254,260	-	-
	7,309,023	1,893,430	968,687	568,997

Group

Included in the fixed deposits with licensed banks is an amount of RM220,000 (2004 : RM254,260) pledged to licensed banks as security for overdraft and banker's guarantee facilities.

The weighted average interest rate of fixed deposits with licensed banks that was effective during the financial year was 3.00% (2004 : 3.36%) per annum.

Fixed deposits have an average maturity of 18 days (2004 : 27 days).

14. TRADE AND OTHER PAYABLES

Group and Company

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

Notes To The Financial Statements

31 January 2005 (cont'd)

15. 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.

16. 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 and are unsecured and interest-free.

	2005 RM	2004 RM
Repayable :		
Within 1 year	1,539,246	-
After 1 year	12,916,669	8,903,082
	<hr/>	<hr/>
	14,455,915	8,903,082

17. INTEREST BEARING BORROWINGS (SECURED)

Group

	Amount utilised	
	2005 RM	2004 RM
Overdrafts	5,361,090	1,338,256
Term loan 1	9,830,000	14,990,000
Term loan 2	6,160,000	9,040,000
Term loan 3	15,000,000	15,000,000
Term loan 4	9,392,000	10,000,000
Term loan 5	15,000,000	12,800,000
Term loan 6	10,000,000	-
	<hr/>	<hr/>
	70,743,090	63,168,256
Current	17,722,090	9,986,256
Non-current	53,021,000	53,182,000
	<hr/>	<hr/>
	70,743,090	63,168,256

Notes To The Financial Statements

31 January 2005 (cont'd)

17. INTEREST BEARING BORROWINGS (SECURED) (Cont'd)

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 certain subsidiary companies;
- c) fixed deposits of RM200,000 (2004 : RM200,000) of a subsidiary company;
- d) corporate guarantee from the Company; and
- e) personal guarantee of RM960,000 from a shareholder of a subsidiary company.

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

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

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

The principal amount of term loan 4 is repayable over 65 monthly instalments of RM152,000 each and a final instalment of RM120,000 commencing from October 2004.

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

The principal amount of term loan 6 is repayable over 47 monthly instalments of RM208,000 each and a final monthly instalment of RM224,000 commencing from July 2007.

Effective interest rates

	2005 % p.a.	2004 % p.a.
Overdrafts	7.25	7.25
Term loans	5.85	6.33

Unutilised facilities

	2005 RM	2004 RM
Revolving credit	500,000	-
Trade facilities	3,000,000	2,000,000
Overdrafts	10,648,000	14,173,000
Term loans	1,000,000	12,200,000
	15,148,000	28,373,000

Notes To The Financial Statements

31 January 2005 (cont'd)

18. DEFERRED TAX

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Disclosed as :				
Deferred tax liabilities	34,904,747	34,882,239	11,778,824	12,440,240
Deferred tax assets	-	-	-	-
	34,904,747	34,882,239	11,778,824	12,440,240
Brought forward	34,882,239	15,917,174	12,440,240	6,710,761
Charged/(credit) to income statement				
- property, plant and equipment	611,000	627,860	(525,000)	(139,285)
- accrued interest income	-	5,000	-	-
- tax losses	(261,000)	(1,488,000)	-	-
- revaluation surplus on long leasehold land	(327,492)	-	(136,416)	-
	22,508	(855,140)	(661,416)	(139,285)
Charged to equity				
- revaluation surplus on land	-	19,820,205	-	5,868,764
Carried forward	34,904,747	34,882,239	11,778,824	12,440,240
Subject to income tax				
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	15,529,000	14,918,000	1,354,000	1,879,000
Accrued interest income	34,000	34,000	-	-
Revaluation surplus on land	26,062,747	26,390,239	10,424,824	10,561,240
	41,625,747	41,342,239	11,778,824	12,440,240
Offsetting	(6,721,000)	(6,460,000)	-	-
Deferred tax liabilities (after offsetting)	34,904,747	34,882,239	11,778,824	12,440,240
Deferred tax assets (before offsetting)				
Tax losses	6,721,000	6,460,000	-	-
Offsetting	(6,721,000)	(6,460,000)	-	-
Deferred tax assets (after offsetting)	-	-	-	-

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

Deferred tax assets and liabilities arising from temporary differences subject to income tax are calculated based on income tax rate of 28% (2004 : 28%) whilst those subject to Real Property Gains Tax are calculated based on the RPGT rate of 5% (2004 : 5%).

Notes To The Financial Statements

31 January 2005 (cont'd)

18. DEFERRED TAX (cont'd)

Group

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

	2005 RM	2004 RM
Deductible temporary differences	1,637,000	1,622,000
Tax losses	7,113,000	6,975,000
	8,750,000	8,597,000

19. SHARE CAPITAL

Group and Company

	2005 RM	2004 RM
Authorised - 500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid - 106,750,000 ordinary shares of RM1 each	106,750,000	106,750,000

20. RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Non-distributable				
Share premium (Note 21)	29,742,206	29,742,206	29,742,206	29,742,206
Revaluation reserve (Note 22)	46,792,804	47,515,212	45,165,766	45,206,564
Reserve on consolidation (Note 23)	11,352,722	11,352,722	-	-
Distributable				
Retained profits	29,954,773	21,426,970	28,827,419	27,322,438
	117,842,505	110,037,110	103,735,391	102,271,208

21. SHARE PREMIUM (NON-DISTRIBUTABLE)

Group and Company

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

22. REVALUATION RESERVE (NON-DISTRIBUTABLE)

Group

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

Notes To The Financial Statements

31 January 2005 (cont'd)

22. REVALUATION RESERVE (NON-DISTRIBUTABLE) (cont'd)

Company

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

23. RESERVE ON CONSOLIDATION (NON-DISTRIBUTABLE)

Group

Reserve on consolidation arose from acquisition of subsidiary companies.

24. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of :				
- Fresh fruit bunches	31,507,026	26,488,492	19,696,232	18,713,223
- Palm oil milling products	198,925,635	169,550,485	-	-
- Cocoa and others	272,889	91,777	269,589	91,404
	230,705,550	196,130,754	19,965,821	18,804,627

25. COST OF SALES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Fresh fruit bunches	13,146,784	13,289,749	7,569,680	6,077,489
Palm oil milling products	187,540,457	158,493,257	-	-
Cocoa and others	456,764	110,279	432,202	71,958
	201,144,005	171,893,285	8,001,882	6,149,447

26. OTHER OPERATING INCOME

Company

Other operating income for the current financial year includes gross dividend from subsidiary companies amounting to RM Nil (2004 : RM3,587,500).

Notes To The Financial Statements

31 January 2005 (cont'd)

27. PROFIT FROM OPERATIONS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
The following items have been charged/(credited) in arriving at profit from operations :				
Auditors' remuneration :				
Statutory audit				
- current	102,500	90,000	25,000	20,000
- (over)/under provision in prior years	(1,700)	1,500	2,000	2,000
Amortisation of development expenditure	134,874	134,874	-	-
Amortisation of plantation development expenditure	3,866,395	2,746,735	538,714	563,375
Bad debts	2,533	473,138	-	470,500
Depreciation and amortisation				
- current year	7,825,276	5,673,168	1,287,522	813,532
- under provision in prior years	-	51,846	-	-
Preliminary expenses	16,500	-	-	-
Rental	140,036	74,400	103,398	74,400
Lease rental	-	-	6,646	25,206
Property, plant and equipment written off	268,270	219,679	12,290	-
Inventories written off	25,201	50,386	19,495	2,909
Staff costs (Note 28)	16,972,293	12,792,620	4,729,896	3,804,219
Interest from fixed deposits	(79,390)	(70,960)	(32,363)	(16,408)
Gain on disposal of plant and equipment	(34,417)	(241,148)	(79,999)	(36,499)
Gain on disposal of quoted investments	(89,951)	-	-	-
Rental income	(10,500)	-	-	-
Gross dividend income from investments quoted :				
- in Malaysia	(234,300)	(155,550)	-	-
- outside Malaysia	(1,204)	(943)	-	-
Gross dividend income from subsidiary companies	-	-	-	(3,587,500)
Interest income from investments quoted in Malaysia	-	(136)	-	-
Other interest income	(99,943)	(102,395)	(290,056)	(859,300)
Profit from existing continuing operations	20,213,621	17,949,693	9,848,827	14,419,222
Loss from newly acquired subsidiary companies	(134,577)	(19,879)	-	-
	20,079,044	17,929,814	9,848,827	14,419,222

Notes To The Financial Statements

31 January 2005 (cont'd)

28. STAFF COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Salaries, wages and bonuses	16,395,758	13,837,604	4,435,976	3,591,551
Defined contribution plan	961,801	794,130	285,407	204,370
Social security costs	101,481	94,628	8,513	8,298
HRD fund	30,319	24,885	-	-
Termination benefits	19,202	37,024	-	-
	17,508,561	14,788,271	4,729,896	3,804,219
Amount capitalised in plantation development expenditure	(433,291)	(1,995,651)	-	-
Amount capitalised in development expenditure	(102,977)	-	-	-
	16,972,293	12,792,620	4,729,896	3,804,219

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,708,372 (2004 : RM1,507,080) and RM1,339,572 (2004 : RM1,190,080) respectively as further disclosed in Note 29.

29. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive Directors				
- fees	225,000	172,000	45,000	45,000
- salaries and other emoluments	1,351,600	1,209,800	1,177,200	1,039,000
- defined contribution plan	131,772	125,280	117,372	106,080
	1,708,372	1,507,080	1,339,572	1,190,080
Non-executive Directors				
- fees	257,000	257,000	227,000	227,000
- other emoluments	18,500	7,500	18,500	7,500
	275,500	264,500	245,500	234,500
	1,983,872	1,771,580	1,585,072	1,424,580

30. EMPLOYEE INFORMATION

	Group		Company	
	2005	2004	2005	2004
No. of employees (including Executive Directors) at end of financial year	1,710	1,731	404	443

Notes To The Financial Statements

31 January 2005 (cont'd)

31. FINANCE COSTS

	2005 RM	Group 2004 RM
Total interest expense	4,314,901	3,915,230
Interest capitalised to property, plant and equipment (Note 3)	(637,979)	(2,268,518)
Charged to income statement	3,676,922	1,646,712

32. TAX EXPENSE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current tax :				
- Malaysian income tax	4,828,592	5,257,448	3,665,860	4,530,315
Deferred tax	22,508	(855,140)	(661,416)	(139,285)
	4,851,100	4,402,308	3,004,444	4,391,030
Current Malaysian tax				
Current year	4,999,956	5,298,543	3,695,000	4,533,000
Overprovision in prior years (net)	(171,364)	(41,095)	(29,140)	(2,685)
Deferred tax				
Origination/(reversal) of temporary differences	164,000	(855,140)	(525,000)	(139,285)
Realisation of revaluation surplus on land	(327,492)	-	(136,416)	-
Underprovision in prior years (net)	186,000	-	-	-
	4,851,100	4,402,308	3,004,444	4,391,030

Notes To The Financial Statements

31 January 2005 (cont'd)

32. TAX EXPENSE (cont'd)

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Numerical reconciliation between tax expense and the result before tax multiplied by the Malaysian tax rate				
Profit before tax	16,402,122	16,283,102	9,848,827	14,419,222
Tax calculated at a tax rate of 28%	4,592,594	4,559,269	2,757,672	4,037,382
Tax effects of :				
- reduction in tax rates for subsidiary companies with paid up share capital of RM2,500,000 and below	(46,846)	(149,820)	-	-
- expenses not deductible for tax purposes	533,957	618,485	275,912	356,333
- income not subject to tax	(123,009)	(508,866)	-	-
- deferred tax assets not recognised on:				
a) current year's tax loss not recognised by subsidiaries	113,880	80,045	-	-
b) previously unrecognised tax losses of subsidiaries	-	(18,604)	-	-
c) loss of subsidiary recognised during the year	-	(203,939)	-	-
d) profit of subsidiary not eligible for group loss relief	20,188	282,225	-	-
- double deductions	(21,000)	(21,000)	-	-
- reinvestment allowance	(233,300)	(194,392)	-	-
Underprovision of deferred tax in prior years (net)	186,000	-	-	-
Overprovision of income tax in prior years (net)	(171,364)	(41,095)	(29,140)	(2,685)
Tax expense	4,851,100	4,402,308	3,004,444	4,391,030

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 28% on the remaining taxable income.

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 exempt income account to pay net dividends out of all (2004 : RM25,598,000) the retained profits at the balance sheet date without incurring additional tax liability.

33. EARNINGS PER SHARE

Group

Earnings per share for the Group is calculated based on profit after tax and minority interests of RM13,251,048 (2004 : RM13,605,759) over the weighted average number of ordinary shares in issue during the financial year of 106,750,000 (2004 : 106,750,000).

There is no diluted earnings per share for the financial years 2005 and 2004.

Notes To The Financial Statements

31 January 2005 (cont'd)

34. DIVIDENDS

Company

Dividends declared or proposed in respect of the financial year ended 31 January 2005 are as follows :

	2005		2004	
	Gross dividend per share Sen	Amount of dividend, less tax RM	Gross dividend per share Sen	Amount of dividend, less tax RM
Interim dividend	3	2,305,800	3	2,305,800
Proposed final dividend	4	3,074,400	4	3,074,400
	7	5,380,200	7	5,380,200

At the forthcoming Annual General Meeting, a final gross dividend of 4 sen per share (2004 : 4 sen per share) less tax will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2006 when approved by shareholders. The proposed final dividend of RM3,074,400 is subject to change in proportion to changes in the Company's paid up capital, if any.

35. TRANSFER OF RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Realisation of revaluation surplus arising from :				
- excess of amortisation based on revalued leasehold land over their original costs	656,955	329,314	40,798	155,018

Notes To The Financial Statements

31 January 2005 (cont'd)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
With holding company :				
Sharikat Kim Loong Sendirian Berhad				
Internal audit expenses	157,000	147,000	42,000	40,000
With subsidiary companies :				
Kim Loong - KPD Plantations Sdn. Bhd.				
Management fee income	-	-	144,000	144,000
Interest income	-	-	193,159	787,540
Commission income	-	-	316,714	208,857
Okidville Holdings Sdn. Bhd.				
Management fee income	-	-	217,170	217,170
Disposal of motor vehicle	-	-	80,000	-
Desa Okidville Sdn. Bhd.				
Management fee income	-	-	323,430	310,791
Desa Kim Loong Palm Oil Sdn. Bhd.				
Management fee income	-	-	196,659	-
Lokan Development Sdn. Bhd.				
Lease rental expense	-	-	2,031	7,134
Acquisition of long leasehold land	-	-	6,693,000	-
Selokan Sdn. Bhd.				
Lease rental expense	-	-	1,512	5,081
Acquisition of long leasehold land	-	-	3,335,000	-
Suhenson Estate Sdn. Bhd.				
Lease rental expense	-	-	1,411	4,665
Acquisition of long leasehold land	-	-	2,815,000	-
Syarikat Kong Fen Shin & Sons Sdn. Bhd.				
Lease rental expense	-	-	1,692	5,826
Acquisition of long leasehold land	-	-	4,573,000	-
With fellow subsidiary companies of the holding company:				
Kim Loong Plantations Sdn. Bhd.				
Purchase of fresh fruit bunches	3,652,557	3,512,372	-	-
Unibase Trading Sdn. Bhd.				
Purchases	28,592	23,426	-	-
Unibase Concrete Industries Sdn. Bhd.				
Rental expenses	6,000	6,000	-	-
Purchases	26,162	135,975	-	-
Crescendo Development Sdn. Bhd.				
Sales of fertilizer	19,710	-	-	-
Aerogolf Sdn. Bhd.				
Purchases	4,274	9,620	1,674	6,760

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 2005 (cont'd)

37. ACQUISITION OF SUBSIDIARY COMPANIES

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

	2005 RM	2004 RM
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other operating income	-	-
Administration expenses	(119,089)	(17,379)
Other operating expenses	(15,488)	(2,500)
Loss from operations	(134,577)	(19,879)
Finance costs	-	-
Loss before tax	(134,577)	(19,879)
Tax	-	-
Net loss for the financial year	(134,577)	(19,879)

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

	2005 RM	2004 RM
Non-current assets	16,950,351	1,321,941
Current assets	615,664	369
Current liabilities	(646,272)	(16,611)
Non-current liabilities	(7,600,000)	(1,335,402)
Increase in Group's net assets/(liabilities)	9,319,743	(29,703)

The effect of acquisition includes professional fees paid to auditors for financial due diligence amounting to RM Nil (2004 : RM12,000).

Notes To The Financial Statements

31 January 2005 (cont'd)

38. SEGMENTAL INFORMATION

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

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

	Plantation RM	Milling RM	Eliminations RM	Group RM
YEAR ENDED 31 JANUARY 2005				
Revenue				
External sales	31,779,915	198,925,635	-	230,705,550
Intersegment sales	15,460,097	-	(15,460,097)	-
Total sales	47,240,012	198,925,635	(15,460,097)	230,705,550
Results				
Segment results	16,939,190	5,882,364	(120,309)	22,701,245
Unallocated costs				(2,622,201)
Profit from operations				20,079,044
Finance costs				(3,676,922)
Profit before tax				16,402,122
Tax expense				(4,851,100)
Profit after tax				11,551,022
Minority interests				1,700,026
Net profit for the financial year				13,251,048
AT 31 JANUARY 2005				
Net assets				
Segment assets	267,165,111	101,209,938	(6,925,091)	361,449,958
Unallocated assets				3,770,846
Total assets				365,220,804
Segment liabilities	91,867,474	47,490,464	(6,925,091)	132,432,847
Unallocated liabilities				710,546
Total liabilities				133,143,393
YEAR ENDED 31 JANUARY 2005				
Other information				
Amortisation of development expenditure	-	134,874	-	134,874
Capital expenditure	16,537,836	13,517,826	-	30,055,662
Depreciation and amortisation	7,669,231	4,352,752	-	12,021,983
Other non-cash expenses	127,391	170,195	-	297,586

Notes To The Financial Statements

31 January 2005 (cont'd)

38. SEGMENTAL INFORMATION (cont'd)

	Plantation RM	Milling RM	Eliminations RM	Group RM
YEAR ENDED 31 JANUARY 2004				
Revenue				
External sales	26,580,269	169,550,485	-	196,130,754
Intersegment sales	5,540,765	-	(5,540,765)	-
Total sales	32,121,034	169,550,485	(5,540,765)	196,130,754
Results				
Segment results	11,561,044	8,318,777	(122,717)	19,757,104
Unallocated costs				(1,827,290)
Profit from operations				17,929,814
Finance costs				(1,646,712)
Profit before tax				16,283,102
Tax expense				(4,402,308)
Profit after tax				11,880,794
Minority interests				1,724,965
Net profit for the financial year				13,605,759
AT 31 JANUARY 2004				
Net assets				
Segment assets	252,984,411	91,655,857	(3,676,632)	340,963,636
Unallocated assets				3,006,784
Total assets				343,970,420
Segment liabilities	82,218,153	41,335,685	(3,676,632)	119,877,206
Unallocated liabilities				983,791
Total liabilities				120,860,997
YEAR ENDED 31 JANUARY 2004				
Other information				
Amortisation of development expenditure	-	134,874	-	134,874
Capital expenditure	16,288,006	24,534,660	-	40,822,666
Depreciation and amortisation	5,981,765	3,319,855	-	9,301,620
Other non-cash expenses	531,522	222,372	-	753,894

Notes To The Financial Statements

31 January 2005 (cont'd)

39. CONTINGENT LIABILITIES (UNSECURED)

Company

The Company provided corporate guarantees for six (2004 : three) of its subsidiary companies in respect of credit facilities totalling RM89,282,000 (2004 : RM95,310,000) granted to the subsidiary companies by financial institutions. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by these subsidiary companies.

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Credit risk

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

(c) Market risk

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

(d) Interest rate risk

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining as far as practical, a prudent 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. The Group's exposure to this risk is negligible as the Group's fixed deposits is not substantial.

(e) Foreign currency exchange risk

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

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

	2005 RM	2004 RM
<u>Quoted investments</u>		
Singapore Dollar	95,957	84,645

(f) Liquidity and cash flow risks

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

Notes To The Financial Statements

31 January 2005 (cont'd)

40. FINANCIAL INSTRUMENTS (cont'd)

(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

	2005		2004	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Non-current liabilities				
Other borrowings :				
- with fixed terms of repayment	7,600,000	4,873,000	-	-
- without fixed terms of repayment	5,316,669	*	8,903,082	*
	12,916,669		8,903,082	

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

Company

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

41. CAPITAL COMMITMENTS

	2005 RM	2004 RM
Group		
Approved and contracted for : Property, plant and equipment	8,308,000	4,350,000
Company		
Approved and contracted for : Property, plant and equipment	104,000	-

42. PRIOR YEAR ADJUSTMENTS

Group and Company

During the financial year 2004, the Group changed its accounting policies with respect to the following :

a) Amortisation of long leasehold land

Prior to the financial year 2004, long leasehold land were not amortised. In the financial year 2004, long leasehold land were amortised on a straight line basis over the duration of the leases. The Directors were of the opinion that this change in policy presents a fairer picture of the Group's assets.

This change in accounting policy was accounted for retrospectively.

Notes To The Financial Statements

31 January 2005 (cont'd)

42. PRIOR YEAR ADJUSTMENTS (cont'd)

- b) Adoption of MASB 25 – Income Taxes

Prior to the financial year 2004, deferred tax was accounted based on material timing differences which resulted in net deferred tax benefits not recognised in the financial statements. Following the introduction of MASB Standard 25, deferred tax liabilities are provided using the liability method, on temporary differences arising between the tax bases and their carrying amounts in the financial statements. Deferred tax assets are recognised only to the extent that probable future profit will be available against which the credit can be utilised.

This change in accounting policy was accounted for retrospectively.

43. SIGNIFICANT EVENTS

Company

- a) During the financial year, the Company acquired four pieces of long leasehold land from four subsidiary companies as part of the Group's re-organisation scheme to consolidate the plantation assets and businesses of the Group for total cash consideration of RM17,416,000.
- b) On 26 January 2005, the Company held an Extraordinary General Meeting to approve the following :
- i) Renounceable rights issue of 64,050,000 new ordinary shares of RM1 each in the Company at an issue price of RM1.10 per rights share together with 42,700,000 detachable free warrants on the basis of three new ordinary shares of RM1 each together with two detachable free warrants for every five existing ordinary shares of RM1 each held at an entitlement date to be determined later; and
 - ii) Establishment of an Employees' Share Option Scheme (ESOS) for eligible employees and Directors of the Company and its subsidiaries.

The issuance and quotation of the rights shares on Bursa Malaysia Securities Berhad were completed on 29 April 2005 whereas the ESOS became effective for a period of five years from 18 March 2005.

44. EVENTS AFTER THE BALANCE SHEET DATE

On 26 March 2005, the Company incorporated a 90% owned subsidiary company, Okidville Jaya Sdn. Bhd. (OJSB). OJSB has not commenced operations.

On 30 April 2005, the Group repaid a term loan of RM10 million to a financial institution.

45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 26 May 2005.

Analysis of Shareholdings

as at 7 June 2005

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM170,863,600
Class of Share	:	Ordinary shares of RM1.00 each fully paid
Voting Right	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued capital
Less than 100 shares	6	0.21	210	0.00
100 to 1,000 shares	1,181	40.79	1,155,810	0.68
1,001 to 10,000 shares	1,273	43.97	5,016,917	2.94
10,001 to 100,000 shares	372	12.85	11,284,680	6.60
100,001 to less than 5% of issued shares	61	2.11	30,002,783	17.56
5% and above of issued shares	2	0.07	123,403,200	72.22
Total	2,895	100.00	170,863,600	100.00

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No. of Shares held	% of Issued capital
1. Sharikat Kim Loong Sendirian Berhad	77,127,000	45.14
2. Malaysia Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sharikat Kim Loong Sendirian Berhad (10-00030-001)	46,276,200	27.08
3. Lembaga Tabung Angkatan Tentera	3,100,800	1.82
4. Timbas Helmi Bin Oesman Joesoef Helmi	2,617,000	1.53
5. Chellam Investments Sdn Berhad	2,313,000	1.35
6. HSBC Nominees (Asing) Sdn Bhd Krishnan Chellam (HBMB301-26)	2,130,000	1.25
7. Koperasi Polis Diraja Malaysia Berhad	1,600,000	0.94
8. Neoh Choo Ee & Company Sdn Berhad	1,200,000	0.70
9. Teoh Guan Kok & Co. Sdn Berhad	819,800	0.48
10. Loh Lai Kim	713,000	0.42
11. Loo Geok Eng	656,000	0.38
12. ECM Libra Securities Sdn Bhd IVT (A02) for ECM Libra Securities Sdn Bhd (Account 1)	648,173	0.38
13. Ang Chai Eng	639,000	0.38
14. Employees Provident Fund Board	632,800	0.37
15. M & A Nominee (Tempatan) Sdn Bhd Titan Express Sdn Bhd	631,500	0.37
16. Heng Yuen Sdn Bhd	620,800	0.36
17. Radeshah binti Ridzwani	597,000	0.35
18. Prudent Strength Sdn. Bhd.	565,600	0.33
19. Hui Hoong Tho	518,000	0.30
20. Yayasan Kelantan Darul Naim	500,000	0.29
21. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Siew Lai (Margin)	434,000	0.25
22. Golden Fresh Sdn Bhd	377,600	0.22
23. Mayban Nominees (Tempatan) Sdn Bhd Aseambankers Malaysia Berhad (A/C 1-230582)	369,869	0.22
24. Gooi Seow Mee	336,000	0.20
25. Mariam binti Mahmood @ Kassim	320,000	0.19
26. Gooi Seong Chneh	319,600	0.19

Analysis of Shareholdings

as at 7 June 2005 (cont'd)

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

Name of Shareholders	No. of Shares held	% of Issued capital
27. Teo Ah Seng	309,800	0.18
28. Lee Soi Gek	304,800	0.18
29. M & A Nominee (Asing) Sdn Bhd Pedigree Limited	294,000	0.17
30. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Kwee Hock (Margin)	292,000	0.17
TOTAL	147,263,342	86.19

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	123,403,200 ^(a)	6,400 ^(b)	72.22	-
Loo Geok Eng	656,000	123,409,600 ^(c)	0.38	72.23
Gooi Seong Lim	352,000	124,030,400 ^(d)	0.21	72.59
Gooi Seong Heen	272,000	124,030,400 ^(d)	0.16	72.59
Gooi Seong Chneh	335,600	124,030,400 ^(d)	0.20	72.59
Gooi Seong Gum	248,000	124,030,400 ^(d)	0.15	72.59
Gooi Seow Mee	336,000	124,030,400 ^(d)	0.20	72.59

Note:-

^(a) 46,276,200 shares held in bare trust by Malaysia Nominees (Tempatan) Sdn Bhd.

^(b) Deemed interest through Kim Loong Plantations Sdn. Bhd.

^(c) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (123,403,200 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).

^(d) Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (123,403,200 shares), Hengng Yuen Sdn. Bhd. (620,800 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).

Analysis of Shareholdings

as at 7 June 2005

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Datuk Haji Mohd. Zamani bin Samah	50,000	0.03	-	-
Loo Geok Eng	656,000	0.38	123,409,600 ^(a)	72.23
Gooi Seong Lim	352,000	0.21	124,030,400 ^(b)	72.59
Gooi Seong Heen	272,000	0.16	124,030,400 ^(b)	72.59
Gooi Seong Chneh	335,600	0.20	124,030,400 ^(b)	72.59
Gooi Seong Gum	248,000	0.15	124,030,400 ^(b)	72.59
Gooi Seow Mee	336,000	0.20	124,030,400 ^(b)	72.59
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Mathew K. Mathai	-	-	-	-

Note:-

- ^(a) Deemed interests by virtue of her interest in Sharikat Kim Loong Sendirian Berhad (123,403,200 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).
- ^(b) Deemed interests by virtue of their interests in Sharikat Kim Loong Sendirian Berhad (123,403,200 shares), Heng Yuen Sdn. Bhd. (620,800 shares) and Kim Loong Plantations Sdn. Bhd. (6,400 shares).

Analysis of Warrant Holdings

as at 7 June 2005

No. of Warrants 2005/2012	:	42,700,000
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. The warrants can be exercised at any time after the second anniversary of the date of issue on 22 April 2005 until the end of the tenure of the warrants.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100 warrants	26	2.42	1,734	0.01
100 to 1,000 warrants	384	35.82	223,707	0.52
1,001 to 10,000 warrants	495	46.18	1,674,543	3.92
10,001 to 100,000 warrants	149	13.90	4,612,398	10.80
100,001 to less than 5% of warrants	17	1.59	5,336,818	12.50
5% and above of warrants	1	0.09	30,850,800	72.25
Total	1,072	100.00	42,700,000	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	72.25
2. Teoh Guan Kok & Co. Sdn Berhad	865,400	2.03
3. Lembaga Tabung Angkatan Tentera	775,200	1.82
4. Neoh Choo Ee & Company Sdn Berhad	449,999	1.05
5. ECM Libra Securities Sdn Bhd IVT (A02) for ECM Libra Securities Sdn Bhd (Account 1)	432,191	1.01
6. HSBC Nominees (Asing) Sdn Bhd Krishnan Chellam (HBMB301-26)	420,000	0.98
7. Koperasi Polis Diraja Malaysia Berhad	400,000	0.94
8. Teo Ah Seng	270,233	0.63
9. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Siew Lai (Margin)	257,300	0.60
10. Mayban Nominees (Tempatan) Sdn Bhd Aseambankers Malaysia Berhad (A/C 1-230582)	224,292	0.53
11. Lee Soi Gek	201,199	0.47
12. Mayban Securities Sdn Bhd IVT for Mayban Securities Sdn Bhd	172,871	0.41
13. Loo Geok Eng	164,000	0.38
14. Wang Leong Choy	156,733	0.37
15. Heng Yuen Sdn Bhd	155,200	0.36
16. Ang Chai Eng	143,600	0.34
17. Prudent Strength Sdn Bhd	138,400	0.32
18. HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Yong Liak	110,200	0.26
19. Loh Lai Kim	100,000	0.23
20. Teoh Liang Huat @ Teoh Lean Huat	96,000	0.22
21. Chua Kin Hua	92,000	0.22
22. Neoh Brothers Sdn Berhad	90,666	0.21
23. Gooi Seow Mee	84,000	0.20

Analysis of Warrant Holdings

as at 7 June 2005 (cont'd)

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

Name of Warrant Holders	No. of Warrants Held	% of Warrants
24. Lim Cheng Hai	80,000	0.19
25. Wong Lian Soon	80,000	0.19
26. Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Quek Phaik Im (REM 860)	80,000	0.19
27. Puen Tak Hong	78,440	0.18
28. Loh Yem Phoi	71,933	0.17
29. Lim Ah Choo	70,000	0.16
30. Lee Seng Low	68,000	0.16
TOTAL	37,178,657	87.07

DIRECTORS' INTEREST IN WARRANTS 2005/2012

(As per Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	Warrant Holdings	%	Warrant Holdings	%
Datuk Haji Mohd. Zamani bin Samah	-	-	-	-
Loo Geok Eng	164,000	0.38	30,852,400 ^(a)	72.25
Gooi Seong Lim	88,000	0.21	31,007,600 ^(b)	72.62
Gooi Seong Heen	68,000	0.16	31,007,600 ^(b)	72.62
Gooi Seong Chneh	68,000	0.16	31,007,600 ^(b)	72.62
Gooi Seong Gum	62,000	0.15	31,007,600 ^(b)	72.62
Gooi Seow Mee	84,000	0.20	31,007,600 ^(b)	72.62
Gan Kim Guan	-	-	-	-
Teoh Cheng Hai	-	-	-	-
Mathew K. Mathai	-	-	-	-

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) 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).

List of Properties

Beneficial owner/ Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (acres)	Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2005 RM'000
Kim Loong Resources Berhad							
- CL 085311253	31 Dec 2077	Oil palm plantation	199.80	31 Jan 2004	Not applicable	Not applicable	2,235
- CL 085313079	31 Dec 2078	Oil palm plantation	949.50	31 Jan 2004	Not applicable	Not applicable	10,619
- CL 085311306	31 Dec 2077	Oil palm and cocoa	300.10	31 Jan 2004	Not applicable	Not applicable	3,306
- CL 085311315	31 Dec 2077	Oil palm and cocoa	253.30	31 Jan 2004	Not applicable	Not applicable	2,791
- CL 085311244	31 Dec 2077	Oil palm and cocoa	411.50	31 Jan 2004	Not applicable	Not applicable	4,531
District of Labuk/ Sugut, Sabah							
- CL 095317552	31 Dec 2085	Oil palm plantation	15.00	31 Jan 2004	Not applicable	Not applicable	168
- CL 095317561	31 Dec 2085	Oil palm plantation	14.66	31 Jan 2004	Not applicable	Not applicable	164
- CL 095315058	31 Dec 2085	Oil palm plantation	749.70	31 Jan 2004	Not applicable	Not applicable	8,392
- CL 095317436	31 Dec 2087	Oil palm plantation	35.21	31 Jan 2004	Not applicable	Not applicable	394
- CL 095310777	31 Dec 2078	Oil palm plantation	978.00	31 Jan 2004	Not applicable	Not applicable	10,937
- CL 095315049	31 Dec 2085	Oil palm plantation	849.80	31 Jan 2004	Not applicable	Not applicable	9,512
- CL 095316957	31 Dec 2086	Oil palm plantation	199.70	31 Jan 2004	Not applicable	Not applicable	2,235
- CL 095310428	31 Dec 2077	Oil palm plantation	200.30	31 Jan 2004	Not applicable	Not applicable	2,239
- CL 095310982	31 Dec 2078	Oil palm plantation	989.80	31 Jan 2004	Not applicable	Not applicable	9,439
- CL 095310526	31 Dec 2077	Oil palm plantation	602.30	31 Jan 2004	Not applicable	Not applicable	6,630
District of Kinabatangan, Sabah							
Desa Kim Loong Industries Sdn Bhd							
- CL 135345069	31 Dec 2080	Factory/quarter	(1)	Not applicable	648	5 years	135
Sook, District of Keningau, Sabah							
Kim Loong - KPD Plantations Sdn Bhd (formerly known as <i>Desa Kim Loong Plantations Sdn Bhd</i>)							
- CL 095332639	31 Dec 2086	Oil palm plantation	3,978.00	31 Jan 2004	Not applicable	Not applicable	32,106
- CL 095332648	30 June 2032	Oil palm plantation	990.00 ⁽²⁾	31 Jan 2004	Not applicable	Not applicable	4,575
District of Kinabatangan, Sabah							
Okidville Holdings Sdn Bhd							
- CL 135328782	31 Dec 2083	Oil palm plantation	6,850.00	31 Jan 2004	Not applicable	Not applicable	51,648
Sook, District of Keningau, Sabah							
- CL 135320295	31 Dec 2077	Oil palm plantation	389.00	31 Jan 2004	Not applicable	Not applicable	2,245
Mile 32, Keningau-Pensiangan Keningau, Sabah							
Desa Okidville Sdn Bhd							
- CL 135345069	31 Dec 2080	Oil palm plantation	10,781.00 ⁽³⁾	31 Jan 2004	Not applicable	Not applicable	69,452
Sook, District of Keningau, Sabah							

List of Properties (cont'd)

Beneficial owner/ Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (acres)	Date of revaluation/ (acquisition)	Built-up area (sq.m.)	Approx. age of building	Net book value as at 31 January 2005 RM'000
Desa Kim Loong Palm Oil Sdn Bhd							
- CL 135345069 Sook, District of Keningau, Sabah	31 Dec 2080	Palm oil mill	100.00 ⁽³⁾	31 Jan 2004	18,683	2 years	7,578
Kim Loong Palm Oil Mills Sdn Bhd							
- H.S. (D) 15057, PTD 1520	Freehold	Palm oil mill	59.74	31 Jan 2004	35,846	8 years	13,637
- H.S. (D) 708, MLD 598	Freehold	Vacant land	10.68	(10 Mar 2003)	Not applicable	Not applicable	1,966
- H.S. (D) 709, MLD 599	Freehold	Vacant land	12.17	(10 Mar 2003)	Not applicable	Not applicable	2,240
- H.S. (M) 118, PTD 200 Mukim Hulu Sg Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	5.06	(17 Feb 2003)	Not applicable	Not applicable	451
Tyeco Corporation Sdn Bhd							
- NT 02313683, NT 02313684, NT 023192556, NT 023192565, NT 023192574 District of Papar, Sabah	01 Apr 2032	Planted with coconut	16.32 ⁽²⁾	Not applicable	Not applicable	Not applicable	217
Arab-Malaysian Agriculture Sdn Bhd							
- PTD 5635 Mukim Sungai Segamat, Johor	03 Nov 2020	Vacant land	988.40	(30 Nov 2003)	Not applicable	Not applicable	158
Winsome Al-Yatama Sdn Bhd							
- HSD 13896 PTD 828, 45 D & 53 B Mukim Hulu Sg Sedeli Besar, Kota Tinggi, Johor	8 Nov 2064	Oil palm plantation	2,702.00 ⁽²⁾	(09 Nov 2004)	Not applicable	Not applicable	13,338
							33,631.04
							273,338

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

⁽²⁾ These lands were subleased from third parties.

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



Form of Proxy

I/We, _____

of _____

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

of _____

or failing whom, _____ of _____ or

failing whom, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at Tropicana Golf & Country Resort Berhad, Ballroom 2, 1st Floor, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 July 2005 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Re-appointment of Director: Datuk Haji Mohd. Zamani bin Samah		
4.	Re-appointment of Director: Mdm. Loo Geok Eng		
5.	Re-appointment of Director: Mr. Mathew K. Mathai		
6.	Re-election of Director: Mr. Gooi Seong Gum		
7.	Re-election of Director: Mr. Teoh Cheng Hai		
8.	That the vacancy arising from the retirement of Ms. Gooi Seow Mee as a Director should not be filled		
9.	Re-appointment of Auditors		
10.	Authority to issue shares		
11.	Proposed Renewal of Shareholders' Mandate		

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

Signed this _____ day of _____ 2005

Signature of Member(s)

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

NOTES:

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

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

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

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

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

fold this flap for sealing

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STAMP

The Secretary

KIM LOONG RESOURCES BERHAD

(22703-K)

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

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