

Our Mission Statement

The QL Group focuses its resources on integration and diversification into synergistic activities for consistent and long-term growth.

The QL Group is committed to continuing expansion of its existing operations and activities as well as diversifying into new areas.

The Group considers the following as the thrust to its future plans:

- Continuing research and development, upgrading of product range and group production facilities
- Potential synergistics investment opportunities
- Continuing and strengthening of operational efficiency

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Principal Activities

The QL Group is a diversified agricultural based group of companies. The Group is principally involved in marine-based manufacturing, integrated livestock, oil palm related and other distribution activities.

The marine-based manufacturing activities consist of manufacturing of fish-meal, surimi and surimi-based products. The Group is the largest fish-meal manufacturer in Malaysia. Its surimi and surimi-based products marine division is also a leading producer in Malaysia. The Group is also currently into fish snack manufacturing.

The integrated livestock activities division consists of distribution of feed-meal raw materials and animal health products & feed supplements as well as layer farming and feed-milling activities. QL Group is a major distributor of animal feed raw material in Malaysia. The layer farming and feedmilling activities are situated in Kota Kinabalu and Tawau (Sabah), Kuching (Sarawak) as well as Pajam (Negeri Sembilan).

The oil palm related activities comprise of CPO milling and small scale oil palm cultivation. The CPO mill is situated in Kunak, (near Tawau) Sabah. The Mill is an independent mill, which services the oil palm estates in the surrounding region of Tawau.



Fish-meal
manufacturing

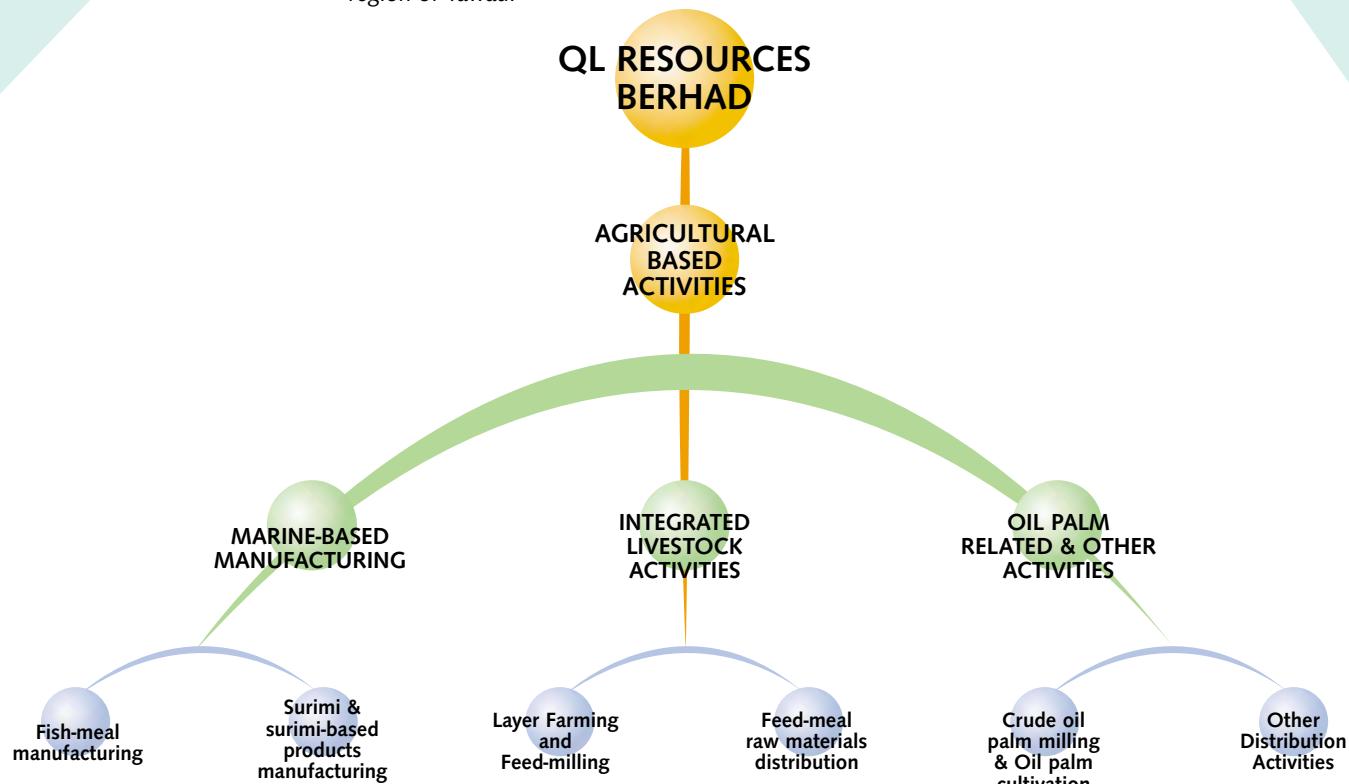
Surimi &
surimi-based
products
manufacturing

Layer Farming
and
Feed-milling

Feed-meal
raw materials
distribution

Crude oil
palm milling &
Oil palm
cultivation

Other
Distribution
Activities



Corporate Information

BOARD OF DIRECTORS

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
(Chairman)

Chia Song Kun (Managing Director)

Chia Seong Pow (Executive Director)

Chia Seong Fatt (Executive Director)

Chia Song Kooi (Executive Director)

Chia Song Swa (Executive Director)

Chia Mak Hooi (Executive Director)

Mohd Rizal Bin Ramlee
(Independent Non-Executive Director)



COMPANY SECRETARY

Ng Geok Ping (MAICSA 7013090)

AUDIT COMMITTEE

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
(Independent Non-Executive Chairman)

Mohd Rizal Bin Ramlee (Independent Non-Executive)

Chia Song Kun (Non-Independent Executive)

AUDITORS

KPMG
Public Accountants

REGISTERED OFFICE

No. 5, Lorong Bukit Kuda,
Off Jalan Batu Tiga Lama, 41300 Klang,
Selangor Darul Ehsan, Malaysia.
Tel: 03-3342 6271 Fax: 03-3342 7202/2722

PRINCIPAL BANKERS

Malayan Banking Berhad

Bumiputra-Commerce Bank Berhad

Hong Leong Bank Berhad

RHB Bank Berhad

REGISTRARS

Bina Management (M) Sdn Bhd (Register No. 50164-V)
Lot 10, The Highway Centre, Jalan 51/205,
46050 Petaling Jaya, Selangor

STOCK EXCHANGE LISTING

Second Board of Kuala Lumpur Stock Exchange

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting has been scheduled on Wednesday, 29 August 2001 at 10.30 a.m. to be held at Rebana 2, Level 1, Grand BlueWave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan.

AGENDA

(1) To receive and adopt the Financial Statements for the financial year ended 31 March 2001 together with the Directors' and Auditors' Report thereon.	Resolution 1
(2) To declare a final dividend of 7% per ordinary share less income tax in respect of the financial year ended 31 March 2001.	Resolution 2
(3) To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:	
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Resolution 3
Mr Chia Seong Pow	Resolution 4
Mr Chia Seong Fatt	Resolution 5
(4) To approve the Directors' fees for the financial year ended 31 March 2001.	Resolution 6
(5) To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 7
(6) Special business	
To consider and if thought fit, pass the following resolution as an ordinary resolution:	Resolution 8
"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."	
(7) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.	

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 28 September 2001 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 September 2001.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 12 September 2001 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 14 September 2001 in respect of the ordinary transfers; and
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Ng Geok Ping
Company Secretary

Klang, Selangor Darul Ehsan
6 August 2001

NOTES:-

1. A member of the Company entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote in his place. Where a member appoints two proxies or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 5, Lorong Bukit Kuda, Off Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.
3. In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an office or attorney duly authorised.
4. The details of the directors who are standing for re-election at the 4th Annual General Meeting are available on Page 6 and 7 of the Annual Report.
5. Explanatory Statement on Special Business

The ordinary resolution proposed under item 6, if passed will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

Board Of Directors

Tengku Dato' Zainal Rashid Bin Tengku Mahmood (Chairman & Independent Non-Executive Director)

Age: 62

Nationality: Malaysian

Qualification: Tengku holds a M.B.A. from Syracuse University, USA.

Working experience/occupation:

He has been actively involved in business over the last 35 years in the fields of trading, transportation (shipping, land, air) and insurance. He started his business career with the Harper Gilfillan Group (a diversified British organisation) in the early 1960's and retired as the Group Managing Director of Harper Wira Sdn. Bhd. He is currently the Executive Chairman of K-Line Maritime (Malaysia) Sdn. Bhd., a Malaysian-Japanese joint-venture company with K-Line Tokyo, one of the biggest Japanese shipping company.

Apart from managing various companies, Tengku Dato' Zainal Rashid is also actively involved in the affairs of maritime related organisations.

He was the Chairman of the International Shipowners Association of Malaysia for twelve (12) years and past president of I.C.H.C.A. Malaysian chapter. He also sat on the Boards of Klang and Kuantan Port Authorities for more than a decade.

In addition to maritime bodies, Tengku Dato' Zainal Rashid is also an active participant in the affairs of Chambers of Commerce. He is currently the Vice-President of the Malaysian International Chamber of Commerce and Industry and an Exco Member of the National Chamber of Commerce and Industry of Malaysia. At the Asean level, he was the past Chairman of the Transport and Communication Committee of the Asean Chambers of Commerce and Industry. He is also the Vice-Chairman of the Malaysian Norway Business Council.

He is also the Hon. Consul for Norway of Port Klang/Port Dickson.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs: Audit Committee of QL

Other directorship of public companies: Nil



Family relationship with any director and/or major shareholder of the Company: Nil

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 4 (100%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Tengku Dato' Zainal Rashid Bin Tengku Mahmood holds 50,000 shares in QL.



Age: 51

Nationality: Malaysian

Qualification: Graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 1972 and he has also obtained a Master degree in Business Administration in 1988 from the same university.

Working experience/occupation:

He is the founder member of QL Group, was appointed as the managing director of QL Feedingstuffs Sdn. Bhd. on 22 June 1987. He is overall in charge of the Group's operations. He was appointed to the Board of QL on 3 January 2000.

He started his career in 1973 as a tutor in the University of Malaya and subsequently joined Institut Teknologi Mara, Shah Alam, as a lecturer where he served for 11 years until 1984.

He incorporated CBG Holdings Sdn. Bhd. (currently, one of QL Group's substantial shareholders) in 1984 to commence the business of distributing fishmeal and other feed-meal raw materials.

Together with the help of his family members, he has successfully nurtured, developed and transformed the QL Group into a diversified agricultural based group with an annual turnover of more than RM400 million.

He is also a founder member and a non-executive director of Inti Universal Holdings Bhd., a company listed on the Kuala Lumpur Stock Exchange. The Company is one of the leading private colleges in Malaysia. He is also a non-executive director of Eita Holdings Sdn. Bhd., a group of companies which is involved in the trading of electrical, information technology and business automation products. In addition, he has been actively involved in the Klang Chinese Chamber of Commerce and Industry where he heads the Agriculture Business Committee.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs:

Audit Committee of QL

Other directorship of public companies: He is a non-executive director of Inti Universal Holdings Bhd.

Family relationship with any director and/or major shareholder of the Company: He is the brother to Mr. Chia Song Swa and Mr. Chia Song Kooi. He is also the brother-in-law to Mr. Chia Seong Pow and Mr. Chia Seong Fatt.

He is the director and substantial shareholder of CBG Holdings Sdn. Bhd. (CBG), a major shareholder of QL.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 4 (100%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Kun holds 10,000 shares in QL and he has indirect interest by virtue of his and his wife's interests in CBG.

Chia Song Kun (Managing Director)

Chia Seong Pow (Executive Director)

Age: 45

Nationality: Malaysian

Qualification: Graduated from Tuanku Abdul Rahman College with a Diploma in Building Technology.

Working experience/occupation:

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd., a substantial shareholder of QL, as Marketing Director in 1984. He has more than 15 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.



Currently Mr Chia Seong Pow is mainly in charge of group business developments and overseeing certain subsidiaries operations. He is also a non-executive director of the Eita Holdings Sdn. Bhd. group of companies which is involved in the trading of electrical, information technology and business automation products.

A majority of the Group's new expansion programmes were initiated by him. These included the setting up of the Kota Kinabalu branch and the surimi manufacturing operation.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs: Nil

Other directorship of public companies: Nil

Family relationship with any director and/or major shareholder of the Company: He is the younger brother to Mr. Chia Seong Fatt. Both of them are brothers-in-law to Mr. Chia Song Kun.

He is the director and substantial shareholders of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 4 (100%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Seong Pow holds 10,000 shares in QL and he has indirect interest by virtue of his and his wife's interests in Farsathy Holdings Sdn. Bhd., a substantial shareholder of QL.



Chia Seong Fatt (Executive Director)

Age: 45

Nationality: Malaysian

Qualification: Obtained his B.Sc. Honours Degree in Chemistry from University of London in 1979. He practised as an industrial chemist for 3 years before he pursued further studies in University Malaya. In 1984, he graduated from University of Malaya with a Master degree in Business Administration.

Working experience/occupation:

He served for seven years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming. The Company is an associated company of Lay Hong Berhad, a company listed on the Second Board of the Kuala Lumpur Stock Exchange.

In 1991, he was appointed as Managing Director of Tong Len Trading Sdn. Bhd. a subsidiary of QL to take charge of its operations in Tawau. In January 1996 he was appointed an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farming and CPO milling operations.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs: Nil

Other directorship of public companies: Nil

Family relationship with any director and/or major shareholder of the Company: He is the elder brother to Mr. Chia Seong Pow. Both of them are brothers-in-law to Mr. Chia Song Kun.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 3 (75%)

Detail of any interest in the securities of the listed issuer or its subsidiaries:

Mr. Chia Seong Fatt holds 10,000 shares in QL and he has indirect interest by virtue of his and his wife's interests in Farsathy Holdings Sdn. Bhd., a major shareholder of QL.



Chia Song Kooi (Executive Director)

Age: 41

Nationality: Malaysian

Qualification: Holds a bachelor of Agricultural Science from University Putra Malaysia (1985).

Working experience/occupation:

He began his career with Ancom Berhad, a company listed on the Main Board of the Kuala Lumpur Stock Exchange as a marketing executive for agro-chemical products and eventually headed the Product and Market Development Division in 1986.

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has 11 years experience in farm management and in trading of raw materials for farm use. He is currently the Treasurer of Sabah Livestock Poultry Association. He is overall in charge of the group's Kota Kinabalu and Kuching operations.

Date he was first appointed to the board of QL:

3 January 2000

Detail of any board committee to which he belongs: Nil

Other directorship of public companies: Nil

Family relationship with any director and/or major shareholder of the Company: He is the brother to Mr. Chia Song Kun and Mr. Chia Song Swa. He is also the uncle to Mr. Chia Mak Hooi.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 3 (75%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Kooi holds 10,000 shares in QL. He has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.



**Chia Song Swa
(Executive Director)**

Age: 41

Nationality: Malaysian

Qualification: Holds a degree in Chemistry and Statistics from the University of Campbell, USA.

Working experience/occupation:

He started his career at Genting Berhad, a company listed on the Kuala Lumpur Stock Exchange as a Management Trainee in 1984 and served for 2 years.

In 1987 he joined QL Feedingstuffs Sdn. Bhd. as a sales executive. He was appointed as a director of QL Feedingstuffs Sdn. Bhd. in 22 June 1989. At present, he is an executive director in charge of sales and logistics function at QL Feedingstuffs Sdn. Bhd. as a result of his 12 years experience in feed raw material distribution. He has helped the Company to establish a very strong distribution network.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs: Nil

Other directorship of public companies: Nil

Family relationship with any director and/or major shareholder of the Company: He is the brother to Mr. Chia Song Kun and Mr. Chia Song Kooi. He is also the uncle to Mr. Chia Mak Hooi.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 4 (100%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Swa holds 10,000 shares in QL and he has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

**Mohd Rizal Bin Ramlee
(Independent Non-Executive Director)**

Age: 30

Nationality: Malaysian

Qualification: Obtained his Certificate of Proficiency in General Insurance from Malaysia Institute of Insurance in 1991.

Working experience/occupation:

From 1992 to 1993, he was a sub-editor with Ensimal (M) Sdn. Bhd. which was involved in publication before joining

R&R Consult as a trainee executive. He left R&R Consult which was engaged in financial consultancy in 1996 as a financial executive to join MarketingPac Sdn. Bhd. as an executive director. MarketingPac Sdn. Bhd. is principally involved in the business of marketing and distribution of building materials and related products. He is presently also a director

**Chia Mak Hooi
(Executive Director)**

Age: 36

Nationality: Malaysian

Qualification: Graduated from Arizona State University with a degree in Accounting and Finance in 1988.

Working experience/occupation:

He began his career with a local audit firm in Los Angeles for 1 year. Subsequently he joined Concept Enterprises Inc. USA as an Assistant Accountant for 2 years.

After returning from the USA in 1991, with his exposure in USA, he joined QL Feedingstuffs Sdn. Bhd. as a Finance Manager in charge of accounts, tax and audit planning and corporate financial management and liaised with bankers for banking facilities. In 1996, he was appointed as a Director of QL Feedingstuffs Sdn. Bhd. He is also the Director of the EITA Holdings Sdn. Bhd. group of companies which is involved in the trading of electrical, information technology and business automation products.

Date he was first appointed to the board of QL: 3 January 2000

Detail of any board committee to which he belongs: Nil

Other directorship of public companies: Nil

Family relationship with any director and/or major shareholder of the Company: He is the nephew to Mr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

Conflict of interest: Nil

List of convictions for offences within the past 10 years other than traffic offence: Nil

No. of board meetings attended in the financial year: 4 (100%)

Detail of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Mak Hooi holds 10,000 shares in QL and he has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.



Corporate Governance Disclosure

Directors' Shareholdings

Name of directors	Direct	No. of Shares held		
		%	Indirect	%
Tengku Dato' Zainal Rashid Bin				
Tengku Mahmood	50,000	0.13	-	-
Chia Song Kun	10,000	0.03	18,201,569 *	45.50
Chia Seong Pow	10,000	0.03	6,304,090 **	15.76
Chia Song Kooi	10,000	0.03	18,201,569 *	45.50
Chia Seong Fatt	10,000	0.03	6,304,090 **	15.76
Chia Song Swa	10,000	0.03	18,201,569 *	45.50
Chia Mak Hooi	10,000	0.03	18,201,569 *	45.50
Mohd Rizal Bin Ramlee	609	-	-	-

Notes:

* Indirect interest via CBG Holdings Sdn. Bhd.

** Indirect interest via Farsathy Holdings Sdn. Bhd.

The Remuneration Of Directors of QL Resources Berhad for the financial year ended 31 March 2001

Subject	Executive Directors	Non-Executive Directors
Aggregate Remuneration	RM	RM
• Directors' fees	278,100	54,000
• Salaries	913,777	-
• Allowance	341,725	-
• Bonuses	360,286	-
• Commission	-	-
• Compensation for loss of office	-	-
• Benefits in kind based on an estimated money value	55,450	-
Total	1,949,338	54,000

Band (RM)	No. of Directors	No. of Directors
Below 50,000	-	2
50,001 - 100,000	-	-
100,001 - 150,000	1	-
150,001 - 200,000	-	-
200,001 - 250,000	1	-
250,001 - 300,000	1	-
300,001 - 350,000	-	-
350,001 - 400,000	1	-
400,001 - 450,000	1	-
450,001 - 500,000	-	-
500,001 - 550,000	-	-
550,001 - 600,000	1	-

Non-Audit Fees

No non-audit fees was paid to external auditors for the financial year.

Meeting

The Board of Directors met on 4 occasions for the financial year ended 31 March 2001. All the directors attended all the meetings held for the year except Mr. Chia Song Kooi and Mr. Chia Seong Fatt attended 3 of the meetings. The Group Accountant was invited to attend all the meetings.

Statement of Directors' Responsibilities in respect of the Audited Financial Statements

Directors are required by Company Law 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 of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Material Contracts

There are no material contracts of the Group involving directors' and major shareholders' interests, still subsisting at the end of the financial year.

Chairman's Statement



TENGKU DATO' ZAINAL RASHID BIN TENGKU MAHMOOD

Chairman

I am pleased to report another year of good progress for the Group. For the financial year ended 31 March 2001, the Group registered a turnover of RM475 million, up 16.8% on last year. Profit before tax of RM25.4 million, a 27% improvement of the previous year's result.

Looking back, our vision and strategies have not only done us good in 2000 but also position us on a stronger footing to meet the challenges in the current financial year. Strategically, we have successfully made the necessary move in reducing the minority interests within the Group by the acquisition of additional equity interests from minority shareholders of certain subsidiaries. In addition, I am particularly pleased to announce the acquisition of Tradisi Emas Sdn. Bhd. and Figo Marketing Sdn. Bhd. (acquisition made after financial year). These investments not only expand the range of chilled and frozen seafood products which we manufacture but also enable us to increase our market share in this sector.

The chilled and frozen market in Malaysia is fragmented and this environment provide us with an opportunity to play a bigger role in the FMCG (Fast Moving Consumer Goods) market. In recognising the good potential for expansion, the Group recently acquired (after financial

year end) CSM Distribution Sdn. Bhd. (CSMD). Our investment in CSMD will provide us with the necessary vehicle for the marketing of our own brand name in future.

I am excited by these acquisitions as they will provide the Group with a platform to continue our strategy of organic as well as acquisitive growth which in turn will enhance the Group performance and shareholders value.

The Group has made significant progress over the last few years and despite the uncertainties in the immediate outlook in certain markets, I am confident that the Group will continue to deliver another year of good results.

On behalf of the Board of Directors, I extend my sincere appreciation to the members of our management and staff for their commitments, hardwork and valuable contributions to the growth of the Group and its subsidiaries.

I would also like to thank all our valued customers, business partners, associates and shareholders for their continuous support.

**Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman**

Managing Director's Report

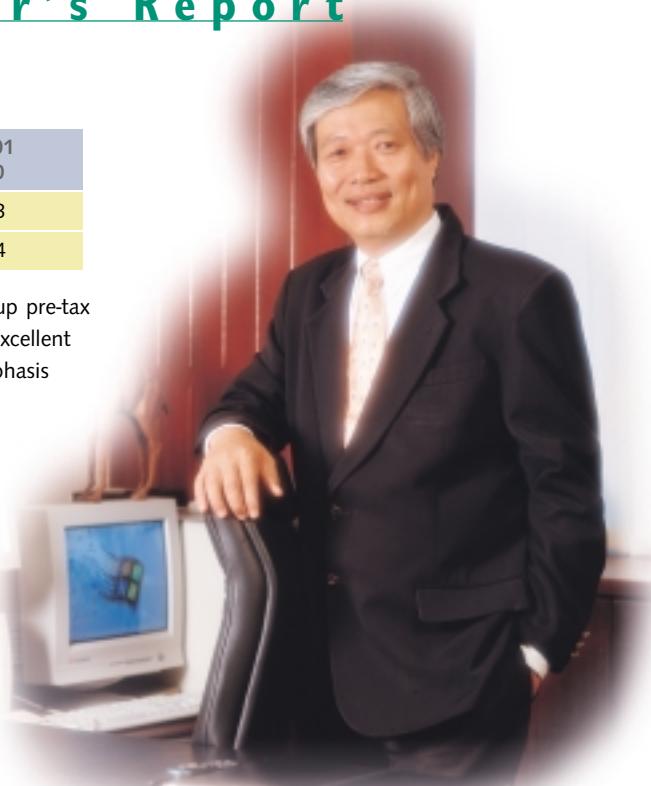
OVERALL PERFORMANCE

	31.3.2000 RM'000	31.3.2001 RM'000
Turnover	407,201	475,703
Pre-tax profit	20,058	25,474

Group turnover increased 16.8% to RM475 million and Group pre-tax profit increased 27% to RM25.47 million. This result included excellent performances from all three-core activities and served to emphasize the strength and depth of the Group's operation.



The Group turnover of RM475 million and pre-tax operating profit of RM 25.47 million represents a compound annual growth rate (CAGR) for turnover and pre-tax profit over the last six years of about 20% and 31% respectively. This increase was achieved despite deteriorating economic factors and to have achieved these results show the resilience of our operations.



REVIEW OF OPERATIONS

Integrated Livestock Activities

	2000 RM'million	2001 RM'million
Turnover	268.14	350.41
Pre-tax profit	8.20	11.09

This division continues to deliver excellent results based on better margin and volume growth. During the year ended 31.3.2001, turnover increased 30.6% to RM350.41 million and pre-tax profit increased 35.2% to RM11.09 million. The division's CAGR for turnover and pre-tax profit for the last six years is 15.58% and 31.61% respectively.

The Group's layer units which forms part of our integrated activities currently has an estimated production of 700,000 eggs per day, an increase of approximately 170,000 eggs per day due to the recent acquisition of a West Malaysia's layer farm, QL Poultry Farms Sdn Bhd (QLPF). The acquisition of QLPF is aimed at strengthening our eggs division production output, as well as to further develop the production and marketing of DHA eggs (DHA is an essential long chain omega-3 fatty acid).

Marine-Based Manufacturing Activities

	2000 RM'million	2001 RM'million
Turnover	41.43	53.85
Pre-tax profit	5.77	7.03

The marine-based unit has recorded a turnover and pre-tax profit growth of 30% and 21.8% respectively over last year. The unit's CAGR for turnover and pre-tax profit for the last six years is 17.18% and 22.79% respectively.

The growth of this division is mainly due to the surimi-based manufacturing unit. This unit has made the most dramatic progress since 1997, during which time it had significantly broadened its product range through greater emphasis on new product development.



Surimi-Based Unit

Year	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Sales	6,156	10,060	14,545	21,841	28,850
CAGR 1997-2001					47%
Pre-tax profit	1,085	1,452	1,947	3,436	3,305
CAGR 1997-2001					32%

In addition to continuing to produce chilled products, the unit has taken step into developing frozen sea-food products and has recently completed the building of its new factory that will produce the frozen product range. With this current production set-up, the unit hopes to manoeuvre itself into a good position in the frozen market and hopefully maintain a CAGR turnover of about 50% for the next two years.

The unit's domestic value-added sales have also increased in line with expectations. Prices have remained firm and margin satisfactory. The unit is already achieving economies of scale and expects it to progressively increase in the coming year with the result of further unit cost savings and these should provide significant competitive advantage.



This unit hopes to maintain the CAGR growth momentum through organic growth and acquisition. In this respect, the Group has invested by acquiring businesses that will strengthen our market presence through expanding product category and/or geographical spread. In particular, we have invested further in added value market by acquiring frozen food-based manufacturing business, which combines with our existing surimi-based operation sets the Group to be a leading manufacturer of sea-food based products in Malaysia.

Oil Palm Related & Other Distribution Activities

	2000 RM'million	2001 RM'million
Turnover	97.64	71.43
Pre-tax profit	6.08	7.35

This division has recorded a turnover of RM71.43 million which is a decrease of 26.8% against last year but an increase pre-tax profit of 21% to RM7.35 million against last year. The division's CAGR for turnover and pre-tax profit for the last six years is 31.33% and 49.47% respectively.

During the year ended 31st March 2001, although average Crude Palm Oil prices obtained has decreased as compared to last year, the volume of Fresh Fruit Bunches processed however has increased by 7%, resulting in slight decrease in turnover but significant increase in operating profit compared to last year.

FUTURE OUTLOOK

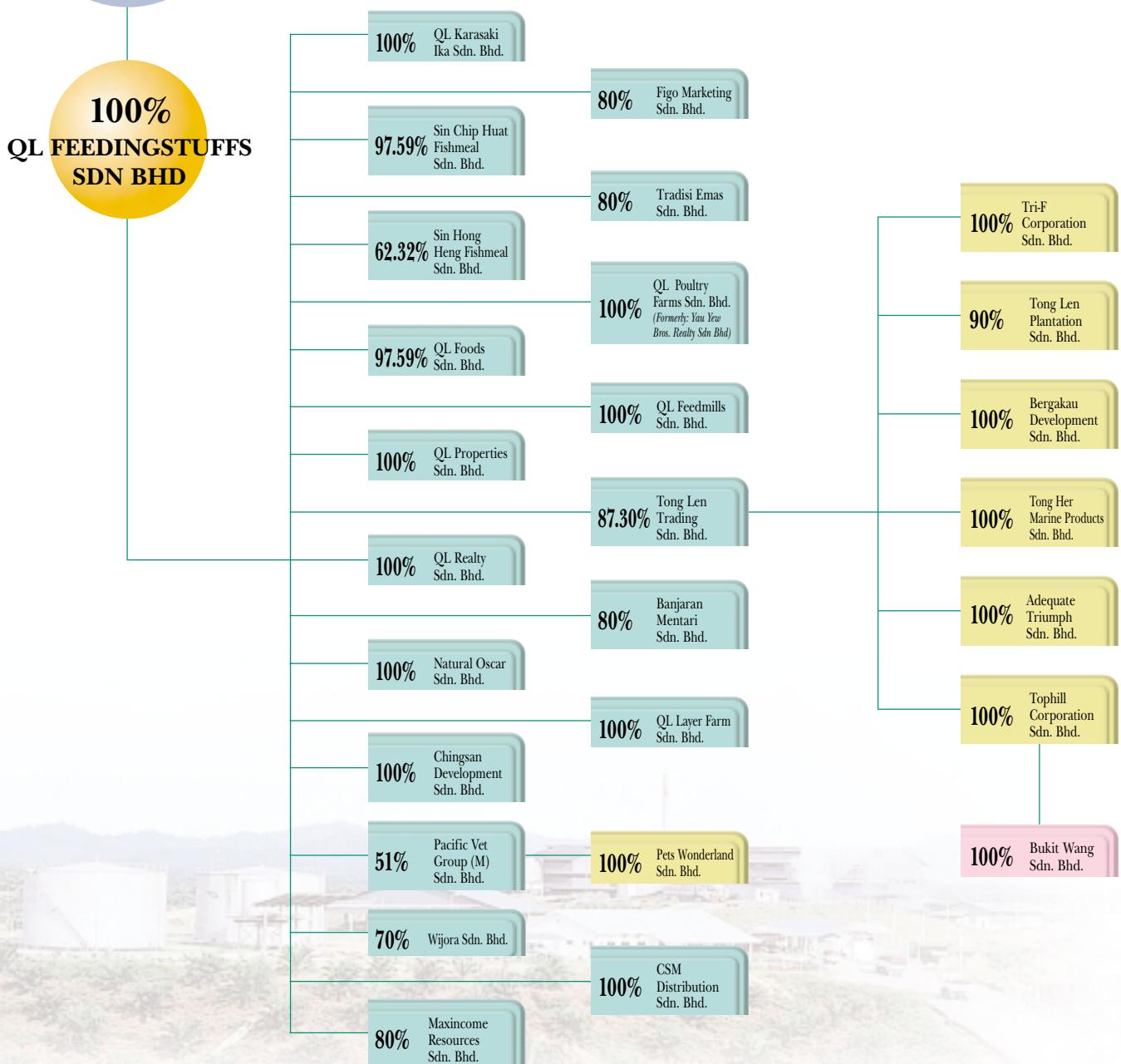
The financial year 2001 results marked another milestone in QL Group's history and beyond achieving and improving our financial results, we believe that we have in place the platform to a very challenging year.

Our objectives of sustainable growth and strong cash flow however cannot be achieved solely by organic growth. The strong cash flow from our operations and the inherent strength of the Group's balance sheet provide us the resources to drive the Group forward into its next growth phase. Acquisition of new businesses is crucial to the future, whether to consolidate existing positions, expand from position of strength or to take the group into new areas and these areas will create the new platforms necessary for continuous growth.

Chia Song Kun
Managing Director

Corporate Structure

QL RESOURCES BERHAD



Audit Committee Report

COMPOSITION

The Audit Committee, which was established by the Board of Directors in January 1999, comprises three Directors, a majority of whom are independent. Tengku Dato' Zainal Rashid Bin Tengku Mahmood is the Independent Non-Executive Chairman of the Audit Committee. Mr. Chia Song Kun, Non-Independent Executive and En. Mohd Rizal Bin Ramlee, Independent Non-Executive are the other two members of the Audit Committee.

TERMS OF REFERENCE

We have revised our terms of reference in accordance with the Listing Requirements of the Kuala Lumpur Stock Exchange.

1. Memberships

The Committee shall be appointed by the Board of Directors of the Company from amongst the Board and shall consist of not less than three (3) members, majority of which shall comprise of independent directors. At least one member must be a member of the Malaysian Institute of Accountants or eligible for membership.

In the event of any vacancy in an audit committee resulting in the non compliance with the above, the Board shall, within 3 months of that event, fill the vacancy.

The members of the Committee shall elect a chairman from among their members who shall be an independent director.

The terms of office and performance of an audit committee and each of its members should be reviewed by the Board at least once every three years.

2. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have resources which are required to perform its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. It shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions of the Committee:

- (a) To oversee all matters relating to external audit including the review with the external auditor the audit plan, their audit report and their evaluation of the system of internal controls;
- (b) To review and report on the assistance given by the employees of the company to the external auditor;
- (c) To review and report the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (d) To review and report the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (e) To review and report the quarterly and year end financial statements prior to the approval by the board of directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
- (f) To review and highlight any related party transaction and conflict of interest situation that may arise within the company or group;
- (g) To recommend the appointment of external auditors, audit fee and any question of resignation or dismissal;

- (h) Undertake such other responsibilities as may be agreed to by the committee and the Board; and
- (i) To report its findings to the Board and if necessary to the Exchange.

4. Attendance at Meetings

The company must ensure that other directors and employees attending any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting. However, at least once a year the Committee shall meet with external auditors.

The company secretary shall be the secretary of the committee.

5. Procedure of the committee:

- (a) The internal and external auditors and members of the committee may call for the audit committee meeting which they deem necessary.
- (b) The notice of such meetings shall be given at least 7 days before the meetings.
- (c) The voting and proceedings of such meetings shall be on show of hands. The Chairman shall have a casting vote.
- (d) The minutes shall be kept by the secretarial department and shall be available for inspection during working hours at the request of the directors and members.
- (e) The committee shall cause minutes to be duly entered in books provided for the following purpose:-
 - (i) of all appointments of members;
 - (ii) of the names of members and invitees such as others director, and employees present at all meetings of the committee;
 - (iii) of all actions, resolutions and proceedings at all meetings of committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting in which case the minutes shall be confirmed as correct by a member or members present at the succeeding meeting who was or were also present at the preceding meeting. Such minutes shall be conclusive evidence without further proof of the facts thereon stated; and
 - (iv) of all other orders made by the members of the committee.

6. Quorum

A majority of members present must be independent directors and shall form the quorum of the committee.

7. Frequency of Meetings

Meetings shall be held at least every quarter in a calendar year. The external auditor may request a meeting if they consider one necessary.

MEETINGS

The Audit Committee since it was established met on 5 occasions for the financial year ended 31 March 2001. All members of the Audit Committee attended all the meetings held for the year. The Finance Director and Group Accountant were invited to attend all the meetings. The Company Secretary is the secretary to the Audit Committee.

ACTIVITIES

The Audit Committee has during the year reviewed all the quarterly financial results announcements prior to recommendation to the Board for approval and reviewed the external auditors' reports in relation to audit and accounting issues arising from the audits and updates of new developments on accounting standards issued by the Malaysian Accounting Standard Board.

The Company is currently looking into engaging an internal auditor and the possibility of professional guidance to review the effectiveness of the system of internal control within the Group.