

# *Financial* **FINANCIAL STATEMENTS** *Statements*





# Directors' Report

## Directors' Report for the year ended 31 March 2001

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2001.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 26 to the financial statements. There has been no significant change in the nature of these activities during the year.

### RESULTS

	Group RM'000	Company RM'000
Net profit for the year	<u>16,603</u>	<u>1,473</u>

### RESERVES

There were no material transfers to or from reserves and provisions during the year under review.

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first interim dividend of 5% less tax totalling RM1,440,000 in respect of the year ended 31 March 2001 on 2 January 2001.

The final dividend recommended by the Directors in respect of the year ended 31 March 2001 is 7% less tax totalling RM2,016,000.

### DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tengku Dato' Zainal Rashid bin Tengku Mahmood  
Chia Song Kun  
Chia Seong Pow  
Chia Seong Fatt  
Chia Song Kooi  
Chia Song Swa  
Chia Mak Hooi  
Mohd Rizal bin Ramlee



# Directors' Report

## Directors' Report for the year ended 31 March 2001 (continue)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:-

	Number of Ordinary Shares of RM1 each			
	At 1.4.2000	Bought	Sold	At 31.3.2001
Shareholdings in which Directors have direct interests in the Company				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	10,000	40,000	-	50,000
Chia Song Kun	10,000	-	-	10,000
Chia Seong Pow	10,000	-	-	10,000
Chia Song Kooi	10,000	-	-	10,000
Chia Seong Fatt	10,000	-	-	10,000
Chia Song Swa	10,000	-	-	10,000
Chia Mak Hooi	10,000	-	-	10,000
Mohd Rizal bin Ramlee	1,210,609	-	1,210,000	609
Shareholdings in which Directors have indirect interests in the Company				
Chia Song Kun	16,742,569	1,459,000	-	18,201,569
Chia Seong Pow	4,813,090	1,491,000	-	6,304,090
Chia Song Kooi	16,742,569	1,459,000	-	18,201,569
Chia Seong Fatt	4,813,090	1,491,000	-	6,304,090
Chia Song Swa	16,742,569	1,459,000	-	18,201,569
Chia Mak Hooi	16,742,569	1,459,000	-	18,201,569

All Directors are deemed to have interests in shares in all subsidiaries disclosed in Note 26 to the financial statements to the extent that the Company has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 26.1 to the financial statements.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit by virtue of certain trading transactions in the ordinary course of business between related corporations and a firm in which certain Directors have an interest and persons connected to Directors as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object 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.

### SIGNIFICANT EVENTS DURING THE YEAR

On 16 November 2000, the Group increased 9.34% and 5.00% of equity stakes in existing subsidiaries, namely Tong Len Trading Sdn. Bhd. and Banjaran Menteri Sdn. Bhd. for a total cash consideration of RM2,616,000 and RM410,000 respectively. On 20 March 2001, the Group further increased 9.19% of equity stakes in Tong Len Trading Sdn. Bhd. for a cash consideration of RM2,572,000.



# Directors' Report

## Directors' Report for the year ended 31 March 2001 (continue)

On 15 December 2000, its wholly owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QL Feed") accepted an Option to buy the assets of Syarikat Wim Hing Poultry Farm (NS) Sdn. Bhd. ("Assets") for a purchase consideration of RM5,500,000. The Assets comprise freehold land, chicken house, feedmill, egg stores, specialised farm equipment, tractors, fork lift, vehicles, chicken and other assets forming vital part of a chicken layer daily operation.

On 22 January 2001, the Group acquired an additional 58.55% of the issued and paid-up capital of QL Poultry Farms Sdn. Bhd. (former known as Yau Yew Bros. Realty Sdn. Bhd.) through settlement of debts due to QL Feed amounting to RM289,000 and cash consideration of RM570,000 resulting in QL Poultry Farms Sdn. Bhd. being a wholly owned subsidiary of QL Feed. The initial investment of 41.45% was acquired in 1999 through settlement of debts due to QL Feed amounting to RM622,000. The acquisition was accounted for using the acquisition method of accounting. The Assets purchased under the option was subsequently injected into QL Poultry Farms Sdn. Bhd.

### ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the year.

### OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

No options were granted to any person to take up unissued shares and debentures of the Company during the year.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group's and in the Company's financial statements misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statement, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



# *Directors' Report*

## **Directors' Report for the year ended 31 March 2001 (continue)**

### **AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....  
**Chia Song Kun**

.....  
**Chia Seong Pow**

Klang,

Date: 24 July, 2001



# Statement By Directors

## Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 25 to 55 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2001 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....  
Chia Song Kun

.....  
Chia Seong Pow

Klang,

Date: 24 July, 2001



# Statutory Declaration

## Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Chia Song Kun, the Director primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 25 to 55, 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 the abovenamed at Klang on 24 July, 2001.

.....  
Chia Song Kun

Before me:

**Mr Soo Ah Kow @ Soo Keh Yap (JP AMS PJK)**

Commissioner for Oaths

Klang, Selangor



# Report Of Auditors

## Report of the auditors to the members of QL Resources Berhad

We have audited the financial statements set out on pages 25 to 55. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 March 2001 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

**KPMG**

Firm Number: AF 0758

Chartered Accountants

**Lim Hun Soon @ David Lim**

Partner

Approval Number: 1514/5/02(J)

Kuala Lumpur,

Date: 24 July, 2001





# Balance Sheets

## Balance sheets as at 31 March 2001

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Property, plant and equipment	2	117,906	92,772	10	11
Investments in subsidiaries	3	-	-	55,607	43,608
Investment in associate	4	1,804	900	-	-
Other investments	5	95	102	-	-
Expenditure carried forward	6	-	182	-	-
		119,805	93,956	55,617	43,619
<b>Current assets</b>					
Inventories	7	44,157	39,312	-	-
Trade and other receivables	8	69,295	89,296	6,825	18,987
Cash and cash equivalents	9	11,444	7,499	30	57
		124,896	136,107	6,855	19,044
<b>Current liabilities</b>					
Trade and other payables	10	22,302	30,815	208	526
Borrowings	11	92,762	96,397	-	-
Taxation		2,804	2,595	111	13
		117,868	129,807	319	539
<b>Net current assets</b>		7,028	6,300	6,536	18,505
		126,833	100,256	62,153	62,124
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	12	40,000	40,000	40,000	40,000
Reserves	13	44,669	29,496	22,153	22,124
		84,669	69,496	62,153	62,124
<b>Minority shareholders' interests</b>	14	15,852	18,123	-	-
<b>Long term and deferred liabilities</b>					
Borrowings	11	21,404	8,939	-	-
Deferred taxation		4,908	3,698	-	-
		26,312	12,637	-	-
		126,833	100,256	62,153	62,124

The notes set out on pages 31 to 55 form an integral part of, and, should be read in conjunction with, these financial statements.



# Income Statements

## Income statements for the year ended 31 March 2001

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Revenue</b>	15	475,703	407,201	2,050	-
<b>Operating profit/(loss)</b>	15	29,112	24,648	1,716	(20)
Financing costs	17	(4,300)	(4,778)	-	-
Interest income	18	84	188	454	49
Share of profits of an associate		577	-	-	-
<b>Profit before tax</b>		25,473	20,058	2,170	29
Tax expense	19	(5,476)	(3,897)	(697)	(13)
<b>Profit after taxation</b>		19,997	16,161	1,473	16
Less: Minority interests		(3,394)	(3,222)	-	-
<b>Net profit from ordinary activities</b>		16,603	12,939	1,473	16
Less: Pre-acquisition profits		-	(8,811)	-	-
<b>Net profit for the year</b>		16,603	4,128	1,473	16
Basic earnings per ordinary share (sen)	20	42	50		
Dividends per ordinary share - net (sen)	21	8.6	-	8.6	-

The notes set out on pages 31 to 55 form an integral part of, and, should be read in conjunction with, these financial statements.



# Statements of Recognised Gains and Losses

## Statements of recognised gains and losses for the year ended 31 March 2001

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Goodwill arising on increase in equity stakes in existing subsidiaries	(56)	-	-	-
Reserve on consolidation on acquisition of a subsidiary	70	3,260	-	-
<b>Net gains not recognised in the income statement</b>	<u>14</u>	<u>3,260</u>	<u>-</u>	<u>-</u>
Net profit for the year	16,603	4,128	1,473	16
<b>Total recognised gains for the year</b>	<u><u>16,617</u></u>	<u><u>7,388</u></u>	<u><u>1,473</u></u>	<u><u>16</u></u>

The notes set out on pages 31 to 55 form an integral part of, and, should be read in conjunction with, these financial statements.



# Cash Flow Statements

## Cash flow statements for the year ended 31 March 2001

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	25,473	20,058	2,170	29
Adjustments for:				
Depreciation	7,307	6,125	1	-
Expenditure carried forward written off	182	7	-	-
Gain on disposal of property, plant and equipment	(276)	(119)	-	-
Interest expense	4,300	4,778	-	-
Interest income	(84)	(188)	(454)	(49)
Loss on disposal of quoted shares	12	-	-	-
Pre-acquisition profit	-	(8,811)	-	-
Property, plant and equipment written off	57	-	-	-
Share of profits of an associate	(577)	-	-	-
Underprovision of listing expenses in previous year	(4)	-	(4)	-
Operating profit/(loss) before working capital changes	36,390	21,850	1,713	(20)
(Increase)/Decrease in working capital:				
Inventories	(5,003)	(4,464)	-	-
Trade and other receivables	19,248	(9,996)	12,162	(18,987)
Trade and other payables	(8,513)	(698)	(318)	526
Cash generated from/(used in) operations	42,122	6,692	13,557	(18,481)
Income taxes paid	(3,934)	(2,086)	(599)	-
Interest paid	(465)	(467)	-	-
Interest received	84	188	454	49
<b>Net cash generated by/(used in) operating activities</b>	<b>37,807</b>	<b>4,327</b>	<b>13,412</b>	<b>(18,432)</b>



# Cash Flow Statements

## Cash flow statements for the year ended 31 March 2001 (continue)

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>				
Acquisition of an associate	(450)	-	-	-
Acquisition of subsidiaries, net of cash acquired (i)	(570)	(299)	(11,999)	(43,608)
Increase in fixed deposits with licensed banks	(61)	(156)	-	-
Proceeds from disposal of property, plant and equipment	761	3,083	-	-
Purchase of property, plant and equipment (ii)	(30,851)	(21,692)	-	(11)
Purchase of other investments	(7)	-	-	-
Proceeds from disposal of quoted shares	2	-	-	-
<b>Net cash used in investing activities</b>	<b>(31,176)</b>	<b>(19,064)</b>	<b>(11,999)</b>	<b>(43,619)</b>
<b>Cash flows from financing activities</b>				
Contribution from minority shareholders	1,522	-	-	-
Dividend paid to minority shareholders	(1,599)	-	-	-
Dividend paid to shareholders of the Company	(1,440)	-	(1,440)	-
Interest expense	(3,835)	(4,311)	-	-
Payment of hire purchase liabilities	(981)	(1,024)	-	-
Payment to minority shareholders of subsidiaries	(5,644)	-	-	-
Proceeds from issuance of shares	-	20,410	-	62,108
Proceeds from loans and other borrowings	6,458	1,975	-	-
Repayment of loans and other borrowings	(633)	-	-	-
<b>Net cash (used in)/generated by financing activities</b>	<b>(6,152)</b>	<b>17,050</b>	<b>(1,440)</b>	<b>62,108</b>
Net increase/(decrease) in cash and cash equivalents	479	2,313	(27)	57
Cash and cash equivalents at beginning of year	2,313	-	57	-
Cash and cash equivalents at end of year	<b>2,792</b>	<b>2,313</b>	<b>30</b>	<b>57</b>



# Cash Flow Statements

## Cash flow statements for the year ended 31 March 2001 (continue)

### i) Acquisition of subsidiaries

During the year, the Group acquired a subsidiary, QL Poultry Farms Sdn. Bhd. In previous year, the Company acquired QL Feedingstuffs Sdn. Bhd. and its subsidiaries pursuant to the Listing Scheme of QL Group. The fair values of assets and liabilities assumed were as follows:

	Group	
	2001 RM'000	2000 RM'000
Property, plant and equipment	1,551	79,181
Expenditure carried forward	-	233
Dividend payable	-	(15,410)
Current assets	-	122,783
Current liabilities	-	(106,044)
Minority interests	-	(15,245)
Hire purchase liabilities	-	(652)
Deferred taxation	-	(3,558)
Term loans	-	(15,423)
Unquoted investments	-	1,002
Net assets acquired	1,551	46,867
Reserves on acquisition	(70)	(3,260)
	1,481	43,607
Less: Portion discharged by capitalisation of debts/ issuance of shares	(911)	(43,607)
Cash paid for acquisition	570	-
Add: Cash and cash equivalents of subsidiaries	-	299
Cash flow on acquisition, net of cash acquired	570	299

### ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM31,432,000 (2000 - RM22,680,000) of which RM581,000 (2000 - RM988,000) was acquired by means of hire purchases.

### iii) Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances (Note 9)	5,367	4,191	30	57
Deposits placed with licensed banks (Note 9)	5,860	3,152	-	-
Bank overdrafts (Note 11)	(8,435)	(5,030)	-	-
	2,792	2,313	30	57

The notes set out on pages 31 to 55 form an integral part of, and, should be read in conjunction with, these financial statements.



# Notes To The Financial Statements

## Notes to the financial statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous year.

#### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and in compliance with applicable approved accounting standards in Malaysia.

#### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds, if any, are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group's financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

#### (c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable



# Notes To The Financial Statements

## Notes to the financial statements (continue)

amount of property, plant and equipment, expected future cash flows have not been discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

### (e) Depreciation

Freehold land and capital work in progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases, which range from ten (10) to nine hundred and ninety nine years (999) while buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other property, plant and equipment over the term of their estimated useful lives at the following principal annual rates:

Farm buildings	8 $\frac{1}{3}$ %
Plant and equipment	10% - 20%
Furniture, fittings and equipment	10%
Office improvements and renovation	10%
Motor vehicles	14% - 20%

Certain subsidiaries depreciate its motor vehicles by writing off the costs less estimated residual value over the term of their estimated useful lives.

### (f) Investments

Long term investments are stated at cost. A provision is made when the Directors are of the view that there is a permanent diminution in their value.

### (g) Investment in subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost. A provision is made when the Directors are of the view that there is a permanent diminution in the value of the underlying net tangible assets.

### (h) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of plant to maturity is capitalised under plantation development expenditure and is not amortised.

Replanting expenditure is written off during the period in which it is incurred.

### (i) Intangible assets

#### (i) Goodwill/reserve on consolidation

Goodwill/reserve arising on consolidation represents the difference of the cost of the acquisition and the fair values of the net identifiable assets acquired. Goodwill is written off against reserve on consolidation. Reserve on consolidation is not amortised.

#### (ii) Expenditure carried forward

Expenditure carried forward of the Group comprises preliminary and pre-operating expenses of certain subsidiaries.

Incorporation expenses incurred are shown as preliminary expenses while expenses incurred subsequent to the date of incorporation but before the commencement of operations are shown as pre-operating expenses. Following the reassessment of the carrying value, both the preliminary expenses and pre-operating expenses were written off to the income statement in the current year. In future, all pre-operating expenses are to be charged to the income statement as and when incurred.





# Notes To The Financial Statements

## Notes to the financial statements (continue)

### (j) Inventories

Raw materials, manufactured inventories and trading inventories are stated at the lower of cost and net realisable value with first-in-first-out being the main basis for cost. For manufactured inventories and trading inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads and other incidental costs.

Retailed inventories are stated at the lower of cost and net available value. Cost of retailed inventories comprises the weighted average cost of merchandise derived at by using the Retailed Inventory Method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Livestock comprises pullets and layers and is valued at the lower of amortised cost and net realisable value. Cost includes cost of the pullet plus all attributable costs including relevant overheads in nursing the pullet to the point of lay. The cost is amortised over its estimated economic life of 58 weeks. Net realisable value is defined as the aggregate income expected to be generated from total eggs to be produced per layer and sales proceeds from the disposal of the ex-layer less expenses expected to be incurred to maintain the layer.

### (k) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end.

### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

### (m) Capitalisation of borrowing costs

Borrowing costs incurred on capital work-in-progress are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

### (n) Hire purchases

Property, plant and equipment acquired under hire purchase arrangements are capitalised at their purchase cost and depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements is included as hire purchase liabilities.

Finance charges are allocated to the income statement over the hire purchase periods to give a constant periodic rate of interest over the remaining period of the hire purchase liabilities.

### (o) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

### (p) Foreign currency translation

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

USD1.00	RM3.80	(2000 - RM3.80)
AUD1.00	RM2.18	(2000 - Nil)
SGD1.00	RM2.12	(2000 - Nil)

### (q) Revenue

#### *Goods sold*

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

#### *Dividend income*

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

#### *Interest income*

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

### (r) Financing costs

Financing costs comprise interest payable on borrowings. All interest and other costs incurred in connection with borrowings are expensed as incurred, other than borrowing costs directly attributable to the capital work-in-progress which are capitalised, as disclosed in Note 1 (m).



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 2. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.4.2000 RM'000	Acquisition of subsidiary RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Transfer in/(out) RM'000	At 31.3.2001 RM'000
<b>Cost</b>							
Freehold land	2,906	850	4,397	-	-	-	8,153
Long term leasehold land	17,117	650	1,678	-	-	-	19,445
Short term leasehold land	2,034	-	597	-	-	-	2,631
Buildings and improvements	12,479	-	961	(119)	-	885	14,206
Farm buildings	20,360	-	2,463	-	-	295	23,118
Plant and machinery	29,497	1	5,528	(445)	(4)	3,283	37,860
Furniture, fittings and equipment	5,621	380	2,516	(11)	(386)	127	8,247
Office improvements and renovation	133	-	347	-	-	-	480
Motor vehicles	10,054	10	2,931	(582)	(10)	-	12,403
Plantation development expenditure	8,444	-	1,944	-	-	-	10,388
Capital work-in-progress	4,650	-	8,070	-	-	(4,590)	8,130
	113,295	1,891	31,432	(1,157)	(400)	-	145,061



# Notes To The Financial Statements

## Notes to the financial statements (continue)

Group	At 1.4.2000 RM'000	Acquisition of subsidiary RM'000	Charge for the year RM'000	Disposal RM'000	Written off RM'000	Transfer in/(out) RM'000	At 31.3.2001 RM'000
<b>Accumulated depreciation</b>							
Freehold land	-	-	-	-	-	-	-
Long term leasehold land	106	-	211	-	-	-	317
Short term leasehold land	212	-	153	-	-	-	365
Buildings and improvements	695	-	412	-	-	-	1,107
Farm buildings	1,911	-	1,467	-	-	42	3,420
Plant and machinery	10,973	1	2,926	(232)	(2)	(76)	13,590
Furniture, fittings and equipment	1,485	329	615	(8)	(331)	34	2,124
Office improvements and renovation	53	-	24	-	-	-	77
Motor vehicles	5,088	10	1,499	(432)	(10)	-	6,155
Plantation development expenditure	-	-	-	-	-	-	-
Capital work-in-progress	-	-	-	-	-	-	-
	20,523	340	7,307	(672)	(343)	-	27,155



# Notes To The Financial Statements

## Notes to the financial statements (continue)

Group	Net book value at		Depreciation
	31.3.2001 RM'000	31.3.2000 RM'000	31.3.2000 RM'000
Freehold land	8,153	2,906	-
Long term leasehold land	19,128	17,011	84
Short term leasehold land	2,266	1,822	103
Buildings and improvements	13,099	11,784	793
Farm buildings	19,698	18,449	823
Plant and machinery	24,270	18,524	2,549
Furniture, fittings and equipment	6,123	4,136	477
Office improvements and renovation	403	80	13
Motor vehicles	6,248	4,966	1,312
Plantation development expenditure	10,388	8,444	-
Capital work-in-progress	8,130	4,650	-
	<u>117,906</u>	<u>92,772</u>	<u>6,154</u>

### Company

2001  
RM'000

### Furniture and fitting

#### Cost

At 1 April 2000	11
Additions	-
At 31 March 2001	<u>11</u>

#### Accumulated depreciation

At 1 April 2000	*
Charge for the year	1
At 31 March 2001	<u>1</u>

#### Net book Value

At 31 March 2001	<u>10</u>
At 31 March 2000	<u>11</u>

Depreciation charge for the year ended  
31 March 2000

\*

\* Represents depreciation brought forward for the year amounting to RM183.

Depreciation charge for the year is allocated as follows:

	Group	
	2001 RM'000	2000 RM'000
Income statement (Note 15)	7,307	6,125
Plantation development expenditure	-	29
	<u>7,307</u>	<u>6,154</u>



# Notes To The Financial Statements

## Notes to the financial statements (continue)

The following expenses incurred during the year are capitalised in Plantation Development Expenditure under property, plant and equipment:

	Group	
	2001 RM'000	2000 RM'000
Auditors' remuneration	-	2
Depreciation	-	29
Term loan interest	74	68
Bank overdraft interest	17	13
	<u>91</u>	<u>112</u>

### Assets under hire purchase

Included in property, plant and equipment of the Group are plant and machinery and motor vehicles acquired under hire purchase agreements are as follows:

	Cost		Net book value	
Group	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Plant and machinery	956	874	748	844
Motor vehicle	807	787	545	521
	<u>1,763</u>	<u>1,661</u>	<u>1,293</u>	<u>1,365</u>

### Titles

Long term leasehold land at cost of RM373,000 (2000 - RM373,000) is held under native title in the name of a third party in trust for certain subsidiaries.

The title to certain long term leasehold land of a subsidiary of RM620,000 (2000 - RM620,000) has yet to be issued by the relevant authorities at 31 March 2001.

The title to certain long term leasehold land of the subsidiaries stated at cost of RM665,000 (2000 - RM852,000) are in the process of being transferred into the name of the subsidiaries.

The long term leasehold land of a subsidiary at cost of RM84,000 (2000 - Nil) is prohibited from transfer and sub-lease unless 75% of the land is fully cultivated.

### Capital work-in-progress

Capital work-in-progress is in respect of the ongoing construction of buildings and on-going installation of plant and machinery of certain subsidiaries.

### Security

Certain short term and long term leasehold land together with buildings and palm oil mill of certain subsidiaries with total cost of RM30,799,000 (2000 - RM25,293,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 3. INVESTMENTS IN SUBSIDIARIES

	Group	
	2001 RM'000	2000 RM'000
Unquoted share, at cost	<u>55,607</u>	<u>43,608</u>

Details of the subsidiaries are shown in Note 26.

### 4. INVESTMENT IN ASSOCIATE

	Group	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	1,350	900
Share of post-acquisition reserves	454	-
	<u>1,804</u>	<u>900</u>

Represented by:

Group's share of net assets other than goodwill	<u>1,804</u>	<u>900</u>
---	--------------	------------

The Group has changed the accounting treatment on the investment in unquoted shares from long term investment in previous year to investment in associate during the year as a result of the Group has significant influence, but no control, over the financial and operating policies of the investment. Included in current year share of post acquisition reserves are cumulative share of profits in an associate for the financial years ended 31 March 1999, 2000 and 2001 of RM188,000, RM164,000 and RM102,000 respectively. The change in accounting treatment on the investment in unquoted shares has not been accounted for as prior year adjustment as the effect of the change do not have material impact to the Group.

The following comparatives have been reclassified to conform with current year's presentation following the changes in the accounting treatment on investment in unquoted shares from long-term investment to investment in associate.

	As restated RM'000	As previously stated RM'000
Investments	-	900
Investment in associate	<u>900</u>	<u>-</u>

The significant associate of the Group is as follows:

Company	Principal activities	Country of Incorporation	Effective Ownership Interest	
			2001	2000
Indahgrains Logistics Sdn. Bhd.	Operating of warehouse and warehouse management	Malaysia	20%	20%



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 5. OTHER INVESTMENTS

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Quoted shares	55	48
Quoted warrants	-	14
Unquoted shares	40	40
	<u>95</u>	<u>102</u>
Market values of quoted investments		
Quoted shares	46	45
Quoted warrants	-	8
	<u>46</u>	<u>53</u>

### 6. EXPENDITURE CARRIED FORWARD

	Group	
	2001 RM'000	2000 RM'000
At cost:		
At 1 April	182	110*
Additions	-	72
	<u>182</u>	<u>182</u>
Written off	(182)	-
At 31 March	<u>-</u>	<u>182</u>

\* Relates to expenditure carried forward of subsidiaries acquired in previous year.

### 7. INVENTORIES

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Raw materials	9,319	7,659
Livestock	5,921	4,087
Manufactured, trading and retailed inventories	28,917	21,628
	<u>44,157</u>	<u>33,374</u>
At net realisable value:		
Manufactured, trading and retailed inventories	-	5,938
	<u>44,157</u>	<u>39,312</u>





# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	58,853	66,292	-	-
Less: Provision for doubtful debts	(9,013)	(9,632)	-	-
	49,840	56,660	-	-
Tax recoverable	23	-	-	-
Subsidiaries	-	-	6,825	4,085
Associate	300	300	-	-
Other receivables, deposits and prepayments	19,729	32,613	-	14,902
Less: Provision for doubtful debts	(597)	(277)	-	-
	19,132	32,336	-	14,902
	69,295	89,296	6,825	18,987

#### Trade receivables

Included in the trade receivables of the Group are the following amounts due to related parties.

	Group	
	2001 RM'000	2000 RM'000
A person connected with a Director of a subsidiary	250	294
Companies in which a Director of a subsidiary has interest	495	540
	745	834

Doubtful debts written off during the year against the provision for doubtful debts made previously of the Group amounted to RM918,000 (2000 - Nil).

#### Tax recoverable

Tax recoverable of the Group is subject to agreement by the Inland Revenue Board.

#### Associate

The amount due from associate of the Group is non-trade in nature, interest free and unsecured with no fixed terms of repayment.

#### Subsidiaries

Amount due from subsidiaries of the Company are in respect of advances, unsecured and subject to interest rates at 8.00% (2000 - 9.00% to 12.00%) per annum with no fixed terms of repayment.

#### Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are trade advances made to supplier of certain subsidiaries amounting to RM13,694,250 (2000 - RM12,113,503) to secure the constant source of raw material supplies for the production/manufacturing. The amount is unsecured, interest free and repayment



# Notes To The Financial Statements

## Notes to the financial statements (continue)

is substantially made through the supply of raw material. Included in the trade advances is an amount of Nil (2000 - RM331,000) due from a firm in which certain directors have substantial financial interests.

Included in other receivables, deposits and prepayments of the Group is an amount of RM3,123,000 which is to be settled by way of exchange of property. It is the intention of the Group to realise the property for cash in due course.

Included in other receivables, deposits and prepayments is amount of Nil (2000 - RM14,902,000) due from a share issuing house.

### 9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits placed with licensed banks	6,077	3,308	-	-
Cash and bank balances	5,367	4,191	30	57
	<u>11,444</u>	<u>7,499</u>	<u>30</u>	<u>57</u>

Included in the Group's fixed deposits is amount of RM217,000 (2000 - RM156,000) which was pledged with banks as security for bank guarantee facilities and has been excluded as cash and cash equivalents in the cash flow statements.

### 10. TRADE AND OTHER PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	13,061	16,781	-	-
Other payables and accrued expenses	9,241	14,034	208	526
	<u>22,302</u>	<u>30,815</u>	<u>208</u>	<u>526</u>

Included in trade payables of the Group are amount due to companies in which a Director of a subsidiary has interest amounting to RM58,000 (2000 - RM17,000). Also included in other payables and accrued expenses is an amount of Nil (2000- RM4,993,000) which represented outstanding balances due for the purchase of leasehold plantation.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 11. BORROWINGS

		Group	
		2001 RM'000	2000 RM'000
Current:			
Term loans	- secured	3,674	10,580
	- unsecured	825	-
Overdrafts	- secured	6,787	3,503
	- unsecured	1,648	1,527
Bills payable	- unsecured	79,258	79,891
Hire purchase liabilities		570	896
		<u>92,762</u>	<u>96,397</u>
Non-current:			
Term loans	- secured	14,253	8,589
	- unsecured	6,875	-
Hire purchase liabilities		276	350
		<u>21,404</u>	<u>8,939</u>
		<u>114,166</u>	<u>105,336</u>

#### Terms and debt repayment schedule

Group 2001	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Secured term loans - variable at 0.50% to 2.00% (2000 - 1.50% to 2.00%) above BLR	1,320	622	294	376	28
Secured term loans - fixed at 4.00% to 6.70% (2000 - 4.00% to 6.50%) per annum	16,607	3,052	6,482	6,025	1,048
Unsecured term loans - variable at 0.50% (2000 - nil) above BLR	1,840	460	460	920	-
Unsecured term loans - fixed at 4.00% to 6.70% (2000 - nil) per annum	5,860	365	1,832	3,663	-
Secured overdrafts - variable at 1.00% to 2.25% (2000 - 1.00% to 2.75%) above BLR	6,787	6,787	-	-	-
Unsecured overdrafts - variable at 1.50% to 2.50% (2000 - 1.50% to 2.50%) above BLR	1,648	1,648	-	-	-
Unsecured bills payable - variable at 0.25% to 1.75% (2000 - 0.25% to 1.75%) above money market rate	79,258	79,258	-	-	-
Hire purchase liabilities - fixed at 5.50% to 8.50% (2000 - 6.50% to 8.50%) per annum	846	570	276	-	-
	<u>114,166</u>	<u>92,762</u>	<u>9,344</u>	<u>10,984</u>	<u>1,076</u>



# Notes To The Financial Statements

## Notes to the financial statements (continue)

Group 2000	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Secured term loans - variable at 1.50% to 2.00% above BLR (1999 - Nil)	4,553	2,428	1,071	1,031	23
Secured term loans - fixed at 4.00% to 6.50% per annum (1999 - Nil)	14,616	8,152	2,814	3,650	-
Secured overdrafts - variable at 1.00% to 2.75% above BLR (1999 - Nil)	3,503	3,503	-	-	-
Unsecured overdrafts - variable at 1.50% to 2.50% above BLR (1999 - Nil)	1,527	1,527	-	-	-
Unsecured bills payable - variable at 0.25% to 1.75% above money market rates (1999 - Nil)	79,891	79,891	-	-	-
Hire purchase liabilities - fixed at 6.50% to 8.50% per annum (1999 - Nil)	1,246	896	350	-	-
	<u>105,336</u>	<u>96,397</u>	<u>4,235</u>	<u>4,681</u>	<u>23</u>

### Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2001 RM'000	Interest 2001 RM'000	Principal 2001 RM'000	Payments 2000 RM'000	Interest 2000 RM'000	Principal 2000 RM'000
Group						
Less than one year	632	62	570	1,013	117	896
Between one and five years	294	18	276	406	56	350
	<u>926</u>	<u>80</u>	<u>846</u>	<u>1,419</u>	<u>173</u>	<u>1,246</u>

### Group

#### Term loans

##### Secured

The term loans of the Group are secured by way of:-

- fixed charges over the landed properties of certain subsidiaries;
- fixed and floating charges over assets of certain subsidiaries;
- corporate guarantee by a subsidiary;
- joint and several guarantee by all of the Directors of certain subsidiaries; and
- a negative pledge on all assets of certain subsidiaries.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### Unsecured

The terms loans are supported by way of corporate guarantee from holding company.

### Overdrafts

#### Secured

The overdrafts secured by way of:-

- i) fixed charges over landed properties of certain subsidiaries;
- ii) fixed and floating charges over assets of certain subsidiaries;
- iii) joint and several guarantee by all the Directors of certain subsidiaries; and
- iv) corporate guarantee by a subsidiary.

#### Unsecured

The overdrafts are supported by way of a negative pledge on all assets of the Company and a joint and several guarantee by all the Directors of a subsidiary.

### Group

### Bills payable

#### Unsecured

Bills payable are supported by way of:-

- i) joint and several guarantee by all the Directors of certain subsidiaries; and
- ii) corporate guarantee by a subsidiary.

## 12. SHARE CAPITAL

	Group and Company	
	2001	2000
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised:		
At 1 April	200,000	100
Created during the year	-	199,900
At 31 March	200,000	200,000
Issued and fully paid:		
At 1 April	40,000	*
Issued during the year		
Issue of 29,665,013 new ordinary shares for the acquisition of QL Feedingstuffs Sdn. Bhd. at an issue price of RM1.47 per share	-	29,665
Right issue of 4,174,985 new ordinary shares at an issue price of RM1.20 per share	-	4,175
Public issue of 6,160,000 new ordinary shares at an issue price of RM2.50 each	-	6,160
At 31 March	40,000	40,000

\* Share capital comprises 2 ordinary shares of RM1.00 each.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 13. RESERVES

Group	Non-distributable		Distributable	
	Reserve arising on consolidation RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1 April 1999	-	-	-	-
Reserve arising on consolidation of subsidiaries	3,260	-	-	3,260
Net gain not recognised in the income statement	3,260	-	-	3,260
Issue of 29,665,013 new ordinary shares for the acquisition of QL Feedingstuffs Sdn. Bhd. at an issue price of RM1.47 per share	-	13,943	-	13,943
Right issue of 4,174,985 new ordinary shares at an issue price of RM1.20 per share	-	835	-	835
Public issue of 6,160,000 new ordinary shares at an issue price of RM2.50 per share	-	9,240	-	9,240
Listing expenses written off	-	(1,910)	-	(1,910)
Net profit for the year	-	-	4,128	4,128
At 31 March 2000 and 1 April 2000	3,260	22,108	4,128	29,496
Goodwill arising on increase in equity stakes in existing subsidiaries	(56)	-	-	(56)
Reserve on consolidation arising on acquisition of a subsidiary	70	-	-	70
Net gains not recognised in the income statement	14	-	-	14
Net profit for the year	-	-	16,603	16,603
Dividends (Note 21)	-	-	(1,440)	(1,440)
Listing expenses underprovided in previous year	-	(4)	-	(4)
At 31 March 2001	3,274	22,104	19,291	44,669



# Notes To The Financial Statements

## Notes to the financial statements (continue)

Company	Note	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 April 1999		-	-	-
Premium arising from acquisition of QL Feedingstuffs Sdn. Bhd.		13,943	-	13,943
Premium arising from right issue		835	-	835
Premium arising from public issue		9,240	-	9,240
Listing expenses written off		(1,910)	-	(1,910)
Net profit for the year		-	16	16
At 31 March 2000 and 1 April 2000		22,108	16	22,124
Net profit for the year		-	1,473	1,473
Dividends (Note 21)		-	(1,440)	(1,440)
Listing expenses underprovided in previous year		(4)	-	(4)
At 31 March 2001		22,104	49	22,153

Subject to agreement by Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its retained profits at 31 March 2001 if paid out as dividends.

## 14. MINORITY SHAREHOLDERS' INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

## 15. OPERATING PROFIT/(LOSS)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue - sale of goods	475,703	407,201	-	-
- dividends	-	-	2,050	-
	425,703	407,201	2,050	-
Cost of sales	(425,037)	(358,765)	-	-
Gross profits	50,666	48,436	2,050	-
Distribution costs	(2,643)	(2,251)	-	-
Administration expenses	(18,940)	(16,325)	(334)	(20)
Other operating expenses	(3,053)	(8,855)	-	-
Other operating income	3,082	3,643	-	-
Operating profit/(loss)	29,112	24,648	1,716	(20)



# Notes To The Financial Statements

## Notes to the financial statements (continue)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Operating profit/(loss) is arrived at after crediting:				
Bad debts recovered	34	140	-	-
Gain on disposal of property, plant and equipment	276	119	-	-
Gain on foreign exchange - realised	147	3	-	-
Gross dividend from subsidiaries	-	-	2,050	-
Insurance claims	1,090	32	-	-
Provision for slow moving inventories written back	7	-	-	-
Rental income on equipment	86	-	-	-
Rental income on land and building	-	33	-	-
and after charging:				
Auditors' remuneration				
- current year	121	105	12	8
- underprovision in previous year	-	3	-	-
Bad debts written off	175	63	-	-
Company's Directors				
- remuneration	1,616	1,438	-	-
- fees	332	325	45	-
Subsidiaries' Directors				
- remuneration	1,713	1,733	-	-
- fees	274	260	-	-
Depreciation	7,307	6,125	1	-
Expenditure carried forward written off	182	7	-	7
Hire of plant and machinery	13	103	-	-
Loss on disposal of quoted shares	12	-	-	-
Property, plant and equipment written off	57	-	-	-
Provision for doubtful debts	619	5,367	-	-
Provision for slow moving inventories	-	63	-	-
Rental of land	258	66	-	-
Rental of office premises	175	535	-	-
Warehouse rental	86	61	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM96,000 (2000 - RM40,000).

## 16. EMPLOYEES INFORMATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs	14,919	11,437	-	-

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,568 (2000 - 1,093) and Nil (2000 - Nil).





# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 17. FINANCING COSTS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Term loans	1,012	1,313	-	-
Overdraft	465	467	-	-
Bills payable	2,651	2,812	-	-
Hire purchase liabilities	172	186	-	-
	<u>4,300</u>	<u>4,778</u>	<u>-</u>	<u>-</u>

### 18. INTEREST INCOME

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	84	188	-	18
Subsidiaries	-	-	454	31
	<u>84</u>	<u>188</u>	<u>454</u>	<u>49</u>

### 19. TAX EXPENSE

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- current year provision	4,198	2,524	697	13
- (over)/under provision in previous year	(55)	36	-	-
Tax expense on share of profits of an associate	123	-	-	-
	<u>4,266</u>	<u>2,560</u>	<u>697</u>	<u>13</u>
Deferred taxation:				
- transferred to deferred taxation	1,210	1,337	-	-
	<u>1,210</u>	<u>1,337</u>	<u>-</u>	<u>-</u>
Total	<u>5,476</u>	<u>3,897</u>	<u>697</u>	<u>13</u>

The Group's effective tax rate is lower than the prima facie tax rate due to the availability of reinvestment allowance and double deduction of expenses of certain subsidiaries.

The Company's effective tax rate is higher than the prima facie tax rate as certain expenses are not deductible for tax purposes.

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:



# Notes To The Financial Statements

## Notes to the financial statements (continue)

	2001 RM'000	2000 RM'000
Unutilised tax losses	301	212
Other timing differences	<u>1,929</u>	<u>276</u>

## 20. EARNINGS PER ORDINARY SHARE - GROUP

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit for the year of RM16,603,000 (2000 - RM4,128,000) and the number of ordinary shares in issue during the year of 40,000,000 (2000 - weighted average of 8,332,433).

### Weighted average number of ordinary shares

	2000 '000
Issued ordinary shares at beginning of the year	*
Effect of shares issued on 1 January 2000	7,416
Effect of shares issued on 12 January 2000	916
Weighted average number of ordinary shares	<u>8,332</u>

\* Share capital comprises 2 ordinary shares of RM1.00 each.

## 21. DIVIDENDS

	Group and Company	
	2001 RM'000	2000 RM'000
First interim dividend: 5% per share less tax (2000 - Nil)	<u>1,440</u>	<u>-</u>

### Proposed final dividend for the financial year ended 31 March 2001

The Director have recommended a final dividend of 7% less tax totalling RM2,016,000 in respect of the year ended 31 March 2001, which will be paid after the financial year end subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements of the Group and of the Company as at 31 March 2001.

### Dividends per ordinary share

The calculation of dividends per ordinary share is based on the dividends for the financial year ended 31 March 2001 and the number of ordinary shares in issue during the current year of 40,000,000.

	2001 RM'000	2000 RM'000	2001 Sen per share	2000
Interim dividend paid	1,440	-	3.6	-
Proposed final dividend	2,016	-	5.0	-
Dividends including proposed final dividend	<u>3,456</u>	<u>-</u>	<u>8.6</u>	<u>-</u>



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 22. SEGMENTAL INFORMATION - GROUP

Segment information is presented in respect of the Group's business segments.

#### **Business segments**

The Group comprises the following main business segments:

Marine-based manufacturing	Manufacture and sale of fishmeal, surimi and surimi based products.
Integrated livestock activities	Distribution of animal feed raw materials, animal health products and layer farming.
Oil palm related and other activities	Oil palm cultivation and crude palm oil milling and other sundry distribution activities.

The inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

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 operates predominantly in Malaysia and accordingly, information by geographical location on the Group's operation is not presented.

Analysis of results and assets employed by business segments:

	Turnover RM'000		Profit before tax RM'000		Assets employed RM'000	
	2001	2000	2001	2000	2001	2000
Marine-based manufacturing	53,855	41,425	7,026	5,774	54,450	40,867
Integrated livestock activities	350,414	268,136	11,089	8,204	125,007	122,863
Oil palm related and other activities	71,434	97,640	7,358	6,080	65,244	66,333
	<u>475,703</u>	<u>407,201</u>	<u>25,473</u>	<u>20,058</u>	<u>244,701</u>	<u>230,063</u>

### 23. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2001 RM'000	2000 RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	<u>62,100</u>	<u>50,055</u>



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 24. COMMITMENTS

	Group	
	2001 RM'000	2000 RM'000
<b>Capital commitments:</b>		
Property, plant and equipment		
Authorised but not contracted for	4,490	6,482
Contracted but not provided for in the financial statements	1,983	1,600
	<u>6,473</u>	<u>8,082</u>
Investments		
Authorised but not provided for in the financial statements	4,929	-
	<u>11,402</u>	<u>8,082</u>

### 25. RELATED PARTIES

#### Identity of related parties

The Group has a controlling related party relationship with its subsidiaries and the substantial shareholders of Company.

The Group also has a related party relationship with its Directors and the close members of their families.

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Transactions</b>				
With subsidiaries				
Interest receivable	-	-	454	31
Rental paid	-	-	60	-
With a firm in which certain Directors have interests				
Sin Teow Fatt Trading Co.				
Purchases	683	611	-	-
With persons connected to Directors of subsidiaries				
Chia Siang Eng				
Sales	2,040	3,027	-	-
Cheah Joo Kiang				
Sales	1,890	-	-	-
With companies in which certain Directors of subsidiaries have interest				
Success Portfolio Sdn. Bhd.				
Sales	2,325	1,774	-	-
Fusipim Sdn. Bhd.				
Sales	<u>804</u>	<u>572</u>	<u>-</u>	<u>-</u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

### 26. COMPANIES IN THE GROUP

The principal activities of the companies in the Group and the interest of QL Resources Berhad are as follows:-

Name of Company	Principal activities	Effective equity interest (%)	
		2001	2000
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding and distribution of animal feed raw materials	100	100
QL Layer Farm Sdn. Bhd.	Layer farming	100	100
QL Poultry Farms Sdn. Bhd.	Layer farming	100	-
QL Feedmills Sdn. Bhd.	Manufacturing of poultry and livestock feedmeal	100	100
QL Properties Sdn. Bhd.	Property holding	100	100
QL Realty Sdn. Bhd.	Property holding	100	100
QL Foods Sdn. Bhd.	Manufacturing of surimi and surimi-based products	97.59	97.59
Sin Chip Huat Fishmeal Sdn. Bhd.	Manufacturing of fishmeal	97.59	97.59
Sin Hong Heng Fishmeal Sdn. Bhd.	Manufacturing of fishmeal	62.32	62.32
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Distributors of feed supplements, animal health products and agricultural products	51	51
Pets Wonderland Sdn. Bhd.	Retailing of pets and pet supplies	51	51
Maxincome Resources Sdn. Bhd.	Trading of lubricants for motor vehicles	80	100
Chingsan Development Sdn. Bhd.	Dormant	100	100
Natural Oscar Sdn. Bhd.	Dormant	100	100
Wijora Sdn. Bhd.	Dormant	70	70
QL Karasaki Ika Sdn. Bhd.	Dormant	100	100
Banjaran Mentari Sdn. Bhd.	Layer farming and selling and distribution of animal feeds raw materials	80	75
Tong Len Trading Sdn. Bhd. and its subsidiaries	Investment holding, layer farming, meehoon and feedmeal manufacturing and general trading	87.30	68.77
Tong Len Plantation Sdn. Bhd.	Cocoa and oil palm cultivation and oil palm related activities	78.60	61.89
Tong Her Marine Products Sdn. Bhd.	Property holding	87.30	68.77
Bergakau Development Sdn. Bhd.	Cocoa cultivation	87.30	68.77
Adequate Triumph Sdn. Bhd.	Property holding	87.30	68.77
Tri-F Corporation Sdn. Bhd.	Dormant	87.30	68.77
Tophill Corporation Sdn. Bhd. and its subsidiary	Oil palm cultivation	87.30	68.77
Bukit Wang Sdn. Bhd.	Oil palm cultivation	87.30	68.77

All of the subsidiaries are incorporated in Malaysia and audited by KPMG.



# Notes To The Financial Statements

## Notes to the financial statements (continue)

26.1 The Company's shareholding in non-wholly owned subsidiaries are as follows:-

	At 1.4.2000	Number of Ordinary Shares		At 31.3.2001
		Bought	Sold	
Ordinary shares of RM1.00 each:				
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
QL Foods Sdn. Bhd.	1,951,976	1,952,000	-	3,903,976
Sin Chip Huat Fishmeal Sdn. Bhd.	1,756,777	2,928,000	-	4,684,777
Sin Hong Heng Fishmeal Sdn. Bhd.	824,500	-	-	824,500
Pacific Vet Group (M) Sdn. Bhd.	510,000	-	-	510,000
and its subsidiary				
Pets Wonderland Sdn. Bhd.	2	399,998	-	400,000
Maxincome Resources Sdn. Bhd.	10,000	150,000	-	160,000
Wijora Sdn. Bhd.	70,000	-	-	70,000
Banjaran Mentari Sdn. Bhd.	750,000	2,450,000	-	3,200,000
Tong Len Trading Sdn. Bhd.	2,750,735	1,439,665	-	4,190,400
and its subsidiaries				
Tong Len Plantation Sdn. Bhd.	4,500,000	-	-	4,500,000
Tong Her Marine Products Sdn. Bhd.	336,522	-	-	336,522
Bergakau Development Sdn. Bhd.	1,600,048	-	-	1,600,048
Adequate Triumph Sdn. Bhd.	100,000	-	-	100,000
Number of Ordinary Shares				
Tri - F Corporation Sdn. Bhd.	2	-	-	2
Tophill Corporation Sdn. Bhd.	500,000	-	-	500,000
and its subsidiaries				
Bukit Wang Sdn. Bhd.	100,000	-	-	100,000

## 27. SIGNIFICANT EVENTS DURING THE YEAR

On 16 November 2000, the Group increased 9.34% and 5.00% of equity stakes in existing subsidiaries, namely Tong Len Trading Sdn. Bhd. and Banjaran Mentari Sdn. Bhd. for a total cash consideration of RM2,616,000 and RM410,000 respectively. On 20 March 2001, the Group further increased 9.19% of equity stakes in Tong Len Trading Sdn. Bhd. for a cash consideration of RM2,572,000.

On 15 December 2000, its wholly owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QL Feed") accepted an Option to buy the assets of Syarikat Wim Hing Poultry Farm (NS) Sdn. Bhd. ("Assets") for a purchase consideration of RM5,500,000. The Assets comprise freehold land, chicken house, feedmill, egg stores, specialised farm equipment, tractors, fork lift, vehicles, chicken and other assets forming vital part of a chicken layer daily operation.

On 22 January 2001, the Group acquired an additional 58.55% of the issued and paid-up capital of QL Poultry Farms Sdn. Bhd. through settlement of debts due to QL Feed amounting to RM289,000 and cash consideration of RM570,000 resulting in QL Poultry Farms Sdn. Bhd. being a wholly owned subsidiary of QL Feed. The initial investment of 41.45% was acquired in 1999 through settlement of debts due to QL Feed amounting to RM622,000. The acquisition was accounted for using the acquisition method of accounting. The Assets purchased under the option was subsequently injected into QL Poultry Farms Sdn. Bhd. The subsidiary contributed a net profit of RM302,000 to the consolidated net profit for the year.

The cash flow effects of the acquisition of a subsidiary is disclosed in the notes to the cash flow statements.



# *Notes To The Financial Statements*

## Notes to the financial statements (continue)

### 28. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 23 April 2001, the Group entered into Sale and Purchase Agreements to acquire 80% equity interest in Figo Marketing Sdn. Bhd. and Tradisi Emas Sdn. Bhd. for cash consideration of RM1,794,165 and RM3,245,779 respectively.

On 19 May 2001, the Group acquired 100% equity interest in CSM Distribution Sdn. Bhd. for cash consideration of RM2.

### 29. COMPARATIVE FIGURES

Following the adoption of Malaysian Accounting Standards Board ("MASB") standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified and/or expanded to ensure comparability with the current financial year's presentation.



# List Of Properties

## List of properties at 31 March 2001

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Sin Hong Heng Fishmeal Sdn Bhd	Lot 275 & TLO 117 held under Geran Mukim 237 and HS(D) 506 Padang Endau, Mersing.  11, Jalan Merlimau 86900 Endau, Johor	Dec 1998	Lot 275: Freehold  TLO 117: Leasehold expiring 28.2.2036	Fishmeal factory	Lot 275: 1.6212 ha  TLO 117: 0.1626 ha	2,752	8
Sin Hong Heng Fishmeal Sdn Bhd	Lot 1646, GM 351, Mukim Padang, Endau, Mersing  11, Jalan Merlimau 86900 Endau, Johor	Dec 1998	Freehold	Vacant Industrial land	0.3099 ha	80	N/A
Sin Chip Huat Fishmeal Sdn Bhd	Lot 148 & 9119 held under GM1264 & GM2111, Mukim of Hutan Melintang  147, Jalan Tepi Sungai, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Fishmeal factory	Gross Build-up area of 2,628 square metre  1.3181 ha	1,626	8
QL Foods Sdn Bhd	Lot 148 & 9119 held under GM1264 & GM2111, Mukim of Hutan Melintang  147, Jalan Tepi Sungai, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Surimi factory	Gross Build-up area of 2,804.17 square metre	1,828	6
QL Foods Sdn Bhd	Lot 9120 & 9121 held under GM2112 & GM2113, Mukim of Hutan Melintang  147, Jalan Tepi Sungai, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Surimi-based products factory & Warehouse cum office	Gross Build-up area of 2,804.17 square metre	3,040	2
QL Foods Sdn Bhd	Lot 3397 held under GM2437, Mukim of Hutan Melintang  147, Jalan Tepi Sungai, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Surimi-based products factory	Gross Build-up area of 1,260 square metre	1,106	2
QL Realty Sdn Bhd	Lot 5275 held under GM5693, Mukim of Hutan Melintang  Jalan Simpang Ampat-Sabak Bernam, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Agriculture land planted with Oil Palm	8.369 ha	930	N/A
QL Properties Sdn Bhd	PT22264 & PT 22265 held under HS(M) 16168 & HS(M) 16169 Mukim Kapar, Klang Selangor  No.5 & 7, Lorong Bukit Kuda, Off Jalan Batu Tiga Lama, 41300 Klang, Selangor	Dec 1998	Freehold	2 adjoining units of 4 storey shop house use as corporate head office	296 square metres	1,656	4
QL Properties Sdn Bhd	Lot 5189, geran 9406, Mukim of Kuala Kuantan, Kuantan Pahang	Dec 1998	Freehold	Vacant agriculture land	5.491 ha	180	N/A





# List Of Properties

## List of properties at 31 March 2001 (continue)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
QL Feedmill Sdn Bhd	CL 015569258 Kota Kinabalu, Sabah  NT 5258, Mile 6.5, Off Jln Tuaran, 88450 Inanam, Kota Kinabalu, Sabah	Dec 1998	Leasehold to 31.12.2096	Warehouse cum Administrative office	1.28 ha  Gross Build-up area of 1,183 square metre	4,064	3
QL Layer Farm Sdn Bhd	CL 025093207 & NT 023078140 Papar, Sabah	Dec 1998	CL 025093207: Leasehold to 17.6.2937  NT 023078140 Leasehold to 31.12.2093	Chicken Layer Farm	7.280 ha	2,037	4
QL Layer Farm Sdn Bhd	CL 025311835 & PL 026184663 Kampung Kelatuan, Jalan Bukit Manggis, District of Papar, Sabah	Dec 1998	CL 025311835: Leasehold to 31.12.2051  PL 026184663 Leasehold to 31.12.2093	Agriculture land planted with Oil Palm together with Chicken Layer Farm	CL 025311835: 19.55 acres  PL 026184663: 23.45 acres	1,855	1
QL Feedingstuffs Sdn Bhd	NT 7473 Kota Kinabalu, Sabah	(14.07.1999)	Leasehold to 31.07.2098	Vacant Industrial Land	1.68 acres	233	N/A
QL Feedingstuffs Sdn Bhd	Lot 24,25 & 26, West Coast Furniture Association Site, Off Jalan Sepangar Bay, District of Kota Kinabalu, Sabah	Dec 1998	Leasehold (No individual title yet)	Vacant Agriculture Land	8,607 square metres	620	N/A
QL Feedingstuffs Sdn Bhd	PT 11542, HS(D) 13016, Mukim of Kapar, Klang, Selangor  27, Jalan 5, Kawasan 16, Taman Intan 41300 Klang Selangor	Dec 1998	Freehold	3 storey corner lot shophouse	178.18 square metres	535	16
Natural Oscar Sdn Bhd	Lot 59, Section 12, Phase 1B, Pulau Indah Industrial Park, Pulau Indah, Mukim of Klang, Klang, Selangor	Dec 1998	Leasehold (No individual title yet)	Vacant Industrial land	1.1 acres	661	N/A
Chingsan Development Sdn Bhd	Lot 58, Section 12, Phase 1B, Pulau Indah Industrial Park, Pulau Indah, Mukim of Klang, Klang, Selangor	Dec 1998	Leasehold (No individual title yet)	Vacant Industrial land	1.48 acres	889	N/A



# List Of Properties

## List of properties at 31 March 2001 (continue)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
QL Poultry Farms Sdn Bhd	Lot 1338/5, HSD 1318 Lot 1338/6, HSD 1319 Lot 1338/7, HSD 1320 Lot 1338/11, HSD 1324 Lot 1338/12, HSD 1325 Lot 1338/13, HSD 1326 Lot 1338/14, HSD 1327 Lot 1338/22, HSD 1335  Mukim of Setul, District of Seremban, Negeri Sembilan  Lot 1338/5, Pajam, 71700 Mantin, Negeri Sembilan	(15.12.2000)	Freehold	Chicken layer farm	2.001 ha 2.002 ha 2.406 ha 2.403 ha 2.405 ha 2.407 ha 2.386 ha 3.167 ha	4,397	N/A
QL Poultry Farms Sdn Bhd	Lot 5282, HM 011264, Port Dickson	Dec 1998	Leasehold land to 21.9.2057	Vacant land	13.128 ha	146	N/A
QL Poultry Farms Sdn Bhd	Lot 2145, HM 014264, Port Dickson  6, Main road Siliau 7110 Siliau, Negeri Sembilan	Dec 1998	Freehold	Vacant land	6a 2r 36p	193	N/A
Banjaran Mentari Sdn Bhd	Serian Lease of Crown land at Kuching, Sarawak: No.2298 No.4387 No.6203 No.6261 No.8710 No.9864 No.9920  No.3989 No.197 No.264 No.442  Occupation Ticket : 11002, 11041,  Lot 9858, Block 14, Sentah Segu Land District, Simanggang Road, Sarawak	 Dec 1998 Dec 1998 Dec 1998 Dec 1998 Dec 1998 Dec 1998 Dec 1998  (31.07.2000) (31.10.2000) (31.10.2000) (31.10.2000)  Dec 1998 (30.11.2000)	Leasehold to: 17.04.2011 21.02.2012 09.09.2012 31.12.2008 31.12.2040 31.12.2031 13.11.2015  30.09.2011 31.12.2040 31.12.2040 31.12.2040  31.12.2034 11.02.2017	   Chicken layer farm with mixed zone land with farm building thereon   <			



# List Of Properties

## List of properties at 31 March 2001 (continue)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Tong Len Plantation Sdn Bhd	CL105355977. Km58, alongside Tawau-Kunak Highway, Tawau, Sabah	Dec 1998	Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha	10,333	3
Tong Len Plantation Sdn Bhd	CL 105666034 CL 105336025 CL 105339633 CL 105452033  Kalumpang, District of Tawau, Tawau, Sabah	(20.02.2000)	Leasehold to: 31.12.2071 31.12.2072 31.12.2078 31.12.2071	Oil Palm Estate with farm buildings	799.11 acres	6,384	1 to 7 years
Bergakau Development Sdn Bhd	CL 105345346 CL 105345355 CL 105345337 CL 105345328 CL 105345300 CL 105345319  Kawa Hill Locality Tawau, Sabah	Dec 1998	Leasehold to: 31.12.2073 31.12.2073 31.12.2073 31.12.2072 31.12.2072 31.12.2072	Cocoa Estate	36.20 ha	772	N/A
Bergakau Development Sdn Bhd	CL 125312281  Mile 53, Semporna Road, District of Semporna, Sabah	(12.06.1998)	Leasehold to: 31.12.2072	Oil Palm Estate with farm buildings	5.92 ha	76	3
Bergakau Development Sdn Bhd	CL 245353422  Tingkayu, District of Kunak, Sabah	(13.12.1999)	Leasehold to: 31.12.2085	Oil Palm Estate with farm buildings	40.36 ha	956	4
Tong Len Trading Sdn Bhd	CL 105242028, CL 105241996, CL 105241950, CL 105451572  Km21, Apas Parit locality, Tawau, Sabah	Dec 1998	Leasehold to: 12.07.2933 29.07.2933 21.05.2925 31.12.2057	Chicken layer farm	13.668 ha	6,550	N/A
Tong Len Plantation Sdn Bhd	CL 245360810  Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah	(07.11.2000)	Leasehold to: 31.12.2092	Oil Palm Estate with farm buildings	5.65 ha	138	1



# List Of Properties

## List of properties at 31 March 2001 (continue)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Tong Len Plantation Sdn Bhd	CL 245321037 PL 246291092 PL 116291082 CL 245354170	(11.07.2000)	Leasehold to: 31.12.2072 31.12.2073 31.12.2073 31.12.2078	Oil Palm Estate with farm buildings	76.53 ha	1,936	1 to 7 years
	Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah						
Tong Len Plantation Sdn Bhd	NT 113011546 NT 113011537	(01.01.1999)	Freehold	Oil Palm Estate with farm buildings	11.44 ha	186	3
	Kampung Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah						
Tong Len Plantation Sdn Bhd	NT 103041265	(01.01.2000)	Freehold	Oil Palm Estate with farm buildings	3.68 ha	14	1
	Sungai Burong, District of Tawau, Sabah						
Tophill Corporation Sdn Bhd	CL 245327397	Dec 1998	Leasehold to: 31.12.2069	Oil Palm Estate with farm buildings	217.24 ha	3,446	N/A
	CL 245319859	(25.11.1998)	31.12.2071				
	CL 245319779	(25.11.1998)	31.12.2071				
	CL 245319788	(25.11.1998)	31.12.2071				
	CL 245319939	(02.01.1999)	31.12.2072				
	CL 245319966	(02.01.1999)	31.12.2072				
	CL 115319867	(02.03.1999)	31.12.2071				
	CL 115319321	(05.05.1999)	31.12.2071				
	CL 115319349	(05.05.1999)	31.12.2072				
	CL 115319947	(05.10.1999)	31.12.2072				
	CL 115319330	(05.10.1999)	Title pending				
	CL 245319957	(26.10.1999)	Title pending				
	NT 113009117	(02.10.2000)	Title pending				
	NT 113009126	(02.10.2000)	Title pending				
	NT 113009135	(02.10.2000)	Title pending				
	NT 243017441	(01.02.2000)	31.12.2098				
	NT 243017478	(01.02.2000)	31.12.2098				
	NT 243017469	(01.02.2000)	31.12.2098				
	NT 243017450	(01.02.2000)	31.12.2098				
	NT 113009171	(01.02.2000)	31.12.2098				
	NT 113009162		Title pending				
	NT 113009153		Title pending				
	NT 113099144		Title pending				
	NT 113009108		Title pending				
	LA 74111454		Title pending				
	LA 74111455		Title pending				
	LA 74111456		Title pending				
	LA 74111457		Title pending				
Bukit Wang Sdn Bhd	CL 245327404 CL 245332521	Dec 1998	31.12.2069 31.12.2069		85.44 ha	1,884	N/A
	Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah.						



# Shareholders' Analysis Report

## Shareholders' analysis report as at 30 June 2001

Authorised share capital	: RM200,000,000
Issued and paid-up capital	: RM40,000,000
Type of shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

### SHAREHOLDERS BY SIZE OF HOLDINGS

No. of Holders	Holdings	Total Holdings	%
3	less than 1,000	1,609	-
1,442	1,000 to 10,000	2,575,812	6.44
61	10,001 to 100,000	1,903,000	4.76
32	100,001 to less than 5% of issued shares	15,436,010	38.59
3	5% and above of issued shares	20,083,569	50.21
<u>1,541</u>		<u>40,000,000</u>	<u>100.00</u>

### DIRECTORS' SHAREHOLDINGS

The direct and indirect interests of the Directors of the Company are stated in Page 9 and 19 of the Annual Report.

### SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	ShareHoldings	%
1 CBG Holdings Sdn. Bhd.	18,201,569	45.50
2 Farsathy Holdings Sdn. Bhd.	6,304,090	15.76
3 Lee Sing Hin	1,674,000	4.19
4 Chew Kim Seng	1,448,317	3.62
5 Malaysian Assurance Alliance Berhad	1,000,000	2.50



# Shareholders' Analysis Report

Shareholders' analysis report as at 30 June 2001 (continue)

## LIST OF 30 LARGEST SHAREHOLDERS

Name of Shareholders	ShareHoldings	%
1. CBG Holdings Sdn. Bhd.	14,668,000	36.67
2. Farsathy Holdings Sdn. Bhd.	5,020,000	12.55
3. HDM Nominees (Tempatan) Sdn. Bhd. CBG Holdings Sdn. Bhd.	2,083,569	5.21
4. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For CBG Holdings Sdn. Bhd. (Memo)	1,450,000	3.63
5. Malaysian Assurance Alliance Berhad	1,000,000	2.50
6. Chew Kim Seng	852,317	2.13
7. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Sing Hin (Memo)	817,000	2.04
8. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Farsathy Holdings Sdn. Bhd.	790,090	1.98
9. Tan Hon @ Tan Ho Hoon	772,994	1.93
10. Chen Fun Chow	771,000	1.93
11. Ngeam Chong Kwai	620,000	1.55
12. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chew Kim Seng (Memo)	596,000	1.49
13. Citicorp Nominees (Asing) Sdn. Bhd. TNTC For Government of Singapore Investment Corporation Pte. Ltd.	578,000	1.45
14. Saodah Bt Haji Malek	575,000	1.44
15. Malaysia Nominees (Tempatan) Sendirian Berhad Malaysian Trustee Berhad For Multi-Purpose Vision Fund (00-10033-000)	540,000	1.35
16. Lee Sing Hin	527,000	1.32
17. Mohamad Kamal Bin Idris	504,609	1.26
18. Universal Trustee (Malaysia) Berhad	500,000	1.25
19. HDM Nominees (Tempatan) Sdn. Bhd. Farsathy Holdings Sdn. Bhd.	494,000	1.24
20. HSBC Nominees (Asing) Sdn. Bhd. HSBC Trustee (S) Ltd. For Pheim Apec Growth Fund Limited	470,000	1.18
21. HDM Nominees (Tempatan) Sdn. Bhd. HDM Venture Capital Sdn. Bhd. For Lee Sing Hin	330,000	0.83
22. Ng Sai Bee @ Ng Sau Bee	234,000	0.59
23. Liu Sin	214,000	0.54
24. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. For Empat Nombor Ekor (Selangor) Sdn. Bhd.	165,000	0.41
25. Selangor Dredging Berhad	150,000	0.38
26. Teh Wan Sang & Sons Sdn. Bhd.	130,000	0.33
27. Teh Lip Kim	120,000	0.30
28. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. For Empat Nombor Ekor (Selangor) Sdn. Bhd.	115,000	0.29
29. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. For Magnum Corporation Bhd.	110,000	0.28
30. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pheim Asset Management Sdn. Bhd. For Hong Leong Assurance Bhd. (General)	110,000	0.28
	<b>35,307,579</b>	<b>88.33</b>



# Form Of Proxy

## Form of Proxy

No. of ordinary shares held

I/We .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS)

being a member/members of QL Resources Berhad, hereby appoint .....  
(FULL NAME)

of .....  
(FULL ADDRESS)

or failing him, .....

of .....  
as my/our proxy/proxies to vote for me/us on my/our behalf, at the 4<sup>th</sup> Annual General Meeting of the Company, to be held at Rebana 2, Level 1, Grand BlueWave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 29<sup>th</sup> day of August, 2001 at 10.30 a.m., or at any adjournment thereof.

My/our proxy is to vote as indicated below:-

Resolutions	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

Please indicate with an "X" or "✓" in the space provided as to how you wish your votes to be cast on the resolution specified in the Notice of 4<sup>th</sup> Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this                      day of                      2001

.....  
Signature/Seal

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 officer or attorney duly authorised.
4. The details of the directors who are standing for re-election at the 4<sup>th</sup> 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.

Stamp

The Secretary,

**QL RESOURCES BERHAD** (428915-X)

No. 5, Lorong Bukit Kuda,  
Off Jalan Batu Tiga Lama, 41300 Klang,  
Selangor Darul Ehsan, Malaysia.