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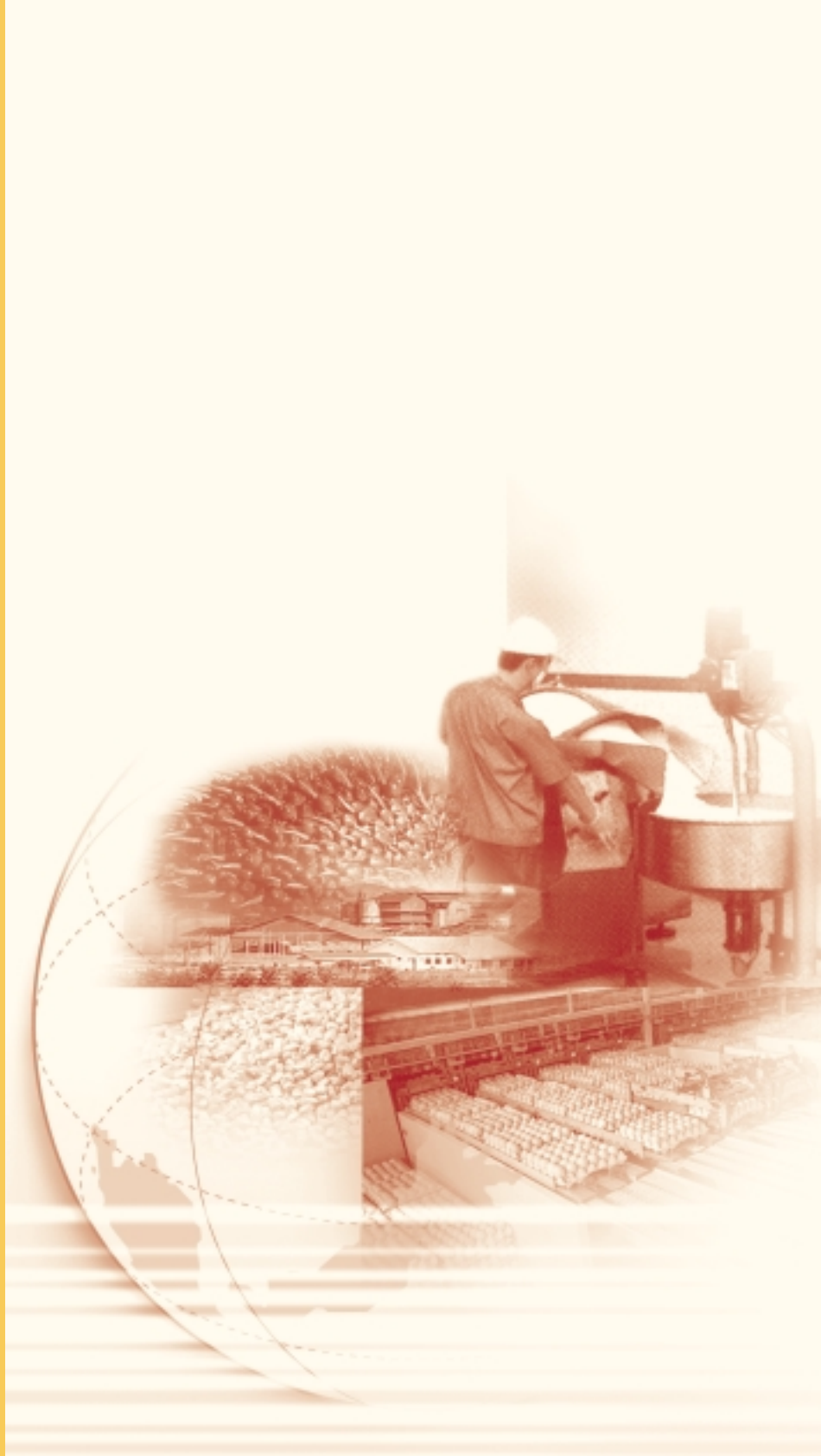
Our Mission Statement

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



Principal activities



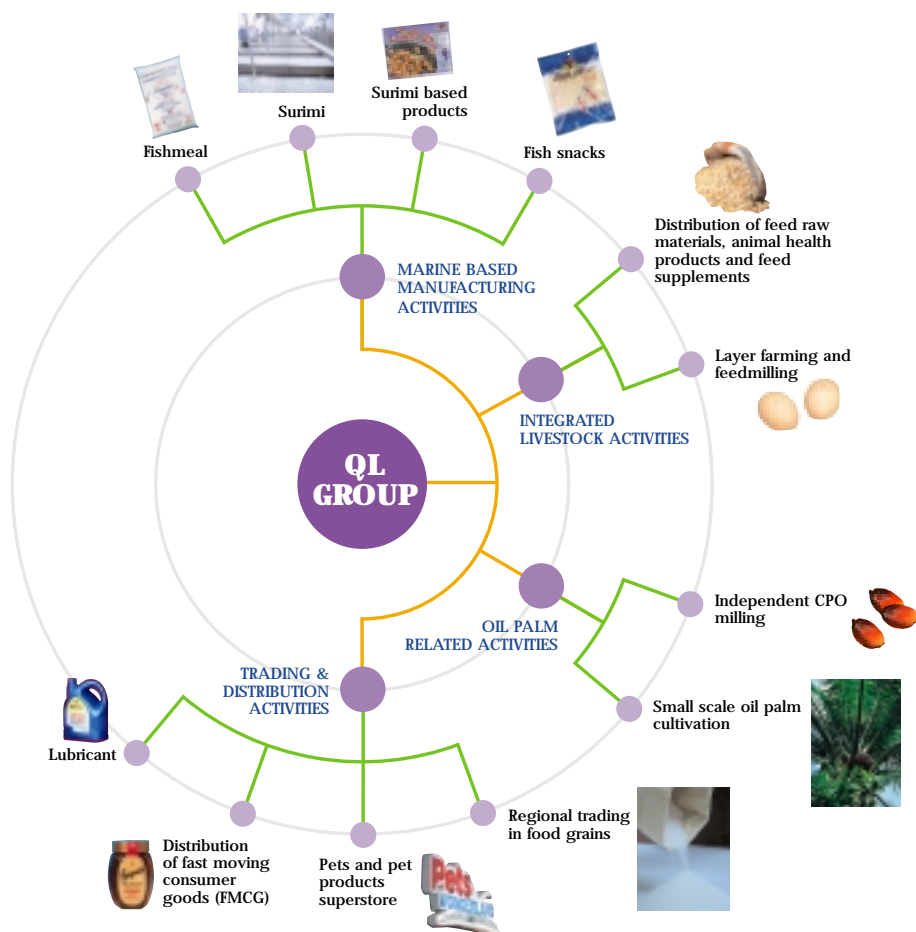
The QL Group is a diversified agricultural based group of companies. The Group is principally involved in marine-based manufacturing, integrated livestock, oil palm related and trading and distribution activities.

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 division is also a leading producer in Malaysia.

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.

The Group owns an independent crude palm oil (CPO) mill, which services the oil palm estates in East Malaysia (surrounding regions of Tawau). Its oil palm related activities include CPO milling and oil palm cultivation. Currently, the Group is building its 2nd CPO mill in Sabah and the expected completion is early 2003.

The Group carries out regional merchanting trade in food grains. In addition, it operates pets and pet products superstore in Malaysia. The Group also has a nationwide distribution network distributing chilled and frozen consumer products.



Notice of annual general meeting

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 5th Annual General Meeting are available on Page 6 to 9 of the Annual Report.
5. Explanatory Statement on Special Business

Resolution 9

The ordinary resolution proposed, 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.

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting has been scheduled on Saturday, 24 August 2002 at 10.00 a.m. to be held at Ivory 9, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Agenda

1. To receive and adopt the Financial Statements for the financial year ended 31 March 2002 together with the Directors' and Auditors' Report thereon. **Resolution 1**
2. To declare a final dividend of 10% per ordinary share consisting of 5% less income tax and 5% tax exempt in respect of the financial year ended 31 March 2002. **Resolution 2**
3. To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:
Mr Chia Song Kooi **Resolution 3**
Mr Chia Song Swa **Resolution 4**
4. To re-elect Mr Chieng Ing Huong who retires in accordance with Article No. 103 of the Company's Articles of Association. **Resolution 5**
5. To re-elect Mr Chia Song Kun who retires in accordance with Article No. 131 of the Company's Articles of Association. **Resolution 6**
6. To approve the Directors' fees for the financial year ended 31 March 2002. **Resolution 7**
7. To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**
8. **Special business**

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"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."

Resolution 9

9. 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 27 September 2002 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 11 September 2002.

A Depositor shall qualify for entitlement only in respect of:

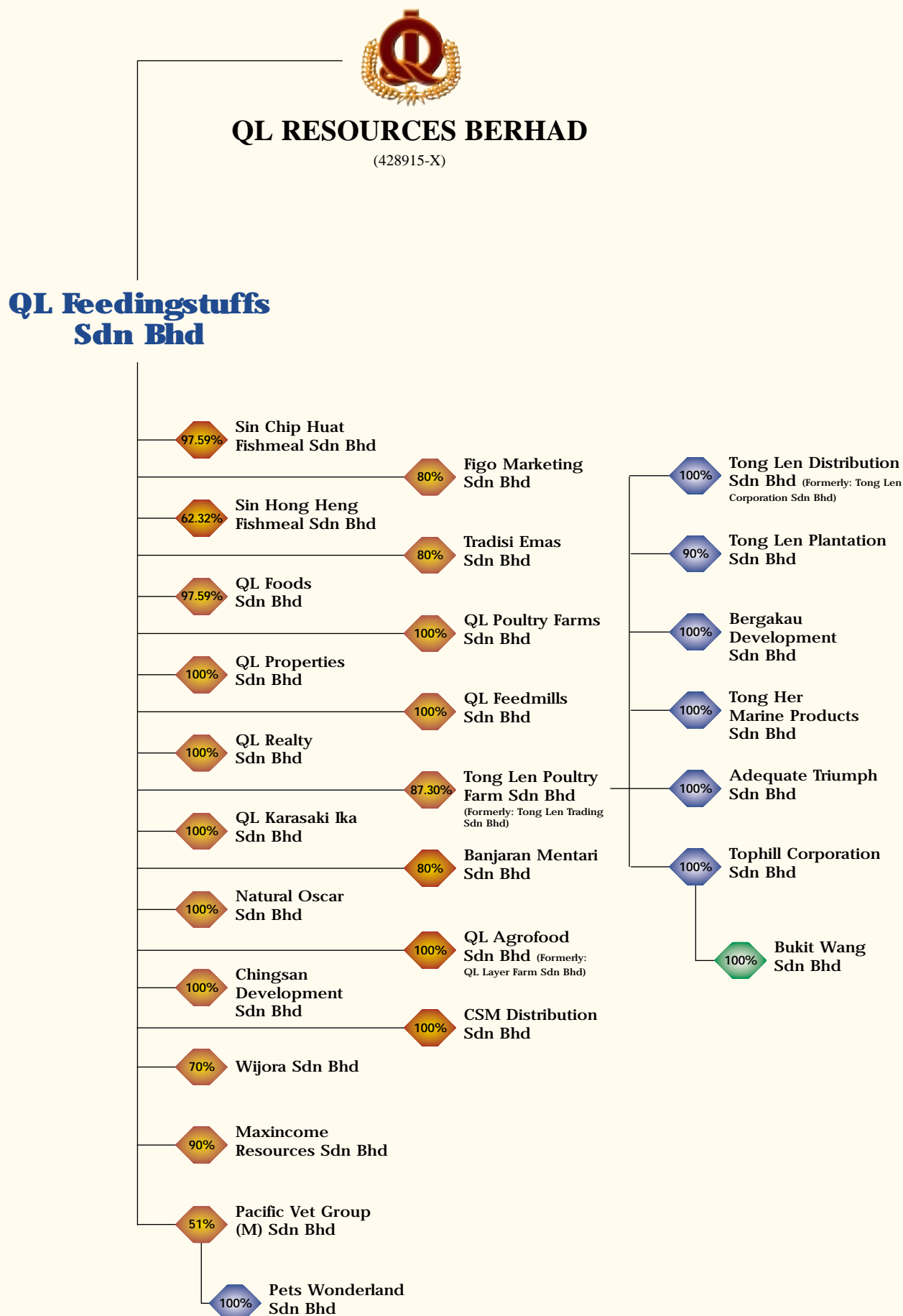
- a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 9 September 2002 in respect of shares which are exempted from mandatory deposit;
- b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 11 September 2002 in respect of the ordinary transfers; 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
1 August 2002

Corporate structure



Corporate Information

Board of Directors

Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-
Executive Director*

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*

Chieng Ing Huong, Eddy
*Independent Non-Executive
Director*

Company Secretary

Ng Geok Ping
(MAICSA 7013090)

Audit Committee

Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-
Executive Director*

Mohd Rizal bin Ramlee
*Independent Non-Executive
Director*

Chia Song Kun
*Non-Independent Executive
Director*

Chieng Ing Huong, Eddy
*Independent Non-Executive
Director*

Nomination Committee

Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-
Executive Director*

Chieng Ing Huong, Eddy
*Independent Non-Executive
Director*

Remuneration Committee

Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-
Executive Director*

Chia Song Kun
*Non-Independent Executive
Director*

Chieng Ing Huong, Eddy
*Independent Non-Executive
Director*

Auditors

KPMG
Chartered Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Registered Office

5, Lorong Bukit Kuda
Off Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan
Tel: 03-3342 6271
Fax: 03-3342 7202 / 2722

Principal Bankers

Citibank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad

Registrars

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7784 3922
Fax: 03-7784 1988

Stock Exchange Listing

Main Board of Kuala Lumpur
Stock Exchange

Board of directors' profile



Seated from left: Chia Song Kun, Tengku Dato' Zainal Rashid bin Tengku Mahmood and Chia Seong Pow

Standing from left: Chia Mak Hooi, Chia Song Swa, Chia Song Kooi, Chia Seong Fatt, Mohd Rizal bin Ramlee and Chieng Ing Huang, Eddy

Tengku Dato' Zainal Rashid bin Tengku Mahmood

(Chairman & Independent Non-Executive Director)

Age: 63

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 Resources Berhad (QL): 3 January 2000

Details of any board committee to which he belongs:

- QL: 1) Audit Committee
- 2) Remuneration Committee
- 3) Nomination Committee

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 out of 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Tengku Dato' Zainal Rashid Bin Tengku Mahmood holds 75,000 shares in QL.

Board of directors' profile continued

Chia Song Kun *(Managing Director)*

Age: 52

Nationality: Malaysian

Qualification: Mr. Chia Song Kun 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 RM560 million.

He is also a founder member and a non-executive director of Inti Universal Holdings Berhad, 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.

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

Details of any board committee to which he belongs:
QL: 1) Audit Committee 2) Remuneration Committee
3) Risk Management Committee

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) of which is the 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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Kun holds 15,000 shares in QL and he has indirect interest by virtue of his and his wife's interests in CBG.

Chia Seong Pow *(Executive Director)*

Age: 46

Nationality: Malaysian

Qualification: Mr. Chia Seong Pow 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 regional merchanting trade in food grains, besides that he is also in charge of new business developments. 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 acquisition of CSM Distribution Sdn. Bhd., Figo Marketing Sdn. Bhd. and Tradisi Emas Sdn. Bhd. whereby he sits as finance director.

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

Details of any board committee to which he belongs:
Risk Management Committee of QL.

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 shareholder of Farsathy Holdings Sdn. Bhd. and of which is 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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Seong Pow holds 15,000 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.

Board of directors' profile continued

Chia Song Fatt *(Executive Director)*

Age: 46

Nationality: Malaysian

Qualification: Mr. Chia Seong Fatt 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 farm and CPO milling operations.

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

Details of any board committee to which he belongs:
Risk Management Committee of QL.

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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Fatt holds 15,000 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: 42

Nationality: Malaysian

Qualification: Mr. Chia Song Kooi 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 1987.

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 Secretary General 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

Details of any board committee to which he belongs:
Risk Management Committee of QL.

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.

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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Kooi holds 15,000 shares in QL. He has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

Board of directors' profile continued

Chia Song Swa *(Executive Director)*

Age: 42

Nationality: Malaysian

Qualification: Mr. Chia Song Swa 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 1987. 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

Details 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.

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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Song Swa holds 15,000 shares in QL and he has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

Chia Mak Hooi *(Executive Director)*

Age: 37

Nationality: Malaysian

Qualification: Mr. Chia Mak Hooi graduated from Arizona State University, USA 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.. Currently he is the Finance 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

Details of any board committee to which he belongs:
Risk Management Committee of QL.

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:
All 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: Mr. Chia Mak Hooi holds 15,000 shares in QL and he has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

Board of directors' profile continued

Mohd Rizal Bin Ramlee

(Independent Non-Executive Director)

Age: 31

Nationality: Malaysian

Qualification: En. Mohd Rizal Bin Ramlee 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 engage 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 Fella Contract Sdn. Bhd., a subsidiary of Fella Holdings Berhad (a furniture manufacturer) and an executive director of Horizon Canggih Sdn. Bhd.

Date he was first appointed to the board of QL:

3 January 2000

Details 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:

5 out of 6 meetings held for the financial year.

Details of any interest in the securities of the listed issuer or its subsidiaries: En. Mohd Rizal Bin Ramlee

holds 913 shares in QL.

Chieng Ing Huong, Eddy

(Independent Non-Executive Director)

Age: 44

Nationality: Malaysian

Qualification: Mr Chieng Ing Huong graduated from the University of New South Wales, Australia with a Bachelor of Commerce Degree in Accounting, Finance and Information Systems.

He is a member of Institute of Chartered Accountant in Australia and a Public Accountant registered with the Malaysian Institute of Accountants.

Working experience/occupation: He is the founder/Director and substantial shareholder of Nationwide Express Courier Services Berhad

He brought Federal Express to Malaysia and was a Director of their Malaysian-based subsidiaries from March 1991 to February 1997.

He was the Managing Director from November 1994 to October 1998 of Equity Property Investment Corporation Limited and a Director of Hillgrove Gold NL from April 1995 to June 1999. Both the companies are listed on the Australian Stock Exchange.

He was also an Executive Director of OSK Holdings Berhad from February 1996 to December 1998.

Since March 1999, he is the Senior Vice-President-Business Development of Hwang-DBS Securities Berhad.

Date he was first appointed to the board of QL: 24

December 2001

Details of any board committee to which he belongs:

QL: 1) Audit Committee 2) Remuneration Committee 3) Nomination Committee

Other directorship of public companies: 1) Nationwide Express Courier Services Berhad 2) Selangor Dredging Berhad 3) Nylex (Malaysia) Berhad 4) Ancom Berhad

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:

1 out of 1 meeting held for the financial year since his appointment.

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

Chairman's statement



Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-Executive
Director*

I am delighted to report that 2001/2002 was another satisfactory year for QL Group with all operating divisions contributing to reasonable growth in sales & profits. I am also delighted that on 22nd January 2002, QL was transferred from the Second Board to the Main Board of the KLSE.

Results

The Group registered a turnover of RM562 million (2001:RM475 million) up 18% on last year and pre-tax profit of RM26.7 million (2001:RM25.4 million) up 5% on last year. In recognition of the continued strong performance of all the core activities and its future prospect, the board has recommended a final dividend of 10% consisting of 5% less tax and 5% tax exempt.

Strategy

The year has seen the Group's activities being reclassified into four core activities instead of three, namely marine-based manufacturing, integrated livestock, oil palm related and trading & distribution activities.

During the period under review additional investment was injected into the four core activities; manufacturing facilities in a number of subsidiaries also received additional investment to improve and upgrade their capabilities. These additional investments were deemed necessary to further strengthen the Group's activities and provide a strong foundation for its continued growth.

The QL Group's success in attaining its corporate objectives is commendable in view of the very competitive market environment and it is also gratifying to note that it continue to register growth every year. This achievement was made possible due to the Group's depth of resources, good management and corporate strategy.

The management will continue to look for opportunities that can contribute to the development of

its business and improve its overall performance; the Company will strive to provide a service level that will ensure customer satisfaction, good relationship with business partners and enhance shareholders' value.

Risk Management

With increasing concern on corporate governance and increasing regulatory pressures to match international standards of best practice, the Group is in the process of implementing risks controlling methods to augment risk management at all levels.

People

During the year, we were honoured to have our Managing Director, Mr Chia Song Kun to be given recognition (SMI Achievers Recognition 2001) as one of the top achiever in year 2001 by the SMI Association of Malaysia.

The progressive results we have achieved so far owe much to our directors and also employees. The Group's Board of Directors continues to oversee major strategic development of the group. We are also fortunate to have a strong team of executive and non-executive directors who are highly professional and dedicated. On behalf of the board, I would like to thank them for their contribution towards the progress made by the Group.

Outlook

The implementation of our corporate strategy will ensure the Group's continued growth. With a strong balance sheet and the Management's ability to focus on its objectives and identify business opportunities, I am confident that the QL Group can look forward to another successful year.

Tengku Dato' Zainal Rashid bin
Tengku Mahmood
*Chairman, Independent Non-Executive
Director*

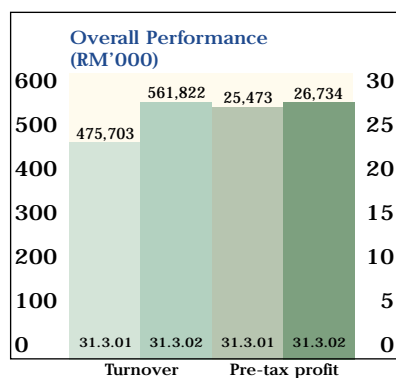


Managing director's report



Chia Song Kun
Managing Director

The financial year 2002 was a challenging year for the Group. The local market has experienced a rather difficult domestic consumer environment which resulted in overall reduced volumes and operating margins, however and more importantly, our product's share of the market remained relatively stable. On the other hand, our increasing regional trade has performed satisfactorily with strong volume growth despite challenging trading conditions.



Despite all these, we remained focus and during the period the Board has decided to reclassify the Group's 3 core activities into 4 core activities, namely, the addition of the fourth core segment of Trading & Distribution Activities which has become increasingly significant to the Group's performance.

The Group's turnover increased 18% to RM562 million and Group pre-tax profit increased 5% to RM26.7 million. Overall, the Group's operating performance shows resilience of our operations. We have also reached our milestone of achieving RM1/2 billion sales and we hope to continue to deliver better results in years to come.

The Group's turnover of RM562 million and pre-tax operating profit of RM 26.7 million represents a compound annual growth rate (CAGR) for turnover and pre-tax profit over the last seven years of about 20% and 27% respectively. All the four core activities contributed to these satisfactory results.

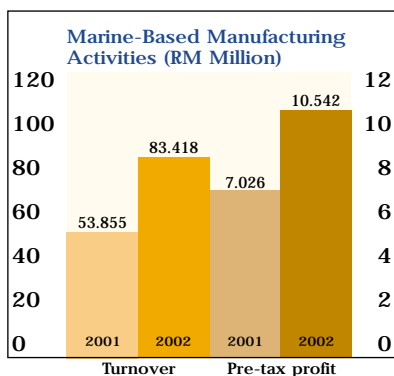
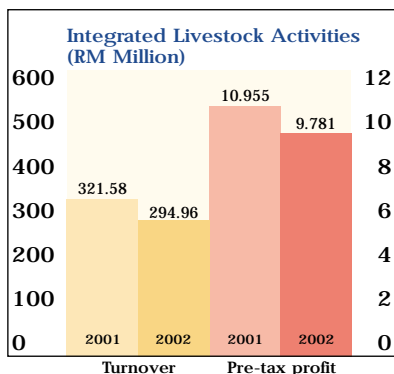
REVIEW OF OPERATIONS

Integrated Livestock Activities

This division continues to deliver reasonable results although turnover decreased 8% to RM295 million and Pre-tax profit decreased 10% to RM9.781 million. The division CAGR continues to be reasonable and for the last seven years, the division's CAGR for turnover and pre-tax profit is 13% and 24% respectively.

The main reasons for the slight drop in performance were because of the current consolidation and rationalisation of the chicken layer industry. Weaker Indonesian Rupiah and reduced immigrant population have also led to reduced export and over supplies in the industry. We believe that further rationalisation in this sector and the strengthening of rupiah should trim supplies and further improve demand. We remain cautious and believe that situation will improve in the coming financial year.

Managing director's report continued



Marine-Based Manufacturing Activities

The marine-based unit has recorded impressive turnover and pre-tax profit growth of 54% and 50% respectively over last year. The unit's CAGR continues to be satisfactory and for the last seven years the CAGR for turnover and pre-tax profit for is 22% and 26% respectively.

The improvement in turnover and earnings is mainly due to higher fishmeal prices, contribution from the newly acquired seafood based units. In addition, the Group has a new surimi manufacturing unit in the East Coast and the West-coast surimi-based unit has also increased its production (new production line).

Our marine-based activities currently command major market shares and we took advantage of the opportunities for growth by increasing our investment in manufacturing facilities in all our marine-based units. We are seeking to create organic growth from existing business through expanding product category and/or geographical spread (including export market). In particular, we have regular discussion on issues and opportunities that we faced, and pulling all these together, we aim to continue our vision of being the largest producer of marine-based products in Malaysia.

Currently, we are still the largest fishmeal manufacturer in Malaysia. Our surimi-based operation is the first vertically integrated manufacturer in Malaysia and we are the largest producer of surimi and surimi-based products in Malaysia.

Oil Palm Related Activities

This division has maintained a turnover of RM65 million but pre-tax profit decreased by 30% to RM4.6 million. The division's CAGR for turnover and pre-tax profit for the last seven years is 25% and 32% respectively

Although average Crude Palm Oil (CPO) prices had increased by 10% as compared to last year, the average Fresh Fruit Bunches (FFB) processed however had decreased by 10% therefore resulting in flat turnover. During the period under review, operating profit was reduced mainly due to competition for FFB supplies as a result of additional new CPO mills in the surrounding area.

In line with our strategy to enhance this division performance, a 2nd CPO mill (situated between Kunak and Lahad Datu) is currently under construction and expected completion is early 2003.

Managing director's report continued

Trading & Distribution Activities

With increasing significant contribution to the Group's performance, we have during the year created a fourth core activities that principally carries out regional trade in food grains, operation of pet superstores and distribution of leading fast moving consumer goods (FMCG) products. The rationale behind the emphasis on the fourth core activities were because these activities offers the opportunities to have better returns on equity employed, lesser capital commitments and more efficient utilisation of trade finance facilities.

We believe that our 4th core activities would allow the Group to firstly play a more active role in regional merchanting trade in the Asean region. Secondly, we intend to become a leading operator of pet superstores in Malaysia and thirdly we intend to build our own brands using our own FMCG vehicle.

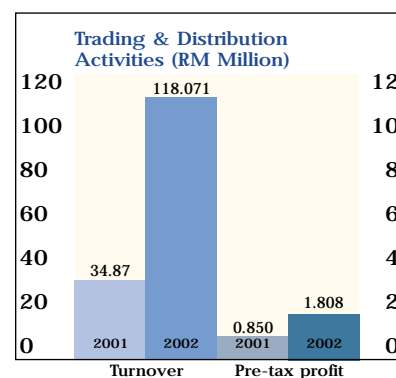
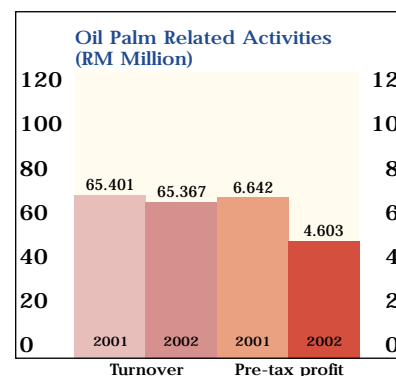
LOOKING AHEAD

The USA economy had seen slowdown in recent months, and coupled with its persistently gloomy equity market, has prompted questions on whether the current market sentiment could derail USA economy recovery. The impact of which has an indirect effect on our domestic economy recovery and this made looking ahead more uncertain.

However, we remained cautiously optimistic as most of the Group's expansion and acquisitions will be coming to fruition during the financial year 2003 and these projects will make significant contribution to the financial performance of the Group for the current financial year. Whilst challenges to the Group are significant, we remain optimistic that we can continue to deliver healthy and consistent results.

Our key performance measure in determining our Group's long term success is creating shareholders value and this continues to be our focus.

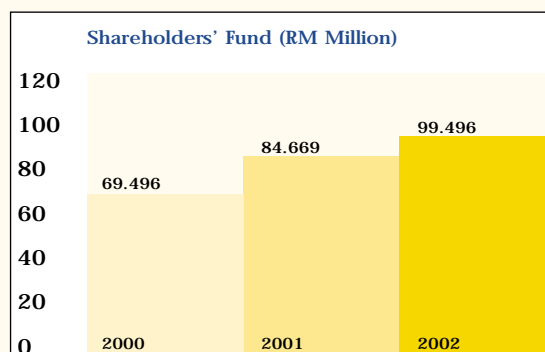
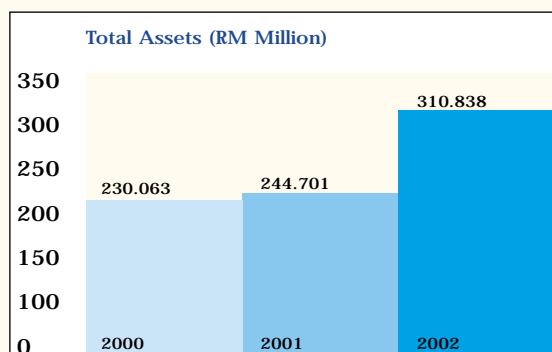
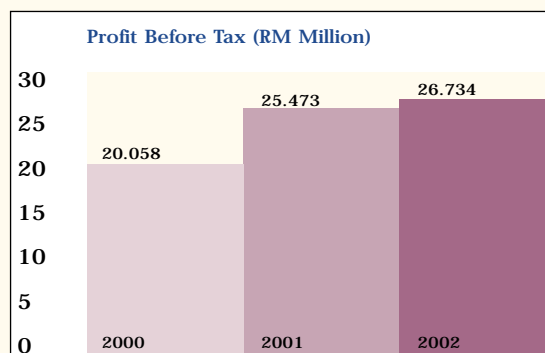
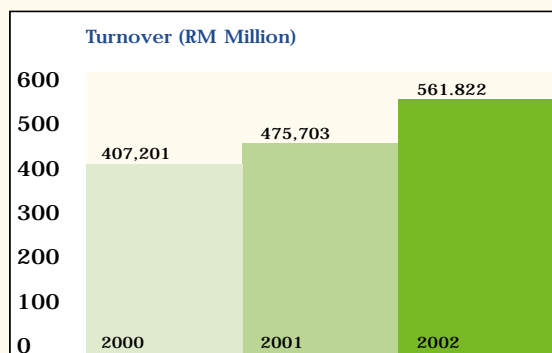
Chia Song Kun
Managing Director



Three-Year Financial Summary

	2000	Year Ended 31 March 2001 (Ringgit Million)	2002
Turnover	407.201	475.703	561.822
Profit Before Tax	20.058	25.473	26.734
Profit After Tax After Minority Interest	12.939*	16.603	18.045
Total Assets	230.063	244.701	310.838
Shareholders Funds	69.496	84.669	99.496
Long Term Liabilities	8.939	21.404	24.816
Profit as % of Turnover			
- Before Tax	4.92	5.35	4.76
- After Tax	3.18	3.50	3.21
Earnings Per Share (sen) - Basic	32	42	30
Net Tangible Assets Per Share (sen)	173.7	211.7	165.8
Paid-up Share Capital	40	40	60

* Includes pre-acquisition profit of RM8.811 million.



Audit committee report

Membership

The present members of the Audit Committee comprise:-

Tengku Dato' Zainal Rashid bin Tengku Mahmood
Chairman/Independent Non-Executive Director

Chia Song Kun
Member/Non-Independent Executive Director

Mohd Rizal bin Ramlee
Member/Independent Non-Executive Director

Chieng Ing Huong, Eddy *
Member/Independent Non-Executive Director

* Appointed on 24 December 2001

Attendance at Meetings

During the year, the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of meetings attended/ held during the member's term in office
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	5/5
Chia Song Kun	5/5
Mohd Rizal Bin Ramlee	5/5
Chieng Ing Huong, Eddy *	1/1
*Appointed on 24 December 2001	

The Finance Director and the Group Accountant were present by invitation in all the meetings. Representatives of the external auditors, Messrs KPMG also attended the meetings upon invitation. The Internal Audit Manager attended all the meeting since her engagement and the Secretary to the Committee is the Company Secretary.

Summary of Activities during the Financial Year

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors, presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 15 to the financial statements.
- Reviewed the internal audit department's resources requirements, programme and plan for the financial year under review.
- Reviewed the internal audit reports, which highlighted the risk issues, recommendations and management's response.
- Recommended to the Board improvement opportunities in internal control, procedures and risk management. The Committee had, in February 2002, initiated a comprehensive risk management programme, assisted by the internal audit department and external advisers.
- Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions

of the Companies Act 1965 and the applicable approved accounting standards approved by the MASB.

- Reviewed the Company's compliance in particular the quarterly and year end financial statements with the Listing Requirements of the KLSE, MASB and other relevant legal and regulatory requirements.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Accountant and Finance Director.
- Reviewed the related party transactions entered into by the Group.
- Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the KLSE Listing Requirements. Recommended to the Board action plans to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and best practices under the Code.

Internal Audit Function

The internal audit department is independent of the activities or operations of other operating units. The internal audit department is overall responsible in providing assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management in the Company. This function also acts as a source to

Audit committee report continued

assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

The internal audit department undertakes internal audit functions upon its establishment in the current financial year based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan is developed based on a risk assessment model and covers the review of adequacy of operational controls, compliance with rules and regulations, risk management and management efficiency amongst others.

Terms of Reference

The Audit Committee is governed by the following terms of reference:

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.

Corporate governance statement

The Board of Directors of QL Resources Berhad recognises the importance of adopting high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is therefore committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance.

A. BOARD OF DIRECTORS

(a) Board Responsibilities

The Company is led by an experience and dynamic Board. It has a balanced board composition with effective independent directors. The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value. To fulfill this role, the Board is responsible for the following:-

- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Maintaining shareholder and investor relations for the Company.
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

(b) Board Meetings

During the financial year ended 31 March 2002, the Board met on six (6) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of each existing Director's meeting attendances are as follows:

<i>Name of Director</i>	<i>Designation</i>	<i>Attendance</i>
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Independent Non-Executive Chairman	4/6
Chia Song Kun	Managing Director	6/6
Chia Seong Pow	Executive Director	6/6
Chia Seong Fatt	Executive Director	6/6
Chia Song Swa	Executive Director	6/6
Chia Song Kooi	Executive Director	6/6
Chia Mak Hooi	Executive Director	6/6
Chiang Ing Huong, Eddy*	Independent Non-Executive	1/1
Mohd Rizal Bin Ramlee	Independent Non-Executive	5/6

Notes:

* Appointed on 24 December 2001.

(c) Board balance

As at the date of this statement, the Board consists of nine members; comprising one independent non-executive Chairman, six executive Directors and two independent non-executive Directors. A brief profile of each Director is presented on pages 5 to 9 of this annual report. The Directors have wide ranging experience and all have occupied or currently occupying senior positions both in the public and private sectors. The Board has appointed Mr Chiang Ing Huong, Eddy as the senior independent non-executive Director to whom concerns may be conveyed.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of the Kuala Lumpur Stock Exchange. The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive Director) and who is free of any relationship which could

interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

The executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the executive Directors. The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the executive Directors who have intimate knowledge of the business, the Board is

Corporate governance statement continued

constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the company to ensure a balance of authority and power. The Board is led by Tengku Dato' Zainal Rashid Bin Tengku Mahmood as the independent non-executive Chairman and the executive management of the company is led by Mr Chia Song Kun, the Group Managing Director.

(d) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are provided to the Directors in a timely manner so that, if necessary, clarification or additional information can be sought.

The Board has access to all information in relation to the Group whether as a full Board or in their individual capacity to assist them in the furtherance of their duties. Besides direct access to management staff, the company secretary are also made available to render their independent views and advice to the Board. In addition, the Directors, if necessary, may also seek professional advice, at the Company's expenses, if required. The Directors may also consult the Chairman and other Board members prior to seeking any independent professional advice.

(e) Appointments to the Board

The Board of Directors delegates certain responsibilities to the Board Committees, namely an Audit Committee, a Nomination Committee and a Remuneration Committee in order to enhance business and operational efficiency as well as efficacy. The Nomination and Remuneration Committee were established on 18 February 2002 to assist the Board in

the execution of its duties. Prior to the establishment of these committees, their functions were assumed by the Board as a whole.

The Audit Committee of the Board has been in place since January 1999. It presently comprises three Independent Non-Executive Directors and the Managing Director.

The Nomination Committee comprised the following members during the year:
Tengku Dato' Zainal Rashid Bin Tengku Mahmood
- Chairman, Independent Non-Executive Director
Mr Chieng Ing Huong, Eddy
- Independent Non-Executive Director

The Committee consists entirely of non-executive Directors, all of whom are independent.

The Nomination Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations as to the appointment of new Directors and review the contribution of each individual Director on an annual basis. The Committee also keeps under review the Board structure, size and composition as well as considering the Board succession planning.

The first meeting of the Nomination Committee was held on 28 May 2002. The meetings were attended by all the members of the Committee.

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM). The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

(f) Re-election

The Articles of Association of the Company provide that one third of the Board

members are required to retire at every Annual General Meeting and be subject to re-election by shareholders. Newly appointed directors shall hold office until the next annual general meeting and shall be subject to re-election by the shareholders. The Articles of Association provided that all Directors shall retire once every three years.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

B. DIRECTORS' REMUNERATION

(a) Remuneration Committee

The members of the Remuneration Committee during the year were:
Tengku Dato' Zainal Rashid Bin Tengku Mahmood
- Chairman, Independent Non-Executive Director
Mr Chieng Ing Huong, Eddy
- Independent Non-Executive Director
Mr Chia Song Kun
- Managing Director

The Remuneration Committee is responsible for recommending the remuneration framework for Directors' as well as the remuneration packages of executive Directors to the Board. None of the executive Directors participated in any way in determining their individual remuneration.

The Board as a whole determines the remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The first meeting of the Remuneration Committee was held on 28 May 2002. The meetings were attended by all the members of the Committee.

Corporate governance statement continued

(b) Details of the Directors' remuneration

The aggregate remuneration of director of the Company are as follows:

Subject	Executive Directors	Non-Executive Directors
<u>Aggregate Remuneration</u>	<u>RM</u>	<u>RM</u>
• Directors' fees	358,100	63,000
• Salaries	986,176	-
• Allowance	39,911	-
• Bonuses	613,869	-
• Benefits in kind based on an estimated money value	56,650	-
Total	2,054,706	63,000
<u>Band (RM)</u>	<u>No. of Directors</u>	<u>No. of Directors</u>
Below 50,000		3
50,001 – 100,000		
100,001 – 150,000	1	
150,000 – 200,000		
200,001 – 250,000	1	
250,001 – 300,000	1	
300,001 – 350,000	1	
350,001 – 400,000		
400,001 – 450,000	1	
450,001 – 500,000		
500,001 – 550,000		
550,001 – 600,000		
600,001 – 650,000	1	

C. SHAREHOLDERS

The Company recognises the importance of communicating with its shareholders and does this through the annual report, Annual General Meeting, analyst meetings and announcements via KLSE. The Company is currently setting up a website to enable an active dialogue with its investors and shareholders by providing information on the Company's performance. Additionally, a press conference is held immediately after the AGM where the Managing Director advises the press of the resolutions passed, and answers questions on the Group. The Chairman and the Executive Directors are also present at the press conference to clarify and explain any issue.

The Company also responded to fund managers, institutional investors and investment analysts and members of the media upon request, to brief

them on key events of the Company. Investors' and analysts' feedback is sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

D. ACCOUNTABILITY AND AUDIT

(a) Financial reporting

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects in the various financial reports to the shareholders, investors and regulatory authorities. The assessment is primarily provided in the annual report through the Chairman's Statement, the audited financial statements and the quarterly results announcement.

The Board has re-classified its segmental reporting from 3 core businesses to 4 core businesses; marine-based manufacturing, integrated livestock activities, oil palm related activities and trading & distribution activities, to promote greater transparency and understanding of the Company's performance and prospect. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Directors are also required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended.

Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 21 of this annual report.

(b) Internal controls

The Statement on Internal Control furnished on pages 22 to 23 of the annual report provides an overview of the state of internal controls within the Group.

(c) Relationship with the Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operation the external auditors have highlighted to the Audit Committee and the Board, matters that requires the Board's attention.

A summary of the activities of the Audit Committee during the year, including the evaluation of the

Corporate governance statement continued

independent audit process, are set out in the Audit Committee Report on pages 15 to 16 of the annual report.

E. OTHER INFORMATION

(a) Recurrent Related Party Transactions (RRPT) of revenue nature

The shareholders of the Company approved the Proposed Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 29 August 2001.

The Company is also seeking shareholders approval to renew its shareholders' Mandate for RRPT in the forthcoming EGM. The details of the RRPT entered into or to be entered by the Company or its subsidiaries with related parties are included in the Circular to Shareholders.

(b) Non-audit fee

The amount of non-audit fees paid to external auditors for the financial year ended 31 March 2002 is RM221,650.

- v) sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;
- vi) material variance between the results for the financial year and the unaudited results previously announced;
- vii) profit guarantees given by the Company;
- viii) material contracts between the Company and its subsidiaries that involve directors' or major shareholders interests, except as those disclose on RRPT transactions;
- ix) contract of loans between the Company and its subsidiaries that involve directors or major shareholders' interests;
- x) revaluation policy on landed properties.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Kuala Lumpur Stock Exchange Listing Requirements, the following additional information is provided:-

During the financial year under review, there were no:

- i) utilisation of proceeds raised from any proposal;
- ii) share buybacks;
- iii) options, warrants or convertible securities exercised;
- iv) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;

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.

Directors' shareholdings

<i>Name of directors</i>	<i>Direct #</i>	<i>No. of shares held</i>		<i>%</i>
		<i>%</i>	<i>Indirect #</i>	
Tengku Dato' Zainal Rashid				
Bin Tengku Mahmood	75,000	0.13	-	-
Chia Song Kun	15,000	0.03	28,478,354*	47.46
Chia Seong Pow	15,000	0.03	9,456,135**	15.76
Chia Song Kooi	15,000	0.03	28,478,354*	47.46
Chia Seong Fatt	15,000	0.03	9,456,135**	15.76
Chia Song Swa	15,000	0.03	28,478,354*	47.46
Chia Mak Hooi	15,000	0.03	28,478,354*	47.46
Mohd Rizal Bin Ramlee	913	-	-	-
Chieng Ing Huong, Eddy	-	-	-	-

Notes:

* The number of shares held either direct or indirect by the directors inclusive of the bonus issue allotted on 20.12.2001. Please refer to the Financial Statements section on Page 26 of the Annual Report for further details.

* Deemed interest via CBG Holdings Sdn. Bhd.

** Deemed interest via Farsathy Holdings Sdn. Bhd.

Statement on internal control

Introduction

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year.

Board Responsibility

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

With the establishment of the Internal Audit Department in November 2001, the Board has set in place the mechanism to assist the Audit Committee and the Board in the ongoing process for identifying, evaluating and managing significant risks faced by the Group, and that this process is regularly reviewed by the Board and accords with the Internal Control Guidance.

Enterprise risk management framework

The formalisation of the enterprise risk management framework involved the following initiatives which were taken on major business units during the year:

- A Group Risk Management Committee, headed by the Managing Director, was established in February 2002 with the responsibility to identify and communicate to the Board of Directors the critical risks (present and potential) the Group faces, their changes, and the management action plans to manage the risks.
- The issuance of a Risk Management Manual in February 2002, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues.
- Workshops and interviews were conducted with Directors and operational managers from the major business units in the Group. A database of all risks and controls has been created, and the information filtered to produce a detailed risk register, and individual risk profiles for the major business units. Key risks to each business unit's objectives aligned with the Group's strategic objectives, are identified and scored for likelihood of the risks occurring and the magnitude of impact.
- Key management nominated in each business unit have prepared action plans, with implementation time scales to address any risk and control issues.
- Individual risk profile of the Companies was developed, which together with a summary of the key findings, was discussed in the Group

Risk Management Committee meetings before being submitted to the Board for consideration.

The next steps in the risk management process are as follows:

- Arranging for a series of risk management interviews for the remaining of the business units.
- Submitting quarterly risk management reports by the Heads of the Business Unit for reporting to the Group Risk Management Committee.
- The risk management process will be regularly reviewed by the Board, which includes on its agenda matters relating to significant risks that may impede business objectives. In addition, business risk issues will also be regularly reviewed by the Audit Committee.
- A consolidated risk profile of the Group will be developed, which together with a summary of the key findings, will be discussed in the Risk Management Committee meeting before being submitted to the Audit Committee / Board for consideration.
- To further embed the risk management process within the culture of the Group, risk management briefing for selected management and staff has been conducted and will be ongoing.

Internal Audit Functions

The Group has an Internal Audit Department which is independent of the activities or operations of other operating units in the Group which provides the Audit Committee and the Board of Directors with much of the assurance it requires regarding the

Statement on internal control continued

adequacy and integrity of the systems of internal control.

Internal audit independently reviews the risk identification procedures and control processes implemented by the management, and reports to the Audit Committee on a quarterly basis, following the establishment of the enterprise risk management framework. Internal audit also reviews the internal controls in the key activities of the Group's businesses on the basis of a three year internal audit strategy and a detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit function adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

The Audit Committee reviews the risk monitoring and compliance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a quarterly basis or earlier as appropriate.

Other Risk and Control Processes

Apart from risk management and internal audit, the Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

The Management Committee comprises of the top team members and is chaired by the Managing Director. The Committee meets regularly to deliberate on business and operational issues, which include reviewing, formulating and approving all key business strategic measures and policies.

The Board and the Management Committee also periodically receive financial result from each business unit and the Group reports quarterly to shareholders based on standard reporting process.

An annual budget is prepared, and adopted by the Board, to facilitate monitoring of the Company's financial performance. The Board reviews and monitors, the achievements of the Company's performance covering each business unit's performance on a quarterly basis.

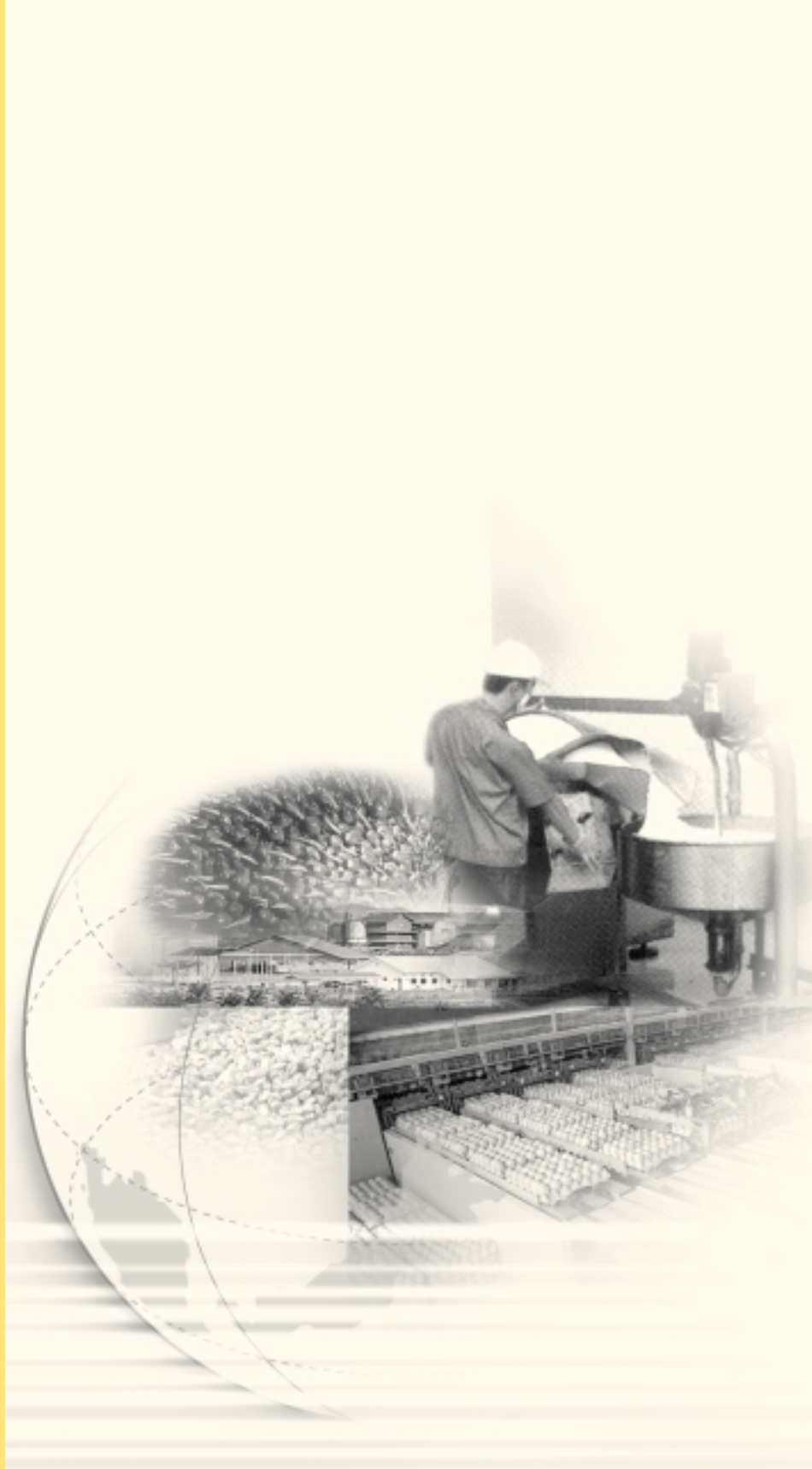
The Managing Director also reports to the Board on significant changes in the business and the external environment which affects significant risks. The Board is also given at each meeting, up to date financial information which includes, amongst others, the monitoring of results against budget, with major variances being followed up and management action taken, where necessary. Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management Committee.

Weaknesses in internal control that result in Material Losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

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Directors' report

for the year ended 31 March 2002

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 2002.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 27 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	18,045	2,023

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final dividend of 7% less tax totalling RM2,016,000 in respect of the year ended 31 March 2001 on 27 September 2001.

The Directors recommend a final dividend in respect of the year ended 31 March 2002 of 10% consisting of 5% less tax and 5% tax exempt totalling RM5,160,000.

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 Fatt
Chia Seong Pow
Chia Song Kooi
Chia Song Swa
Chia Mak Hooi
Mohd Rizal bin Ramlee
Cheng Ing Huong (appointed on 24.12.2001)

Directors' report for the year ended 31 March 2002 (cont'd)

DIRECTORS' INTEREST

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 1.4.2001	Bought	Sold	At 31.3.2002
Shareholdings in which Directors have direct interests in the Company				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	50,000	25,000	-	75,000
Chia Song Kun	10,000	5,000	-	15,000
Chia Seong Fatt	10,000	5,000	-	15,000
Chia Seong Pow	10,000	5,000	-	15,000
Chia Song Kooi	10,000	5,000	-	15,000
Chia Song Swa	10,000	5,000	-	15,000
Chia Mak Hooi	10,000	5,000	-	15,000
Mohd Rizal bin Ramlee	609	304	-	913
Shareholdings in which Directors have indirect interests in the Company				
Chia Song Kun	18,201,569	10,276,785	-	28,478,354
Chia Seong Pow	6,304,090	3,152,045	-	9,456,135
Chia Song Kooi	18,201,569	10,276,785	-	28,478,354
Chia Seong Fatt	6,304,090	3,152,045	-	9,456,135
Chia Song Swa	18,201,569	10,276,785	-	28,478,354
Chia Mak Hooi	18,201,569	10,276,785	-	28,478,354

The above Directors are deemed to have interests in shares of all subsidiaries disclosed in Note 27 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 27.1 to the financial statements.

The other Director, Chieng Ing Huong, holding office at 31 March 2002 did not have any interest in the ordinary shares of the Company and its related companies during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor 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 Company and of its related companies) 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 companies and firms in which certain Directors have interest and persons connected to Directors as disclosed in Note 26 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.

Directors' report for the year ended 31 March 2002 (cont'd)

SIGNIFICANT EVENTS DURING THE YEAR

On 23 April 2001, the Group acquired 80% of the shares in Figo Marketing Sdn. Bhd. and Tradisi Emas Sdn. Bhd. for a consideration of RM1,794,000 and RM3,246,000 respectively satisfied by cash.

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

The effects of the acquisition of subsidiaries are disclosed in the notes to the Group cash flow statement.

On 21 May 2001, the Group entered into a Sale and Purchase Agreement to acquire fixed assets from CSM Trading Sdn. Bhd. for a cash consideration of RM800,000 and the assignment of trade mark from CSM Corporation Berhad and CSM Ventures Sdn. Bhd. for RM100,000.

On 30 October 2001, the Group obtained approval from SC for the proposed bonus issue of 20,000,000 new ordinary shares of RM1.00 each for every 2 shares held and transfer to the Main Board of KLSE. The listing and quotation were later finalised on 9 January 2002; subsequently on 22 January 2002, QL's entire issued and paid-up share capital comprising 60,000,000 ordinary shares of RM1.00 each had been transferred from the Second Board to the Main Board of KLSE.

ISSUE OF SHARES

During the financial year, the Company increased its issued and fully paid share capital from RM40,000,000 to RM60,000,000 by the issuance of bonus issue of 20,000,000 new ordinary shares of RM1 each for every 2 shares held via capitalisation of the share premium. These new shares rank pari passu in all respects with the existing shares in issue of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares 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 statements, 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.

Directors' report for the year ended 31 March 2002 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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 2002 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.

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: 17 July, 2002

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 32 to 62 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 2002 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: 17 July, 2002

Statutory 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 set out on pages 32 to 62, 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 in Klang on 17 July, 2002.

Chia Song Kun

Before me:

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

Commissioner for Oaths

Klang, Selangor

Report of the auditors

to the members of QL Resources Berhad

We have audited the financial statements set out on pages 32 to 62. 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 2002 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: 1514/05/04(J)

Kuala Lumpur,

Date: 17 July, 2002

Balance sheets

at 31 March 2002

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	2	133,921	117,906	9	10
Investments in subsidiaries	3	–	–	61,608	55,607
Investment in an associate	4	2,042	1,804	–	–
Other investments	5	103	95	–	–
Intangible assets	6	97	–	–	–
		136,163	119,805	61,617	55,617
Current assets					
Inventories	7	64,210	44,157	–	–
Trade and other receivables	8	99,952	69,295	495	6,825
Cash and cash equivalents	9	10,513	11,444	70	30
		174,675	124,896	565	6,855
Current liabilities					
Trade and other payables	10	27,739	22,120	219	208
Borrowings	11	130,788	92,762	–	–
Taxation		2,109	2,804	–	111
		160,636	117,686	219	319
Net current assets		14,039	7,210	346	6,536
		150,202	127,015	61,963	62,153
Financed by:					
Capital and reserves					
Share capital	12	60,000	40,000	60,000	40,000
Reserves	13	39,496	44,669	1,963	22,153
		99,496	84,669	61,963	62,153
Minority shareholders' interests	14	19,617	15,852	–	–
Long term and deferred liabilities					
Borrowings	11	24,816	21,404	–	–
Deferred taxation		6,273	5,090	–	–
		31,089	26,494	–	–
		150,202	127,015	61,963	62,153

The notes set out on pages 39 to 62 form an integral part of, and, should be read in conjunction with, these financial statements.

Income statements

for the year ended 31 March 2002

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
Revenue	15	561,822	475,703	3,110	2,050
Operating profit	15	31,903	29,112	2,807	1,716
Interest expense	17	(5,594)	(4,300)	–	–
Interest income	18	95	84	–	454
Share of profits of an associate		330	577	–	–
Profit before taxation		26,734	25,473	2,807	2,170
Tax expense	19	(5,765)	(5,476)	(784)	(697)
Profit after taxation		20,969	19,997	2,023	1,473
Less: Minority interests		(2,924)	(3,394)	–	–
Net profit for the year		18,045	16,603	2,023	1,473
Earnings per ordinary share (sen)					
- Basic (2001 - adjusted)	20	30	28		
Dividends per ordinary share - gross (sen)					
- excluding proposed final dividend	21	–	5	–	5
- including proposed final dividend	21	10	12	10	12

The notes set out on pages 39 to 62 form an integral part of, and, should be read in conjunction with, these financial statements.

Statements of changes in equity
for the year ended 31 March 2002

		Reserves					
		Non-distributable	Distributable				
Group	Note	Share capital RM'000	Reserve arising on consolidation RM'000	Share premium RM'000	Retained profits RM'000	Subtotal RM'000	Total RM'000
At 1 April 2000		40,000	3,260	22,108	4,128	29,496	69,496
Goodwill arising on increase in equity stakes in existing subsidiaries		-	(56)	-	-	(56)	(56)
Reserve on consolidation arising on acquisition of a subsidiary		-	70	-	-	70	70
Net gains not recognised in the income statement		-	14	-	-	14	14
Net profit for the year		-	-	-	16,603	16,603	16,603
Dividends	21	-	-	-	(1,440)	(1,440)	(1,440)
Listing expenses underprovided in previous year		-	-	(4)	-	(4)	(4)
At 31 March 2001/1 April 2001		40,000	3,274	22,104	19,291	44,669	84,669
		Note 12		Note 13			
Goodwill on consolidation arising on acquisition of subsidiaries		-	(1,005)	-	-	(1,005)	(1,005)
Net loss not recognised in the income statement		-	(1,005)	-	-	(1,005)	(1,005)
Bonus issue of 20,000,000 new ordinary shares on the basis of one (1) new ordinary share for every two (2) ordinary shares held		20,000	-	(20,000)	-	(20,000)	-
Listing expenses written off		-	-	(197)	-	(197)	(197)
Net profit for the year		-	-	-	18,045	18,045	18,045
Dividends	21	-	-	-	(2,016)	(2,016)	(2,016)
At 31 March 2002		60,000	2,269	1,907	35,320	39,496	99,496
		Note 12					

Statements of changes in equity for the year ended 31 March 2002 (cont'd)

	<i>Note</i>	<i>Reserves</i>		<i>Retained profits RM'000</i>	<i>Subtotal RM'000</i>	<i>Total RM'000</i>
		<i>Share capital RM'000</i>	<i>Share premium RM'000</i>			
Company						
At 1 April 2000		40,000	22,108	16	22,124	62,124
Net profit for the year		–	–	1,473	1,473	1,473
Dividends	21	–	–	(1,440)	(1,440)	(1,440)
Listing expenses underprovided in previous year		–	(4)	–	(4)	(4)
At 31 March 2001/1 April 2001		40,000	22,104	49	22,153	62,153
Net profit for the year		–	–	2,023	2,023	2,023
Dividends	21	–	–	(2,016)	(2,016)	(2,016)
Bonus issue of 20,000,000 new ordinary shares on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held		20,000	(20,000)	–	(20,000)	–
Listing expenses written off		–	(197)	–	(197)	(197)
At 31 March 2002		60,000	1,907	56	1,963	61,963
		Note 12		Note 13		

The notes set out on pages 39 to 62 form an integral part of, and, should be read in conjunction with, these financial statements.

Cash flow statements

for the year ended 31 March 2002

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	26,734	25,473	2,807	2,170
Adjustments for:				
Depreciation				
- current	9,539	7,307	1	1
- overprovision in prior years	(103)	-	-	-
Expenditure carried forward written off	11	182	-	-
Plantation development expenditure written off	358	-	-	-
Property, plant and equipment written off	1	57	-	-
Amortisation of trademarks	3	-	-	-
Loss on disposal of property held for resale	51	-	-	-
Listing expenses written off	(197)	-	(197)	-
Underprovision of listing expenses in previous year	-	(4)	-	(4)
Interest expense	5,594	4,300	-	-
Interest income	(95)	(84)	-	(454)
(Gain)/Loss on disposal of quoted shares	(3)	12	-	-
Gain on disposal of property, plant and equipment	(250)	(276)	-	-
Share of profits of an associate	(330)	(577)	-	-
Foreign exchange gain - unrealised	(30)	-	-	-
Dividend income	-	-	(2,800)	(2,050)
Operating profit/(loss) before working capital changes	41,283	36,390	(189)	(337)
(Increase)/Decrease in working capital:				
Inventories	(20,053)	(5,003)	-	-
Trade and other receivables	(30,105)	19,248	6,389	12,162
Trade and other payables	5,619	(8,513)	11	(318)
Bills payable	37,753	(633)	-	-
Cash generated from operations	34,497	41,489	6,211	11,507
Income taxes paid	(5,819)	(3,934)	(170)	(25)
Interest paid	(3,828)	(3,116)	-	-
Interest received	95	84	-	454
Net cash generated by operating activities	24,945	34,523	6,041	11,936

Cash flow statements for the year ended 31 March 2002 (cont'd)

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	(i)	(5,126)	(570)	(6,001)	(11,999)
Increase in pledged fixed deposits placed with licensed banks		(6)	(61)	–	–
Proceeds from disposal of property, plant and equipment		896	761	–	–
Purchase of property, plant and equipment	(ii)	(21,122)	(30,851)	–	–
Purchase of other investments		(15)	(7)	–	–
Purchase of intangible assets		(100)	–	–	–
Proceeds from disposal of quoted shares		10	2	–	–
Acquisition of an associate		–	(450)	–	–
Net cash used in investing activities		(25,463)	(31,176)	(6,001)	(11,999)
Cash flows from financing activities					
Contribution from minority shareholders		1,852	1,522	–	–
Dividend paid to minority shareholders		(1,011)	(1,599)	–	–
Dividend paid to shareholders of the Company		(2,016)	(1,440)	(2,016)	(1,440)
Dividend received		–	–	2,016	1,476
Interest paid		(1,766)	(1,184)	–	–
Repayment of hire purchase liabilities		(642)	(981)	–	–
Payment to minority shareholders of subsidiaries		–	(5,644)	–	–
Payments of finance lease liabilities		(5)	–	–	–
Proceeds from loans and other borrowings		11,793	17,307	–	–
Repayment of loans and other borrowings		(5,032)	(10,849)	–	–
Net cash generated from/(used in) financing activities		3,173	(2,868)	–	36
Net increase/(decrease) in cash and cash equivalents		2,655	479	40	(27)
Cash and cash equivalents at beginning of year		2,792	2,313	30	57
Foreign exchange differences on opening balance		30	–	–	–
Cash and cash equivalents at end of year	(iv)	5,477	2,792	70	30

Cash flow statements for the year ended 31 March 2002 (cont'd)

i) *Acquisition of subsidiaries*

During the year, the Group acquired subsidiaries, Tradisi Emas Sdn. Bhd. and Figo Marketing Sdn. Bhd. In previous year, the Group acquired a subsidiary, QL Poultry Farms Sdn. Bhd. The fair value of assets acquired and liabilities assumed were as follows:

	Group	
	2002	2001
	RM'000	RM'000
Property, plant and equipment	4,141	1,551
Deferred taxation	(20)	–
Net assets acquired	4,121	1,551
Goodwill/(Reserve) on acquisition	1,005	(70)
Less: Portion discharged by capitalisation of debts	–	(911)
Cash flow on acquisition net of cash acquired	5,126	570

ii) *Purchase of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM22,315,000 (2001 - RM31,432,000) of which RM1,142,000 (2001 - RM581,000) and RM51,000 (2001 - Nil) was acquired by means of hire purchases and finance lease respectively.

iii) *Non-cash transactions in financing activity*

During the year, the issued and paid-up capital was increased by RM20,000,000 through capitalisation of share premium.

iv) *Cash and cash equivalents*

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

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	7,176	5,367	70	30
Deposits placed with licensed banks	3,114	5,860	–	–
Bank overdrafts	(4,813)	(8,435)	–	–
	5,477	2,792	70	30

The notes set out on pages 39 to 62 form an integral part of, and, should be read in conjunction with, these 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 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 of 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 value 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 except for freehold land 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. The impairment loss is charged to the income statement. 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.

Notes to the financial statements (cont'd)

(e) 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 are 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.

(f) Finance lease

Leases in which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine, if not, the Group's incremental borrowing rate is used.

(g) 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 assets over the term of their estimated useful lives at the following principal annual rates:

Farm buildings	8 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. There is no material effect on the financial statements as a result of this difference in accounting policy.

(h) Intangible assets

Trademarks are stated at cost less accumulated amortisation. Trademarks are amortised on a straight line basis over its estimated useful life of not more than 25 years. An impairment loss is also recognised when the Directors are of the view that there is a diminution in its value which is other than temporary.

(i) Investments

Long term investments inclusive of investment in subsidiaries and associate are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Current quoted investments are stated at the lower of cost and market value on a portfolio basis. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

(j) Plantation development expenditure

New planting expenditure which include land clearing, planting, field upkeep and maintenance of oil palms plantings to maturity are capitalised as plantation development expenditure and it is not amortised. Oil palm plantings are considered mature 30 months after the date of planting. Expenditures incurred after maturing of crops are charged to the income statement. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

Net income from scout harvesting prior to maturity is offset against plantation development expenditure.

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

Replanting expenditure incurred on planting with a different crop is capitalised and the remaining book value of the plantation expenditure on the existing crop is charged out to the income statement or set off against revaluation reserve surplus, if the plantation expenditure is stated at valuation.

Notes to the financial statements (cont'd)

(k) Goodwill/reserve on consolidation

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

(l) 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, except for a subsidiary where trading inventories are stated at the lower of cost and net realisable value with standard cost being the main basis for costs adjusted for variances which approximately actual cost on the first-in-first-out basis. The cost of raw materials comprise the original purchase price plus incidentals in bringing these inventories to their present location and condition. 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 realisable 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.

(m) 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.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Capitalisation of borrowing costs

Borrowing costs incurred on capital work-in-progress and plantation development expenditure are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use and when the plantings attain maturity. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing cost applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific project, in which case the actual borrowing cost incurred on that borrowing will be capitalised.

(p) 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.

Notes to the financial statements (cont'd)

(q) 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.

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

	2002	2001
USD1.00	RM3.80	RM3.80
AUD1.00	RM2.00	RM2.18
SGD1.00	RM2.06	RM2.12
EUR1.00	RM3.29	N/A

(r) Revenue

(i) 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.

(ii) Dividend income

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

(iii) Management fee

Management fee is recognised on an accrual basis.

(s) Interest income

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

(t) 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 (o).

(u) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.4.2001 RM'000	Acquisition of subsidiary RM'000	Additions RM'000	Written off RM'000	Disposals RM'000	Transfer in/(out) RM'000	At 31.3.2002 RM'000
Cost							
Freehold land	8,153	915	306	-	-	-	9,374
Long term leasehold land	19,445	-	300	-	-	-	19,745
Short term leasehold land	2,631	967	-	-	-	-	3,598
Buildings and improvements	14,206	1,097	636	-	-	4,388	20,327
Farm buildings	23,118	-	1,612	-	-	379	25,109
Plant and machinery	37,860	740	4,887	-	(395)	4,512	47,604
Furniture, fittings and equipment	8,247	116	2,976	(6)	(58)	(2)	11,273
Office improvements and renovation	480	125	274	-	-	-	879
Motor vehicles	12,403	280	3,253	(23)	(571)	-	15,342
Plantation development expenditure	10,388	-	934	(358)	-	-	10,964
Capital work-in-progress	8,130	600	7,137	-	-	(9,277)	6,590
	145,061	4,840	22,315	(387)	(1,024)	-	170,805

Notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.4.2001 RM'000	Acquisition of subsidiary RM'000	Charge for the year RM'000	Written off RM'000	Disposals RM'000	Overprovision in prior years RM'000	At 31.3.2002 RM'000
<i>Accumulated description</i>							
Long term leasehold land	317	-	135	-	-	-	452
Short term leasehold land	365	-	195	-	-	-	560
Buildings and improvements	1,107	138	610	-	-	-	1,855
Farm buildings	3,420	-	1,683	-	-	-	5,103
Plant and machinery	13,590	352	3,942	-	(24)	-	17,860
Furniture, fittings and equipment	2,124	54	1,014	(5)	(16)	-	3,171
Office improvements and renovation	77	65	86	-	-	-	228
Motor vehicles	6,155	90	1,874	(23)	(338)	(103)	7,655
	27,155	699	9,539	(28)	(378)	(103)	36,884

Notes to the financial statements (cont'd)

Group	Net book value at		Depreciation
	31.3.2002	31.3.2001	Charge
	RM'000	RM'000	31.3.2001
			RM'000
Freehold land	9,374	8,153	-
Long term leasehold land	19,293	19,128	211
Short term leasehold land	3,038	2,266	153
Buildings and improvements	18,472	13,099	412
Farm buildings	20,006	19,698	1,467
Plant and machinery	29,744	24,270	2,926
Furniture, fittings and equipment	8,102	6,123	615
Office improvements and renovation	651	403	24
Motor vehicles	7,687	6,248	1,499
Plantation development expenditure	10,964	10,388	-
Capital work-in-progress	6,590	8,130	-
	133,921	117,906	7,307
Company			
			RM'000
Furniture and fitting			
Cost			
At 1 April 2001/31 March 2002			11
Accumulated depreciation			
At 1 April 2001			1
Charge for the year			1
At 31 March 2002			2
Net book value			
At 31 March 2002			9
At 31 March 2001			10
Depreciation charge for the year ended 31 March 2001			1

Notes to the financial statements (cont'd)

Borrowing costs

The following borrowing costs incurred during the year are capitalised under property, plant and equipment:

	Group	
	2002	2001
	RM'000	RM'000
Freehold land		
- Term loan interest (2001 - 8%)	-	24
Plantation development expenditure		
- Term loan interest at 1.5% above BLR (2001 - 1.5% above BLR)	79	74
- Bank overdraft interest at 1.5% above BLR (2001 - 1.5% above BLR)	24	17
Capital work-in-progress at 5.83%	31	-
	134	115

Security

Certain short term and long term leasehold land together with buildings and palm oil mill of certain subsidiaries with total cost of RM28,520,000 (2001 - RM30,799,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.

Titles

Long term leasehold land at cost of RM373,000 (2001 - 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 RM2,250,000 (2001 - RM620,000) has yet to be issued by the relevant authorities at 31 March 2002.

The titles to certain long term leasehold land of the subsidiaries stated at cost of RM623,000 (2001 - RM665,000) are in the process of being transferred into the name of the subsidiaries.

Assets under hire purchase

Included in property, plant and equipment of the Group are assets acquired under hire purchase agreements with the following net book value:

	Group	
	2002	2001
	RM'000	RM'000
Plant and machinery	840	748
Motor vehicles	1,000	545
Renovation	256	-
Furniture, fittings and office equipment	42	-
Computer equipment	23	-
	2,161	1,293

Assets under finance lease

Included in plant and equipment of the Group are furniture, fittings and equipment acquired under finance lease with net book value of RM24,000 (2001 - Nil).

Capital work-in-progress

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

Notes to the financial statements (cont'd)

3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002	2001
	RM'000	RM'000
Unquoted share, at cost	61,608	55,607

Details of the subsidiaries are shown in Note 27.

4. INVESTMENT IN AN ASSOCIATE

	Group	
	2002	2001
	RM'000	RM'000
Unquoted shares, at cost	1,350	1,350
Share of post-acquisition reserves	692	454
	2,042	1,804
Represented by:		
Group's share of net assets other than goodwill	2,042	1,804

The significant associate of the Group is as follows:

Company	Principal activities	Country of Incorporation	Effective ownership interest (%)	
			2002	2001
Indahgrains Logistics Sdn. Bhd.	Operating of warehouse and warehouse management	Malaysia	20	20

5. OTHER INVESTMENTS

	Group	
	2002	2001
	RM'000	RM'000
At cost:		
Quoted shares	63	55
Unquoted shares	40	4
	103	95
Market values of quoted investments		
Quoted shares	61	46

Notes to the financial statements (cont'd)

6. INTANGIBLE ASSETS

	Group	
	2002	2001
	RM'000	RM'000
Trade marks		
Cost		
Addition/At 31 March	100	-
Amortisation		
Amortisation charge for the year/At 31 March	3	-
Net book value		
At 31 March	97	-

7. INVENTORIES

	Group	
	2002	2001
	RM'000	RM'000
At cost:		
Raw materials	11,465	9,319
Livestock	6,359	5,921
Manufactured, trading and retailed inventories	46,386	28,917
	64,210	44,157

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
Trade receivables		81,748	58,853	-	-
Less: Allowance doubtful debts		(5,110)	(9,013)	-	-
Tax recoverable	8.1	76,638	49,840	-	-
Subsidiaries	8.2	651	37	59	-
Associate	8.3	-	-	427	6,825
Other receivables, deposits and prepayments	8.4	300	300	-	-
Less: Allowance doubtful debts		22,489	19,715	9	-
		(126)	(597)	-	-
	8.5	22,363	19,118	9	-
		99,952	69,295	495	6,825

Notes to the financial statements (cont'd)

8.1 Trade receivables

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

	Group	
	2002	2001
	RM'000	RM'000
A person connected with a Director of a subsidiary	228	250
Companies in which a Director of a subsidiary has interest	1,359	495
	1,587	745

During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM1,847,000 (2001 - RM918,000).

8.2 Tax recoverable

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

8.3 Subsidiaries

The amount due from subsidiaries of the Company is in respect of advances, unsecured and interest free (2001 - 8.00%) per annum with no fixed terms of repayment.

8.4 Associate

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

8.5 Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are trade advances made to suppliers of certain subsidiaries amounting to RM13,242,000 (2001 - RM13,694,250) to secure the constant source of raw material supplies for the manufacturing activities. The amount is unsecured, interest free and repayment is substantially made through the supply of raw materials. Included in the trade advances is an amount of RM112,000 (2001 - Nil) due from a firm in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments of the Group is property held for resale of RM3,203,000 (2001 - RM3,123,000) which arose from the settlement of trade receivables by way of exchange of property. It is the intention of the Group to realise the property for cash in due course.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	3,337	6,077	-	-
Cash and bank balances	7,176	5,367	70	30
	10,513	11,444	70	30

Included in the Group's fixed deposits are:

- RM223,000 (2001 - RM217,000) which was pledged to licensed banks as security for bank guarantee facilities and has been excluded as cash and cash equivalents in the cash flow statements; and
- RM63,000 which was placed in the name of a Director of a subsidiary who is holding in trust for the said subsidiary.

Notes to the financial statements (cont'd)

10. TRADE AND OTHER PAYABLES

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Trade payables	19,954	13,061	-	-
Other payables and accrued expenses	7,785	9,059	219	208
	27,739	22,120	219	208

Included in trade payables of the Group are amount due to certain companies in which a Director of a subsidiary has interest amounting to RM86,000 (2001 - RM58,000).

11. BORROWINGS

	Group	
	2002	2001
	RM'000	RM'000
Current:		
Term loans - secured	3,748	3,674
- unsecured	4,699	825
Bank overdrafts - secured	2,354	6,787
- unsecured	2,459	1,648
Bills payable - unsecured	117,011	79,258
Hire purchase liabilities	501	570
Finance lease liabilities	16	-
	130,788	92,762
Non-current:		
Term loans - secured	12,725	14,253
- unsecured	11,216	6,875
Hire purchase liabilities	845	276
Finance lease liabilities	30	-
	24,816	21,404
	155,604	114,166

Notes to the financial statements (cont'd)

Terms and debt repayment schedule

Group 2002	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 2.50% (2001 - 0.50% to 2.00%) above BLR	7,656	1,491	5,490	675	-
Secured term loans - fixed at 2.50% to 6.50% (2001 - 4.00% to 6.70%) per annum	8,817	2,257	3,455	997	2,108
Unsecured term loans - variable at 4.00% to 5.83% (2001 - 0.50%) above BLR	552	149	149	254	-
Unsecured term loans - fixed at 5.00% to 6.70% (2001 - 4.00% to 6.70%) per annum	15,363	4,550	6,271	4,542	-
Secured bank overdrafts - variable at 1.50% to 2.50% (2001 - 1.00% to 2.25%) above BLR	2,354	2,354	-	-	-
Unsecured bank overdrafts - variable at 1.00% to 2.00% (2001 - 1.50% to 2.50%) above BLR	2,459	2,459	-	-	-
Unsecured bills payable - variable at 0.25% to 2.50% (2001 - 0.25% to 1.75%) above money market rate	117,011	117,011	-	-	-
Hire purchase liabilities - fixed at 5.00% to 8.50% (2001 - 5.50% to 8.50%) per annum	1,346	501	845	-	-
Finance lease liabilities fixed at 5.00% per annum	46	16	30	-	-
	155,604	130,788	16,240	6,468	2,108

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2002 RM'000	Interest 2002 RM'000	Principal 2002 RM'000	Payments 2001 RM'000	Interest 2001 RM'000	Principal 2001 RM'000
Less than one year	607	106	501	632	62	570
Between one and five years	960	115	845	294	18	276
	1,567	221	1,346	926	80	846

Notes to the financial statements (cont'd)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Payments 2002 RM'000	Interest 2002 RM'000	Principal 2002 RM'000
Group			
Less than one year	20	4	16
Between one and five years	32	2	30
	52	6	46

Group

Term loans

Secured

The term loans are secured by way of:

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

Unsecured

The term loans are supported by way of:

- i) corporate guarantee by the Company; and
- ii) a negative pledge on all assets of a subsidiary.

Bank overdrafts

Secured

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

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 and the Company.

Notes to the financial statements (cont'd)

12. SHARE CAPITAL

	Group and Company	
	2002	2001
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	200,000	200,000
Issued and fully paid:		
At 1 April	40,000	40,000
Issued during the year		
Bonus issue of 20,000,000 new ordinary shares on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held	20,000	-
At 31 March	60,000	40,000

13. RESERVES

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its retained profits at 31 March 2002 if paid out as dividends.

14. MINORITY SHAREHOLDERS' INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary's goodwill/reserve on consolidation.

15. OPERATING PROFIT

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Revenue - sale of goods	561,822	475,703	-	-
- dividends	-	-	2,800	2,050
- management fee	-	-	310	-
	561,822	475,703	3,110	2,050
Cost of sales	(500,360)	(425,037)	-	-
Gross profit	61,462	50,666	3,110	2,050
Distribution costs	(6,438)	(2,643)	-	-
Administration expenses	(23,002)	(18,940)	(303)	(334)
Other operating expenses	(3,070)	(3,053)	-	-
Other operating income	2,951	3,082	-	-
Operating profit	31,903	29,112	2,807	1,716

Notes to the financial statements (cont'd)

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after crediting:				
Allowance for slow moving inventories written back	46	7	-	-
Allowance for doubtful debts written back	3,034	-	-	-
Bad debts recovered	41	34	-	-
Gain on disposal of property, plant and equipment	250	276	-	-
Gain on disposal of quoted shares	3	-	-	-
Gain on foreign exchange - realised	238	147	-	-
- unrealised	30	-	-	-
Gross dividend from subsidiaries	-	-	2,800	2,050
Insurance claims	563	1,090	-	-
Rental of premises	54	-	-	-
Rental income on equipment	-	86	-	-
and after charging:				
Auditors' remuneration	151	121	12	12
Amortisation of trade mark	3	-	-	-
Allowance for doubtful debts	507	619	-	-
Bad debts written off	153	175	-	-
Company's Directors				
- remuneration	1,640	1,616	-	-
- fees	421	332	189	45
Subsidiaries' Directors				
- remuneration	2,270	1,713	-	-
- fees	212	274	-	-
Depreciation				
- current year	9,539	7,307	1	1
- overprovision in prior years	(103)	-	-	-
Expenditure carried forward written off	11	182	-	-
Hire of plant and machinery	231	13	-	-
Inventories written off	173	-	-	-
Loss on disposal of property held for resale	51	-	-	-
Loss on disposal of quoted shares	-	12	-	-
Plantation development expenditure written off	358	-	-	-
Property, plant and equipment written off	1	57	-	-
Rental of land	296	258	-	-
Rental of office premises	267	175	-	-
Warehouse rental	62	86	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM57,000 (2001 - RM96,000).

Notes to the financial statements (cont'd)

16. EMPLOYEES INFORMATION

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Staff costs	22,572	14,919	-	-

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,643 (2001 - 1,568) and Nil (2001 - Nil).

17. INTEREST EXPENSE

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Term loans	1,672	1,012	-	-
Bank overdrafts	502	465	-	-
Bills payable	3,290	2,651	-	-
Hire purchase liabilities	92	172	-	-
Finance lease liabilities	2	-	-	-
Others	36	-	-	-
	5,594	4,300	-	-

18. INTEREST INCOME

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	81	84	-	-
Subsidiaries	-	-	-	454
Others	14	-	-	-
	95	84	-	454

Notes to the financial statements (cont'd)

19. TAX EXPENSE

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current year	4,845	4,198	784	697
- prior year	(335)	(55)	-	-
	4,510	4,143	784	697
Deferred tax expense				
- current year	1,242	1,210	-	-
- prior year	(79)	-	-	-
	1,163	1,210	-	-
Tax expense on share of profits of an associate	92	123	-	-
Total	5,765	5,476	784	697

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.

For the previous year, the Company's effective tax rate was higher than the prima facie tax rate as certain expenses were 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:

	2002	2001
	RM'000	RM'000
Unutilised tax losses	1,239	301
Other timing differences	2,328	1,929

20. EARNINGS PER ORDINARY SHARE

The calculation of basic/adjusted earnings per ordinary share is based on the net profit for the year of RM18,045,000 (2001 - RM16,603,000) and on the weighted average number of ordinary shares outstanding during the year of 60,000,000 (2001 - 60,000,000 : adjusted)

Weighted average number of ordinary shares

	2002	(Adjusted) 2001
	RM'000	RM'000
Issued ordinary shares at beginning of year	40,000	40,000
Effect of bonus issue in October 2001	20,000	20,000
Weighted average number of ordinary shares	60,000	60,000

Notes to the financial statements (cont'd)

21. DIVIDENDS

	Group and Company	
	2002	2001
	RM'000	RM'000
Final paid:		
7% per share less tax	2,016	-
Interim paid:		
5% per share less tax	-	1,440
	2,016	1,440

Proposed final dividend for the financial year ended 31 March 2002

The proposed final dividend for the year ended 31 March 2002 of 10% consisting of 5% less tax and 5% tax exempt totalling RM5,160,000 has not been accounted for in the financial statements of the Group and of the Company as at 31 March 2002.

Dividends per ordinary share

The calculation of dividends per ordinary share is based on the dividends for the financial year ended 31 March 2002 and the number of ordinary shares in issue during the current year of 60,000,000 (2001 - 40,000,000).

	2002	2001	2002	2001
	RM'000	RM'000	sen per share	
Interim dividend paid	-	2,000	-	5.0
Proposed final dividend	6,000	2,800	10.0	7.0
Dividends including proposed final dividend	6,000	4,800	10.0	12.0

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 activities	Oil palm cultivation and crude palm oil milling activities.
Trading and distribution activities	Trading and distribution of food grains, fast moving consumer goods, lubricants and pet products retailing.

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.

During the current financial year, the Group reclassified its core activities in view of its expansion and towards achieving greater transparency. The Group's activities are now reclassified into 4 core activities instead of 3, namely marine-based manufacturing, integrated livestock, oil palm related and trading and distribution activities.

Notes to the financial statements (cont'd)

Analysis of results and assets employed by business segments:

	Turnover		Profit before		Assets	
	RM'000		taxation		employed	
	2002	2001	2002	2001	2002	2001
Marine-based manufacturing	83,418	53,855	10,542	7,026	67,698	54,450
Integrated livestock activities	294,838	321,578	9,781	10,955	138,719	127,173
Oil palm related activities	65,367	65,401	4,603	6,642	47,677	40,878
Trading and distribution activities	118,199	34,869	1,808	850	56,744	22,200
	561,822	475,703	26,734	25,473	310,838	244,701

23. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2002	2001
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	267,247	62,100

24. COMMITMENTS

	Group	
	2002	2001
	RM'000	RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	332	-
Contracted but not provided for in the financial statements	25,333	6,473
	25,665	6,473
Investments		
Authorised but not provided for in the financial statements	-	4,929
	25,665	11,402

Notes to the financial statements (cont'd)

25. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2002 RM'000
Less than one year	167
Between one and five years	125
	292

The subsidiary leases a retail outlet under operating lease. The lease typically runs for an initial period of three years with an option to renew the lease after that date for another three years.

26. RELATED PARTIES

Identity of related parties

The Group has a controlling related party relationship with its subsidiaries and the substantial shareholders of the 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 2002 RM'000	2001 RM'000
With a firm in which Chia Teow Guan, Chia Song Phuan, Chia Song Pou, Cheah Yaw Song, Directors of certain subsidiaries have interests		
Sin Teow Fatt Trading Co.		
Purchases	652	683
With persons connected to Cheah Yaw Song and Liu Sin		
Directors of certain subsidiaries		
Chia Siang Eng		
Sales	(1,631)	(2,040)
Cheah Joo Kiang		
Sales	(2,107)	(1,890)
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Chia Soon Hooi, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi and Chia Kah Chuan, Directors of certain subsidiaries have interest		
Success Portfolio Sdn. Bhd.		
Sales	(2,622)	(2,325)
Fusipim Sdn. Bhd.		
Sales	(773)	(804)
MB Agriculture (Sandakan) Sdn. Bhd.		
Sales	(1,793)	-
MB Agriculture (Sabah) Sdn. Bhd.		
Sales	(5,720)	-
North Port Bulk Services Sdn. Bhd.		
Provision for port handling services	3,309	-

Notes to the financial statements (cont'd)

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Dividend received	-	-	(2,016)	(1,476)
Interest income	-	-	-	(454)
Rental expense	-	-	-	60
Management fee income	-	-	(236)	-

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

27. SUBSIDIARIES

The principal activities of the subsidiaries and the interest of QL Resources Berhad are as follows:-

Name of Company	Principal activities	Effective ownership interest (%)	
		2002	2001
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	100	100
QL Layer Farm Sdn. Bhd.	Layer farming	100	100
QL Poultry Farms Sdn. Bhd.	Layer farming	100	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	80
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, feed milling, selling and distribution of animal feed raw materials	80	80
Tradisi Emas Sdn. Bhd.	Manufacturing and sale of "halal" foodstuff	80	-
Figo Marketing Sdn. Bhd.	Sale of "halal" foodstuff	80	-
CSM Distribution Sdn. Bhd.	Marketing and distribution of FMCG, contract manufactured and foreign products	100	-
Tong Len Trading Sdn. Bhd. and its subsidiaries	Investment holding, layer farming, meehoon and feedmeal manufacturing and general trading	87.30	87.30
Tong Len Plantation Sdn. Bhd.	Cocoa and oil palm cultivation and oil palm related activities	78.60	78.60
Tong Her Marine Products Sdn. Bhd.	Property holding	87.30	87.30

Notes to the financial statements (cont'd)

Bergakau Development Sdn. Bhd.	Oil palm cultivation	87.30	87.30
Adequate Triumph Sdn. Bhd.	Property holding	87.30	87.30
Tri-F Corporation Sdn. Bhd.	Dormant	87.30	87.30
Tophill Corporation Sdn. Bhd. and its subsidiary	Oil palm cultivation	87.30	87.30
Bukit Wang Sdn. Bhd.	Oil palm cultivation	87.30	87.30

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

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

	<i>Number of ordinary shares of RM1 each</i>			
	<i>At</i> 1.4.2001	<i>Bought</i>	<i>Sold</i>	<i>At</i> 31.3.2002
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
QL Foods Sdn. Bhd.	3,903,976	-	-	3,903,976
Sin Chip Huat Fishmeal Sdn. Bhd.	4,684,777	-	-	4,684,777
Sin Hong Heng Fishmeal Sdn. Bhd.	824,500	-	-	824,500
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	510,000	-	-	510,000
Pets Wonderland Sdn. Bhd.	400,000	-	-	400,000
Maxincome Resources Sdn. Bhd.	160,000	-	-	160,000
Tradisi Emas Sdn. Bhd.	-	336,002	-	336,002
Figo Marketing Sdn. Bhd.	-	168,000	-	168,000
Wijora Sdn. Bhd.	70,000	-	-	70,000
Banjaran Mentari Sdn. Bhd.	3,200,000	-	-	3,200,000
Tong Len Trading Sdn. Bhd. and its subsidiaries	4,190,400	611,100	-	4,801,500
Tong Len Plantation Sdn. Bhd.	4,500,000	900,000	-	5,400,000
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
Tri - F Corporation Sdn. Bhd.	2	-	-	2
Tophill Corporation Sdn. Bhd. and its subsidiary	500,000	-	-	500,000
Bukit Wang Sdn. Bhd.	100,000	-	-	100,000

28. ACQUISITION OF SUBSIDIARIES

On 23 April 2001, the Group acquired 80% of the shares in Figo Marketing Sdn. Bhd. and Tradisi Emas Sdn. Bhd. for a consideration of RM1,794,000 and RM3,246,000 respectively satisfied by cash.

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

The acquisitions were accounted for using the acquisition method of accounting. In 31 March 2002, the subsidiaries contributed a net profit of RM430,000 to the consolidated net profit for the year.

The effects of the acquisition of subsidiaries are disclosed in the notes to the Group cash flow statement.

Notes to the financial statements (cont'd)

29. SIGNIFICANT EVENTS DURING THE YEAR

On 21 May 2001, the Group entered into a Sale and Purchase Agreement to acquire fixed assets from CSM Trading Sdn. Bhd. for a cash consideration of RM800,000 and the assignment of trade mark from CSM Corporation Berhad and CSM Ventures Sdn Bhd for RM100,000.

On 30 October 2001, the Group obtained approval from SC for the proposed bonus issue of 20,000,000 new ordinary shares of RM1.00 each for every 2 shares held and transfer to the Main Board of KLSE. The listing and quotation were later finalised on 9 January 2002; subsequently on 22 January 2002, QL's entire issued and paid-up share capital comprising 60,000,000 ordinary shares of RM1.00 each had been transferred from the Second Board to the Main Board of KLSE.

30. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<i>Balance sheet</i>				
Trade and other payables	22,120	22,302	-	-
Deferred taxation	5,090	4,908	-	-
<i>Cash flow statement</i>				
Cash flows from operating activities				
Bills payable	(633)	-	-	-
Interest paid	(3,116)	(465)	-	-
Dividend income	-	-	(2,050)	-
Income taxes paid	-	-	(25)	(599)
Cash flows from financing activities				
Interest paid	(1,184)	(3,835)	-	-
Proceeds from loans and other borrowings	17,307	6,458	-	-
Repayment of loans and other borrowings	(10,849)	(633)	-	-
Dividend received	-	-	1,476	-
<i>Note 8 to the financial statements</i>				
Tax recoverable	37	23	-	-
Other receivables, deposits and prepayments	19,715	19,729	-	-

Recurrent Related Party Transactions

of Revenue or Trading Nature of QL Resources Berhad Group for the financial year ended 31 March 2002

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Transacted value for financial year ended 31 March 2002
Purchase of eggs from Tong Len Poultry Farm Sdn. Bhd.	Madam Chia Siang Eng(1)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM1,631,216.90
Purchase of animal feeds from Banjaran Mentari Sdn. Bhd.	Success Portfolio Sdn. Bhd. (2)	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd.*** Farsathy Holdings Sdn. Bhd.****	RM2,622,415.71
Purchase of animal feeds from QL Feedmills Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd. (3)	CBG Holdings Sdn. Bhd.*** Farsathy Holdings Sdn. Bhd.****	RM5,719,737.00
Purchase of animal feed raw materials from Tong Len Poultry Farm Sdn. Bhd	M.B. Agriculture (Sandakan) Sdn. Bhd. (4)	Mr Liu Sin CBG Holdings Sdn. Bhd.*** Farsathy Holdings Sdn. Bhd.****	RM1,793,166.07
Sale of fish to QL Foods Sdn. Bhd.	Sin Teow Fatt Trading Co.(5)	Mr Chia Teow Guan Mr Chia Song Pou Mr Cheah Yaw Song Mr Chia Song Phuan Mr Chia Song Kun Mr Cheah Juw Teck Mr Chia Song Kooi Mr Chia Song Swa Mr Chia Mak Hooi	RM652,221.97
Purchase of surimi from QL Foods Sdn. Bhd.	Fusipim Sdn. Bhd. (6)	Madam Chia Kah Chuan Mr Eng Seng Poo Mr Cheah Yaw Song Mr Chia Song Kun Mr Chia Teow Guan Mr Chia Song Phuan Mr Chia Song Kooi Mr Chia Song Swa	RM772,657.00
Purchase of surimi products from QL Foods Sdn. Bhd.	Mr Cheah Joo Kiang (7)	Mr Cheah Yaw Song Mr Cheah Juw Teck	RM2,106,578.00
Purchase of animal feed raw materials from QL Feedingstuffs Sdn. Bhd.	Tong Len Poultry Farm Sdn. Bhd. (8)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM8,537,440.96
Sale of meehoon to QL Feedingstuffs Sdn. Bhd.	Tong Len Poultry Farm Sdn. Bhd. (9)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM902,804.90
Purchase of halal foodstuffs from Tradisi Emas Sdn. Bhd.	Figo Marketing Sdn. Bhd. (10)	Mr Lee Hung Hoi @ Lee Teck Wee Madam Loh Kheng Eng @ Loh Theng Eng	RM6,221,939.56
Providing port handling services to QL Feedingstuffs Sdn. Bhd.	North Port Bulk Services Sdn. Bhd. (NPBS) (11)	Ms Wong Yuet Lai Mr Chia Song Kooi Mr Chia Song Kun Mr Chia Song Swa CBG Holdings Sdn. Bhd. .***	RM2,079,429.60**

Recurrent Related Party Transactions of Revenue or Trading Nature of QL Resources Berhad Group for the financial year ended 31 March 2002 (cont'd)

* The above estimated values of transactions are based on values transacted for the year ended 31 March 2002. However, the value of these transactions may be subjected to changes in the current financial year.

** The above transacted value are for the period from 1 June 2001 to year ended 31 March 2002. However, the value of these transactions may be subjected to changes in the current financial year. Anyhow, the total transacted value for the period from 1 June 2001 to 30 June 2002 is less than the 5% percentage ratio.

Notes:

- (1) *Madam Chia Siang Eng, is the spouse of Mr Liu Sin a director of Tong Len Poultry Farm Sdn. Bhd. (TLPF). She was engaged as one of the egg dealers for TLPF. Madam Chia Siang Eng together with her children holds 10% equity in TLPF. Madam Chia Siang Eng is the sister of Chia Seong Fatt, Chia Seong Pow and Chia Suan Hooi. QL Feedingstuffs Sdn. Bhd. (QLF) holds 87.3% of TLPF. QL holds 100% of QLF.*
- (2) *Success Portfolio Sdn. Bhd. (SP) is a company engaged in livestock farming (swine). The directors are Dr Ng Siew Thiam, Mr Chia Seong Fatt and Mr Chia Song Kooi. SP is 25% owned by May Hoo Trading Sdn. Bhd. Whereby Dr Ng Siew Thiam and his spouse, Madam Chew Ching Kwang are directors and owners. Dr Ng Siew Thiam is also director in Banjaran Mentari Sdn. Bhd. ("BM"). Dr Ng and his spouse are substantial shareholders of BM. Ruby Technique Sdn. Bhd. ("RT") holds 75% of SP. The directors of RT are Mr Chia Mak Hooi, Mr Chia Song Swa and Mr Chia Seong Fatt, they are also directors of QLF and QL. RT in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL.*

***The directors, shareholders and persons connected of CBG are as follows:-

Chia Song Kun	Director	17%
Chia Song Kang	Director	10%
Chia Song Pou	Director	8%
Chia Song Swa	Director	8%
Chia Song Kooi	Director	8%
Cheah Yaw Song	Director	12.5%
Chia Song Phuan	Director	10%
Chia Teow Guan	Director	12.5%
Chia Mak Hooi	Director	2%
Chia Bak Lang	-	4%
Chia Cheong Soong	-	8%
Cheah Juw Teck	-	-

Mr Chia Song Kun, Mr Chia Song Kang, Mr Chia Song Pou, Mr Chia Song Swa, Mr Chia Song Kooi, Mr Cheah Yaw Song, Mr Chia Song Phuan, Mr Chia Teow Guan and Mr Chia Cheong Soong are brothers.

Madam Chia Bak Lang is the spouse of Mr Chia Song Kun.

Mr Chia Mak Hooi is the son of Mr Chia Teow Guan.

Mr Cheah Juw Teck the son of Mr Cheah Yaw Song.

****The directors, shareholders and persons connected of Farsathy are as follows:-

Chia Seong Pow	Director	20%
Chia Suan Hooi	Director	11%
Chia Seong Fatt	Director	20%
Chia Chong Lang	-	2%
Sim Ahi Yok	-	11%
Chia Chw Pew	-	8%
Koh Kwee Choo	-	11%
Chia Chew Seng	-	7%
Chia Chew Yang	-	5%
Chia Chew Ngee	-	5%
Chia Bak Lang	-	-
Chia Chew Fon	-	-

Mr Chia Seong Pow, Mr Chia Suan Hooi and Mr Chia Seong Fatt are brothers. Whereas, Madam Chia Chong Lang and Madam Chia Bak Lang are their sisters.

Madam Koh Kwee Choo is the spouse of Mr Chia Seong Pow.

Madam Sim Ahi Yok is the spouse of Mr Chia Seong Fatt.

Mr Chia Chew Seng, Mr Chia Chew Yang, Mr Chia Chew Ngee, Mr Chia Chw Pew and Ms Chia Chew Fon are the children of Mr Chia Suan Hooi.

Recurrent Related Party Transactions of Revenue or Trading Nature of QL Resources Berhad Group for the financial year ended 31 March 2002 (cont'd)

QLF holds 80% of BM. Mr Chia Song Kun, Mr Chia Seong Pow, Mr Chia Seong Fatt, Mr Chia Song Kooi, Mr Chia Mak Hooi and Mr Chia Song Swa are directors of QLF and QL.

- (3) *M.B. Agriculture (Sabah) Sdn. Bhd. ("MB (Sabah)") is engaged in livestock farming (swine). Mr Chia Song Kooi, Mr Chia Soon Hooi and Mr Chia Seong Fatt are directors of MB (Sabah). Mr Chia Soon Hooi is the brother of Mr Chia Mak Hooi, a director of RT. MB (Sabah) is wholly owned by RT.*

QL Feedmills Sdn. Bhd. is wholly owned by QLF. Mr Chia Song Kooi and Mr Chia Song Swa are directors of QL Feedmills Sdn. Bhd.

- (4) *M.B. Agriculture (Sandakan) Sdn. Bhd. ("MB (Sandakan)") is engaged livestock farming (swine). Mr Chia Seong Fatt, Mr Liu Sin, Mr Chia Song Kooi and Mr Chia Suan Hooi are directors of MB Sandakan.*

The shareholders of MB Sandakan are:-

<i>Liu Sin</i>	<i>13%</i>
<i>Ruby Technique Sdn. Bhd.</i>	<i>76%</i>
<i>Chia Siang Eng</i>	<i>3%</i>
<i>Lim Bok Huat</i>	<i>1%</i>
<i>Liau Su Fah</i>	<i>3%</i>
<i>Jabat Wangsa Sdn. Bhd.</i>	<i>4%</i>

The Directors of TLPF are Mr Chia Song Kun, Mr Chia Seong Fatt, Mr Chia Song Kooi, Mr Liu Sin and Mr Chia Suan Hooi.

- (5) *Sin Teow Fatt Trading Co. is a partnership involved in fish wholesale and it is owned by Mr Chia Teow Guan, Mr Chia Song Pou, Mr Cheah Yaw Song and Mr Chia Song Phuan. The directors of QL Foods Sdn. Bhd. ("QL Foods") are Mr Chia Song Kun, Mr Chia Seong Pow, Mr Cheah Yaw Song, Mr Chia Teow Guan, Mr Chia Song Phuan and Mr Cheah Juw Teck. QL Foods is 98% owned by QLF.*
- (6) *Fusipim Sdn. Bhd. is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr Eng Seng Poo. Madam Chia Kah Chuan is the sister of Mr Cheah Yaw Song, Mr Chia Song Kun, Mr Chia Teow Guan and Mr Chia Song Phuan, directors of QL Foods.*
- (7) *Cheah Joo Kiang is the son of Mr Cheah Yaw Song who is a director of QL Foods.*
- (8)&(9) *TLPF is 87.3% owned by QLF. Mr Liu Sin is a director and his wife together with their children is major shareholder of TLPF as in note (1).*
- (10) *Tradisi Emas Sdn. Bhd. (TE) is the manufacturer and dealer of halal foodstuffs. On the other hand, Figo Marketing Sdn. Bhd. (FM) is the marketing and distributor of foodstuffs for TE. Mr Lee Hung Hoi @ Lee Teck Wee is the director and shareholder of TE and his spouse, Madam Loh Kheng Eng @ Loh Theng Eng is the director and shareholder of FM. Mr Chia Seong Pow and Mr Cheah Juw Teck are directors of TE & FM.*
- (11) *NPBS is a company providing port handling services. Ms Wong Yuet Lai, the spouse of Mr Chia Song Kooi holds 25% shares in NPBS. Mr Chia Song Kooi, Mr Chia Song Kun and Mr Chia Song Swa are brothers and directors of QL and QLF.*

List of properties

as at 31 March 2002

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and Build-up area	Net Book Value (RM'000)	Age of building (years)
Sin Hong Heng Fishmeal Sdn Bhd	Lot 278 & TLO 117 held under Geran Mukim 237 and HS(D) 506 Padang Endau, Mersing	Dec 1998	Lot 275: Freehold	Fishmeal & surimi factory	Lot 275: 1.6212 ha	3,746	9
	11, Jalan Merlimau 86900 Endau, Johor		TLO 117: Leasehold expiring 28.2.2036		TLO 117: 0.1626 ha		1
Sin Hong Heng Fishmeal Sdn Bhd	Lot 1646, GM 351 Mukim Padang Endau, Mersing	Dec 1998	Freehold	Vacant Industrial land	0.3099 ha	80	N/A
	47, Jalan Mersing, 86900 Endau, Johor						
Sin Chip Huat Fishmeal Sdn Bhd	Lot 148 & 9119 held under GM1264 & GM2111 Mukim of Hutan Melintang	Dec 1998	Freehold	Fishmeal factory	Gross Build-up area of 2,628 square metre.	1,626	8
	147, Jalan Tepi Sungai 36400 Hutan Melintang Perak				1.3181 ha		
QL Foods Sdn Bhd	Lot 148 & 9119 held under GM1264 & GM2111 Mukim of Hutan Melintang	Dec 1998	Freehold	Surimi factory	Gross Build-up area of 2,804.17 square metre.	1,828	6
	147, Jalan Tepi Sungai 36400 Hutan Melintang, Perak						
QL Foods Sdn Bhd	Lot 9120 & 9121 held under GM2112 & GM2113 Mukim of Hutan Melintang	Dec 1998	Freehold	Surimi-based products factory & Warehouse cum office	Gross Build-up area of 2,804.17 square metre.	3,040	2
	147, Jalan Tepi Sungai 36400 Hutan Melintang, Perak						
QL Foods Sdn Bhd	Lot 3397 held under GM2437 Mukim of Hutan Melintang	Dec 1998	Freehold	Surimi-based products factory	Gross Build-up area of 1,260 square metre	1,106	2
	147, Jalan Tepi Sungai 36400 Hutan Melintang, Perak						
QL Realty Sdn Bhd	Lot 5275 held under GM5693 Mukim of Hutan Melintang	Dec 1998	Freehold	Agriculture land planted with Oil Palm	8.369 ha	930	N/A
	Jalan Simpang Ampat-Sabak Bernam, 36400 Hutan Melintang, Perak						
QL Properties Sdn Bhd	PT22264 & PT 22265 held under HS(M) 16168 & HS(M) 16169 Mukim Kapar Klang Selangor	Dec 1998	Freehold	2 adjoining units of 4 storey shop house use as corporate head office	296 square metres	1,656	4
	No.5 & 7, Lorong Bukit Kuda Off Jalan Batu Tiga Lama 41300 Klang, Selangor						

List of properties (cont'd)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and Build-up area	Net Book Value (RM'000)	Age of building (years)
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
QL Feedmills 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 Agrofood Sdn Bhd (Formerly: 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 Agrofood Sdn Bhd (Formerly: 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 (cont'd)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and Build-up area	Net Book Value (RM'000)	Age of building (years)			
QL Poultry Farms Sdn Bhd	Lot 1338/5, HSD 1318	(15.12.2000)	Freehold	Chicken layer farm	2.001 ha	4,397	N/A			
	Lot 1338/6, HSD 1319									
	Lot 1338/7, HSD 1320				2.002 ha					
	Lot 1338/11, HSD 1324									
	Lot 1338/12, HSD 1325				2.406 ha					
	Lot 1338/13, HSD 1326									
	Lot 1338/14, HSD 1327				2.403 ha					
	Lot 1338/22, HSD 1335				2.405 ha					
	Mukim of Setul, District of Seremban, Negeri Sembilan				2.407 ha					
QL Poultry Farms Sdn Bhd	Lot 1338/5, Pajam 71700 Mantin, Negeri Sembilan				2.386 ha					
					3.167 ha					
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	Dec 1998	Freehold	Vacant land	6a 2r 36p	193	N/A			
	6, Main road Siliau 7110 Siliau, Negeri Sembilan									
Banjaran Mentari Sdn Bhd	Serian Lease of Crown land at Kuching, Sarawak:		Leasehold to			2,008	3			
	No.2298	Dec 1998	17.04.2011		2.481 ha					
	No.4387	Dec 1998	21.02.2012		2.274 ha					
	No.6203	Dec 1998	09.09.2012	Chicken layer farm with mixed zone land with farm building thereon	0.930 ha					
	No.6261	Dec 1998	31.12.2008		1.176 ha					
	No.8710	Dec 1998	31.12.2040		2.432 ha					
	No.9864	Dec 1998	31.12.2031		2.428 ha					
	No.9920	Dec 1998	13.11.2015		2.987 ha					
	No.3989	(31.07.2000)	30.09.2011		4.322 ha					
	No.197	(31.10.2000)	31.12.2040		0.809 ha					
	No.264	(31.10.2000)	31.12.2040	0.409 ha						
	No.442	(31.10.2000)	31.12.2040	1.157 ha						
	Occupation Ticket: 11002, 11041,	Dec 1998 (30.11.2000)	31.12.2034 11.02.2017		1.437 ha 2.934 ha 1.972 ha					
	Lot 9858, Block 14 Sentah Segu Land District Simanggang Road, Sarawak									
	Adequate Triumph Sdn Bhd	CL 105244400, CL 105244317 CL 105244380, CL 105244335	December 1998	Leasehold to: 24.10.2915	Vacant light industrial land			2.527 ha	1,837	N/A
		KM 8.5, Jalan Air Panas Tawau, Sabah								
Adequate Triumph Sdn Bhd	CL 105164618	December 1998	Leasehold to: 31.12.2914	Vacant light industrial land	1.736 ha	1,327	N/A			
	KM 5, Jalan Air Panas Tawau, Sabah									

List of properties (cont'd)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and 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	December 1998	Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha	10,154	4
Tong Len Plantation Sdn Bhd		(20.02.2000)	Leasehold to:	Oil Palm Estate with farm buildings	799.11 acres	6,784	2 to 8 years
	CL 105666034		31.12.2071				
	CL 105336025		31.12.2072				
	CL 105339633		31.12.2078				
	CL 105452033		31.12.2071				
	Kalumpang, District of Tawau Tawau, Sabah						
Bergakau Development Sdn Bhd		December 1998	Leasehold to:	Oil Palm Estate	36.20 ha	539	N/A
	CL 105345346		31.12.2073				
	CL 105345355		31.12.2073				
	CL 105345337		31.12.2073				
	CL 105345328		31.12.2072				
	CL 105345300		31.12.2072				
	CL 105345319		31.12.2072				
	Kawa Hill Locality Tawau, Sabah						
Bergakau Development Sdn Bhd	CL 125312281	(12.06.1998)	Leasehold to: 31.12.2072	Oil Palm Estate with farm buildings	5.92 ha	135	4
	Mile 53, Semporna Road District of Semporna, Sabah						
Bergakau Development Sdn Bhd	CL 245353422	(13.12.1999)	Leasehold to: 31.12.2085	Oil Palm Estate with farm buildings	40.36 ha	897	5
	Tingkayu, District of Kunak Sabah						
Tong Len Trading Sdn Bhd		December 1998	Leasehold to:	Chicken layer farm	13.668 ha	6,132	N/A
	CL 105242028		12.07.2933				
	CL 105241996		29.07.2933				
	CL 105241950		21.05.2925				
	CL 105451572		31.12.2057				
	Km21, Apas Parit locality Tawau, Sabah						
Tong Len Plantation Sdn Bhd		(11.07.2000)	Leasehold to:	Oil Palm Estate with farm buildings	76.53 ha	2,084	2 to 8 years
	CL 245321037, PL 246291092		31.12.2072				
	PL 116291082,		31.12.2073				
	CL 245354170		31.12.2073				
			31.12.2078				
	Tingkayu, Lahad Datu-Kunak Highway District of Kunak, Sabah						

List of properties (cont'd)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and Build-up area	Net Book Value (RM'000)	Age of building (years)
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	84	2
Tong Len Plantation Sdn Bhd	NT 113011546 NT 113011537 Kampung Tingkayu, Lahad Datu-Kunak Highway District of Kunak, Sabah	(01.01.1999)	Freehold	Oil Palm Estate with farm buildings	11.44 ha	185	4
Tong Len Plantation Sdn Bhd	NT 103041265 Sungai Burong, District of Tawau, Sabah	(01.01.2000)	Freehold	Oil Palm Estate with farm buildings	3.68 ha	14	2
Tong Len Plantation Sdn Bhd	18 NT Title NT 243021883 NT 243021954 NT 243021758 NT 243021794 NT 243021810 NT 243021838 NT 243021927 NT 243021829 NT 243021963 NT 243021945 NT 243021918 NT 243021776 NT 243021936 NT 243021892 NT 243021847 NT 243021785 NT 243021909 NT 243021749	(01.07.2001)	Freehold	Oil Palm Estate	89.62 ha	589	
Tong Len Plantation Sdn Bhd	7 NT Title NT 243021874 NT 243021865 NT 243021972 NT 243021730 NT 243021767 NT 243021801 NT 243021856	(16.11.2001)	Freehold	Oil Palm Estate	34.43 ha	222	
Tophill Corporation Sdn Bhd	CL 245327397 CL 245319859 CL 245319779 CL 245319788 CL 245319939 CL 245319966 CL 115319867 CL 115319321	December 1998 (25.11.1998) (25.11.1998) (25.11.1998) (02.01.1999) (02.01.1999) (02.03.1999) (05.05.1999)	Leasehold to: 31.12.2069 31.12.2071 31.12.2071 31.12.2071 31.12.2072 31.12.2072 31.12.2071 31.12.2071	Oil Palm Estate with farm buildings	241.47 ha	3,715	N/A

List of properties (cont'd)

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and Build-up area	Net Book Value (RM'000)	Age of building (years)
	CL 115319349	(05.05.1999)	31.12.2071				
	CL 115319947	(05.05.1999)	31.12.2072				
	CL 115319330	(05.05.1999)	Title pending				
	CL 245319957	(26.10.1999)	Title pending				
	NT 113009117	(02.10.2000)	Freehold				
	NT 113009126	(02.10.2000)	Freehold				
	NT 113009135	(02.10.2000)	Freehold				
	NT 243017441	(01.02.2000)	Freehold				
	NT 243017478	(01.02.2000)	Freehold				
	NT 243017469	(01.02.2000)	Freehold				
	NT 243017450	(01.02.2000)	Freehold				
	NT 113009171	(01.02.2000)	Freehold				
	NT 113009162		Freehold				
	NT 113009153		Freehold				
	NT 113099144		Freehold				
	NT 113009108		Title pending				
	LA 74111454 (CL 245361764)	(11.11.1999)	31.12.2072				
	LA 74111455 (CL 245361755)	(11.11.1999)	31.12.2072				
	LA 74111456 (CL 245361746)	(11.11.1999)	31.12.2072				
	LA 74111457 (CL 245361737)	(11.11.1999)	31.12.2072				
Bukit Wang Sdn Bhd	CL 245327404 CL 245332521 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	December 1988	31.12.2069 31.12.2069		85.44 ha	1,887	N/A
Tradisi Emas Sdn Bhd	PTD 44769 & PTD 44770 under HSD 160471 & HSD 160472 Mukim of Pulau 23 & 25, Jalan Perdagangan 16 Taman Universiti Industrial Park 81300 Skudai, Johor	August 2001	Freehold	Factory	12,000 sq. ft.	791	9
Tradisi Emas Sdn Bhd	PTD 44797 & PTD 44796 under HSD 160499 & HSD 160498 Mukim of Pulau 22 & 24, Jalan Perdagangan 16 Taman Universiti Industrial Park 81300 Skudai, Johor	September 2001	Freehold	Factory	12,000 sq. ft.	1,066	9
Figo Marketing Sdn Bhd	PTD 25829 under HSD 34264 Mukim of Kajang 9, Jalan Perusahaan 1 Taman Perindustrian Selesa Jaya (Li Fong Industrial Park) 43300 Balakong, Selangor	August 2001	Freehold	Warehouse	2,427 sq. ft.	395	8

Shareholders' analysis report

as at 28 June 2002

Authorised share capital : RM200,000,000
Issued and paid-up capital : RM60,000,000
Type of shares : Ordinary shares of RM1.00 each
Voting rights : One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

<i>No. of Holders</i>	<i>Holdings</i>	<i>Total Holdings</i>	<i>%</i>
35	less than 1,000	15,913	0.03
1,163	1,000 to 10,000	2,554,718	4.26
124	10,001 to 100,000	3,408,913	5.68
31	100,001 to less than 5% of issued shares	20,786,102	34.64
3	5% and above of issued shares	33,234,354	55.39
1,356		60,000,000	100.00

DIRECTORS' SHAREHOLDINGS

The direct and deemed interests of the Company's Directors remained the same as are stated in Page 26 of the Annual Report.

SUBSTANTIAL SHAREHOLDERS

<i>Name of Shareholders</i>	<i>Shareholdings</i>	<i>%</i>
1 CBG Holdings Sdn. Bhd.	28,478,354	47.46
2 Farsathy Holdings Sdn. Bhd.	9,456,135	15.76

Shareholders' analysis report (cont'd)

LIST OF 30 LARGEST SHAREHOLDERS

<i>Names of Shareholders</i>	<i>Shareholdings</i>	<i>%</i>
1 CBG Holdings Sdn. Bhd.	21,643,354	36.07
2 Farsathy Holdings Sdn. Bhd.	6,931,000	11.55
3 CBG Holdings Sdn. Bhd.	4,660,000	7.77
4 HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for CBG Holdings Sdn. Bhd. (Memo)</i>	2,175,000	3.63
5 Malaysian Assurance Alliance Berhad	1,491,000	2.49
6 Farsathy Holdings Sdn. Bhd.	1,340,000	2.23
7 Chew Kim Seng	1,278,476	2.13
8 HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Sing Hin (Memo)</i>	1,225,500	2.04
9 HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Farsathy Holdings Sdn. Bhd. (Memo)</i>	1,185,135	1.98
10 Chen Fun Chow	1,156,500	1.93
11 Tan Hon @ Tan Ho Hoon	987,491	1.65
12 Ngeam Chong Kwai	925,000	1.54
13 HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Kim Seng (Memo)</i>	894,000	1.49
14 Saodah Bt Haji Malek	862,500	1.44
15 Lee Sing Hin	790,500	1.32
16 Universal Trustee (Malaysia) Berhad	750,000	1.25
17 Zabir Bin Bajuri	750,000	1.25
18 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)</i>	650,000	1.08
19 Teh Wan Sang & Sons Sdn. Bhd.	600,000	1.00
20 Citicorp Nominees (Asing) Sdn. Bhd. <i>TNTC for Government of Singapore Investment Corporation Pte. Ltd.</i>	579,500	0.97
21 HSBC Nominees (Asing) Sdn. Bhd. <i>HSBC Trustee (S) Ltd for Pheim Apec Growth Fund Limited</i>	522,000	0.87
22 Selangor Dredging Berhad	450,000	0.75
23 Ng Sai Bee @ Ng Sau Bee	351,000	0.59
24 Liu Sin	330,000	0.55
25 Teh Lip Kim	210,000	0.35
26 Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn. Bhd.(032)</i>	172,500	0.29
27 Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pheim Asset Management Sdn Bhd for Magnum Corporation Bhd</i>	165,000	0.28
28 Chia Che Keng	155,000	0.26
29 Hashim Bin Md Aris	149,000	0.25
30 Cheah Sui Sin	141,000	0.24
	53,520,456	89.20

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Form of proxy



QL RESOURCES BERHAD

(428915-X)

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 5th Annual General Meeting of the Company, to be held at Ivory 9, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Saturday, 24th day of August 2002 at 10.00 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		
Ordinary Resolution 9		

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 5th 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 _____ 2002

Signature/Seal

No. of shares held

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 5th Annual General Meeting are available on Pages 6 to 9 of the Annual Report.
5. Explanatory Statement on Special Business

Resolution 9

The ordinary resolution proposed, 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.