

Financial Statements

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Directors' report

for the year ended 31 March 2003

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 2003.

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 29 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	<i>Group</i> <i>RM'000</i>	<i>Company</i> <i>RM'000</i>
Net profit for the year	21,517	5,362

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 10% consisting of 5% less tax and 5% tax exempt totalling RM5,160,000 in respect of the year ended 31 March 2002 on 27 September 2002.

The Directors recommend a final dividend of 12% less tax totalling RM5,184,000 in respect of the year ended 31 March 2003.

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
Chieng Ing Huong

Directors' interests

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

	<i>Number of ordinary shares of RM1 each</i>			
	<i>At 1.4.2002</i>	<i>Bought</i>	<i>Sold</i>	<i>At 31.3.2003</i>
Shareholdings in which Directors have direct interests in the Company				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	75,000	-	-	75,000
Chia Song Kun	15,000	-	-	15,000
Chia Seong Fatt	15,000	-	-	15,000
Chia Seong Pow	15,000	-	-	15,000
Chia Song Kooi	15,000	-	-	15,000
Chia Song Swa	15,000	-	-	15,000
Chia Mak Hooi	15,000	-	-	15,000
Mohd Rizal bin Ramlee	913	-	-	913
Shareholdings in which Directors have indirect interests in the Company				
Chia Song Kun	28,567,854	32,000	-	28,599,854
Chia Seong Pow	9,456,135	-	-	9,456,135
Chia Song Kooi	28,493,354	-	-	28,493,354
Chia Seong Fatt	9,456,135	-	-	9,456,135
Chia Song Swa	28,478,354	6,000	-	28,484,354
Chia Mak Hooi	28,529,854	16,000	-	28,545,854

The above Directors are deemed to have interests in shares of all subsidiaries disclosed in Note 29 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 29.1 to the financial statements.

The other Director, Chieng Ing Huong, holding office at 31 March 2003 did not have any interest in the ordinary shares of the Company and of its related companies during the financial 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 Directors as shown in the financial statements of the Company and 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 as well as companies in which certain Directors have interest and persons connected to Directors as disclosed in Note 27 to the financial statements.

Directors' benefits (Cont'd)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Significant event during the year

On 18 July 2002, the Group acquired 65% of the shares in Nada Eksklusif Sdn. Bhd. and Ladang Ternakan Soon Sang (Tawau) Sdn. Bhd. for a consideration of RM790,000 and RM3,900,000 respectively, satisfied by cash.

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

Issue of shares

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

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.

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 2003 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: 25 July, 2003

Statement of directors

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

In the opinion of the Directors, the financial statements set out on pages 35 to 73 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 2003 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: 25 July, 2003

Statutory declaration

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

I, **Chia Mak Hooi**, 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 35 to 73, 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 25 July 2003.

Chia Mak Hooi

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 35 to 73. 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 2003 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: 25 July, 2003

Balance sheets

at 31 March 2003

	Note	Group		Company	
		2003	2002	2003	2002
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	3	188,667	133,921	8	9
Investments in a subsidiary	4	-	-	61,608	61,608
Investment in an associate	5	2,229	2,042	-	-
Other investments	6	113	103	-	-
Intangible assets	7	93	97	-	-
		191,102	136,163	61,616	61,617
Current assets					
Inventories	8	66,594	64,210	-	-
Trade and other receivables	9	117,501	99,952	714	495
Cash and cash equivalents	10	12,806	10,513	35	70
		196,901	174,675	749	565
Current liabilities					
Trade and other payables	11	36,920	27,739	200	219
Borrowings	12	157,529	130,788	-	-
Taxation		1,421	2,109	-	-
		195,870	160,636	200	219
Net current assets		1,031	14,039	549	346
		192,133	150,202	62,165	61,963
Financed by:					
Capital and reserves					
Share capital	13	60,000	60,000	60,000	60,000
Reserves	14	53,584	37,227	2,165	1,963
		113,584	97,227	62,165	61,963
Reserves arising on consolidation		4,112	2,269	-	-
Minority shareholders' interests	15	27,331	19,617	-	-
Long term and deferred liabilities					
Borrowings	12	39,935	24,816	-	-
Deferred taxation		7,171	6,273	-	-
		47,106	31,089	-	-
		192,133	150,202	62,165	61,963

The financial statements were approved and authorised for issue by the Board of Directors on 25 July, 2003.

The notes set out on pages 41 to 73 form an integral part of, and should be read in conjunction with, these financial statements.

Income statements

for the year ended 31 March 2003

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue	16	705,745	561,822	6,634	3,110
Operating profit	16	37,842	31,903	6,290	2,807
Interest expense	18	(6,701)	(5,594)	-	-
Interest income	19	94	95	-	-
Share of profits of an associate		260	330	-	-
Profit before taxation		31,495	26,734	6,290	2,807
Tax expense	20	(5,753)	(5,765)	(928)	(784)
Profit after taxation		25,742	20,969	5,362	2,023
Less: Minority interests		(4,225)	(2,924)	-	-
Net profit for the year		21,517	18,045	5,362	2,023
Earnings per ordinary share (sen)	21	36	30		
Dividends per ordinary share - net (sen)					
- excluding proposed final dividend	22	-	-	-	-
- including proposed final dividend	22	8.6	8.6	8.6	8.6

The notes set out on pages 41 to 73 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of changes in equity

for the year ended 31 March 2003

Group	Note	Share capital	Non-distributable Share premium	Distributable Retained profits	Sub-Total	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2001		40,000	22,104	19,291	41,395	81,395
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	22	-	-	(2,016)	(2,016)	(2,016)
At 31 March 2002		60,000	1,907	35,320	37,227	97,227
Net profit for the year		-	-	21,517	21,517	21,517
Dividends	22	-	-	(5,160)	(5,160)	(5,160)
At 31 March 2003		60,000	1,907	51,677	53,584	113,584
Note 13						
Company						
At 1 April 2001		40,000	22,104	49	22,153	62,153
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		-	-	2,023	2,023	2,023
Dividends	22	-	-	(2,016)	(2,016)	(2,016)
At 31 March 2002		60,000	1,907	56	1,963	61,963
Net profit for the year		-	-	5,362	5,362	5,362
Dividends	22	-	-	(5,160)	(5,160)	(5,160)
At 31 March 2003		60,000	1,907	258	2,165	62,165
		Note 13		Note 14		

The notes set out on pages 41 to 73 form an integral part of, and should be read in conjunction with, these financial statements.

Cash flow statements

for the year ended 31 March 2003

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cash flows from operating activities				
Profit before taxation	31,495	26,734	6,290	2,807
Adjustments for:				
Depreciation				
- current	11,565	9,539	1	1
- overprovision in prior years	-	(103)	-	-
Expenditure carried forward written off	-	11	-	-
Plantation development expenditure written off	-	358	-	-
Property, plant and equipment written off	208	1	-	-
Amortisation of trademarks	4	3	-	-
Loss on disposal of property held for resale	-	51	-	-
Listing expenses written off	-	(197)	-	(197)
Interest expense	6,701	5,594	-	-
Interest income	(94)	(95)	-	-
Gain on disposal of quoted shares	-	(3)	-	-
Gain on disposal of property, plant and equipment	-	(250)	-	-
Share of profits of an associate	(260)	(330)	-	-
Foreign exchange gain - unrealised	-	(30)	-	-
Dividend income	-	-	(6,133)	(2,800)
Operating profit/(loss) before working capital changes	49,619	41,283	158	(189)
(Increase)/Decrease in working capital:				
Inventories	429	(20,053)	-	-
Trade and other receivables	(11,232)	(30,105)	(153)	6,389
Trade and other payables	(2,224)	5,619	(19)	11
Bills payable	21,707	37,753	-	-
Cash generated from/(used in) operations	58,299	34,497	(14)	6,211
Income taxes paid	(5,786)	(5,819)	(66)	(170)
Interest paid	(4,910)	(3,828)	-	-
Interest received	94	95	-	-
Net cash generated from/(used in) operating activities	47,697	24,945	(80)	6,041

Note	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	(i) (5,498)	(5,126)	-	(6,001)
Increase in pledged fixed deposits placed with licensed banks	-	(6)	-	-
Proceeds from disposal of property, plant and equipment	631	896	-	-
Purchase of property, plant and equipment	(ii) (49,750)	(21,122)	-	-
Purchase of other investments	(10)	(15)	-	-
Purchase of intangible assets	-	(100)	-	-
Proceeds from disposal of quoted shares	-	10	-	-
Dividend received	-	-	5,205	2,016
Net cash (used in)/generated from investing activities	(54,627)	(25,463)	5,205	(3,985)
Cash flows from financing activities				
Contribution from minority shareholders	18	1,852	-	-
Dividend paid to minority shareholders	(502)	(1,011)	-	-
Dividend paid to shareholders of the Company	(5,160)	(2,016)	(5,160)	(2,016)
Interest paid	(2,045)	(1,766)	-	-
Repayment of hire purchase liabilities	(953)	(642)	-	-
Repayments of finance lease liabilities	(46)	(5)	-	-
Proceeds from loans and other borrowings	30,492	11,793	-	-
Repayment of loans and other borrowings	(9,936)	(5,032)	-	-
Net cash generated from/(used in) financing activities	11,868	3,173	(5,160)	(2,016)
Net increase/(decrease) in cash and cash equivalents	4,938	2,655	(35)	40
Cash and cash equivalents at beginning of year	5,477	2,792	70	30
Foreign exchange differences on opening balance	-	30	-	-
Cash and cash equivalents at end of year	(iii) 10,415	5,477	35	70

*Note to the cash flow statements**i) Acquisition of subsidiaries*

During the year, the Group acquired subsidiaries, Nada Eksklusif Sdn. Bhd. and Ladang Ternakan Soon Sang (Tawau) Sdn. Bhd. In previous year, the Group acquired subsidiaries, Tradisi Emas Sdn. Bhd. and Figo Marketing Sdn. Bhd. The fair value of assets acquired and liabilities assumed were as follows:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Property, plant and equipment	15,180	4,141
Current assets	8,814	-
Current liabilities	(12,680)	-
Minority interest	(3,973)	-
Deferred taxation	-	(20)
Net assets acquired	7,341	4,121
(Reserves)/Goodwill arising on consolidation	(1,843)	1,005
Cash outflows on acquisition, net of cash acquired	5,498	5,126

ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM51,970,000 (2002 - RM22,315,000) of which RM1,510,000 (2002 - RM1,142,000) and RM456,000 (2002 - RM51,000) was acquired by means of hire purchases and finance lease respectively.

iii) Cash and cash equivalents

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

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cash and bank balances	7,765	7,176	35	70
Deposits placed with licensed banks	4,818	3,114	-	-
Bank overdrafts	(2,168)	(4,813)	-	-
	10,415	5,477	35	70

The notes set out on pages 41 to 73 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 years except for the adoption of the following:

- (i) MASB 19, Events After Balance Sheet Date, whereby the comparative figures have been restated to reflect the impact of the non-recognition of dividends proposed after the balance sheet date;
- (ii) MASB 20, Provision, Contingent Liabilities and Contingent Assets and MASB 21, Business Combination, which are applied retrospectively. Comparative figures have not been restated and no prior year adjustment is shown as they have no material impact on the financial statements;
- (iii) MASB 23, Impairment of Assets which is applied prospectively. The adoption of MASB 23 does not have any material impact to the financial statements; and
- (iv) MASB 24, Financial Instruments: Disclosure and Presentation which has been adopted prospectively.

(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 off 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 reserves arising 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.

1. Summary of significant accounting policies (Cont'd)

(c) Associates (Cont'd)

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. (refer Note 1 (m)).

Depreciation

Freehold land and capital work in progress are stated at cost and 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	5% - 20%
Furniture, fittings and equipment	10% - 20%
Office improvements and renovation	10%
Motor vehicles	14% - 20%

Certain subsidiaries depreciate its property, plant and equipment 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.

During the year, one of the subsidiaries revised its depreciation rates of plant and equipment from 20% to 5% - 8%, and the depreciation rate of motor vehicle from 20% to 16%. The effect of the change in depreciation rates has been reflected in the Group's result for the current year and this has increased the profit for the year by approximately RM117,000.

(e) 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.

1. Summary of significant accounting policies (Cont'd)

(e) Plantation development expenditure (Cont'd)

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.

(f) Investments

Investments in subsidiaries and associate are stated at cost less impairment losses, if any.

Other long term investments 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.

(g) Intangible assets

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(m)). Trademarks are amortised on a straight line basis over its estimated useful life of not more than 25 years.

(h) Goodwill/Reserves arising on consolidation

Goodwill/reserves 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 reserves arising on consolidation. Reserves arising on consolidation are not amortised.

(i) 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 approximate actual cost on the first-in-first-out basis. The cost of raw materials comprises 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.

(j) Trade receivables

Trade and other receivables are stated at cost less allowance for doubtful debts. 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.

1. Summary of significant accounting policies (Cont'd)

(k) 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.

(l) Liabilities

Borrowings and trade and other payables are stated at cost.

(m) Impairment

The carrying amount of the Group's and Company's assets, other than inventories (refer Note 1(i)) and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(n) 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 asset is ready for use or 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.

1. Summary of significant accounting policies (Cont'd)

(o) 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.

(p) 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.

(q) 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.

(r) 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:

	2003	2002
USD1.00	RM3.80	RM3.80
AUD1.00	RM2.40	RM2.00
SGD1.00	RM2.16	RM2.06
EUR1.00	RM3.86	RM3.29

1. Summary of significant accounting policies (Cont'd)

(s) 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.

(t) Interest income

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

(u) 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 (n).

(v) 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.

(w) Derivative financial instruments

The Group uses derivative financial instruments, namely forward foreign exchange contracts, to hedge its exposure to foreign exchange risks arising from operational activities.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

2. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the Group's business development. The Group has clear defined guidelines and written risk management policies on foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group operates within clearly defined guidelines that are approved by the Board and do not engage in speculative transactions.

The Group enters into derivative instruments, principally forward foreign currency exchange contracts to reduce exposure to fluctuations in foreign exchange rates. While the risk of market rates may change subsequent to acquisition, such changes are generally offset by the opposite effects on items being hedged. The Group do not trade in derivative instruments. The notional amounts of derivatives summarised in the notes to the financial statements do not represent amount exchanged by the parties and thus are not a measurement of the Group's exposure for its use of derivative financial instruments.

Derivative financial instruments are not recognised in the financial statements on inception. The purpose of entering into these derivatives is to minimise losses and to preserve the value of confirmed contracts.

Credit risk

Financial instruments contain an element of risk of the counterparties being unable to meet their obligations. Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not have any significant exposure to any individual counterparty. The Group has credit policy in place to ensure that transactions are conducted with creditworthy counter parties.

At balance sheet date, there were no significant concentrations of credit risk.

Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate.

Interest rate risk mainly arises from the Group's borrowings.

The Group adopts a policy of managing this risk through the use of fixed and floating rates debts and financial instruments. The Group does not use interest rate swaps as hedging instrument. The Group's interests bearing assets are mainly placed in short term deposits with reputable financial institutions and they are not held for speculation purposes.

Foreign currency risk

The Group is exposed to foreign currency risk arising from transactions in foreign currencies. The currencies giving rise to this risk are primarily in US Dollars, Singapore Dollars, Australian Dollars and EURO.

It is the Group's policy to enter into forward foreign currency contracts to hedge against exposures to exchange rate fluctuations.

Liquidity risk

The Group actively managed its cash flows so as to ensure effective working capital within the Group. The Group strive to maintain available bank facilities of a reasonable level to its overall debt position.

3. Property, plant and equipment

Group Cost	At 1.4.2002 RM'000	Acquisition of subsidiaries RM'000	Additions RM'000	Written off RM'000	Disposals RM'000	Transfer in/(out) RM'000	At 31.3.2003 RM'000
Freehold land	9,374	-	-	-	-	-	9,374
Long term leasehold land	19,745	5,815	2,296	-	(233)	-	27,623
Short term leasehold land	3,598	-	90	-	-	-	3,688
Buildings and improvements	20,327	3,350	1,343	-	-	8,420	33,440
Farm buildings	25,109	4,719	749	-	-	107	30,684
Plant and machinery	47,604	1,026	13,203	(211)	(31)	17,184	78,775
Furniture, fittings and equipment	11,273	12	4,084	(17)	(131)	-	15,221
Office improvements and renovation	879	-	699	-	-	-	1,578
Motor vehicles	15,342	258	3,540	(771)	(447)	(105)	18,027
Plantation development expenditure	10,964	-	1,331	-	-	-	12,295
Capital work-in-progress	6,590	-	24,635	-	-	(25,816)	5,409
	170,805	15,180	51,970	(999)	(842)	-	236,114

Accumulated depreciation	At 1.4.2002 RM'000	Charge for the year RM'000	Written off RM'000	Disposals RM'000	At 31.3.2003 RM'000
Long term leasehold land	452	212	-	-	664
Short term leasehold land	560	168	-	-	728
Buildings and improvements	1,855	1,230	-	-	3,085
Farm buildings	5,103	1,259	-	-	6,362
Plant and machinery	17,860	5,065	(115)	(8)	22,802
Furniture, fittings and equipment	3,171	1,355	(7)	(22)	4,497
Office improvements and renovation	228	183	-	-	411
Motor vehicles	7,655	2,093	(669)	(181)	8,898
	36,884	11,565	(791)	(211)	47,447

3. Property, plant and equipment (Cont'd)

Group	Net book value at		Depreciation charge
	31.3.2003	31.3.2002	31.3.2002
	RM'000	RM'000	RM'000
Freehold land	9,374	9,374	-
Long term leasehold land	26,959	19,293	135
Short term leasehold land	2,960	3,038	195
Buildings and improvements	30,355	18,472	610
Farm buildings	24,322	20,006	1,683
Plant and machinery	55,973	29,744	3,942
Furniture, fittings and equipment	10,724	8,102	1,014
Office improvements and renovation	1,167	651	86
Motor vehicles	9,129	7,687	1,874
Plantation development expenditure	12,295	10,964	-
Capital work-in-progress	5,409	6,590	-
	188,667	133,921	9,539

Company

RM'000

Furniture and fitting

Cost

At 1 April 2002/31 March 2003

11

Accumulated depreciation

At 1 April 2002

2

Charge for the year

1

At 31 March 2003

3

Net book value

At 31 March 2003

8

At 31 March 2002

9

Depreciation charge for the year ended
31 March 2002

1

3. Property, plant and equipment (Cont'd)

Borrowing costs

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

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Plantation development expenditure		
- Term loan interest at 1.5% above BLR (2002 - 1.5% above BLR)	67	79
- Bank overdraft interest at 1.5% above BLR (2002 - 1.5% above BLR)	18	24
Capital work-in-progress at 5.83% to 6.5% (2002 - 5.83%) per annum	169	31
	254	134

Security

The short term and long term freehold and leasehold land together with buildings and palm oil mill of certain subsidiaries with total cost of RM39,228,342 (2002 - RM28,520,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.

The freehold land and buildings of a subsidiary costing RM2,289,316 (2002 - RM2,289,316) are pending discharge as security by the bank.

Titles

Long term leasehold land with cost of RM140,470 (2002 - 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 with cost of RM1,626,860 (2002 - RM2,250,000) has yet to be issued by the relevant authorities at 31 March 2003.

The titles to certain long term leasehold land of the subsidiaries stated at cost of RM284,000 (2002 - RM623,000) 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:

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Plant and machinery	1,478	840
Motor vehicles	1,494	1,000
Renovation	230	256
Furniture, fittings and office equipment	79	42
Computer equipment	20	23
	3,301	2,161

3. Property, plant and equipment (Cont'd)***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 RM432,000 (2002 - RM24,000).

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.

4. Investment in a subsidiary

	<i>Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Unquoted shares, at cost	61,608	61,608

Details of the Group's subsidiaries are shown in Note 29.

5. Investment in an associate

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Unquoted shares, at cost	1,350	1,350
Share of post-acquisition reserves	879	692
	2,229	2,042
Represented by:		
Group's share of net assets other than goodwill	2,229	2,042

The significant associate of the Group is as follows:

<i>Company</i>	<i>Principal activities</i>	<i>Country of Incorporation</i>	<i>Effective ownership interest (%)</i>	
			<i>2003</i>	<i>2002</i>
Indahgrains Logistics Sdn. Bhd.	Operating of warehouse and warehouse management	Malaysia	20	20

6. Other investments***At cost:***

Quoted shares
Unquoted shares

Market values of quoted investments

Quoted shares

<i>Group</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
73	63
40	40
113	103
61	61

7. Intangible assets**Trade marks*****Cost***

Addition/At 31 March

Accumulated amortisation

Balance at 1 April
Amortisation charge for the year

Balance at 31 March

Net book value

At 31 March

<i>Group</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
100	100
3	-
4	3
7	3
93	97

8. Inventories**At cost:**

Raw materials
Livestock
Manufactured, trading and retailed inventories

<i>Group</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
9,883	11,465
9,357	6,359
47,354	46,386
66,594	64,210

9. Trade and other receivables

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade receivables		93,425	81,748	-	-
Less: Allowance for doubtful debts		(5,500)	(5,110)	-	-
	9.1	87,925	76,638	-	-
Tax recoverable	9.2	967	651	125	59
Subsidiaries	9.3	-	-	577	427
Associate	9.4	300	300	-	-
Other receivables, deposits and prepayments		28,378	22,489	12	9
Less: Allowance for doubtful debts		(69)	(126)	-	-
	9.5	28,309	22,363	12	9
		117,501	99,952	714	495

9.1 Trade receivables

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

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
A person connected with a Director of a subsidiary	227	228
Companies in which a Director of a subsidiary has interest	450	1,359
	677	1,587

During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM216,000 (2002 - RM1,847,000). The Group also reversed bad debts previously written off against allowance for doubtful debts amounting to RM1,141,000.

9.2 Tax recoverable

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

9.3 Subsidiaries

The amount due from subsidiaries of the Company is in respect of advances, unsecured and interest free with no fixed terms of repayment.

9.4 Associate

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

9.5 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 RM13,224,000 (2002 - RM13,242,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of allowance for doubtful debts, unsecured, interest free and repayment is substantially made through the supply of raw materials. Included in the trade advances is an amount of RM177,600 (2002 - RM112,000) due from a firm in which certain Directors have substantial financial interests.

9. Trade and other receivables (Cont'd)

Included in other receivables, deposits and prepayment of the Group is recoveries from suppliers amounting to RM4,160,629 (2002 - Nil) respectively.

Included in other receivables, deposits and prepayments of the Group is property held for resale of RM3,602,000 (2002 - RM3,203,000) which arose from the settlement of trade receivables by way of exchange of property. It is the Group's intention to realise the property for cash in due course.

9.6 The currency exposure profile of trade receivables and other receivables denominated in Ringgit equivalents, is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Ringgit Malaysia	108,374	95,479	714	495
US Dollars	8,993	3,864	-	-
Singapore Dollars	134	322	-	-
Japanese Yen	-	287	-	-
	117,501	99,952	714	495

10. Cash and cash equivalents

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Deposits placed with licensed banks	5,041	3,337	-	-
Cash and bank balances	7,765	7,176	35	70
	12,806	10,513	35	70

Included in the Group's fixed deposits are:

- RM223,000 (2002 - RM223,000) 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
- Nil (2002 - RM63,000) which was placed in the name of a Director of a subsidiary who is holding in trust for the said subsidiary.

11. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables	24,783	19,954	-	-
Other payables and accrued expenses	12,137	7,785	200	219
	36,920	27,739	200	219

11. Trade and other payables (Cont'd)

Included in trade payables of the Group are amount due to certain companies in which a Director of a subsidiary has interest amounting to RM85,000 (2002 - RM86,000).

The currency exposure profile of trade payables and other payables denominated in Ringgit equivalents, is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Ringgit Malaysia	33,454	24,054	200	219
US Dollars	2,795	3,365	-	-
Singapore Dollars	116	110	-	-
Australian Dollars	335	88	-	-
EURO	220	122	-	-
	36,920	27,739	200	219

12. Borrowings

		<i>Group</i>	
		<i>2003</i>	<i>2002</i>
		<i>RM'000</i>	<i>RM'000</i>
Current:			
Term loans	- secured	4,870	3,748
	- unsecured	9,643	4,699
Bank overdrafts	- secured	704	2,354
	- unsecured	1,464	2,459
Bills payable	- secured	2,434	-
	- unsecured	137,462	117,011
Hire purchase liabilities		794	501
Finance lease liabilities		158	16
		157,529	130,788
Non-current:			
Term loans	- secured	8,018	12,725
	- unsecured	30,414	11,216
Hire purchase liabilities		1,203	845
Finance lease liabilities		300	30
		39,935	24,816
		197,464	155,604

12. Borrowings (Cont'd)

Terms and debt repayment schedule

Group	<i>Total</i> <i>RM'000</i>	<i>Under</i> <i>1 year</i> <i>RM'000</i>	<i>1 - 2</i> <i>years</i> <i>RM'000</i>	<i>2 - 5</i> <i>years</i> <i>RM'000</i>	<i>Over 5</i> <i>years</i> <i>RM'000</i>
Secured term loans - variable at 2.00% to 2.50% above BLR	1,928	385	385	1,035	123
Secured term loans - fixed at 4.00% to 6.50% per annum	10,960	4,485	3,604	2,637	234
Unsecured term loans - variable at 2.00% above BLR	10,445	260	4,848	5,337	-
Unsecured term loans - fixed at 3.75% to 6.70% per annum	29,612	9,383	9,996	9,983	250
Secured bank overdrafts - variable at 1.00% to 3.00% above BLR	704	704	-	-	-
Unsecured bank overdrafts - variable at 1.50% to 2.00% above BLR	1,464	1,464	-	-	-
Secured bills payable - variable at 1.50% per annum	2,434	2,434	-	-	-
Unsecured bills payable - variable at 0.25% to 2.50% above money market rate	137,462	137,462	-	-	-
Hire purchase liabilities - fixed at 3.90% to 9.12% per annum	1,997	794	1,130	73	-
Finance lease liabilities fixed at 8.44% per annum	458	158	300	-	-
	197,464	157,529	20,263	19,065	607

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	<i>Payments</i> <i>2003</i> <i>RM'000</i>	<i>Interest</i> <i>2003</i> <i>RM'000</i>	<i>Principal</i> <i>2003</i> <i>RM'000</i>	<i>Payments</i> <i>2002</i> <i>RM'000</i>	<i>Interest</i> <i>2002</i> <i>RM'000</i>	<i>Principal</i> <i>2002</i> <i>RM'000</i>
Less than one year	898	(104)	794	607	(106)	501
Between one and five years	1,378	(175)	1,203	960	(115)	845
	2,276	(279)	1,997	1,567	(221)	1,346

12. Borrowings (Cont'd)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Payments 2003	Interest 2003	Principal 2003	Payments 2002	Interest 2002	Principal 2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	190	(32)	158	20	(4)	16
Between one and five years	329	(29)	300	32	(2)	30
	519	(61)	458	52	(6)	46

Security

Group

Term loans

Secured

The term loans are secured by way of:

- fixed charges over the landed properties of certain subsidiaries;
- fixed and floating charges over assets of certain subsidiaries;
- corporate guarantee by the Company; and
- joint and several guarantee by all of the Directors of certain subsidiaries.

Unsecured

The term loans are supported by way of:

- corporate guarantee by the Company;
- a negative pledge on all assets of certain subsidiaries;
- general security agreement relating to goods; and
- trade financing general agreement.

Significant covenant for certain term loans granted to the Group:

- maximum gearing of 2 times at all times; and
- minimum interest cover ratio of 2 times at all times.

Bank overdrafts

Secured

The bank overdrafts secured by way of:-

- fixed charges over landed properties of certain subsidiaries;
- fixed and floating charges over assets of certain subsidiaries;
- joint and several guarantee by certain Directors of the subsidiaries; and
- 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 certain Directors of the subsidiaries.

12. Borrowings (Cont'd)

Bills payable

Secured

Bills payable are secured by way of:-

- i) fixed and floating charges over assets of certain subsidiaries; and
- ii) joint and several guarantee by certain Directors of the subsidiary.

Unsecured

Bills payable are supported by way of:-

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

13. Share capital

	<i>Group and Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Ordinary shares of RM1 each:		
Authorised	200,000	200,000
Issued and fully paid:		
At 1 April	60,000	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	60,000

14. 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 2003 if paid out as dividends.

15. Minority shareholders' interests

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

16. Operating profit

		Group		Company	
		2003	2002	2003	2002
		RM'000	RM'000	RM'000	RM'000
Revenue	- sale of goods	705,745	561,822	-	-
	- dividends	-	-	6,133	2,800
	- management fee	-	-	501	310
		705,745	561,822	6,634	3,110
Cost of sales		(624,077)	(500,360)	-	-
Gross profit		81,668	61,462	6,634	3,110
Distribution costs		(10,581)	(6,438)	-	-
Administration expenses		(34,092)	(23,002)	(344)	(303)
Other operating expenses		(2,861)	(3,070)	-	-
Other operating income		3,708	2,951	-	-
Operating profit		37,842	31,903	6,290	2,807
Operating profit is arrived at after crediting:					
Allowance for slow moving inventories written back		-	46	-	-
Allowance for doubtful debts written back		1,171	3,034	-	-
Bad debts recovered		3	41	-	-
Gain on disposal of property, plant and equipment		-	250	-	-
Gain on disposal of quoted shares		-	3	-	-
Gain on foreign exchange - realised		-	238	-	-
- unrealised		-	30	-	-
Gross dividend from subsidiaries		-	-	6,133	2,800
Gross dividend from quoted shares		38	-	-	-
Insurance claims		794	563	-	-
Rental of premises		75	54	-	-
and after charging:					
Auditors' remuneration		158	151	12	12
Amortisation of trade mark		4	3	-	-
Allowance for doubtful debts		579	507	-	-
Bad debts written off		322	153	-	-
Company's Directors					
- remuneration		2,002	1,640	-	-
- fees		427	421	216	189
Subsidiaries' Directors					
- remuneration		2,578	2,270	-	-
- fees		265	212	-	-
Depreciation					
- current year		11,565	9,539	1	1
- overprovision in prior years		-	(103)	-	-

16. Operating profit (Cont'd)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Expenditure carried forward written off	-	11	-	-
Hire of plant and machinery	103	231	-	-
Inventories written off	903	173	-	-
Loss on disposal of property held for resale	-	51	-	-
Loss on foreign exchange - realised	23	-	-	-
Plantation development expenditure written off	-	358	-	-
Property, plant and equipment written off	208	1	-	-
Rental of land	664	296	-	-
Rental of office premises	1,019	267	-	-
Warehouse rental	14	62	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM54,650 (2002 - RM57,000).

17. Employee information

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Staff costs	29,494	22,572	-	-

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,860 (2002 - 1,643) and Nil (2002 - Nil).

18. Interest expense

	Group	
	2003	2002
	RM'000	RM'000
Term loans	1,723	1,672
Bank overdrafts	271	502
Bills payable	3,850	3,290
Hire purchase liabilities	96	92
Finance lease liabilities	3	2
Others	758	36
	6,701	5,594

19. Interest income

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Deposits placed with licensed banks	63	81
Others	31	14
	94	95

20. Tax expense

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Income tax expense				
- current year	4,719	4,845	928	784
- prior years	63	(335)	-	-
	4,782	4,510	928	784
Deferred tax expense				
- current year	340	1,242	-	-
- prior years	558	(79)	-	-
	898	1,163	-	-
Tax expense on share of profits of an associate	73	92	-	-
Total	5,753	5,765	928	784

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:

	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Unutilised tax losses	1,631	1,239
Other timing differences	6,106	2,328

21. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the net profit for the year of RM21,517,000 (2002 - RM18,045,000) and on the weighted average number of ordinary shares outstanding during the year of 60,000,000 (2002 - 60,000,000)

Weighted average number of ordinary shares

	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Issued ordinary shares at beginning of year	60,000	40,000
Effect of bonus issue in October 2002	-	20,000
Weighted average number of ordinary shares	60,000	60,000

22. Dividends

	<i>Group and Company</i>
	<i>2003</i>
	<i>RM'000</i>
Final paid:	
10% consisting of 5% less tax and 5% tax exempt	
(2002 - 7% per share less tax)	2,016

Proposed final dividend for the financial year ended 31 March 2003

The proposed final dividend for the year ended 31 March 2003 of 12% less tax totaling RM5,184,000 has not accounted for in the financial statements of the Group and of the Company as at 31 March 2003. It will be recognised in the financial statements upon approval by shareholders at the forthcoming Annual General Meeting.

Dividends per ordinary share

The calculation of dividends per ordinary share is based on the dividends for the financial year ended 31 March 2003 and the number of ordinary shares in issue during the current year of 60,000,000 (2002 - 60,000,000).

	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>Sen per share</i>	
Interim dividend paid	-	-	-	-
Proposed final dividend	5,184	5,160	8.6	8.6
Dividends including proposed final dividend	5,184	5,160	8.6	8.6

23. Segmental information

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

Business segments

The Group comprises the following main business segments:

Marine-products manufacturing	Manufacture and sale of fishmeal, surimi and surimi based products.
Crude palm oil milling	Crude palm oil milling and small scale oil palm cultivation.
Trading and distribution	Trading and distribution of feed and food grains, consumer goods, lubricants and pet products retailing.
Poultry farming	Broiler and layer farming.

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. Unallocated items mainly comprise corporate assets and expenses.

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

23. Segmental information (Cont'd)

	Marine-Products Manufacturing		Crude Palm Oil Milling		Trading And Distribution		Poultry Farming		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segments												
Revenue from external customers	102,979	83,418	106,850	65,367	409,270	339,892	86,646	73,145	-	-	705,745	561,822
Inter-segment revenue	-	-	-	-	174,210	127,116	-	-	(174,210)	(127,116)	-	-
Total revenue	102,979	83,418	106,850	65,367	583,480	467,008	86,646	73,145	(174,210)	(127,116)	705,745	561,822
Segment result	13,096	11,099	6,727	5,194	10,621	17,523	3,714	1,322	-	-	34,158	35,138
Unallocated expenses											(1,194)	(7,063)
Operating profit											32,964	28,075
Interest expense											(1,823)	(1,766)
Interest income											94	95
Share of profits of an associate											260	330
Profit before taxation											31,495	26,734
Tax expense											(5,753)	(5,765)
Profit after taxation											25,742	20,969
Minority interests											(4,225)	(2,924)
Net profit for the year											21,517	18,045
Segment assets	68,357	58,516	72,783	45,825	126,312	128,231	102,398	62,244	-	-	369,850	294,816
Share of net assets in an associate											2,229	2,042
Unallocated assets											15,924	13,980
Total assets											388,003	310,838

23. Segmental information (Cont'd)

	<i>Marine-Products Manufacturing</i>		<i>Crude Palm Oil Milling</i>		<i>Trading And Distribution</i>		<i>Poultry Farming</i>		<i>Eliminations</i>		<i>Consolidated</i>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment liabilities	11,272	8,144	8,395	6,609	147,711	128,801	13,502	5,790	-	-	180,880	149,344
Unallocated liabilities											62,096	42,381
Total liabilities											242,976	191,725
Capital expenditure	11,136	6,306	26,597	4,366	6,410	4,267	7,827	7,376	-	-	51,970	22,315
Total capital expenditure											51,970	22,315
Depreciation and amortisation	4,007	3,219	3,581	3,038	2,310	1,766	1,666	1,515	-	-	11,564	9,538
Unallocated depreciation and amortisation											1	1
Total depreciation and amortisation											11,565	9,539
Non-cash expenses other than depreciation and amortisation	230	89	314	365	86	123	1,382	677	-	-	2,012	1,254
Total non-cash expenses											2,012	1,254

24. Contingent liabilities - unsecured

Guarantees and contingencies relating to borrowings of:

- subsidiaries

<i>Company</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
305,217	267,247

25. Commitments

Capital commitments:

Property, plant and equipment

- Authorised but not contracted for
- Contracted but not provided for in the financial statements

<i>Group</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
528	332
9,727	25,333
10,255	25,665

26. Operating leases

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

<i>Group</i>	
<i>2003</i>	<i>2002</i>
<i>RM'000</i>	<i>RM'000</i>
Less than one year	167
Between one and five years	125
1,322	292

The subsidiary leases retail outlets and equipment under operating lease. The leases typically run for an initial period of three years with an option to renew the leases after the expiry date for another three years.

27. Related parties***Identity of related parties***

The Group has a controlling related party relationship with its subsidiaries (Note 29) 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.

27. Related parties (Cont'd)

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

	<i>Group</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
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	973	652
With persons connected to Cheah Yaw Song and Liu Sin Directors of certain subsidiaries		
Chia Siang Eng:		
Sales	(1,823)	(1,631)
Cheah Joo Kiang:		
Sales	(1,768)	(2,107)
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	(3,057)	(2,622)
Fusipim Sdn. Bhd.:		
Sales	(918)	(773)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(1,955)	(1,793)
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(4,505)	(5,720)
North Port Bulk Services Sdn. Bhd.:		
Provision for port handling services	4,299	3,309
	<i>Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Subsidiaries		
Dividend received	(5,205)	(2,016)
Management fee income	(501)	(236)

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

28. Financial instruments

In respect of interest-bearing financial assets and liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	2003					2002				
	Effective interest rate	Total RM'000	Within 1 year	1-5 years	After 5 years	Effective interest rate	Total RM'000	Within 1 year	1-5 years	After 5 years
	%		RM'000	RM'000	RM'000	RM'000		%	RM'000	RM'000
Financial assets										
Deposits placed with licensed banks	4.00	5,041	5,041	-	-	4.00	3,337	3,337	-	-
Financial liabilities										
Secured fixed rate term loan *	6.57	7,037	3,699	3,104	234	6.57	4,349	1,470	771	2,108
Secured variable rate term loan	8.40	1,928	1,928	-	-	6.55	7,656	7,656	-	-
Unsecured fixed rate term loan	5.08	29,612	9,383	19,979	250	4.89	15,363	4,549	10,814	-
Unsecured variable rate term loan	8.40	10,445	10,445	-	-	8.00	552	552	-	-
Secured bank overdrafts	8.00	704	704	-	-	8.00	2,354	2,354	-	-
Unsecured bank overdrafts	8.15	1,464	1,464	-	-	8.15	2,459	2,459	-	-
Secured bills payables	3.00	2,434	2,434	-	-	-	-	-	-	-
Unsecured bills payables	5.80	137,462	137,462	-	-	6.10	117,011	117,011	-	-

* The effective interest rate on certain secured fixed rate term loans of certain subsidiaries amounting to RM3,923,000 (2002 - RM4,468,000) is not available as their interest rate is subject to change upon expiry of the Funds for Small Medium Industries ("FSMI") and 3F Funds ("3F") scheme and the said loans have no fixed terms of repayment.

28. Financial instruments (Cont'd)**Fair values***Recognised financial instruments*

The fair value of the fixed rate long term loan has been determined by discounting the relevant cash flows using the current interest rates for similar instruments at the balance sheet date.

Group	2003 Carrying amount	2003 Fair value	2002 Carrying amount	2002 Fair value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Secured fixed rate term loan	7,037	5,898	4,349	3,665
Unsecured fixed rate term loan	29,612	26,477	15,363	11,869

The fair values on certain secured term loan balances of certain subsidiaries cannot be established as their interest rate is subject to change upon expiry of the FSMI and 3F scheme and the said loans have no fixed terms of repayment.

At balance sheet date, the carrying amounts of trade and other receivables, trade and other payables and short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 March 2003 are:

Group	Contracted Amount	Within 1 year	Fair value
	RM'000	RM'000	RM'000
Forward foreign exchange contracts	9,300	9,300	9,300

29. 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 (%)	
		2003	2002
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	100	100

29. Subsidiaries (Cont'd)

Name of Company	Principal activities	Effective ownership interest (%)	
		2003	2002
QL Agrofood Sdn. Bhd. (formerly known as QL Layer Farm Sdn. Bhd.)	Layer farming, processing, sale of animal feeds, animal feeds raw material, lubricants and foodstuffs	100	100
QL Feedmills Sdn. Bhd.	Processing, sale of animal feeds and property holding	100	100
QL Poultry Farms Sdn. Bhd.	Livestock farming	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	90	80
Chingsan Development Sdn. Bhd.	Dormant	100	100
Natural Oscar Sdn. Bhd.	Dormant	100	100
Wijora Sdn. Bhd.	Dormant	70	70
QL Marine Products Sdn. Bhd. (formerly known as QL Karasaki Ika Sdn. Bhd.)	Dormant	100	100
Banjaran Mentari Sdn. Bhd.	Layer farming, feed milling and selling and distribution of animal feed raw materials	80	80

29. Subsidiaries (Cont'd)

Name of Company	Principal activities	Effective ownership interest (%)	
		2003	2002
Tradisi Emas Sdn. Bhd.	Manufacturing and sales of "halal" foodstuff	80	80
Figo Marketing Sdn. Bhd.	Sale of "halal" foodstuff	80	80
QL Distribution Sdn. Bhd. (formerly known as CSM Distribution Sdn. Bhd.)	Marketing and distribution of FMCG, contract manufactured and foreign products	100	100
Tong Len Poultry Farm Sdn. Bhd. and its subsidiaries (formerly known as 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
Bergakau Development Sdn. Bhd.	Oil palm cultivation	87.30	87.30
Adequate Triumph Sdn. Bhd.	Property holding	87.30	87.30
Tong Len Distribution Sdn. Bhd. (formerly known as Tri-F Corporation Sdn. Bhd. and Tong Len Corporation Sdn. Bhd.)	General trading	87.30	87.30
Tophill Corporation Sdn. Bhd. and its subsidiary company	Oil palm cultivation	87.30	87.30
Bukit Wang Sdn. Bhd.	Oil palm cultivation	87.30	87.30
Nada Eksklusif Sdn. Bhd.	Broiler processing and distribution	65	-
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	Integrated broiler farming including hatchery and breeding	65	-

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

29. Subsidiaries (Cont'd)

29.1 The Company's shareholdings in non-wholly owned subsidiaries are as follows:

	<i>Number of ordinary shares of RM1 each</i>			<i>At 31.3.2003</i>
	<i>At 1.4.2002</i>	<i>Bought</i>	<i>Sold</i>	
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	600,000	-	1,000,000
Maxincome Resources Sdn. Bhd.	160,000	560,000	-	720,000
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 Poultry Farm Sdn. Bhd. and its subsidiaries (formerly known as Tong Len Trading Sdn. Bhd. and its subsidiaries)	4,801,500	-	-	4,801,500
Tong Len Plantation Sdn. Bhd.	5,400,000	-	-	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
Tong Len Distribution Sdn. Bhd. (formerly known as Tri - F Corporation Sdn. Bhd. and Tong Len Corporation Sdn. Bhd.)	2	499,998	-	500,000
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	-	325,000	-	325,000
Nada Eksklusif Sdn. Bhd.	-	65,000	-	65,000
Tophill Corporation Sdn. Bhd. and its subsidiary	500,000	-	-	500,000
Bukit Wang Sdn. Bhd.	100,000	-	-	100,000

30. Acquisition of subsidiaries

On 18 July 2002, the Group acquired 65% of the shares in Nada Eksklusif Sdn. Bhd. and Ladang Ternakan Soon Sang (Tawau) Sdn. Bhd. for a consideration of RM790,000 and RM3,900,000 respectively, satisfied by cash.

The acquisitions were accounted for using the acquisition method of accounting. In 31 March 2003, the subsidiaries, contributed a net profit of approximately RM953,000 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.

31. Event subsequent to the balance sheet date

On 11 April 2003, the Group has incorporated a wholly-owned subsidiary, QL Deep Sea Fishing Sdn. Bhd., with fully paid-up share capital of RM2. Its intended principal activity is to carry out deep sea fishing activities.

Recurrent Related Party Transactions

of revenue or trading nature of QL Resources Berhad Group as at 31 March 2003

<i>Nature of Transaction</i>	<i>Related Parties</i>	<i>Interested Directors and/or major Shareholders</i>	<i>Estimated value from date of AGM to the next AGM*</i>	<i>Transacted value for financial year ended 31 March 2003</i>	<i>Transacted value for the period 1 April 2003 to 30 June 2003</i>
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	Nil	RM1,822,609.80	Nil
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.***	RM4,000,000.00	RM3,045,389.19	RM723,264.03
Purchase of animal feeds from QL Agrofood Sdn. Bhd. (note a)	M.B. Agriculture (Sabah) Sdn. Bhd. (3)	CBG Holdings Sdn. Bhd. ** Farsathy Holdings Sdn. Bhd.***	RM7,000,000.00	RM4,505,214.70	RM1,652,903.90
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.***	RM2,500,000.00	RM1,942,894.16	RM463,666.32
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	RM1,000,000.00	RM921,699.00	RM296,619.07
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	RM1,500,000.00	RM917,666.00	RM227,272.50
Purchase of surimi products from QL Foods Sdn. Bhd.	Mr Cheah Joo Kiang (7)	Mr Cheah Yaw Song Mr Cheah Juw Teck	RM1,200,000.00	RM1,768,054.00	RM248,580.70
Purchase of animal feed raw materials from QL Feedingstuffs Sdn. Bhd. (HQ)	Tong Len Poultry Farm Sdn. Bhd (8)(i)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM7,000,000.00	RM4,722,479.55	RM1,937,938.91
Purchase of animal feed raw materials from QL Agrofood Sdn. Bhd. (note a)	Tong Len Poultry Farm Sdn. Bhd. (8)(ii)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM3,000,000.00	RM1,588,567.11	RM618,642.60
Sale of foodstuffs to QL Agrofood Sdn. Bhd. (note b)	Tong Len Distribution Sdn. Bhd. (9) (note c)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM1,000,000.00	RM517,997.80	RM194,430.00

Recurrent related party transactions

<i>Nature of Transaction</i>	<i>Related Parties</i>	<i>Interested Directors and/or major Shareholders</i>	<i>Estimated value from date of AGM to the next AGM*</i>	<i>Transacted value for financial year ended 31 March 2003</i>	<i>Transacted value for the period 1 April 2003 to 30 June 2003</i>
Purchase of halal foodstuffs from Tradisi Emas Sdn. Bhd.	Figo Marketing Sdn. Bhd. (10)	Mr Lee Hung Hoi @ Lee Teck Wee	RM7,700,000.00	RM6,913,291.04	RM1,848,372.57
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.**	RM5,500,000.00	RM4,299,410.17	RM579,770.08
Additional RRPT					
Sale of live bird to Nada Eksklusif Sdn. Bhd.	Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd. (12)	Mr Loo Chi Soon	RM15,000,000.00	RM5,742,657.28 (note d)	RM2,598,949.08
Purchase of sugar and rice from QL Feedingstuffs Sdn. Bhd. (HQ)	Tong Len Distribution Sdn. Bhd. (13)	Mr Liu Sin Mr Chia Seong Fatt Mr Chia Seong Pow Mr Chia Suan Hooi	RM35,000,000.00	Nil	RM1,771,780.00 (June only)

* The above estimated values of transactions are based on values transacted for the year ended 31 March 2003. However, the value of these transactions may be subjected to changes in the current financial year.

note a – QL Agrofood Sdn. Bhd. (QLA) with effect from 1 July 2002 has taken over the activities of QL Feedingstuffs Sdn. Bhd.'s branch in Kota Kinabalu. Hence, RM1,588,567.11 are transacted by QLA and Tong Len Poultry Farm Sdn. Bhd. (TLPF) for the period 1 July 2002 to 31 March 2003 and RM618,642.60 for the period April to June 2003.

note b – QLA with effect from 1 July 2002 has taken over the sale of foodstuffs including meehoon from QL Feedingstuffs Sdn. Bhd.'s branch in Kota Kinabalu.

note c – Tong Len Distribution Sdn. Bhd. with effect from 1 August 2002 has taken over the sale of meehoon from TLPF.

note d – Nada Eksklusif Sdn. Bhd. and Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd. were taken over by TLPF on 17 August 2002. The acquisition was completed in October 2002. Hence, RM5,742,657.28 are transacted by both Nada and Soon Sang for the period 1 August 2002 to 31 March 2003.

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, Ms Liu Tze Yee, Ms Liu Loy Tai and Ms Lui Fui Yee is substantial shareholder of TLPF. Madam Chia Siang Eng is the sister of Chia Seong Fatt, Chia Seong Pow and Chia Suan Hooi. 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 Chew Pew	-	8%
Koh Kwee Choo	-	11%
Chia Chew Seng	-	7%
Chia Chiew 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 Chiew Yang, Mr Chia Chew Ngee, Mr Chia Chw Pew and Ms Chia Chew Fon are the children of Mr Chia Suan Hooi.

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

- (4) M.B. Agriculture (Sandakan) Sdn. Bhd. ("MB (Sandakan)") is engaged in 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:-

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

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)(i) & (8)(ii) 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).
- (9)&(13) TLD is 87.3% owned by QLF. Mr Chia Seong Fatt, Mr Liu Sin and Mr Chia Suan Hooi are directors of TLD.
- (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 of TE and his spouse, Madam Loh Kheng Eng @ Loh Theng Eng is the director of FM. Mr Chia Seong Pow, Mr Cheah Juw Teck and Mr Liew Meow Fook 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.
- (12) Nada Eksklusif Sdn. Bhd. (Nada) is the wholesaler and retailer of frozen chicken parts and sundry provisions. On the other hand, Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd. (Soon Sang) is engaged in poultry breeding and farming. Mr Loo Chi Soon is the director and substantial shareholder of both the companies. Mr Chia Song Kooi, Mr Chia Seong Fatt, Mr Liu Sin and Mr Yeo Teck Hwa are the directors of Nada and Soon Sang.

List of properties

as at 31 March 2003

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
Sin Hong Heng Fishmeal Sdn Bhd	Lot 275, Geran Mukim 237 Mukim of Padang Endau & TLO 117, HS(D) 506 Township of Endau District of Mersing, Johor	Dec 1998	Lot 275: Freehold	Fishmeal & surimi factory	Lot 275: 1.6212 ha	3,780	10
	11, Jalan Merlimau 86900 Endau, Johor		TLO 117: Leasehold expiring 28.2.2036		TLO 117: 0.1626 ha		2
Sin Hong Heng Fishmeal Sdn Bhd	Lot 1646, GM 351 Mukim Padang Endau District of Mersing, Johor	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 District of Hilir Perak, Perak	Dec 1998	Freehold	Fishmeal factory	Gross Build-up area of 2,628 square metre.	2,927	9
	Lot 148 & 9119 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 District of Hilir Perak, Perak	Dec 1998	Freehold	Surimi factory	Gross Build-up area of 2,804.17 square metre.	2,004	7
	Lot 148 & 9119 Jalan Tepi Sungai 36400 Hutan Melintang Perak						
QL Foods Sdn Bhd	Lot 9120 & 9121 held under GM2112 & GM2113 Mukim of Hutan Melintang District of Hilir Perak, Perak	Dec 1998	Freehold	Surimi-based products factory & Warehouse cum office	Gross Build-up area of 2,804.17 square metre.	3,646	3
	Lot 9120 & 9121 Jalan Tepi Sungai 36400 Hutan Melintang Perak						
QL Foods Sdn Bhd	Lot 3397 held under GM2437 Mukim of Hutan Melintang District of Hilir Perak, Perak	Dec 1998	Freehold	Surimi-based products factory	Gross Build-up area of 1,260 square metre	1,093	3
	Lot 9120 & 9121 Jalan Tepi Sungai 36400 Hutan Melintang Perak						

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
QL Realty Sdn Bhd	Lot 5275 held under GM5693 Mukim of Hutan Melintang District of Hilir Perak, Perak Jalan Simpang Empat-Sabak Bernam, 36400 Hutan Melintang, Perak	Dec 1998	Freehold	Agriculture land planted with Oil Palm	8.369 ha	930	N/A
QL Properties Sdn Bhd	PT22264 & PT 22265 held under HS(M) 16168 & HS(M) 16169 Mukim Kapar Klang Selangor No.5 & 7, Lorong Bukit Kuda Off Jalan Batu Tiga Lama 41300 Klang, Selangor	Dec 1998	Freehold	2 adjoining units of 4 storey shop house use as corporate head office	296 square metres	1,769	5
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.	3,796	4
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	2,657	5
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 31.12.2057	Agriculture land planted with Oil Palm together with Chicken Layer Farm	CL 025311835: 19.55 acres PL 026184663: 23.45 acres	1,585	2
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	162	17

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
Natural Oscar Sdn Bhd	Lot 59, Section 12, Phase 1B Pulau Indah Industrial Park Pulau Indah, Mukim of Klang Klang, Selangor	Dec 1998	Leasehold 30.03.2097	Vacant Industrial land	1.1 acres	684	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 30.03.2097	Vacant Industrial land	1.48 acres	937	N/A
QL Poultry Farms Sdn Bhd	Lot 1338/5, HSD 1318 Lot 1338/6, HSD 1319 Lot 1338/7, HSD 1320 Lot 1338/11, HSD 1324 Lot 1338/12, HSD 1325 Lot 1338/13, HSD 1326 Lot 1338/14, HSD 1327 Lot 1338/22, HSD 1335 Mukim of Setul, District of Seremban, Negeri Sembilan Lot 1338/5, Pajam 71700 Mantin, Negeri Sembilan	(15.12.2000)	Freehold	Chicken layer farm	2.001 ha 2.002 ha 2.406 ha 2.403 ha 2.405 ha 2.407 ha 2.386 ha 3.167 ha	4402	N/A
QL Poultry Farms Sdn Bhd	Lot 5282, HM 011264 Port Dickson	Dec 1998	Leasehold land to 21.9.2057	Vacant land	13.128 ha	141	N/A
QL Poultry Farms Sdn Bhd	Lot 2145, HM 014264 Port Dickson 6, Main road Silliau 7110 Silliau, Negeri Sembilan	Dec 1998	Freehold	Vacant land	6a 2r 36p	193	N/A
Banjaran Mentari Sdn Bhd	Serian Lease of Crown land at Kuching, Sarawak: No.2292 No.4387 No.6203 No.6261 No.8710 No.9920 No. 3989 No. 11041 Lot No.197 Lot No. 264 Lot No. 442 Lot No. 665 Occupation Ticket: No. 11002, No. 9864 Sentah Segu Land District Simanggang Road, Sarawak	 Dec 1998 Dec 1998 Dec 1998 Dec 1998 Dec 1998 Dec 1998 (31.07.2000) (30.11.2000) (31.10.2000) (31.10.2000) (31.10.2000) Dec 1998 Dec 1998 Dec 1998	Leasehold to 17.04.2011 31.02.2012 09.09.2012 31.12.2008 31.12.2040 13.11.2015 30.09.2011 11.02.2017 31.12.2040 31.12.2040 31.12.2040 31.12.2031 31.12.2034 31.12.2031	 Chicken layer farm with mixed zone land with farm building thereon	 2.481 ha 2.274 ha 0.930 ha 1.176 ha 2.432 ha 2.987 ha 4.322 ha 2.934 ha 0.809 ha 0.409 ha 1.157 ha 1.972 ha 2.437 ha 2.428 ha	7,103	4

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
Adequate Triumph Sdn Bhd	CL 105244406, CL 105244317 CL 105244380, CL 105244335 KM 8.5, Apas Road District of Tawau, Sabah	December 1998	Leasehold to: 24.10.2916	Vacant light industrial land	2.527 ha	2,013	N/A
Adequate Triumph Sdn Bhd	CL 105164618 KM 5, Jalan Air Panas District of Tawau, Sabah	December 1998	Leasehold to: 11.08.2915	Vacant light industrial land	1.736 ha	1,325	N/A
Tong Len Plantation Sdn Bhd	CL105355977. Mile 42 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	9,831	5
Tong Len Plantation Sdn Bhd	CL 105666034 CL 105336025 CL 105339633 CL 105452033 Kalumpang, District of Tawau Tawau, Sabah	(20.02.2000)	Leasehold to: 31.12.2071 31.12.2072 31.12.2071 31.12.2078	Oil Palm Estate with farm buildings	799.11 acres	7,114	3
Bergakau Development Sdn Bhd	CL 105345346 CL 105345355 CL 105345337 CL 105345328 CL 105345300 CL 105345319 Kawa Hill Locality Tawau, Sabah	December 1998	Leasehold to: 31.12.2073 31.12.2073 31.12.2072 31.12.2072 31.12.2072	Oil Palm Estate with farm buildings	36.20 ha	702	N/A
Bergakau Development Sdn Bhd	CL 125312281 Mile 53, Semporna Road District of Semporna, Sabah	(12.06.1998)	Leasehold to: 31.12.2072	Oil Palm Estate	5.92 ha	134	5
Bergakau Development Sdn Bhd	CL 245353422 Tingkayu, District of Kunak Sabah	(13.12.1999)	Leasehold to: 31.12.2085	Oil Palm Estate with farm buildings	40.36 ha	893	6
Bergakau Development Sdn Bhd	NT 243019178 NT 243019187 NT 243019196 NT 243019203 NT 243019212 NT 243019221 NT 243019230 NT 243019249 NT 243019258 NT 243019267 NT 243019276 NT 243019285 NT 243019294 NT 243019301 NT 243019310 NT 243019329 NT 243019338 NT 243019347 NT 243019356	(09.08.2002) (09.08.2002) (09.08.2002)	Freehold	Oil Palm Estate with farm buildings	2.525 ha 2.741 ha 2.798 ha 2.807 ha 2.876 ha 2.886 ha 2.844 ha 2.972 ha 2.775 ha 2.907 ha 2.857 ha 2.868 ha 2.934 ha 2.884 ha 2.837 ha 2.867 ha 2.726 ha 2.729 ha 2.576 ha	1,688	1

List of properties

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)
	NT 243019374] NT 243019383] NT 243019392] NT 243019418] NT 243019427] NT 243019436] NT 243019445] NT 243019454] NT 243019463] NT 243019472] NT 243019481]	(09.08.2002) (09.08.2002) 			2.605 ha 2.720 ha 2.538 ha 2.826 ha 2.674 ha 2.719 ha 2.608 ha 2.206 ha 2.431 ha 2.826 ha 2.738 ha 2.706 ha		
	Tingkayu locality District of Kunak, Sabah						
Bergakau Development Sdn Bhd	CL 245319797 CL 245319877 CL 245319886 CL 245319804	(15.11.2001)	31.12.2071	Oil Palm Estate with farm buildings	61.05 acres	378	2
	Tingkayu locality District of Kunak, Sabah						
Tong Len Poultry Farm Sdn Bhd (Formerly: Tong Len Trading Sdn Bhd)	CL 105242028 CL 105241996 CL 105241950 CL 105451572	December 1998	Leasehold to: 12.07.2933 29.07.2933 21.05.2925 31.12.2057	Chicken layer farm	13.668 ha	6,177	N/A
	Km21, Apas Parit locality Tawau, Sabah						
Tong Len Plantation Sdn Bhd	CL 245321037 PL 246291092 PL 116291083 CL 245354170	(11.07.2000)	Leasehold to: 31.12.2072 31.12.2073 31.12.2073 31.12.2078	Oil Palm Estate together with palm oil mill & building thereon	76.53 ha	10,513	3
	Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah						
Tong Len Plantation Sdn Bhd	CL 245360810	(07.11.2000)	Leasehold to: 31.12.2092	Oil Palm Estate	5.65 ha	83	3
	Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah						
Tong Len Plantation Sdn Bhd	NT 243011547 NT 243011538	(01.01.1999)	Freehold	Oil Palm Estate with farm buildings	11.44 ha	184	4
	Kampung Tingkayu, Lahad Datu-Kunak Highway District of Kunak, Sabah						
Tong Len Plantation Sdn Bhd	NT 103041265	(01.01.2000)	Freehold	Oil Palm Estate	3.68 ha	14	2
	Sungai Burong, District of Tawau, Sabah						

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
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 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	(01.07.2001)	Freehold	Oil Palm Estate with farm buildings	89.62 ha	1,178	2
Tong Len Plantation Sdn Bhd	7 NT Title NT 243021874 NT 243021865 NT 243021972 NT 243021730 NT 243021767 NT 243021801 NT 243021856 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	(16.11.2001)	Freehold	Oil Palm Estate	34.43 ha	417	N/A
Tong Len Plantation Sdn Bhd	NT 243021598 NT 243021589 NT 243021570 Sabahan, Kunak	(27.08.2002)	Freehold	Water reservoir & empty fruit bunches disposal (for oil mill 2)	8.615 ha	96	N/A
Tophill Corporation Sdn Bhd	CL 245327397 CL 245319859 CL 245319779 CL 245319788 CL 245319939 CL 245319966 CL 115319867 CL 115319321 CL 115319349 CL 115319947 CL 115319330 CL 245319957 NT 113009117 NT 243009127 NT 243009136 NT 243017441 NT 243017478	December 1998 (25.11.1998) (25.11.1998) (25.11.1998) (02.01.1999) (02.01.1999) (02.03.1999) (05.05.1999) (05.05.1999) (05.10.1999) (05.10.1999) (26.10.1999) (02.10.2000) (02.10.2000) (02.10.2000) (01.02.2000) (01.02.2000)	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 31.12.2071 31.12.2072 Title pending 31.12.2072 Title pending Freehold Freehold Freehold Freehold	Oil Palm Estate with fam buildings	241.47	3,967	N/A

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
Tophill Corporation	NT 243017469 NT 243017450 NT 113009171 NT 113009162 NT 113009153 NT 113099144 NT 113009108 LA 74111454 (CL 245361764) LA 74111455 (CL 245361755) LA 74111456 (CL 245361746) LA 74111457 (CL 245361737)	(01.02.2000) (01.02.2000) (01.02.2000) (13.12.1999) (13.12.1999) (13.12.1999) Title pending (11.11.1999) (11.11.1999) (11.11.1999) (11.11.1999)	Freehold Freehold Freehold Freehold Freehold Freehold Title pending 31.12.2072 31.12.2072 31.12.2072 31.12.2072				
	Tingkayu, District of Kunak						
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	Oil Palm Estate with farm buildings	85.44 ha	1,973	N/A
Tradisi Emas Sdn Bhd	PTD 44769 & PTD 44770 under HSD 160471 & HSD 160472 Mukim of Pulai 23 & 25, Jalan Perdagangan 16 Taman Universiti Industrial Park 81300 Skudai, Johor	August 2001	Freehold	Factory	12,000 sq. ft.	791	10
Tradisi Emas Sdn Bhd	PTD 44797 & PTD 44796 under HSD 160499 & HSD 160498 Mukim of Pulai 22 & 24, Jalan Perdagangan 14 Taman Universiti Industrial Park 81300 Skudai, Johor	September 2001	Freehold	Factory	12,000 sq. ft.	1,160	10
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	9
Tong Her Marine Products Sdn Bhd	CL 245361371 Kunak Jaya, Kunak	(17.4.2001)	31.12.2097	Vacant land	4.035 ha	156	N/A
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	CL 105342792 Mile 8, Apas Road, Tawau	02.08.2002	Leasehold to: 31.05.2051	Hatchery Farm	1.97 acres	96	N/A
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	CL 105127535 PL 106158285 PL 106148136 Mile 8, Apas Tiku, Tawau	02.08.2002	Leasehold to: 24.10.2934 31.08.2051 17.05.2049	Poultry Farm	15.06 acres	276	N/A

List of properties

<i>Owner Company</i>	<i>Particulars of property</i>	<i>Date of revaluation or (date of acquisition)</i>	<i>Tenure</i>	<i>Existing use</i>	<i>Land and Build-up area</i>	<i>Net Book Value (RM'000)</i>	<i>Age of building (years)</i>
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	CL 105240551 CL 105240560 Mile 11, Tinagat, Tawau	02.08.2002	Leasehold to: 12.02.2061 02.03.2061	Poultry Farm	44.60 acres	377	N/A
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	PL 106181202 PL 106181211 Mile 12, Apas Parit, Tawau	02.08.2002	Leasehold to: 31.12.2057 31.12.2057	Poultry Farm	32.19 acres	468	N/A
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	PL 106181248 PL 106260164 Mile 12, Apas Parit, Tawau	02.08.2002	Leasehold to: 24.12.2058 05.08.2060	Poultry Farm	28.71 acres	205	N/A
Nada Eksklusif Sdn Bhd	CL 105467221 CL 105467212 CL 105467230 CL 105467249 TL 107519924 Mile 3.5, Apas Road, Tawau	12.08.2002	Leasehold to: 31.12.2073	Light industrial building & chicken slaughter/processing house	(square feet) 5,022 7,497 5,654 1,684 15,370	975	N/A
Nada Eksklusif Sdn Bhd	Lot No. 3 on master title TL 107529608 MPT 4387, Lot 3, Block B, Pasar Raya Plaza, Tawau	(27.08.1999)	-	4 storey shophouse	437.03 square metres	904	4

Shareholders' analysis report

as at 30 June 2003

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>
3	less than 100	110	0.00
184	100 to 1,000	155,903	0.26
1,025	1,000 to 10,000	2,414,853	4.03
134	10,001 to 100,000	3,604,413	6.00
28	100,001 to less than 5% of issued shares	15,900,367	26.50
2	5% and above of issued shares	37,924,354	63.21
1,376		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 27 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

List of 30 Largest Shareholders

Names of Shareholders		Shareholdings	%
1	CBG Holdings Sdn. Bhd.	28,473,354	47.46
2	Farsathy Holdings Sdn. Bhd.	9,451,000	15.75
3	Malaysian Assurance Alliance Berhad	1,491,000	2.49
4	Chew Kim Seng	1,278,476	2.13
5	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Sing Hin (Memo)</i>	1,225,500	2.04
6	Chen Fun Chow	1,156,500	1.93
7	Tan Hon @ Tan Ho Hoon	1,098,491	1.83
8	Ngeam Chong Kwai	925,000	1.54
9	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Kim Seng (Memo)</i>	894,000	1.49
10	Saodah Bt Haji Malek	862,500	1.44
11	Lee Sing Hin	790,500	1.32
12	Universal Trustee (Malaysia) Berhad	750,000	1.25
13	Zabir Bin Bajuri	750,000	1.25
14	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)</i>	650,000	1.08
15	Allianz General Insurance	622,000	1.04
16	Teh Wan Sang & Sons Sdn. Bhd.	600,000	1.00
17	Selangor Dredging Berhad	450,000	0.75
18	Chew Su Lian	400,600	0.67
19	Ng Sai Bee @ Ng Sau Bee	351,000	0.59
20	Liu Sin	228,000	0.38
21	Teh Lip Kim	210,000	0.35
22	Chia Che Keng	155,000	0.26
23	Cheah Sui Sin	141,000	0.24
24	Chia Bak Lang	141,000	0.24
25	Hong Leong Finance Berhad <i>Pledged Securities Account for Liu Sin</i>	135,000	0.23
26	Ng Soon Tong	122,000	0.20
27	Allianz Life Insurance Malaysia Berhad	121,000	0.20
28	Sim Chin Swee	120,000	0.20
29	Liau Su Fah	118,500	0.20
30	Mohamad Kamal Bin Idris	112,500	0.19
		53,824,721	89.71

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting has been scheduled on Tuesday, 26 August 2003 at 9.00 a.m. to be held at Ivory 11, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Agenda

1. To receive and adopt the Financial Statements for the financial year ended 31 March 2003 together with the Directors' and Auditors' Report thereon. *Resolution 1*
2. To declare a final dividend of 12% per ordinary share less income tax in respect of the financial year ended 31 March 2003. *Resolution 2*
3. To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:
Tengku Dato' Zainal Rashid Bin Tengku Mahmood *Resolution 3*
Mr Chia Mak Hooi *Resolution 4*
Mr Chia Seong Pow *Resolution 5*
4. To approve the increase of Directors' fees from RM18,000.00 to RM25,000.00 to the Directors pursuant to Article 106(b) of the Company's Articles of Association and further approve the payment in respect of financial year ended 31 March 2003. *Resolution 6*
5. To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 7*
6. **Special business**

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

"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 8*

7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 26 September 2003 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 10 September 2003.

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 8 September 2003 in respect of shares which are exempted from mandatory deposit;
- b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 September 2003 in respect of 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

4 August 2003

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

Resolution 8

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.

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 6th Annual General Meeting of the Company, to be held at Ivory 11, Level 4, Convention Centre, Holiday Villa Subang, No. 9, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 26th day of August 2003 at 9.00 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		

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 6th 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 _____ 2003

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.
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Stamp

The Secretary,

QL RESOURCES BERHAD (428915-X)

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