

In pursuit of continuous
growth

ANNUAL REPORT 2004



全利資源有限公司

QL RESOURCES BERHAD (428915-X)

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principal activities



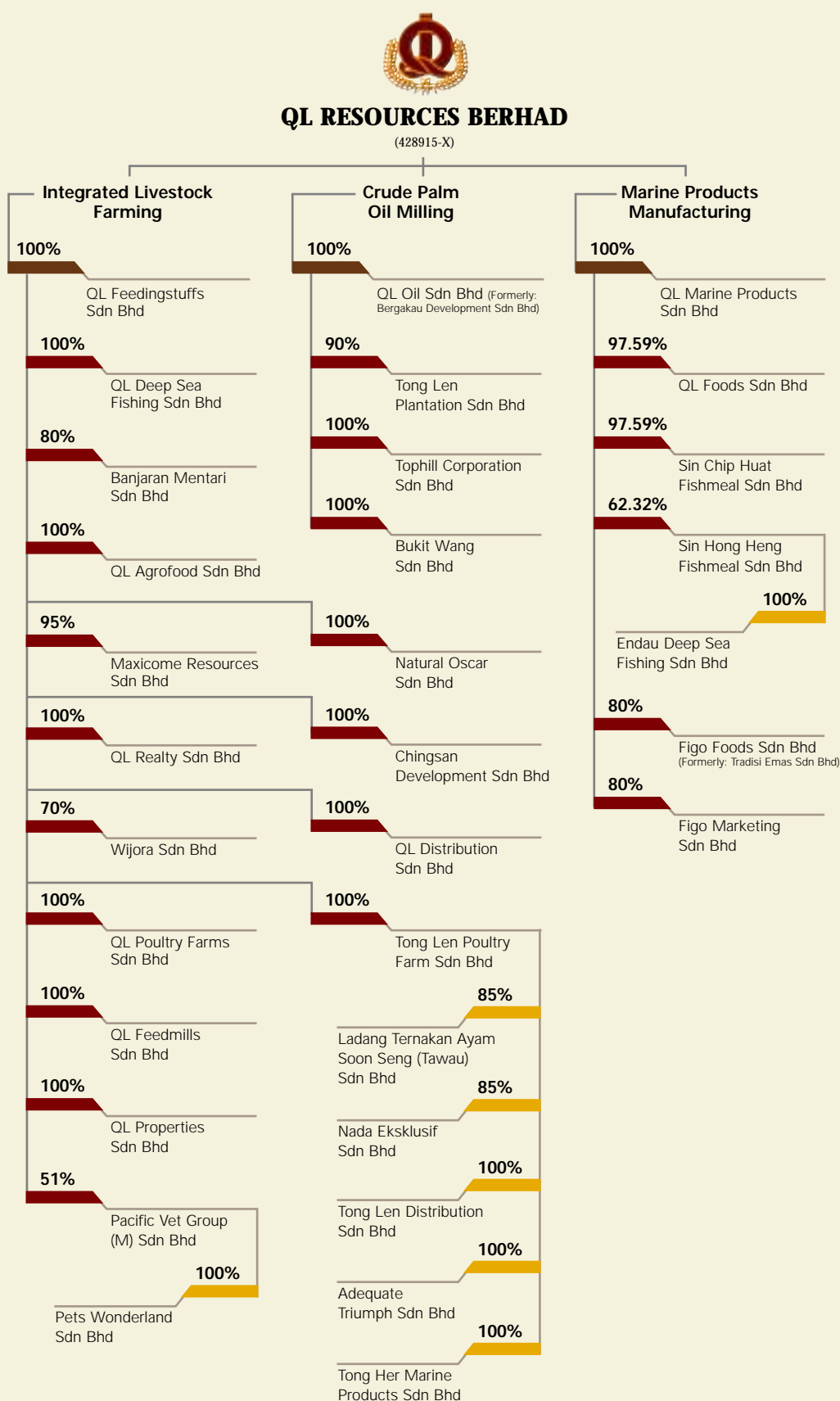
The QL Group is a diversified agricultural based group of companies. The Group is principally involved in marine products manufacturing, crude palm oil milling and integrated livestock farming.

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

The Group now owns two independent crude palm oil (CPO) mill, which services the oil palm estates in East Malaysia (surrounding regions of Tawau).

The Group's integrated livestock farming principally involves poultry farming, animal feedmeal raw material trading, animal health products and feed supply, regional trading of food grains and distribution of consumer products.

Corporate Structure



MARINE PRODUCTS MANUFACTURING



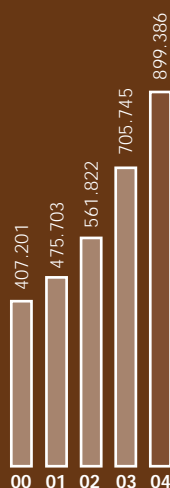
CRUDE PALM OIL MILLING



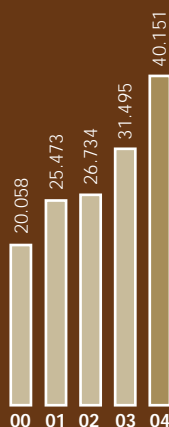
INTEGRATED LIVESTOCK FARMING



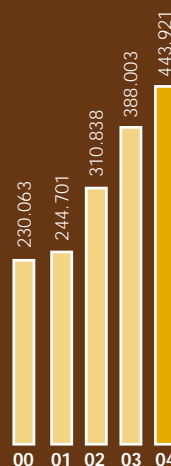
Five Years Financial Summary



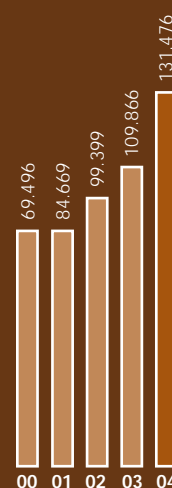
TURNOVER
(RM Million)



PROFIT BEFORE TAX
(RM Million)



TOTAL ASSETS
(RM Million)



NET TANGIBLE ASSETS
(RM Million)

Our 5 years performance

	2000 RM mil	2001 RM mil	2002 RM mil	2003 RM mil Restated **	2004 RM mil
Turnover	407.201	475.703	561.822	705.745	899.386
Profit Before Tax	20.058	25.473	26.734	31.495	40.151
Profit After Tax After Minority Interest	12.939 *	16.603	18.045	18.723 **	26.885
Total Assets	230.063	244.701	310.838	388.003	443.921
Net Tangible Assets	69.496	84.669	99.399	109.866	131.476
Profit as % of Turnover					
- Before Tax	4.92	5.35	4.76	4.46	4.46
- After Tax	3.18	3.50	3.21	2.65 **	2.99
Earnings Per Share (sen) - Basic	32 ***	42 ***	30	31	45
Net Tangible Assets Per Share (sen)	173.7	211.7	165.7	183.1	219.1
Paid-up Share Capital	40.000	40.000	60.000	60.000	60.000

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

** Restated to comply with MASB 25.

*** Based on paid up capital of RM40 million.

Corporate Information

Directors

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

Chairman / Independent Non-Executive Director

Chia Song Kun
Managing Director

Chia Seong Pow
Executive Director

Chia Seong Fatt
Executive Director

Chia Song Kooi
Executive Director

Chia Song Swa
Executive Director

Chia Mak Hooi
Executive Director

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Teh Kim Teh
Independent Non-Executive Director

Company Secretary

Ng Geok Ping
(MAISCA 7013090)

Auditors

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

Audit Committee

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

Chia Song Kun
Non-Independent Executive Director

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Teh Kim Teh
Independent Non-Executive Director

Nomination Committee

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

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Remuneration Committee

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

Chia Song Kun
Non-Independent Executive Director

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Stock Exchange Listing

Main Board of
Bursa Malaysia Securities Berhad

Registered Office

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

Principal Bankers

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

Registrars

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

Board of Directors and Profile

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

Age 65, is the Chairman & Independent Non-Executive Director of the Company since 3 January 2000.

He has been in business over the last 40 years in the fields of trading, transportation (shipping, land, air and logistics), insurance and tourism. Yang Mulia Tengku has an MBA from Syracuse University, USA. He began his business career with the Harper Gilfillan Group (a diversified British organisation) in the early 1960's and retired as the Group Managing Director of Harper Wira Sdn. Bhd. Currently, the Executive Chairman of K-Line Maritime (Malaysia) Sdn. Bhd., a Malaysian-Japanese joint-venture company with K-Line Tokyo, one of the biggest Japanese shipping company. He also sits on the boards of several other companies. Apart from managing various companies, Yang Mulia Tengku is also actively involved in the affairs of maritime related organisations.

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

In addition to maritime bodies, Yang Mulia Tengku is also an active participant in the affairs of Chambers of Commerce. He is currently the Vice-President of the Malaysian International Chamber of Commerce and Industry (MICCI) and a Vice-President of the

National Chamber of Commerce and Industry of Malaysia (NCCIM). At the Asean level, he was the past Chairman of the Transport and Communication Committee of the Asean Chambers of Commerce and Industry. Yang Mulia Tengku also sits on the board of MIDA, a Council Member of the Malaysia-India Business Council and the Malaysian Norway Business Council.

Yang Mulia Tengku Dato' Zainal Rashid is also the Honorary Consul of Norway.

He has no family relationship with any Director and/or major shareholders of QL.

02 **Chia Song Kun**

Age 54, is the Managing Director of the Company since 3 January 2000.

He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 1972 and obtained a Master degree in Business Administration in 1988 from the same university.

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

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

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

Together with the help of his family members, he has successfully nurtured, developed and transformed the QL Group into a diversified agricultural based group with an annual turnover of more than RM850 million.

He is also a founder member and a non-executive director of Inti Universal Holdings Berhad, a company listed on the Bursa Malaysia Securities Berhad. The Company is one of the leading private colleges in Malaysia. He is also a non-executive director of Eita Holdings Sdn. Bhd., a group of companies which is involved in the trading of electrical, information technology and business automation products.

Mr Chia Song Kun is the brother to Mr Chia Song Swa and Mr Chia Song Kooi. He is also the brother-in-law to Mr Chia Seong Pow and Mr Chia Seong Fatt. He is the director and substantial shareholder of CBG Holdings Sdn. Bhd. of which is the major shareholder of QL.

03 Chia Seong Pow

Age 48, is an Executive Director of the Company since 3 January 2000.

He graduated from Tuanku Abdul Rahman College with a diploma in Building Technology.

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd., a substantial shareholder of QL, as Marketing Director in 1984. He has more than 16 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently Mr Chia Seong Pow is mainly in charge of regional merchanting trade in food grains, besides that he is also in charge of new business developments. He is also a non-executive director of the Eita Holdings Sdn. Bhd. group of companies which is involved in the trading of electrical, information technology and business automation products.

A majority of the Group's new expansion programmes were initiated by him. These included the acquisition of QL Distribution Sdn. Bhd. (Formerly: CSM Distribution Sdn. Bhd.), Figo Marketing Sdn. Bhd. and Figo Foods Sdn. Bhd. (Formerly: Tradisi Emas Sdn. Bhd.) whereby he sits as financial director.

He is the younger brother to Mr Chia Seong Fatt. Both of them are brothers-in-law to Mr. Chia Song Kun. He is the director and substantial shareholder of Farsathy Holdings Sdn. Bhd. and of which is a major shareholder of QL.

04 Chia Seong Fatt

Age 48, is an Executive Director of the Company since 3 January 2000.

He obtained his B.Sc. Honours degree in chemistry from University of London in 1979. He practised as

an industrial chemist for 3 years before he pursued further studies in University Malaya.

In 1984, he graduated from University of Malaya with a Master degree in Business Administration.

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

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

He is the elder brother to Mr Chia Seong Pow. Both of them are brothers-in-law to Mr Chia Song Kun. He has indirect interest by virtue of his and his wife's interests in Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

05 Chia Song Kooi

Age 44, is an Executive Director of the Company since 3 January 2000.

He holds a bachelor of Agricultural Science from University Putra Malaysia (1985).

He began his career with Ancom Berhad, a company listed on the Main Board of the Bursa Malaysia Securities Berhad as a marketing executive for agro-chemical products and eventually headed the Product and Market Development Division in 1987.

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has

12 years experience in farm management and in trading of raw materials for farm use. He is currently the Secretary General of Sabah Livestock Poultry Association. He is overall in charge of the group's Kota Kinabalu and Kuching operations.

Mr Chia Song Kooi is the brother to Mr Chia Song Kun and Mr Chia Song Swa. He has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

06 Chia Song Swa

Age 44, is an Executive Director of the Company since 3 January 2000.

He holds a degree in Chemistry and Statistics from the University of Campbell, USA.

He started his career at Genting Berhad, a company listed on the Bursa Malaysia Securities Berhad as a Management Trainee in 1984 and served for 2 years.

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

He is the brother to Mr Chia Song Kun and Mr Chia Song Kooi. He has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

07 Chia Mak Hooi

Age 39, is an Executive Director of the Company since his re-designation from a Non-Executive Director on 11 July 2001.

He graduated from Arizona State University, USA with a degree in Accounting and Finance in 1988.

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

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

He is the nephew to Mr Chia Song Kun, Mr Chia Song Swa and Mr Chia Song Kooi. He has indirect interest by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

08 Eddy Chieng Ing Huong

Age 46, is an Independent Non-Executive Director of the Company since 24 December 2001.

He graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He qualified as a Chartered Accountant in 1981 and he is a member of the Institute of Chartered Accountants, Australia.

He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

He has extensive senior management and working experience in both Malaysia and Australia. He is the Founder/Director and substantial shareholder of Nationwide Express Courier Services Berhad since March 1999. He is the Senior Vice President – Business Development of Hwang-DBS Securities Berhad. He is also the Chairman of Selangor Dredging Berhad and a Director of Ancom Berhad, Nylex (Malaysia) Berhad and Esthetics International Group Berhad (formerly known as Esthetics International Berhad) which are listed on the Main Board of the Bursa Malaysia.

09 Teh Kim Teh

Age 50, is an Independent Non-Executive Director of the Company since 4 December 2003.

He graduated from the University of The West of England and obtained LL.B (Honours) Degree in law.

He is a member of The Malaysian Association of The Institute of Chartered Secretaries and Administrators.

He was a Company Secretary cum Management Consultant before being a law lecturer in various colleges.

He was an independent director of Audrey International (M) Berhad from 1999 to 2001 and presently the principal partner of Messrs Teh Kim Teh, Salina & Co., advocates & solicitors.

He currently sits on the Board of other several private limited companies.

He has no family relationship with any director and/or major shareholder of the Company.



Our people REMAINS ONE OF THE KEY STRENGTHS OF QL GROUP

The 2004 results once again demonstrate the QL Group's ability to deliver strong and sustainable results.

RESULTS AND DIVIDENDS

Turnover of RM899 million (2003: RM706 million) up 27% on last year and pre-tax profit increased by 27% amounting to RM40.1 million (2003: RM31.5 million). Earnings per share were 45 sen (2003: 31 sen) representing a growth of 45%. The Board recommended a final dividend of 12% less tax.

GROUP DEVELOPMENT

During the year under review the Group increased its investment mainly in the Marine-based and Crude Palm Oil milling activities. These include the new integrated marine-based plant in Kota Kinabalu which was commissioned in June 2004 as well as the second CPO mill in Tawau which started operation in April 2003.

The additional investments in these areas will provide the Group with a strong base for revenue and growth capabilities.

BOARD CHANGES

I am delighted to welcome Mr Teh Kim Teh to the Group as an Independent Non-Executive Director. His appointment was announced on the same day he joined the Board on 4 December 2003.

RISK MANAGEMENT

The Group is conscious of the need to comply with corporate governance guideline and has already implemented risk controlling methods to augment risk management at all levels. Over the last two years the Board had taken the necessary steps to improve and strengthen the organisation.

Chairman's Statement



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

Deloitte KassimChan has been appointed as our outsourced Internal Auditors during the year.

SHAREHOLDERS VALUE AWARD

In August 2003, QL Group was honoured to be recognised as the Number One Company under the Agriculture and Fisheries Sector for the KPMG/The Edge Shareholders' Value Awards 2003. This award is a recognition of our increasing emphasis on shareholders' value creation.

APPRECIATION

I have mentioned in the past that the quality and professionalism of our people remains one of the key strengths of the QL Group, and I greatly appreciate the commitment that employees at all levels have shown during the year.

On behalf of the Board, I would like to thank the management and staff for their hard work and determination over what has been a challenging period.

OUTLOOK

While growth in the Group will remain a challenge, steps will be taken to ensure that its performance will continue to improve and enhance shareholders' value. QL's marine-based activities, for example has the opportunity to increase market share by capitalising on the wide geographic spread which the business enjoyed through our 3rd integrated marine-based manufacturing plant in Kota Kinabalu.

The stable and improving Malaysian economy has provided the Group with a favourable market condition during the first quarter of financial year 2005. Within this environment, the outlook for the remainder of 2005 looks promising and barring any unforeseen circumstance, the QL Group can look forward to further improvement in its financial result.

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

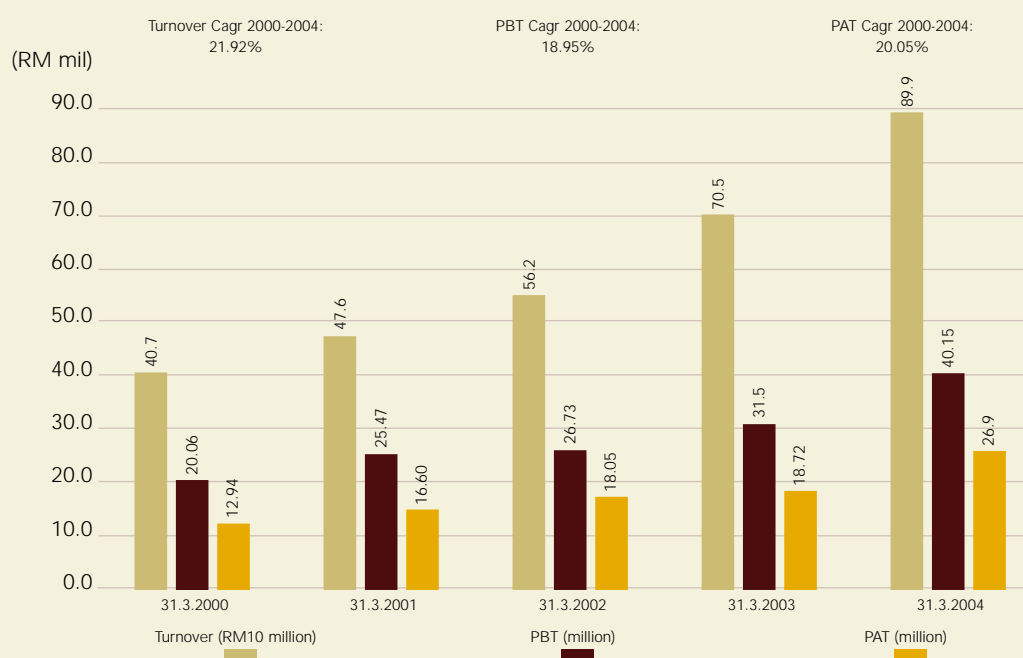
QL's results have continued TO DEMONSTRATE RESILIENCE THAT CONFIRMS STRATEGIC DECISIONS

Underneath the din of excitement of Malaysia's strong economic recovery coupled with strengthening of regional economy, I am pleased to report a strong improvement in QL's performance in 2004. It is heartening to see for which we have done much to prepare in 2003, starting to show through in our 2004 results. We are, however, not

complacent and believe there is room for further meaningful growth.

In light of the worldwide events such as China's overheating economy, regional Avian Influenza fear, of the past 12 months, QL's results have continued to demonstrate resilience that confirms the strategic decisions and growth plans for our group.

QL Group – Financial Performance



Group Managing Director's **Review 2004**



Chia Song Kun
Managing Director

Bonus issue & share splits

We have also taken steps to strengthen our capital structure by issuing 25% bonus shares and carrying out a share split from RM1 into RM0.50 sen subsequent to balance sheet date. These steps provide additional security, flexibility to our capital structure as well as added liquidity to our shares.

Restructuring

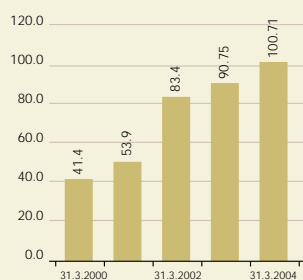
In financial year 2003, we reclassified our activities and at the start of financial year 2005, we restructured and further streamlined our activities with three clear and distinct holding companies.

We have completed the acquisition of the 12.7% minority interest in Tong Len Poultry Farm Sdn Bhd (TLPF) during the year. The acquisition was partly to alleviate the related

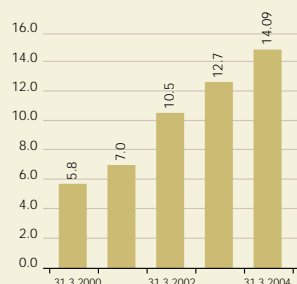


Marine Products Manufacturing – Financial Performance (RM mil)

Turnover
Cagr 2000-2004: 24.87%

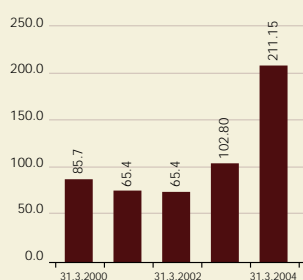


PBT
Cagr 2000-2004: 24.98%

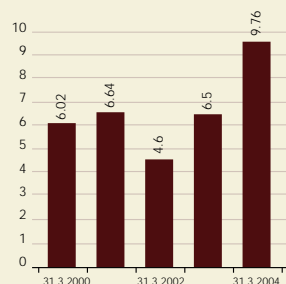


Crude Palm Oil Millings – Financial Performance (RM mil)

Turnover
Cagr 2000-2004: 25.29%



PBT
Cagr 2000-2004: 12.86%



party transactions that occur between TLPF and the QL Group. This acquisition will also increase the contribution of TLPF to the Group and thus improve the profit after tax after minority interest of the Group in the future.

Sectors performance

Marine Products Manufacturing

Our marine division grew 11% in sales and 10% pretax respectively. Our third marine products integrated plant at Kota Kinabalu will start to boost revenue and profit in 2005.

In addition, we have obtained five deep sea fishing license from Department of Fisheries and this will ensure sustainability of supplies as well as contributing to 2005 revenue and profit. Generous government tax incentives for such ventures will also result in improvement in bottom-line.

Our full upstream and downstream marine-based activities will further fuel our No.1 position in Malaysia in the marine-based sector.

Crude Palm Oil Milling

During the year under review, our 2nd CPO mill and higher CPO prices boosts the 2004 revenue and profit. Sales increased 105% and pretax profit increased 70%.

Going forward, we will continue to seek value adding activities whether upstream and/or downstream within the Oil Palm industries.



Integrated Livestock Farming

Integrated livestock farming which consists mainly animal feed raw material trading and poultry egg farming is an important sector under Malaysia's National Agriculture Plan. This division is a stable source of earnings for the group although low margin but made up with high volume and low capital requirement.

Strengths

Our Strength can be summarised as follow:

- Broad and resource-based activities that provide added stability.
- Concentrates on familiarised business ventures.
- A focus, trust worthy and hands-on management.

It is particularly gratifying to recognise the strength, expertise and loyalty of the Group's management and workforce. Without them, the Group could not achieve the Board's aim of maintaining the reputation of QL.

Outlook

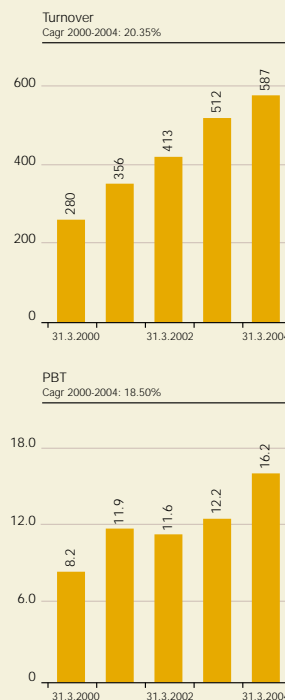
Market conditions for the Group's activities are expected to show further improvement especially with regards to our marine-based and crude palm oil milling activities. However, many of our products should remain buoyant even if with the continuing threat of Avian Flu, possible end of low interest rates regime, slowing of China's economy and high oil prices. QL will concentrate on growing the existing group's operations while seeking appropriate acquisitions.

Our management team remains committed to developing our businesses under the current volatile and unpredictable conditions and we expect to show continued growth in the year ahead.

Chia Song Kun

Managing Director

Integrated Livestock Farming – Financial Performance (RM mil)



Audit Committee Report

Membership

The present members of the Audit Committee comprise:-

Tengku Dato' Zainal Rashid

Bin Tengku Mahmood

Chairman/Independent Non-Executive Director

Mr. Chia Song Kun

Member/Non-Independent Executive Director

Mr. Eddy Chieng Ing Huong

Member/Senior Independent Non-Executive Director

Mr Teh Kim Teh (Appointed w.e.f 4/12/03)

Member/Independent Non-Executive Director

Attendance at Meetings

During the year, the Committee held a total of four (4) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	4
Mr. Chia Song Kun	4
Mr. Eddy Chieng Ing Huong	4
Mr Teh Kim Teh	1 *
* Teh Kim Teh was appointed w.e.f. 4.12.2003	

The Finance Director, Group Accountant and Group Internal Auditor were present by invitation in all the meetings. The Secretary to the Committee is the Company Secretary.

Summary of Activities during the Financial Year

The main activities undertaken by the Committee were as follows:

- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.

- Reviewed the internal audit department's resources requirements, programme and plan for the financial year under review.
- Reviewed the internal audit reports, which highlighted the risk issues, recommendations and management's response.
- Reviewed the risk assessment reports, which highlighted the risk rating, residual risk treatment options, the recommended action plans and management's response.
- Reviewed the audited financial statements of the Group prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards approved by the MASB.
- Reviewed the Group's compliance in particular the quarterly and year end financial statements with the Listing Requirements of the Bursa Malaysia, MASB and other relevant legal and regulatory requirements.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Accountant and Finance Director.
- Reviewed the related party transactions entered into by the Group.

Internal Audit Function

The Company has outsourced its internal audit function to an independent professional consulting firm together with the Group Internal Auditor, which is tasked with the aim of providing assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management in the Company. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

TERMS OF REFERENCE

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

1. Memberships

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

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

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

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

2. Authority

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

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

3. Functions of the Committee:

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

- (i) To report its findings to the Board and if necessary to the Exchange.

4. Attendance at Meetings

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

The company secretary shall be the secretary of the committee.

5. Procedure of the Committee:

- (a) The internal and external auditors and members of the committee may call for the audit committee meeting which they deem necessary.
- (b) The notice of such meetings shall be given at least 7 days before the meetings.
- (c) The voting and proceedings of such meetings shall be on show of hands. The Chairman shall have a casting vote.
- (d) The minutes shall be kept by the secretarial department and shall be available for inspection during working hours at the request of the directors and members.
- (e) The committee shall cause minutes to be duly entered in books provided for the following purpose:-
 - (i) of all appointments of members;
 - (ii) of the names of members and invitees such as others director, and employees present at all meetings of the committee;

- (iii) of all actions, resolutions and proceedings at all meetings of committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting in which case the minutes shall be confirmed as correct by a member or members present at the succeeding meeting who was or were also present at the preceding meeting. Such minutes shall be conclusive evidence without further proof of the facts thereon stated; and

- (iv) of all other orders made by the members of the committee.

6. Quorum

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

7. Frequency of Meetings

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

Corporate Governance Statement

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

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

- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Maintaining shareholder and investor relations for the Company.
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

A. BOARD OF DIRECTORS

(a) Board responsibilities

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

- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.

(b) Board Meetings

During the financial year ended 31 March 2004, the Board met on four (4) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting to enable them to obtain explanations, where necessary to allow them to effectively discharge their responsibilities. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

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

Name of Director	Designation	Attendance
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Independent Non-Executive Chairman	4/4
Chia Song Kun	Managing Director	4/4
Chia Seong Pow	Executive Director	4/4
Chia Seong Fatt	Executive Director	4/4
Chia Song Swa	Executive Director	4/4
Chia Song Kooi	Executive Director	4/4
Chia Mak Hooi	Executive Director	4/4
Chieng Ing Huong, Eddy	Senior Independent Non-Executive Director	4/4
Teh Kim Teh	Independent Non-Executive Director	1/1 *
* Teh Kim Teh was appointed w.e.f. 4.12.2003		

(c) Board balance

As at the date of this statement, the Board consists of nine members; comprising one independent non-executive Chairman, six executive Directors and three independent non-executive Directors. A brief profile of each Director is presented on pages 6 to 9 of this annual report. The Directors have wide ranging experience and all have occupied or currently occupying senior positions both in the public and private sectors.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of the Bursa Malaysia. The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive Director) and who is free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

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

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

(d) Supply of Information

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

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

(e) Appointments to the Board

The Board of Directors delegates certain responsibilities to the Board Committees, namely an Audit Committee, a Nomination Committee and a Remuneration Committee in order to enhance business and operational efficiency as well as efficacy. The Nomination and Remuneration Committee were established on 18 February 2002 to assist the Board in the execution of its duties. Prior to the establishment of these committees, their functions were assumed by the Board as a whole.

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

The Nomination Committee comprised the following members during the year:

Tengku Dato' Zainal Rashid

Bin Tengku Mahmood

Chairman,
Independent Non-Executive Director

Mr Chieng Ing Huong, Eddy

Senior Independent Non-Executive Director

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

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

The Nomination Committee, on 28 May 2004 has reviewed the annual assessment of the Directors' performance as a whole and individually and will recommend to the Board its findings for further action.

The Directors undergoes training to equip themselves to effectively discharge its duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the Bursa Malaysia from time to time.

(f) Re-election

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

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

B. DIRECTORS' REMUNERATION

(a) Remuneration Committee

The members of the Remuneration Committee during the year were:

Tengku Dato' Zainal Rashid

Bin Tengku Mahmood

Chairman, Independent Non-Executive Director

Mr Chieng Ing Huong, Eddy

Senior Independent Non-Executive Director

Mr Chia Song Kun

Managing Director

The Remuneration Committee is responsible for recommending the remuneration framework for Directors' as well as the remuneration packages of executive Directors to the Board. None of the executive Directors participated in any way in determining their individual remuneration. On 28 May 2004, the Remuneration Committee has recommended a change in the remuneration package of the group.

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

(b) Details of the Directors' remuneration

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

<i>Subject</i>	<i>Executive Directors</i>	<i>Non-Executive Directors</i>
<i>Aggregate Remuneration</i>	<i>RM</i>	<i>RM</i>
• Directors' fees	414,400	118,000
• Salaries	1,182,057	-
• Allowance	34,600	-
• Bonuses	908,682	-
• Benefits in kind based on an estimated money value	59,417	-
Total	2,599,156	118,000

<i>Band (RM)</i>	<i>No. of Directors</i>	<i>No. of Directors</i>
Below 50,000		2
50,001 – 100,000		1
100,001 – 150,000		
150,000 – 200,000		
200,001 – 250,000	1	
250,001 – 300,000		
300,001 – 350,000	2	
350,001 – 400,000		
400,001 – 450,000		
450,001 – 500,000	2	
500,001 – 550,000		
550,001 – 600,000		
600,001 – 650,000		
650,001 – 700,000		
700,001 – 750,000		
750,001 – 800,000	1	

C. SHAREHOLDERS

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

The Company also responded to fund managers, institutional investors and investment analysts and members of the media upon request, to brief them on key events of the Company. Investors' and analysts' feedback is sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

D. ACCOUNTABILITY AND AUDIT

(a) Financial reporting

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

As part of streamlining of the Group's operations the Board has reorganised and restructured its Group into 3 core businesses; marine-products manufacturing, crude palm oil milling and integrated livestock farming. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

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

Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 24 of this annual report.

(b) Internal controls

The Statement on Internal Control furnished on pages 25 to 26 of the annual report provides an overview of the state of internal controls within the Group.

(c) Relationship with the Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit

of the Group's operation the external auditors have highlighted to the Audit Committee and the Board, matters that requires the Board's attention.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 16 to 18 of the annual report.

E. OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Renewal and Additional of Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 26 August 2003.

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

(b) Non-audit fee

The amount of non-audit fees charged for the financial year ended 31 March 2004 is RM110,500.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional information is provided:-

During the financial year under review, there were no:

- i) utilisation of proceeds raised from any proposal;
- ii) share buybacks;
- iii) options, warrants or convertible securities exercised;
- iv) American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programme sponsored by the Company;
- v) sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;
- vi) material variance between the results for the financial year and the unaudited results previously announced;
- vii) profit guarantees given by the Company;
- viii) material contracts between the Company and its subsidiaries that involve directors' or major shareholders interests, except as those disclose on RRPT transactions;
- ix) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests;
- x) revaluation policy on landed properties.

Statement of Directors' Responsibilities

Directors are required by Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

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

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

Directors' shareholdings (as at 30 June 2004)

Name of directors	Direct #	No. of shares held		
		%	Indirect #	%
Tengku Dato' Zainal Rashid				
Bin Tengku Mahmood	187,500	0.13	-	-
Chia Song Kun	37,500	0.02	74,273,385 *	49.52
Chia Seong Pow	37,500	0.02	21,175,338 #	14.12
Chia Song Kooi	37,500	0.02	73,765,885 **	49.18
Chia Seong Fatt	37,500	0.02	21,175,338 #	14.12
Chia Song Swa	37,500	0.02	73,725,885 **	49.15
Chia Mak Hooi	37,500	0.02	74,005,885 @	49.34
Chieng Ing Huong	-	-	-	-
Teh Kim Teh	-	-	-	-

Notes:

* Deemed interest via his and his wife's interest CBG Holdings Sdn. Bhd., his wife's and children's shares.

** Deemed interest via CBG Holdings Sdn. Bhd. and his wife's shares.

Deemed interest via Farsathy Holdings Sdn. Bhd.

@ Deemed interest via his and his father's interest in CBG Holdings Sdn. Bhd. and his father's shares.

Statement on Internal Control

Introduction

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Listing Requirements, the Board of Directors of QL Resources Berhad is pleased to provide the following statement on the state of internal control of the Group comprising QL Resources Berhad and its subsidiaries for the financial year ended 31 March 2004, which has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity. However, the Board recognises that reviewing of the Group's systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Control

The Group's system of internal controls comprises the following key elements:

- **Control procedures**

Operating Procedures Manuals that set out the policies, procedures and practices are adopted by major companies in the Group, to ensure clear accountabilities and control procedures are in place.

- **Organisational structure and accountability levels**

The Group has a well defined organisational structure with clear lines of accountability and which has delegation of authority that sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board approval.

- **Reporting and review**

The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. The Group's management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern.

- **Internal audit**

The Group has outsourced its internal audit function to an independent professional consulting firm to review the adequacy and integrity of the internal control systems of 11 active subsidiaries for the financial year ended 31 March 2004 and financial year ending 31 March 2005.

The results of the Risk Assessments and Internal Audit Reviews performed by an independent professional consulting firm and the Group Internal Auditor respectively, as well as Management's current concerns provided a baseline to determine risks and audit areas to be reviewed for the QL Resources Group of Companies, and which had been incorporated into a risk-based Internal Audit Plan. The Internal Audit Plan developed from the internal auditors' risk assessment and financial analysis of the Group is designed to deploy resources from the internal audit team to assist in the effective mitigation of risk, to assist the Board in performing its oversight responsibilities, and to assist in the creation of shareholder confidence in the Group's system of internal controls. Accordingly, the Audit Committee had approved the Internal Audit Plan.

The internal audit team had completed the review of internal controls for 4 out of the 11 active subsidiaries for the financial year ended 31 March 2004 and had highlighted to the executive and operational management on areas for improvement. The reports are submitted to the Audit Committee, which reviews the findings with management at the quarterly held Audit Committee Meeting. In assessing the adequacy

and effectiveness of the system of internal controls of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

- **Risk Management**

The Group has carried out risk assessment and identified the principal risks faced by the Group. The risk assessment process involved risk identification, prioritisation and formulation of action plans to enhance the internal controls system and better manage the critical risks. The risk management framework ensures that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management to achieve acceptable exposures consistent with the Group's risk management practices.

The risk management framework has been adopted by the Board and the following were implemented on major business units:

- A Group Risk Management Committee has been established with the responsibility to continuously identify and communicate to the Board the critical risks the Group faces, their changes, and the management action plans to manage the risks.
- A Risk Management Policies and Procedures Manual has been developed and adopted in accordance with the outlines of the risk management framework for the Group.
- Key management staff in operating units has been nominated to prepare action plans, with implementation time-scales to address any risk and control issues.
- Individual risk profile of the Companies was developed, which together with a summary of the key findings, was discussed in the Group Risk Management Committee meetings

before being submitted to the Board for consideration.

- Submission of quarterly risk management reports by the Heads of the Business Unit for reporting to the Group Risk Management Committee.

The nature of risks means that events may occur which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, fraud or losses from occurring. It is possible that internal control may be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2004. The Group continues to take the necessary measures to strengthen its internal controls.

RESULTS

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Directors' Report

for the year ended 31 March 2004

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 2004.

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

Results

	Group RM'000	Company RM'000
Net profit for the year	26,885	20,280

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 12% less tax totalling RM5,184,000 in respect of the year ended 31 March 2003 on 26 September 2003.

The Directors recommend a final dividend of 12% or 6 cents per ordinary share of RM0.50 each less tax totalling RM6,480,000 in respect of the year ended 31 March 2004.

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
Chieng Ing Huong
Teh Kim Teh (appointed on 4.12.2003)
Mohd Rizal bin Ramlee (resigned on 28.7.2003)

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:

	Number of ordinary shares of RM1 each			At 31.3.2004
	At 1.4.2003	Bought	Sold	
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
Shareholdings in which Directors have indirect interests in the Company				
Chia Song Kun	28,599,854	1,109,500	-	29,709,354
Chia Seong Pow	9,456,135	-	986,000	8,470,135
Chia Song Kooi	28,493,354	1,013,000	-	29,506,354
Chia Seong Fatt	9,456,135	-	986,000	8,470,135
Chia Song Swa	28,484,354	1,006,000	-	29,490,354
Chia Mak Hooi	28,545,854	1,052,500	-	29,598,354

The above Directors are deemed to have interests in shares of all subsidiaries disclosed in Note 30 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 30.1 to the financial statements.

The other Directors, Chieng Ing Huong and Teh Kim Teh, holding office at 31 March 2004 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 28 to the financial statements.

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

Significant events during the year

The significant events during the year are as disclosed in Note 32 to the financial statements.

Significant events subsequent to balance sheet date

The significant events subsequent to balance sheet date are as disclosed in Note 33 to the financial statements.

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 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

Signed in accordance with a resolution of the Directors:

Chia Song Kun

Chia Seong Pow

Klang,

Date: 17 July 2004

Statement by **Directors**

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

In the opinion of the Directors, the financial statements set out on pages 35 to 77 are 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 the state of affairs of the Group and of the Company at 31 March 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Chia Song Kun

Chia Seong Pow

Klang,

Date: 17 July 2004

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 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Klang on 17 July 2004.

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 77. 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 2004 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: 1514/05/06(J)

Kuala Lumpur,

Date: 17 July 2004

Balance Sheets

at 31 March 2004

	Note	Group		Company	
		2004	Restated 2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	3	208,849	188,667	7	8
Investment in subsidiaries	4	-	-	64,108	61,608
Investment in an associate	5	2,456	2,229	-	-
Other investments	6	113	113	-	-
Intangible assets	7	89	93	-	-
		211,507	191,102	64,115	61,616
Current assets					
Inventories	8	80,545	66,594	-	-
Trade and other receivables	9	123,399	116,534	18,669	589
Tax recoverable		864	967	-	125
Cash and cash equivalents	10	27,606	12,806	66	35
		232,414	196,901	18,735	749
Current liabilities					
Trade and other payables	11	44,093	36,920	5,578	200
Borrowings	12	182,548	157,529	-	-
Taxation		1,748	1,421	11	-
		228,389	195,870	5,589	200
Net current assets		4,025	1,031	13,146	549
		215,532	192,133	77,261	62,165
Financed by:					
Capital and reserves					
Share capital	13	60,000	60,000	60,000	60,000
Reserves	14	69,699	47,998	17,261	2,165
		129,699	107,998	77,261	62,165
Negative goodwill on consolidation		1,866	1,961	-	-
Minority shareholders' interests	15	19,920	27,329	-	-
Long term and deferred liabilities					
Borrowings	12	45,155	39,935	-	-
Deferred tax liabilities	16	18,892	14,910	-	-
		64,047	54,845	-	-
		215,532	192,133	77,261	62,165

The financial statements were approved and authorised for issue by the Board of Directors on 17 July 2004.

The notes set out on pages 40 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the financial year ended 31 March 2004

	Note	Group Restated		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	17	899,386	705,745	24,791	6,634
Operating profit	17	47,657	37,842	24,435	6,290
Interest expense	19	(7,912)	(6,701)	-	-
Interest income	20	91	94	-	-
Share of profits of an associate		315	260	-	-
Profit before taxation		40,151	31,495	24,435	6,290
Tax expense	21	(10,158)	(8,421)	(4,155)	(928)
Profit after taxation		29,993	23,074	20,280	5,362
Less: Minority interests		(3,108)	(4,351)	-	-
Net profit for the year		26,885	18,723	20,280	5,362
Earnings per ordinary share (sen)	22	45	31		
Dividends per ordinary share - net (sen)					
- excluding proposed final dividend	23	-	-	-	-
- including proposed final dividend	23	4.3	8.6	4.3	8.6

The notes set out on pages 40 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

for the financial year ended 31 March 2004

Group	Note	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Restated Retained profits RM'000	Sub- Total RM'000	Total RM'000
At 1 April 2002		60,000	1,907	35,320	37,227	97,227
Effect of adopting MASB 25		-	-	(2,792)	(2,792)	(2,792)
Restated balance		60,000	1,907	32,528	34,435	94,435
Net profit for the year – restated		-	-	18,723	18,723	18,723
Dividends – 2002 final	23	-	-	(5,160)	(5,160)	(5,160)
At 31 March 2003		60,000	1,907	46,091	47,998	107,998
Note 13						
At 1 April 2003		60,000	1,907	51,677	53,584	113,584
Effect of adopting MASB 25		-	-	(5,586)	(5,586)	(5,586)
Restated balance		60,000	1,907	46,091	47,998	107,998
Net profit for the year		-	-	26,885	26,885	26,885
Dividends – 2003 final	23	-	-	(5,184)	(5,184)	(5,184)
At 31 March 2004		60,000	1,907	67,792	69,699	129,699
Note 13						
Company						
At 1 April 2002		60,000	1,907	56	1,963	61,963
Net profit for the year		-	-	5,362	5,362	5,362
Dividends – 2002 final	23	-	-	(5,160)	(5,160)	(5,160)
At 31 March 2003		60,000	1,907	258	2,165	62,165
Net profit for the year		-	-	20,280	20,280	20,280
Dividends – 2003 final	23	-	-	(5,184)	(5,184)	(5,184)
At 31 March 2004		60,000	1,907	15,354	17,261	77,261
Note 13				Note 14		

The notes set out on pages 40 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the financial year ended 31 March 2004

Note	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash flows from operating activities				
Profit before taxation	40,151	31,495	24,435	6,290
Adjustments for:				
Depreciation	14,960	11,565	1	1
Property, plant and equipment written off	800	208	-	-
Amortisation of trademarks	4	4	-	-
Interest expense	7,912	6,701	-	-
Interest income	(91)	(94)	-	-
Gain on disposal of property, plant and equipment	(634)	-	-	-
Share of profits of an associate	(315)	(260)	-	-
Dividend income	-	-	(24,237)	(6,133)
Operating profit before working capital changes	62,787	49,619	199	158
(Increase)/Decrease in working capital:				
Inventories	(13,951)	429	-	-
Trade and other receivables	(6,865)	(11,232)	(18,080)	(153)
Trade and other payables	7,173	(2,224)	5,378	(19)
Bills payable	16,477	21,707	-	-
Cash generated from/(used in) operations	65,621	58,299	(12,503)	(14)
Income taxes paid	(5,658)	(5,786)	(33)	(66)
Interest paid	(5,318)	(4,910)	-	-
Interest received	91	94	-	-
Net cash generated from/(used in) operating activities	54,736	47,697	(12,536)	(80)
Cash flows from investing activities				
Acquisition from minority interest	(9,915)	-	-	-
Acquisition of subsidiaries, net of cash acquired (Note 31)	-	(5,498)	(2,500)	-
Decrease in pledged fixed deposits placed with licensed banks	203	-	-	-
Proceeds from disposal of property, plant and equipment	1,378	631	-	-
Purchase of property, plant and equipment	(i) (34,586)	(49,750)	-	-
Purchase of other investments	-	(10)	-	-
Dividend received	-	-	20,251	5,205
Net cash (used in)/generated from investing activities	(42,920)	(54,627)	17,751	5,205

	Note	Group		Company	
		2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Contribution from minority shareholders		490	18	-	-
Dividend paid to minority shareholders		(1,187)	(502)	-	-
Dividend paid to shareholders of the Company		(5,184)	(5,160)	(5,184)	(5,160)
Interest paid		(2,807)	(2,045)	-	-
Repayment of hire purchase liabilities		(966)	(953)	-	-
Repayments of finance lease liabilities		(249)	(46)	-	-
Proceeds from loans and other borrowings		34,670	30,492	-	-
Repayment of loans and other borrowings		(25,165)	(9,936)	-	-
Net cash (used in)/generated from financing activities		(398)	11,868	(5,184)	(5,160)
Net increase/(decrease) in cash and cash equivalents		11,418	4,938	31	(35)
Cash and cash equivalents at beginning of year		10,415	5,477	35	70
Cash and cash equivalents at end of year	(ii)	21,833	10,415	66	35

Note to the cash flow statements

i) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM36,686,000 (2003 - RM51,970,000) of which RM1,459,000 (2003 - RM1,510,000) and RM428,000 (2003 - RM456,000) was acquired by means of hire purchases and finance lease respectively.

ii) Cash and cash equivalents

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	24,266	7,765	66	35
Deposits placed with licensed banks	3,320	4,818	-	-
Bank overdrafts	(5,753)	(2,168)	-	-
	21,833	10,415	66	35

The notes set out on pages 40 to 77 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 by the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs;
- (iii) MASB 29, Employee Benefits.

In addition to the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are disclosed in Note 34 to these financial statements.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

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

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

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

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

(c) Associates

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

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

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

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

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

(d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

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

Farm buildings	8 1/3%
Plant and equipment	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.

(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.

(f) Investments

Investments in subsidiaries and associate are stated at cost in the Company 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, if any. Trademarks are amortised on a straight line basis over its estimated useful life of not more than 25 years.

(h) Goodwill/Negative goodwill on consolidation

Goodwill/negative goodwill on consolidation represents the difference of the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill and negative goodwill on consolidation are not amortised.

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

(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. Thereafter the cost is amortised over its estimated economic life of the layers of approximately 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 and other 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.

(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) Employee benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

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

(n) Impairment

The carrying amount of assets, other than inventories, deferred tax assets 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 been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(o) Capitalisation of borrowing costs

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

(p) 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.

(q) 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.

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

(r) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(s) Foreign currency

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:

	2004	2003
USD1.00	RM3.80	RM3.80
AUD1.00	RM2.88	RM2.40
SGD1.00	RM2.24	RM2.16
EUR1.00	RM4.65	RM3.86
JPY1.00	RM0.04	-

(t) 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.

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

(u) Interest income

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

(v) 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 and plantation development expenditure which are capitalised, as disclosed in Note 1 (o).

(w) 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.

(x) 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.

2. Financial risk management objectives and policies (Cont'd)

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 and Company do not have any significant exposure to any individual counterparty. The Group and Company have 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. The maximum exposure to credit risk for the Group and Company are represented by the carrying amount of each financial assets.

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, Australian Dollars, Singapore Dollars, EURO and Japanese Yen.

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

3. Property, plant and equipment

Group	At		Disposals	Written off	Transfer	Reclassification	At
	1.4.2003	Additions					31.3.2004
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	9,374	-	-	-	-	-	9,374
Long term leasehold land	27,623	3,013	(17)	(76)	-	1	30,544
Short term leasehold land	3,688	280	-	-	-	(1)	3,967
Buildings and improvements	33,440	1,522	-	(117)	1,261	-	36,106
Farm buildings	30,684	671	-	-	95	-	31,450
Plant and machinery	78,775	6,573	(510)	(997)	3,173	164	87,178
Furniture, fittings and equipment	15,221	3,220	(28)	(29)	-	(164)	18,220
Office improvements and renovation	1,578	311	-	(1)	-	-	1,888
Motor vehicles	18,027	4,366	(1,105)	(179)	-	-	21,109
Plantation development expenditure	12,295	645	-	-	-	-	12,940
Capital work-in-progress	5,409	16,085	-	(280)	(4,529)	-	16,685
	236,114	36,686	(1,660)	(1,679)	-	-	269,461

Accumulated depreciation	At		Charge for the year	Disposals	Written off	Reclassification	At
	1.4.2003	1.4.2003					31.3.2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Long term leasehold land	664	275	(1)	43	-	-	981
Short term leasehold land	728	166	-	(43)	-	-	851
Buildings and improvements	3,085	1,076	-	-	-	-	4,161
Farm buildings	6,362	2,073	-	-	-	-	8,435
Plant and machinery	22,802	7,078	(139)	(721)	(721)	141	29,161
Furniture, fittings and equipment	4,497	1,719	(13)	(11)	(11)	(141)	6,051
Office improvements and renovation	411	222	-	-	-	-	633
Motor vehicles	8,898	2,351	(763)	(147)	-	-	10,339
	47,447	14,960	(916)	(879)	-	-	60,612

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

Group	Net book value at		Depreciation charge
	31.3.2004	31.3.2003	31.3.2003
	RM'000	RM'000	RM'000
Freehold land	9,374	9,374	-
Long term leasehold land	29,563	26,959	212
Short term leasehold land	3,116	2,960	168
Buildings and improvements	31,945	30,355	1,230
Farm buildings	23,015	24,322	1,259
Plant and machinery	58,017	55,973	5,065
Furniture, fittings and equipment	12,169	10,724	1,355
Office improvements and renovation	1,255	1,167	183
Motor vehicles	10,770	9,129	2,093
Plantation development expenditure	12,940	12,295	-
Capital work-in-progress	16,685	5,409	-
	208,849	188,667	11,565

Company**RM'000****Furniture and fitting****Cost**

At 1 April 2003/31 March 2004	11
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Accumulated depreciation

At 1 April 2003	3
Charge for the year	1

At 31 March 2004	4
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Net book value

At 31 March 2004	7
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At 31 March 2003	8
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Depreciation charge for the year ended 31 March 2003	1
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3. Property, plant and equipment (Cont'd)

Borrowing costs

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

	Group	
	2004	2003
	RM'000	RM'000
Plantation development expenditure		
- Term loan interest at 1.5% above BLR (2003 - 1.5% above BLR)	40	67
- Bank overdraft interest at 1.5% above BLR (2003 - 1.5% above BLR)	2	18
Capital work-in-progress at 5.83% to 6.5% (2003 - 5.83%) per annum	171	169
	213	254

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 RM32,934,000 (2003 - RM39,228,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.

The freehold land and buildings of a subsidiary costing RM2,669,000 (2003 - RM2,289,000) are pending discharge as security by the bank.

Titles

Long term leasehold land with cost of RM140,000 (2003 - RM140,000) is held under native title in the name of a third party in trust for certain subsidiaries.

Assets under hire purchase

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

	Group	
	2004	2003
	RM'000	RM'000
Plant and machinery	1,188	1,478
Motor vehicles	2,475	1,494
Renovation	204	230
Furniture, fittings and office equipment	62	79
Computer equipment	17	20
	3,946	3,301

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 RM772,000 (2003 - RM432,000).

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 subsidiaries

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	64,108	61,608

Details of the Company's subsidiaries are shown in Note 30.

5. Investment in an associate

	Group	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	1,350	1,350
Share of post-acquisition reserves	1,106	879
	2,456	2,229
Represented by: Group's share of net assets other than goodwill	2,456	2,229

The significant associate of the Group is as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest (%)	
			2004	2003
Indahgrains Logistics Sdn. Bhd.	Operating of warehouse and warehouse management	Malaysia	20	20

6. Other investments

	Group	
	2004	2003
	RM'000	RM'000
At cost:		
Quoted shares	73	73
Unquoted shares	40	40
	113	113
Market values of quoted investments		
Quoted shares	71	61

7. Intangible assets

	Group	
	2004	2003
	RM'000	RM'000
Trademarks		
Cost		
At 31 March	100	100
Accumulated amortisation		
Balance at 1 April	7	3
Amortisation charge for the year	4	4
Balance at 31 March	11	7
Net book value		
At 31 March	89	93

8. Inventories

	Group	
	2004	2003
	RM'000	RM'000
At cost:		
Raw materials	10,655	9,883
Livestock	9,450	9,357
Manufactured, trading and retailed inventories	60,440	47,354
	80,545	66,594

9. Trade and other receivables

		Group		Company	
	Note	2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
Trade receivables		99,380	94,309	-	-
Less: Allowance for doubtful debts		(7,622)	(6,384)	-	-
Subsidiaries	9.1	91,758	87,925	-	-
Associate	9.2	-	-	18,556	577
Other receivables, deposits and prepayments	9.3	-	300	-	-
	9.4	31,641	28,309	113	12
		123,399	116,534	18,669	589

9. Trade and other receivables (Cont'd)

9.1 Trade receivables

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

	Group	
	2004	2003
	RM'000	RM'000
A person connected with a Director of a subsidiary	67	227
Companies in which Directors of certain subsidiaries have interest	1,023	450
	1,090	677

During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM910,000 (2003 - RM216,000). The Group reversed bad debts previously written off against allowance for doubtful debts amounting to nil. (2003 : RM1,141,000).

9.2 Subsidiaries

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

9.3 Associate

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

9.4 Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are:

- i) trade advances made to suppliers of certain subsidiaries amounting to RM13,540,000 (2003 - RM13,224,000) 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 in prior year was an amount of RM177,600 due from a firm in which certain Directors have substantial financial interests.
- ii) recoveries from suppliers net of allowance for doubtful debts amounting to RM4,155,000 (2003 - RM4,161,000).
- iii) property held for resale of RM3,640,000 (2003 - RM3,602,000) 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.
- iv) deposits paid to Directors of certain subsidiaries for purchase of land amounting to RM262,000 (2003 - Nil).

9. Trade and other receivables (Cont'd)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Ringgit Malaysia	119,373	107,407	18,669	589
US Dollars	3,728	8,993	-	-
Singapore Dollars	161	134	-	-
Japanese Yen	137	-	-	-
	123,399	116,534	18,669	589

10. Cash and cash equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits placed with licensed banks	3,340	5,041	-	-
Cash and bank balances	24,266	7,765	66	35
	27,606	12,806	66	35

Included in the Group's fixed deposits are RM20,000 (2003 - 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.

11. Trade and other payables

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	11.1	34,918	24,783	-	-
Other payables and accrued expenses		9,175	12,137	15	200
Subsidiary	11.2	-	-	5,563	-
		44,093	36,920	5,578	200

11.1 Included in trade payables of the Group are amount due to certain companies in which a Director of a subsidiary has interest amounting to RM88,000 (2003 - RM85,000).

11.2 The amount due to subsidiary of the Company is non-trade in nature, interest free and unsecured with no fixed terms of repayment.

11. Trade and other payables (Cont'd)

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	37,827	33,454	5,578	200
US Dollars	5,843	2,795	-	-
Singapore Dollars	62	116	-	-
Australian Dollars	195	335	-	-
EURO	29	220	-	-
Japanese Yen	137	-	-	-
	44,093	36,920	5,578	200

12. Borrowings

	Group	
	2004	2003
	RM'000	RM'000
Current:		
Term loans - secured	5,064	4,870
- unsecured	13,977	9,643
Bank overdrafts - secured	1,736	704
- unsecured	4,017	1,464
Bills payable - secured	4,085	2,434
- unsecured	152,288	137,462
Hire purchase liabilities	1,076	794
Finance lease liabilities	305	158
	182,548	157,529
Non-current:		
Term loans - secured	13,579	8,018
- unsecured	29,830	30,414
Hire purchase liabilities	1,414	1,203
Finance lease liabilities	332	300
	45,155	39,935
	227,703	197,464

12. Borrowings (Cont'd)

Terms and debt repayment schedule

Group	Total	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured term loans - variable at 1.50% above BLR	64	49	15	-	-
Secured term loans - fixed at 3.75% to 6.50% per annum	18,579	5,015	4,001	9,328	235
Unsecured term loans - variable at 2.00% above BLR	1,642	441	558	643	-
Unsecured term loans - fixed at 4.00% to 6.80% per annum	42,165	13,536	19,658	8,971	-
Secured bank overdrafts - variable at 1.00% to 3.00% above BLR	1,736	1,736	-	-	-
Unsecured bank overdrafts - variable at 1.00% to 3.00% above BLR	4,017	4,017	-	-	-
Secured bills payable - variable at 2.91% to 3.20% per annum	4,085	4,085	-	-	-
Unsecured bills payable - variable at 1.00% to 4.37% above money market rate	152,288	152,288	-	-	-
Hire purchase liabilities - fixed at 3.30% to 12.00% per annum	2,490	1,076	1,062	352	-
Finance lease liabilities fixed at 4.04% to 4.80% per annum	637	305	332	-	-
	227,703	182,548	25,626	19,294	235

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2004	Interest 2004	Principal 2004	Payments 2003	Interest 2003	Principal 2003
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	1,235	(159)	1,076	898	(104)	794
Between one and five years	1,578	(164)	1,414	1,378	(175)	1,203
	2,813	(323)	2,490	2,276	(279)	1,997

12. Borrowings (Cont'd)***Finance lease liabilities***

Finance lease liabilities are payable as follows:

	Payments	Interest	Principal	Payments	Interest	Principal
	2004	2004	2004	2003	2003	2003
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	347	(42)	305	190	(32)	158
Between one and five years	384	(52)	332	329	(29)	300
	731	(94)	637	519	(61)	458

Security**Group*****Term loans****Secured*

The term loans are secured by way of:

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

Unsecured

The term loans are supported by way of:

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

Significant covenant for certain term loans granted to the Group:

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

Bank overdrafts*Secured*

The bank overdrafts secured by way of:-

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

12. Borrowings (Cont'd)**Bank overdrafts (Cont'd)***Unsecured*

The bank overdrafts are supported by way of:

- i) a negative pledge on all assets of a subsidiary;
- ii) joint and several guarantee by certain Directors of the subsidiaries; and
- iii) corporate guarantee by a subsidiary and the Company.

Bills payable*Secured*

Bills payable are secured by way of:-

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

Unsecured

Bills payable are supported by way of:-

- i) negative pledge over the present and future assets of a subsidiary;
- ii) joint and several guarantee by certain Directors of the subsidiaries; and
- iii) corporate guarantee by a subsidiary and the Company.

13. Share capital

	Group and Company	
	2004	2003
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	200,000	200,000
Issued and fully paid	60,000	60,000

14. Reserves

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 March 2004 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/negative goodwill on consolidation.

16. Deferred tax liabilities

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment				
- capital allowances	17,635	15,347	-	-
- revaluation	2,820	2,820	-	-
Provisions	(166)	(96)	-	-
Unabsorbed capital allowances	(671)	(2,366)	-	-
Unutilised tax losses	(726)	(795)	-	-
	18,892	14,910	-	-

No deferred tax assets have been recognised for the following items:

	Group	
	2004 RM'000	2003 RM'000
Taxable temporary differences	(3,142)	(3,410)
Unabsorbed capital allowances	6,955	5,995
Unutilised tax losses	7,818	3,021
	11,631	5,606

The above deferred tax asset items do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which certain subsidiaries can utilise the benefits.

17. Operating profit

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue				
- sale of goods	899,347	705,707	-	-
- dividends	39	38	24,237	6,133
- management fee	-	-	554	501
	899,386	705,745	24,791	6,634
Cost of sales	(797,333)	(624,077)	-	-
Gross profit	102,053	81,668	24,791	6,634
Distribution costs	(16,434)	(10,581)	-	-
Administration expenses	(36,729)	(34,092)	(550)	(344)
Other operating expenses	(4,197)	(2,861)	-	-
Other operating income	2,964	3,708	194	-
Operating profit	47,657	37,842	24,435	6,290

17. Operating profit (Cont'd)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	54	1,171	-	-
Bad debts recovered	8	3	-	-
Gain on disposal of property, plant and equipment	634	-	-	-
Gain on foreign exchange - realised	37	-	-	-
Dividend from subsidiaries				
- gross	-	-	14,237	3,315
- tax exempt	-	-	10,000	2,818
Dividend from quoted shares				
- gross	-	38	-	-
- tax exempt	39	-	-	-
Insurance claims	1,107	794	-	-
Rental of premises	140	75	-	-
Reversal of inventories written back	10	-	-	-
and after charging:				
Auditors' remuneration	204	158	12	12
Amortisation of trademarks	4	4	-	-
Allowance for doubtful debts	2,202	579	-	-
Bad debts written off	728	322	-	-
Company's Directors				
- remuneration	2,347	2,002	-	-
- fees	532	427	291	216
Subsidiaries' Directors				
- remuneration	2,758	2,578	-	-
- fees	256	265	-	-
Depreciation	14,960	11,565	1	1
Hire of plant and machinery	18	103	-	-
Inventories written off	123	903	-	-
Loss on foreign exchange - realised	257	23	-	-
Property, plant and equipment written off	800	208	-	-
Rental of land	901	664	-	-
Rental of office premises	1,107	1,019	-	-
Rental of equipment	81	-	-	-
Warehouse rental	-	14	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM59,417 (2003 - RM54,650).

18. Employee information

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Staff costs	35,149	29,494	-	-

Staff costs include contributions to Employees Provident Fund of RM2,722,000 (2003 - RM2,440,000) for the Group.

The number of employees of the Group and of the Company (including executive Directors) at the end of the year was 2,427 (2003 - 1,860) and Nil (2003 - Nil).

19. Interest expense

	Group	
	2004 RM'000	2003 RM'000
Term loans	2,410	1,723
Bank overdrafts	423	271
Bills payable	4,728	3,850
Hire purchase liabilities	180	96
Finance lease liabilities	4	3
Others	167	758
	7,912	6,701

20. Interest income

	Group	
	2004 RM'000	2003 RM'000
Deposits placed with licensed banks	81	63
Others	10	31
	91	94

21. Tax expense

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- current year	5,898	4,594	4,056	928
- prior years	190	(253)	99	-
	6,088	4,341	4,155	928
Deferred tax expense				
- origination and reversal of temporary differences	3,982	4,007	-	-
	3,982	4,007	-	-
Tax expense on share of profits of an associate	88	73	-	-
Total	10,158	8,421	4,155	928
Reconciliation of effective tax expense				
Profit before taxation	40,151	31,495	24,435	6,290
Income tax using Malaysian tax rates	11,242	8,818	6,842	1,761
Non-deductible expenses	821	1,086	44	16
Tax exempt income	(39)	-	(2,840)	(789)
Tax incentives	(3,883)	(2,343)	-	-
Effect of temporary differences not recognised	1,687	971	-	-
Other items	140	142	10	(60)
	9,968	8,674	4,056	928
Under/(Over) provision in prior years	190	(253)	99	-
Tax expense	10,158	8,421	4,155	928

Following the adoption of MASB 25, Income Taxes, unutilised reinvestment allowance could not be used to reduce deferred tax liabilities as it is a temporary difference arising from the initial recognition of assets and that at the time of the transaction, affects neither accounting nor taxable profit. This change in accounting policy has been accounted for retrospectively. The effect of the change is an increase of tax expense for the year ended 31 March 2003 of RM2,668,000.

22. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the net profit for the year of RM26,885,000 (2003 - RM18,723,000) and on the number of ordinary shares in issue during the year of 60,000,000 (2003 - 60,000,000).

23. Dividends

	Group and Company	
	2004	2003
	RM'000	RM'000
Final paid:		
2003 - 12% per share less tax		
(2002 - 10% consisting of 5% less tax and 5% tax exempt)	5,184	5,160

23. Dividends (Cont'd)***Proposed final dividend for the financial year ended 31 March 2004***

The proposed final dividend for the year ended 31 March 2004 of 12% less tax totalling RM6,480,000 has not accounted for in the financial statements of the Group and of the Company as at 31 March 2004. 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 2004 and the number of ordinary shares in issue 150,000,000* (2003 - 60,000,000).

	2004	2003	2004	2003
	RM'000	RM'000	Sen per share	
Interim dividend paid	-	-	-	-
Proposed final dividend	6,480	5,184	4.3	8.6
Dividends including proposed final dividend for the year	6,480	5,184	4.3	8.6

* This takes into consideration of share issue pursuant to Bonus Issue and Share Split as disclosed in Note 33.

24. 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 animal feed raw materials 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.

24. Segmental information (Cont'd)

	Marine-Products Manufacturing		Crude Palm Oil Milling		Trading And Distribution		Poultry Farming		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	100,708	90,747	211,154	102,797	503,805	448,220	83,719	63,981	-	-	899,386	705,745
Inter-segment revenue	-	-	-	-	26,854	14,428	941	4,273	(27,795)	(18,701)	-	-
Total revenue	100,708	90,747	211,154	102,797	530,659	462,648	84,660	68,254	(27,795)	(18,701)	899,386	705,745
Segment result	14,897	13,483	10,904	6,996	14,441	14,238	7,771	3,469	-	-	48,013	38,186
Unallocated expenses											(356)	(344)
Operating profit											47,657	37,842
Interest expense											(7,912)	(6,701)
Interest income											91	94
Share of profits of an associate											315	260
Profit before taxation											40,151	31,495
Tax expense											(10,158)	(8,421)
Profit after taxation											29,993	23,074
Minority interests											(3,108)	(4,351)
Net profit for the year											26,885	18,723

24. Segmental information (Cont'd)

	Marine-Products Manufacturing		Crude Palm Oil Milling		Trading And Distribution		Poultry Farming		Eliminations		Consolidated	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Segment assets												
Share of net assets in an associate	88,572	68,975	76,047	72,783	173,531	155,791	74,612	74,019	-	-	412,762	371,568
Unallocated assets											2,456	2,229
											28,703	14,206
Total assets											443,921	388,003
Segment liabilities												
Unallocated liabilities	6,172	3,639	14,546	10,472	14,848	12,765	8,512	9,844	-	-	44,078	36,720
											248,358	213,995
Total liabilities											292,436	250,715
Capital expenditure	22,218	11,136	5,420	26,597	6,988	7,150	2,060	7,087	-	-	36,686	51,970
Depreciation and amortisation	4,571	4,008	3,984	2,310	3,443	2,999	2,966	2,252	-	-	14,964	11,569
Non-cash expenses other than depreciation and amortisation	545	230	675	86	2,408	1,451	225	245	-	-	3,853	2,012

25. Contingent liabilities - unsecured

	Company	
	2004	2003
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	462,328	305,217

26. Commitments

	Group	
	2004	2003
	RM'000	RM'000
Capital commitments		
Property, plant and equipment		
Authorised but not contracted for	784	528
Contracted but not provided for in the financial statements	8,575	9,727
	9,359	10,255

27. Operating leases

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

	Group	
	2004	2003
	RM'000	RM'000
Less than one year	990	674
Between one and five years	1,080	648
	2,070	1,322

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.

28. Related parties***Identity of related parties***

The Group has a controlling related party relationship with its subsidiaries (Note 30) 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.

28. Related parties (Cont'd)

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

	Group	
	2004	2003
	RM'000	RM'000
With a firm in which Chia Teow Guan, Chia Song Phuan, Chia Song Pou, Cheah Yaw Song, Directors of certain subsidiaries have interests		
Sin Teow Fatt Trading Co.:		
Sales	(3)	-
Purchases	1,016	973
CBSS Trading:		
Sales	(665)	-
With persons connected to Cheah Yaw Song and Liu Sin, Directors of certain subsidiaries		
Chia Siang Eng:		
Sales	-	(1,823)
Cheah Joo Kiang:		
Sales	(1,079)	(1,768)
With a company in which an ex-Director, Tee Thiam Hoon has interest:		
Forte Nexus Consultancy Sdn. Bhd.		
Consultation fees	329	149
With a person connected to a Director, Chew Boon Kee:		
Lynn Tan		
Consultation fees	8	19
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Chia Soon Hooi, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi and Chia Kah Chuan, Directors of certain subsidiaries have interest		
Success Portfolio Sdn. Bhd.:		
Sales	(2,978)	(3,057)
Management fee payable	12	-
Fusipim Sdn. Bhd.:		
Sales	(1,138)	(918)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(2,178)	(1,955)
Purchases	141	-
Rental payable	34	-
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(6,504)	(4,505)
North Port Bulk Services Sdn. Bhd.:		
Provision for port handling services	-	4,299
Hexa Resources Sdn. Bhd.:		
Purchases	21	-
Sarawak Veterinary Suppliers Sdn. Bhd.:		
Purchases	153	-

28. Related parties (Cont'd)

	Group	
	2004	2003
	RM'000	RM'000
Fu Frozen Enterprise (M) Sdn. Bhd.:		
Sales	(53)	-
Keang Huat Trading Sdn. Bhd.:		
Purchases	81	-
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	569	-
Timurikan Terengganu Sdn. Bhd.:		
Purchases	789	-
Subsidiaries		
Net dividend received	(20,251)	(5,205)
Management fee income	(554)	(501)

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

29. Financial instruments

In respect of interest-earning financial assets and interest-bearing financial 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	2004				2003			
	Effective interest rate per annum	Total	Within 1 year	1-5 years	After 5 years	Effective interest rate per annum	Total	Within 1 year
	%	RM'000	RM'000	RM'000	RM'000	%	RM'000	RM'000
Financial assets								
Deposits placed with licensed banks	2.63	3,340	3,340	-	-	4.00	5,041	5,041
Financial liabilities								
Secured fixed rate term loan *	5.00	15,231	4,228	10,768	235	6.57	7,037	3,699
Secured variable rate term loan	8.40	64	64	-	-	8.40	1,928	1,928
Unsecured fixed rate term loan	6.44	42,165	13,536	28,629	-	5.08	29,612	9,383
Unsecured variable rate term loan	8.00	1,642	1,642	-	-	8.40	10,445	10,445
Secured bank overdrafts	7.64	1,736	1,736	-	-	8.00	704	704
Unsecured bank overdrafts	7.36	4,017	4,017	-	-	8.15	1,464	1,464
Secured bills payables	3.12	4,085	4,085	-	-	3.00	2,434	2,434
Unsecured bills payables	2.92	152,288	152,288	-	-	5.80	137,462	137,462

* The effective interest rate on certain secured fixed rate term loans of certain subsidiaries amounting to RM3,348,000 (2003 - RM3,923,000) 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.

29. Financial instruments (Cont'd)

Fair values

Recognised financial instruments

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.

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.

	2004 Carrying amount	2004 Fair value	2003 Carrying amount	2003 Fair value
Group	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Secured fixed rate term loan	15,231	14,806	7,037	5,898
Unsecured fixed rate term loan	42,165	38,381	29,612	26,477

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.

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 2004 are:

	2004 Carrying amount	2004 Fair value	2003 Carrying amount	2003 Fair value
Group	RM'000	RM'000	RM'000	RM'000
Forward foreign exchange contracts	1,461	1,461	9,300	9,300

30. 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 (%)	
		2004	2003
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	100.00	100.00
QL Agrofood Sdn. Bhd.	Layer farming, processing, sale of animal feeds, animal feeds raw material, lubricants and foodstuffs	100.00	100.00

30. Subsidiaries (Cont'd)

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

Name of Company	Principal activities	Effective ownership interest (%)	
		2004	2003
QL Feedmills Sdn. Bhd.	Processing, sale of animal feeds and property holding	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Livestock farming	100.00	100.00
QL Properties Sdn. Bhd.	Property holding	100.00	100.00
QL Realty Sdn. Bhd.	Property holding	100.00	100.00
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Distributors of feed supplements, animal health products and agricultural products	51.00	51.00
Pets Wonderland Sdn. Bhd.	Retailing of pets and pet supplies	51.00	51.00
Maxincome Resources Sdn. Bhd.	Trading of lubricants for motor vehicles	90.00	90.00
Chingsan Development Sdn. Bhd.	Dormant	100.00	100.00
Natural Oscar Sdn. Bhd.	Dormant	100.00	100.00
Wijora Sdn. Bhd.	Dormant	70.00	70.00
Banjaran Mentari Sdn. Bhd.	Layer farming, feed milling and selling and distribution of animal feed raw materials	80.00	80.00
QL Distribution Sdn. Bhd.	Marketing and distribution of FMCG, contract manufactured and foreign products	100.00	100.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	-
Tong Len Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding, layer farming, meehoon and feedmeal manufacturing and general trading	100.00	87.30
Tong Len Plantation Sdn. Bhd.	Cocoa and oil palm cultivation and oil palm related activities	90.00	78.60
Tong Her Marine Products Sdn. Bhd.	Property holding	100.00	87.30

30. Subsidiaries (Cont'd)

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

Name of Company	Principal activities	Effective ownership interest (%)	
		2004	2003
QL Oil Sdn. Bhd. (formerly known as Bergakau Development Sdn. Bhd.)	Oil palm cultivation	100.00	87.30
Adequate Triumph Sdn. Bhd.	Property holding	100.00	87.30
Tong Len Distribution Sdn. Bhd.	General trading	100.00	87.30
Tophill Corporation Sdn. Bhd. and its subsidiary company	Oil palm cultivation	100.00	87.30
Bukit Wang Sdn. Bhd.	Oil palm cultivation	100.00	87.30
Nada Eksklusif Sdn. Bhd.	Broiler processing and distribution	85.00	56.75
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	Integrated broiler farming including hatchery and breeding	85.00	56.75
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100.00	100.00
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
Figso Foods Sdn. Bhd. (formerly known as Tradisi Emas Sdn. Bhd.)	Manufacturing and sales of "halal" foodstuff	80.00	80.00
Figso Marketing Sdn. Bhd.	Sale of "halal" foodstuff	80.00	80.00

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

30. Subsidiaries (Cont'd)

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

	Number of ordinary shares of RM1 each			At 31.3.2004
	At 1.4.2003	Bought	Sold	
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	510,000	510,000	-	1,020,000
Pets Wonderland Sdn. Bhd.	1,000,000	1,000,000	-	2,000,000
Maxincome Resources Sdn. Bhd.	720,000	-	-	720,000
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	4,801,500	698,500	-	5,500,000
Tong Len Plantation Sdn. Bhd.	5,400,000	-	-	5,400,000
Tong Her Marine Products Sdn. Bhd.	336,522	-	-	336,522
QL Oil Sdn. Bhd. (formerly known as Bergakau Development Sdn. Bhd.)	1,600,048	-	-	1,600,048
Adequate Triumph Sdn. Bhd.	100,000	-	-	100,000
Tong Len Distribution Sdn. Bhd.	500,000	-	-	500,000
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	325,000	100,000	-	425,000
Nada Eksklusif Sdn. Bhd.	65,000	20,000	-	85,000
Tophill Corporation Sdn. Bhd. and its subsidiary	500,000	-	-	500,000
Bukit Wang Sdn. Bhd.	100,000	-	-	100,000
Interest in non-wholly owned subsidiaries via QL Marine Products 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
Figo Foods Sdn. Bhd. (formerly known as Tradisi Emas Sdn. Bhd.)	336,002	-	-	336,002
Figo Marketing Sdn. Bhd.	167,993	-	-	167,993

31. Acquisition of subsidiaries

On 14 April 2003, the Group acquired 100% of the shares in QL Deep Sea Fishing Sdn. Bhd. for a consideration of RM2, satisfied by cash. The acquisitions were accounted for using the acquisition method of accounting.

The fair values of the assets acquired and liabilities assumed in the acquisition of QL Deep Sea Fishing Sdn. Bhd. and its cash flow effects are as follows:-

	Group 2003 RM
Current assets	2
Net assets acquired	2
Cash acquired	2
Cash outflows on acquisition, net of cash acquired	-

The acquisition of QL Deep Sea Fishing Sdn. Bhd. had the following effect on the Group's assets and liabilities as at 31 March 2004:

Income statement	Year ended 31.3.2004 RM'000
Revenue	-
Administrative expenses	(2)
Loss before tax	(2)
Tax expense	-
Loss after taxation	(2)
Decrease in the Group's net profit at the end of the financial year	(2)

Balance sheet	31.3.2004 RM'000
Current assets	992
Current liabilities	(1)
Net current assets	991
Increase in the Group's net assets	991

32. Significant events during the year

On 28 November 2003, on behalf of the Board of Directors of the Company, Hwang-DBS Securities Berhad announced that the Company proposes to implement the following (collectively referred to as the "Proposals"):

Bonus issue

A bonus issue of 15,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for every four (4) existing ordinary shares held, which RM15,000,000 was capitalised from the retained profits of the Company. These new shares rank pari passu in all respects with the existing shares in issue of the Company.

Share split

A share split involving the subdivision into two (2) new ordinary shares of RM0.50 each for every one (1) ordinary share held after the Bonus issue.

Acquisition of Tong Len Poultry Farm Sdn. Bhd. ("TLPF")

On 28 November 2003, QL Feedingstuffs Sdn. Bhd. ("QLF"), a wholly owned subsidiary of the Company, has entered into two (2) sale and purchase agreements with Liu Sin and Chia Siang Eng for the acquisition of 550,000 ordinary shares of RM1.00 each in TLPF, representing 10.0% equity interest in TLPF for a cash consideration of RM6,682,500.

On even date, QLF has also entered into two (2) sales and purchase agreements with Lim Bok Huat and Liao Su Fah for the proposed acquisition of 148,500 ordinary share of RM1.00 each in TLPF, representing 2.7% equity interest in TLPF for a cash consideration of RM1,804,275.

Upon completion of the acquisition of the total 12.7% interest in TLPF, TLPF shall emerge as a wholly owned subsidiary of QLF.

Corporate reorganisation

The corporate reorganisation encompassed:

- i) the acquisition of 2,500,000 ordinary shares of RM1.00 each, representing 100% interest in QL Marine Products Sdn. Bhd. ("QLMP"), a wholly owned subsidiary of QLF, by the Company for a purchase consideration of RM2,500,000;
- ii) the acquisition by QLMP from QLF all the marine products manufacturing subsidiaries, namely:
 - 3,903,976 ordinary shares of RM1.00 each representing 97.59% interest in QL Foods Sdn. Bhd. ("QL Foods"),
 - 824,500 ordinary shares of RM1.00 each, representing 62.32% interest in Sin Hong Heng Fishmeal Sdn. Bhd. ("SHH"),
 - 4,684,777 ordinary shares of RM1.00 each, representing 97.59% interest in Sin Chip Huat Fishmeal Sdn. Bhd. ("SCH"),
 - 336,002 ordinary shares of RM1.00 each representing 80% interest in Figo Foods Sdn. Bhd. (formerly known as Tradisi Emas Sdn. Bhd.) ("FF"), and
 - 167,993 ordinary shares of RM1.00 each, representing 80% interest in Figo Marketing Sdn. Bhd. ("Figo"),
 for a purchase consideration of RM18,062,851;

32. Significant events during the year (Cont'd)

Corporate reorganisation (Cont'd)

- iii) the acquisition of 1,600,048 ordinary shares of RM1.00 each, representing 100% interest in QL Oil Sdn. Bhd. (formerly known as Bergakau Development Sdn. Bhd.), a wholly owned subsidiary of TLPF, by the Company from TLPF for a purchase consideration of RM1,655,922; and
- iv) the acquisition by QL Oil from TLPF all the palm oil and milling subsidiaries, namely:-
 - 5,400,000 ordinary shares of RM1.00 each representing 90% interest in Tong Len Plantation Sdn. Bhd. ("TLP"),
 - 500,000 ordinary shares of RM1.00 each representing 100% interest in Tophill Corporation Sdn. Bhd. ("Tophill"), and
 - 100,000 ordinary shares of RM1.00 each, representing 100% interest in Bukit Wang Sdn. Bhd. ("BW"),
 for a purchase consideration of RM11,135,671;

The corporate reorganisation is expected to be satisfied vide inter-company balances between the companies of the Group.

Land acquisition

On 28 November 2003, QL Foods and SCH, have entered into three (3) separate agreements with the Directors of the subsidiaries or persons connected to such Directors, which comprises:

- i) acquisition by QL Foods from Cheah Yaw Song and Chia Teow Guan, of land measuring 145,377 square feet held under GM3194 Lot No. 3398 in the Mukim of Hutan Melintang, District of Hilir Perak, State of Perak for a cash consideration of RM581,500;
- ii) acquisition by SCH from Chia Teow Guan, of two (2) pieces of land held under GM2415 Lot No. 2647 and GM1416 Lot No. 164 in the Mukim of Hutan Melintang, District of Hilir Perak, State of Perak, measuring 136,121 square feet and 43,560 square feet, respectively for a cash consideration of RM852,080; and
- iii) acquisition by SCH from Chia Song Phuan, of land measuring 168,521 square feet held under GM1653 Lot No. 3314 in the Mukim of Hutan Melintang, District of Hilir Perak, State of Perak for a cash consideration of RM758,340.

Asset acquisition

The acquisition of all the fixed assets of Figo by FF for a total consideration of RM784,198.

Provision of financial assistance

Provision of financial assistance to TLPF, a 87.3% owned subsidiary of QLF, in the form of an unconditional and irrevocable guarantee for the repayment of the loan of RM15,000,000.

The above Proposals were approved by the shareholders at an Extraordinary General Meeting held on 27 February 2004, together with the attainment of the requisite approvals from the authorities.

Except for the Acquisition of TLPF, corporate reorganisation in respect of acquisition by QLMP from QLF and Provision of financial assistance, the Proposals were completed subsequent to balance sheet date.

33. Significant events subsequent to balance sheet date

33.1 Pursuant to the Proposals discussed in Note 32 above, subsequent to the year end, the Company implemented the Bonus Issue and Share Split exercises concurrently. The Company issued bonus shares of 15,000,000 new ordinary shares of RM1.00 each from the retained profits on the basis of one (1) new ordinary share of RM1.00 each for every four (4) existing ordinary shares held. These new shares rank pari passu in all respects with the existing shares in issue of the Company.

Subsequent to the bonus issue, the ordinary shares of the Company were subdivided into two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share held.

The issued and paid up capital of the Company after the issuance of bonus shares is 150,000,000 ordinary shares of RM0.50 each. These shares were granted listing and quotation on the Main Board of the Bursa Malaysia Securities Berhad with effect from 12 April 2004.

The corporate reorganisation in respect of acquisition by QL Oil from TLPF and assets acquisition were completed in April 2004 and June 2004 respectively. At the date of this report, the land acquisition is subject to approval from the relevant authorities.

33.2 On 19 April 2004, the Group incorporated a subsidiary, Endau 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.

34. Changes in accounting policies and prior year adjustments

Changes in accounting policies

In the current financial year, the Group and the Company adopted three new MASB Standards. The adoption of these new standards resulted in changes in accounting policies as follows:-

- (a) MASB 25, Income Taxes has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy; and
- (b) MASB 27, Borrowing Costs and MASB 29, Employee Benefits which have been applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised where there was a reasonable expectation of realisation in the near future).

34. Changes in accounting policies and prior year adjustments (Cont'd)

This change in accounting policies, applied retrospectively, has the following impact on results:-

	Group	
	2004	2003
	RM'000	RM'000
Net profit before change in accounting policy	27,856	21,517
Effect of adopting MASB 25	(971)	(2,794)
Net profit for the year	26,885	18,723

Prior year adjustments*Change in accounting policies*

The change in accounting policies due to the adoption of MASB 25 has been accounted for by restating comparatives and adjusting the opening balance of retained profits at 1 April 2003 as disclosed in Note 35 and the statement of changes in equity respectively.

35. Comparatives

The following comparatives have been restated to reflect the change in accounting policies as explained in Note 34.

	Group	
	As restated	As previously stated
	RM'000	RM'000
Balance sheet		
Reserves	47,998	53,584
Negative goodwill on consolidation	1,961	4,112
Deferred tax liabilities	14,910	7,171
Minority shareholders' interests	27,329	27,331
Income statement		
Tax expenses	(8,421)	(5,753)
Profit after taxation	23,074	25,742
Minority interest	(4,351)	(4,225)
Net profit for the year	18,723	21,517
Statement of changes in equity		
Retained profits at 1 April 2002	32,528	35,320
Retained profits at 31 March 2003	46,091	51,677

List of Properties

as at 31 March 2004

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and build-up area	Net book value (RM'000)	Age of building (years)
Sin Hong Heng Fishmeal Sdn Bhd	Lot 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 & warehouse	Lot 275: 1.6212 ha	3,988	11
	11, Jalan Merlimau 86900 Endau, Johor		TLO 117: Leasehold expiring 28.2.2036		TLO 117: 0.1626 ha		3
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 metres	2,927	10
	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 (Land owner: Sin Chip Huat Fishmeal Sdn Bhd)	Gross Build-up area of 2,804.17 square metres	1,964	8
	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 (Land owner: Sin Chip Huat Fishmeal Sdn Bhd)	Gross Build-up area of 2,804.17 square metres	3,642	4
	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 (Land owner: Sin Chip Huat Fishmeal Sdn Bhd)	Gross Build-up area of 1,260 square metres	1,077	4
	Lot 9120 & 9121 Jalan Tepi Sungai 36400 Hutan Melintang Perak						

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)
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	1,555	6
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.	3,821	5
QL Agrofood Sdn Bhd	CL 025093207 & NT 023078140 Papar, Sabah	Dec 1998	CL 025093207: Leasehold to 17.6.2937 NT 023078140 Leasehold to 31.12.2093	Poultry layer farm	7.280 ha	1,611	6
QL Agrofood 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 poultry layer farm	CL 025311835: 19.55 acres PL 026184663: 23.45 acres	2,401	3
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	169	18

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)
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	677	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	927	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	Poultry layer farm	2.001 ha 2.002 ha 2.406 ha 2.403 ha 2.405 ha 2.407 ha 2.386 ha 3.167 ha	4,402	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	139	N/A
QL Poultry Farms Sdn Bhd	Lot 2145, HM 014264 Port Dickson 6, Main road Siliau 7110 Siliau, Negeri Sembilan	Dec 1998	Freehold	Vacant land	6a 2r 36p	193	N/A
Banjaran Mentari Sdn Bhd	Serian Lease of Crown land at Kuching, Sarawak: No.2292 No.4387 No.6203 No.6261 No.8710 No.9920 No. 3989 No. 11041 Occupation Ticket: No. 11002 No. 9864 Lot No.197 Lot No. 264 Lot No. 442 Lot No. 665 Lot No. 78 Lot No. 860 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 (15.05.2000) (28.07.2003)	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	Poultry 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 9,389 sq. m. 1,963 ha	2,295	7

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)
Figo Foods Sdn Bhd (Formerly: 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.	764	11
Figo Foods Sdn Bhd (Formerly: Tradisi Emas Sdn Bhd)	PTD 44797 & PTD 44796 under HSD 160499 & HSD 160498 Mukim of Pulai 22 & 24, Jalan Perdagangan 16 Taman Universiti Industrial Park 81300 Skudai, Johor	September 2001	Freehold	Factory	12,000 sq. ft.	1,159	11
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.	380	10
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	1,935	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	9,428	6
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	7,280	4
QL Oil Sdn Bhd (Formerly: 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 31.12.2073 31.12.2072 31.12.2072 31.12.2072	Oil palm estate with farm buildings	36.20 ha	819	N/A

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)
QL Oil Sdn Bhd (Formerly: 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	6
QL Oil Sdn Bhd (Formerly: 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	7
QL Oil Sdn Bhd (Formerly: 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 NT 243019365 NT 243019374 NT 243019383 NT 243019392 NT 243019418 NT 243019427 NT 243019436 NT 243019445 NT 243019454 NT 243019463 NT 243019472 NT 243019481 Tingkayu locality District of Kunak, Sabah	(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 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	1,650	2
QL Oil Sdn Bhd (Formerly: Bergakau Development Sdn Bhd)	CL 245319797 CL245319877 CL 245319886 CL 245319804 Tingkayu locality District of Kunak, Sabah	(15.11.2001)	31.12.2071	Oil palm estate with farm buildings	61.05 acres	378	3

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)
Tong Len Poultry Farm Sdn Bhd	CL 105242028 CL 105241996 CL 105241950 CL 105451572 Km21, Apas Parit locality Tawau, Sabah	December 1998	Leasehold to: 12.07.2933 29.07.2933 21.05.2925 31.12.2057	Poultry layer farm	13.668 ha	6,080	N/A
Tong Len Plantation Sdn Bhd	CL 245321037 PL 246291092 PL 116291083 CL 245354170 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	(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	10,647	4
Tong Len Plantation Sdn Bhd	CL 245360810 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	(07.11.2000)	Leasehold to: 31.12.2092	Oil palm estate	5.65 ha	82	4
Tong Len Plantation Sdn Bhd	NT 243011547 NT 243011538 Kampung Tingkayu, Lahad Datu-Kunak Highway District of Kunak, Sabah	(01.01.1999)	Freehold	Oil palm estate with farm buildings	11.44 ha	183	5
Tong Len Plantation Sdn Bhd	NT 103041265 Sungai Burong, District of Tawau, Sabah	(01.01.2000)	Freehold	Oil palm estate	3.68 ha	14	3
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	1,326	3

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)
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	470	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	93	N/A
Tophill Corporation Sdn Bhd	CL 245327397 CL 245319859 CL 245319779 CL 245319788 CL 245319939 CL 245319966 CL 245319868 CL 245319322 CL 245319350 CL 245319948 CL 245319331 CL 245319957 NT 243009118 NT 243009127 NT 243009136 NT 243017441 NT 243017478 NT 243017469 NT 243017450 NT 243009172 NT 243009163 NT 243009154 NT 243099145 NT 243009109 LA 74111454 (CL 245361764) LA 74111455 (CL 245361755) LA 74111456 (CL 245361746) LA 74111457 (CL 245361737) Tingkayu, locality, District of Kunak, Sabah	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) (01.02.2000) (01.02.2000) (01.02.2000) (13.12.1999) (13.12.1999) (13.12.1999) (11.11.1999) (11.11.1999) (11.11.1999) (11.11.1999)	Leasehold to: 31.12.2069 31.12.2071 31.12.2071 31.12.2071 31.12.2072 31.12.2072 31.12.2071 31.12.2071 31.12.2072 31.12.2071 Title pending 31.12.2072 Title pending Freehold Freehold Freehold Freehold Freehold Freehold Freehold Freehold Freehold Title pending 31.12.2072 31.12.2072 31.12.2072 31.12.2072	Oil palm estate with farm buildings	241.47	4,040	N/A
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	1,952	N/A

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)
Tong Her Marine Products Sdn Bhd	CL 245361371 Kunak Jaya, Kunak	(17.4.2001)	31.12.2097	Vacant land	4.035 ha	154	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	90	16
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	CL 105127535 PL 106158285 PL 106148136 Mile 8, Apas Tikau, Tawau	02.08.2002	Leasehold to: 24.10.2934 31.08.2051 17.05.2049	Poultry farm	15.06 acres	257	15 - 18
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	337	12 - 17
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	472	8 - 9
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	184	12
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 & poultry processing house	(square feet) 5,022 7,497 5,654 1,684 15,370	951	13
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	885	5

Shareholders' Analysis Report

as at 30 June 2004

Authorised Share Capital : RM200,000,000
Issued and Paid-up Capital : RM75,000,000
Type of Shares : Ordinary shares of RM0.50 each
Voting Rights : One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

No. of Holders	Holdings	Total Holdings	%
13	less than 100	579	0.00
159	100 to 1,000	137,817	0.09
1,049	1,001 to 10,000	4,484,657	2.99
286	10,001 to 100,000	8,311,213	5.54
77	100,001 to less than 5% of issued shares	42,254,849	28.17
2	5% and above of issued shares	94,810,885	63.21
1,586		150,000,000	100.00

DIRECTORS' SHAREHOLDINGS

The direct and deemed interests of the Company's Directors remained the same as are stated in Page 24 of the Annual Report.

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings	%
1 CBG Holdings Sdn. Bhd.	73,660,885	49.11
2 Farsathy Holdings Sdn. Bhd.	21,175,338	14.12

LIST OF 30 LARGEST SHAREHOLDERS

	Name of Shareholders	Shareholdings	%
1	CBG Holdings Sdn. Bhd.	73,648,385	49.10
2	Farsathy Holdings Sdn. Bhd.	21,162,500	14.11
3	Employees Provident Fund Board	2,857,550	1.91
4	BHLB Trustee Berhad <i>Beneficiary: TA Small Cap Fund</i>	2,709,400	1.81
5	Lee Sing Hin	2,540,000	1.69
6	BHLB Trustee Berhad <i>Beneficiary: Prugrowth Fund</i>	2,449,300	1.63
7	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Kim Seng (Memo)</i>	2,235,000	1.49
8	Mayban Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)</i>	2,089,600	1.39
9	HSBC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: HSBC (M) Trustee Bhd for Prudential Dynamic Fund (4496)</i>	1,850,700	1.23
10	Universal Trustee (Malaysia) Berhad <i>Beneficiary: Alliance First Fund</i>	1,700,000	1.13
11	Zabir Bin Bajuri	1,250,000	0.83
12	Saodah Bt Haji Malek	1,231,250	0.82
13	Liu Sin	965,500	0.64
14	Ngeam Chong Kwai	937,500	0.63
15	Chew Kim Seng	890,293	0.59
16	Chia Siang Eng	828,398	0.55
17	Ng Sai Bee @ Ng Sau Bee	822,500	0.55
18	Allianz General Insurance	698,000	0.47
19	Lembaga Tabung Angkatan Tentera	690,250	0.46
20	BHLB Trustee Berhad <i>Beneficiary: Prusmall-Cap Fund</i>	685,000	0.46
21	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Beneficiary: Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)</i>	658,250	0.44
22	Chew Su Lian	652,600	0.44
23	Chia Che Keng	624,500	0.42
24	Cheah Yaw Song	533,000	0.36
25	Chia Bak Lang	525,000	0.35
26	HSBC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: HSBC (M) Trustee Bhd for Prudential Dana Al-Ilham (4173)</i>	480,000	0.32
27	Liu Sin	411,250	0.27
28	Bumiputra-Commerce Trustee Berhad <i>Beneficiary: RHB Islamic Growth Fund</i>	405,400	0.27
29	Chia Song Phuan	400,050	0.27
30	Chen Fun Chow	391,250	0.26
		127,322,426	84.88

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting has been scheduled on Thursday, 26 August 2004 at 10.00 a.m. to be held at Classics 2, Level 3, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

AGENDA

1. To receive and adopt the Financial Statements for the financial year ended 31 March 2004 together with the Directors' and Auditors' Report thereon. **Resolution 1**
2. To declare a final dividend of 12% per ordinary share or 6 sen per ordinary share of RM0.50 each less income tax in respect of the financial year ended 31 March 2004. **Resolution 2**
3. To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:

Mr Chia Song Kun **Resolution 3**
Mr Chia Seong Fatt **Resolution 4**
Mr Chia Song Kooi **Resolution 5**
4. To re-elect Mr Teh Kim Teh who retires in accordance with Article No. 103 of the Company's Articles of Association: **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** **Resolution 8**

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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

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

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 27 September 2004 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 10 September 2004.

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 2004 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 2004 in respect of transfers; and
- c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Ng Geok Ping
Company Secretary

Klang, Selangor Darul Ehsan
4 August 2004

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 7th 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.

Recurrent Related Party Transactions

of revenue or trading nature of QL Resources Berhad Group as at 31 March 2004

Nature of Transaction @	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of AGM to the next AGM* (RM)	Transacted value for financial year ended 31 March 2004(RM)	Transacted value for the period 1 April 2004 to 31 May 2004
Purchase of animal feeds from Banjaran Mentari Sdn. Bhd.	Success Portfolio Sdn. Bhd.	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd. ^ Farsathy Holdings Sdn. Bhd. <	4,000,000.00	2,968,254.81	629,022.20
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	CBG Holdings Sdn. Bhd. ^ Farsathy Holdings Sdn. Bhd. <	7,000,000.00	6,497,954.69	1,145,505.15
Purchase of animal feed raw materials from Tong Len Poultry Farm Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. ^ Farsathy Holdings Sdn. Bhd. <	3,000,000.00	2,165,652.64	412,631.20
Sale of fish to QL Foods Sdn. Bhd.	Sin Teow Fatt Trading Co.	Chia family Cheah Juw Teck Chia Mak Hooi	1,500,000.00	1,001,686.07	185,240.00
Purchase of surimi from QL Foods Sdn. Bhd.	Fusipim Sdn. Bhd.	Chia family Eng Seng Poo	1,500,000.00	1,141,688.50	177,288.00
Purchase of surimi products from QL Foods Sdn. Bhd.	Mr Cheah Joo Kiang	Cheah Yaw Song Cheah Juw Teck	1,500,000.00	1,081,633.70	182,863.00
# Providing port handling services to QL Feedingstuffs Sdn. Bhd.	North Port Bulk Services Sdn. Bhd. (NPBS)	Wong Yuet Lai Chia Song Kooi Chia Song Kun Chia Song Swa CBG Holdings Sdn. Bhd. ^	Nil	3,356,722.42	309,242.63
Sale of live bird to Nada Eksklusif Sdn. Bhd.	Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	Loo Sie Vui	15,000,000.00	12,845,087.91	2,009,141.64

Notes:

@ Subsidiaries of QL.

* The above estimated values of transactions are based on values transacted for the year ended 31 March 2004. However, the value of these transactions may be subjected to changes in the current financial year.

The transaction will not be a related party transaction after the period of 12 months from the date Madam Wong Yuet Lai dispose her shares and resign as director of North Port Bulk Services Sdn. Bhd. on 14 June 2004.

^ The directors, shareholders and person connected of CBG are as follows:-

Chia Song Kun	Director	Shareholder
Chia Song Kang	Director	Shareholder
Chia Song Pou	Director	Shareholder
Chia Song Swa	Director	Shareholder
Chia Song Kooi	Director	Shareholder
Cheah Yaw Song	Director	Shareholder
Chia Song Phuan	Director	Shareholder
Chia Teow Guan	Director	Shareholder
Chia Mak Hooi	Director	Shareholder
Chia Bak Lang	-	Shareholder
Chia Cheong Soong	-	Shareholder
Cheah Juw Teck	-	-

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

Chia Seong Pow	Director	Shareholder
Chia Suan Hooi	Director	Shareholder
Chia Seong Fatt	Director	Shareholder
Chia Chong Lang	-	Shareholder

Sim Ahi Yok	-	Shareholder
Chia Chw Pew	-	Shareholder
Koh Kwee Choo	-	Shareholder
Chia Chew Seng	-	Shareholder
Chia Chiew Yang	-	Shareholder
Chia Chew Ngee	-	Shareholder
Chia Bak Lang	-	-
Chia Chew Fon	-	-

Chia Song Kun, Chia Song Kang, Chia Song Pou, Chia Song Swa, Chia Song Kooi, Cheah Yaw Song, Chia Song Phuan, Chia Teow Guan, Chia Cheong Soong and Chia Kah Chuan are brothers and sister ("Chia family").

Liu Sin is their brother in law.

Chia Bak Lang is the spouse of Chia Song Kun.

Wong Yuet Lai is the spouse of Chia Song Kooi.

Chia Mak Hooi is the son of Chia Teow Guan.

Cheah Juw Teck and Cheah Joo Kiang are children of Cheah Yaw Song.

Chia Seong Pow, Chia Suan Hooi, Chia Seong Fatt, Chia Chong Lang and Chia Bak Lang are brothers and sisters.

Koh Kwee Choo is the spouse of Chia Seong Pow.

Sim Ahi Yok is the spouse of Chia Seong Fatt.

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

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 7th Annual General Meeting of the Company, to be held at Classics 2, Level 3, Holiday Villa Subang, No. 9, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 26th day of August 2004 at 10.00 a.m., or at any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

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 7th 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 _____ 2004

Signature/Seal

No. of shares held

Notes:-

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

Stamp

The Secretary,

QL RESOURCES BERHAD (428915-X)

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