



全利資源有限公司

QL RESOURCES BERHAD (428915-X)



Well Positioned for a Strong Future

Annual Report 2005

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Principal Activities



QL today is a diversified resource and agricultural-based group with three (3) core principal activities: Marine Products Manufacturing, Crude Palm Oil Milling and Integrated Livestock Farming.

Marine Products Manufacturing

These consist of full upstream & downstream processes such as fishmeal, surimi, surimi-based products manufacturing and deep sea fishing.

QL is the largest fishmeal manufacturer in Malaysia. QL is also the largest producer of surimi in Asia and a leading producer of surimi-based products in Malaysia.

Crude Palm Oil Milling Activities

The principal activity of this division is Crude Palm Oil (CPO) milling. The Group has two (2) independent CPO mills servicing small estates in the vicinity of the mill. The mills are located near Tawau and Kunak.

Currently, the Group owns about 3,000 acres of oil palm estate. Each CPO mill has the capacity for processing 40 metric tonnes of fresh fruit bunches of oil palm per hour.

Integrated Livestock Farming Activities

Mainly consists of distribution of animal feed raw materials and poultry farming.

QL is a leading poultry egg producer in Malaysia. QL has three (3) layer farms in East Malaysia and one (1) in Nilai, Negeri Sembilan, with daily production of 800,000 eggs. The company also owns an integrated broiler farm in Tawau, Sabah.

QL is also a leading distributor of animal feed raw material trade such as corn and soya bean meal throughout Malaysia.



Group Corporate Structure

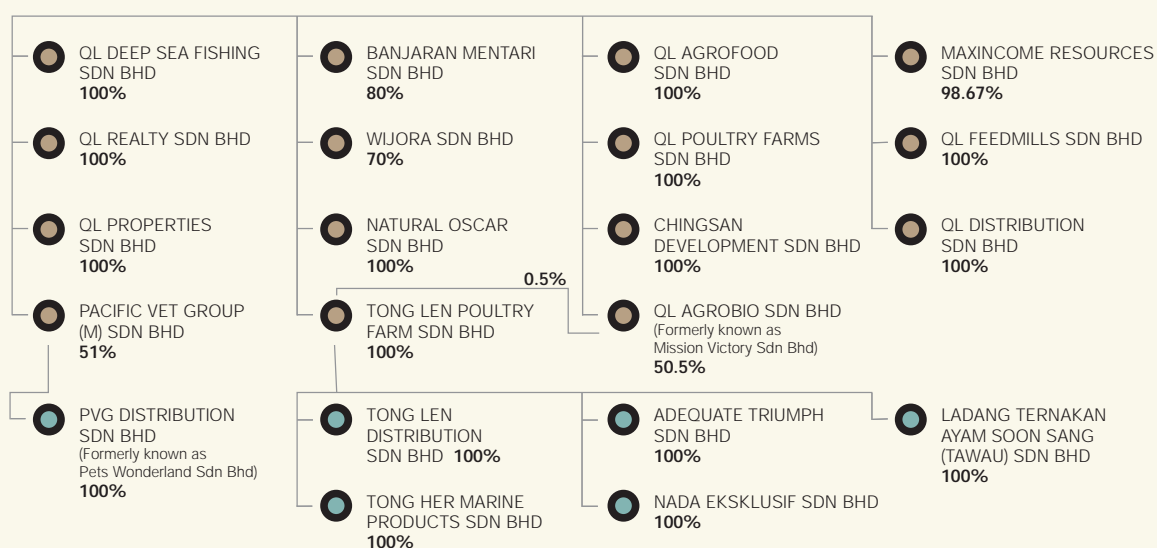
QL RESOURCES BERHAD

428915-X

INTEGRATED LIVESTOCK FARMING



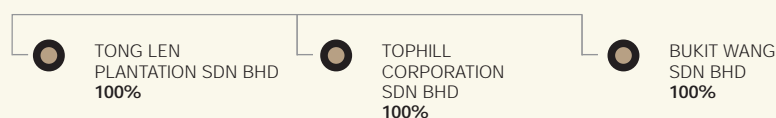
QL FEEDINGSTUFFS SDN BHD
100%



CRUDE PALM OIL MILLING



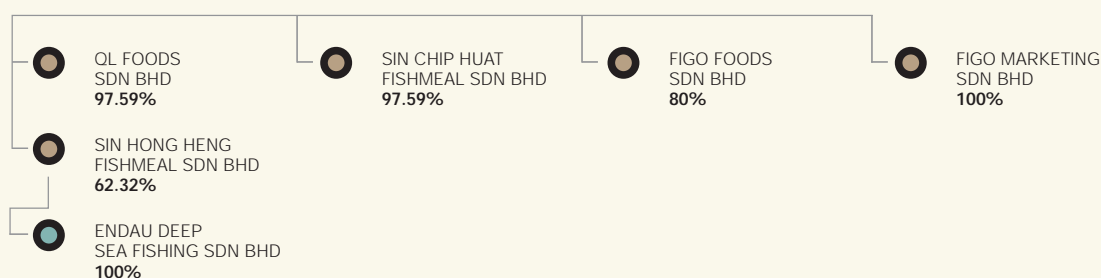
QL OIL SDN BHD
100%



MARINE PRODUCTS MANUFACTURING



QL MARINE PRODUCTS SDN BHD
100%



Group Activities

MARINE PRODUCTS MANUFACTURING



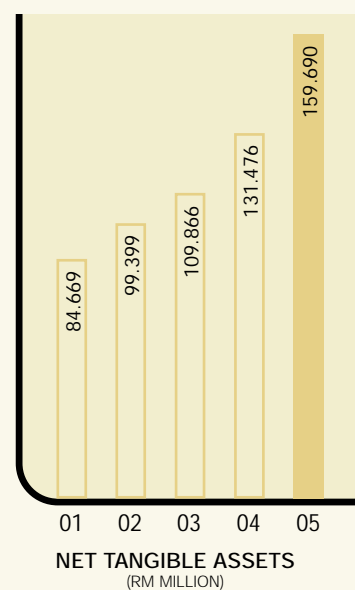
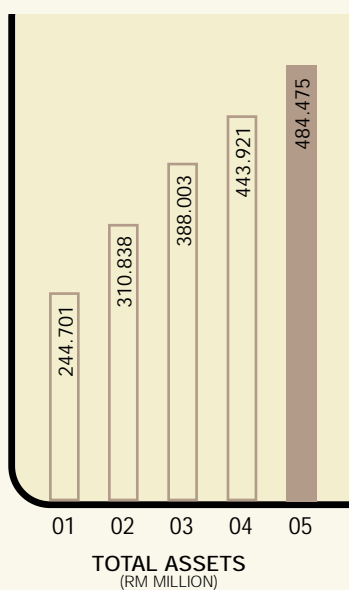
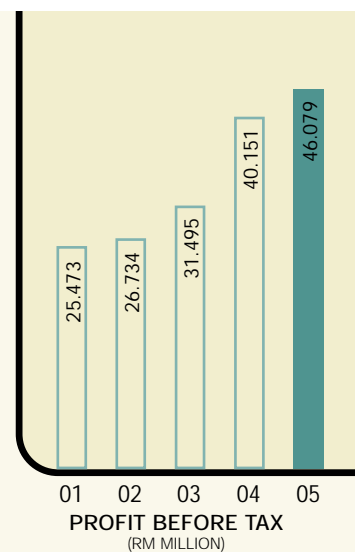
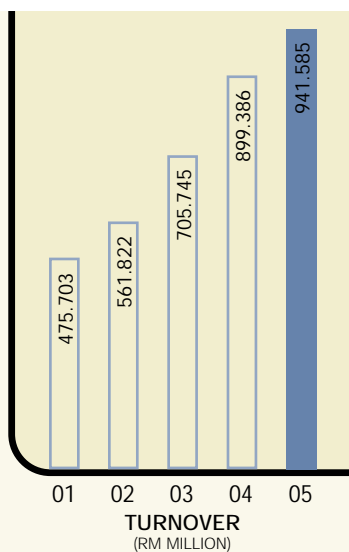
CRUDE PALM OIL MILLING



INTEGRATED LIVESTOCK FARMING



Five Years Financial Summary



	2001 RM mil	2002 RM mil	2003 RM mil Restated	2004 RM mil	2005 RM mil
Turnover	475.703	561.822	705.745	899.386	941.585
Profit Before Tax	25.473	26.734	31.495	40.151	46.079
Profit After Tax After Minority Interest	16.603	18.045	18.723	26.885	36.117
Total Assets	244.701	310.838	388.003	443.921	484.475
Net Tangible Assets	84.669	99.399	109.866	131.476	159.690
Profit as % of Turnover					
- Before Tax	5.35	4.76	4.46	4.46	4.89
- After Tax	3.50	3.21	2.65 *	2.99	3.83
Earnings Per Share (sen) - Basic #	11	12	12	18	24
Net Tangible Assets Per Share (sen)	211.7	165.7	183.1	219.1	106.46
Paid-up Share Capital	40.000	60.000	60.000	60.000	75.000
No. of Share in Issue	40.000	60.000	60.000	60.000	150.000

* Restated to comply with MASB 25.

Adjusted for bonus issue and share split in 2005.

Corporate Information

Board of Directors

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

Chia Song Kun
Managing Director

Chia Seong Pow
Executive Director

Chia Seong Fatt
Executive Director

Chia Song Kooi
Executive Director

Chia Song Swa
Executive Director

Chia Mak Hooi
Executive Director

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

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

Stock Exchange Listing

Main Board of
Bursa Malaysia Securities Berhad

Board of Directors and Profile



Tengku Dato' Zainal
Rashid Bin Tengku
Mahmood
Chairman

Tengku Dato' Zainal Rashid Bin Tengku Mahmood

Chairman

Tengku Dato' Zainal Rashid Bin Tengku Mahmood, age 66, Malaysian, 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 the immediate past 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 is Malaysia Chairman 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 attended all the 4 board of directors' meetings held for the financial year.

He has no family relationship with any Director and/or major shareholders of QL. He has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chia Song Kun
Managing Director

Mr Chia Song Kun

Managing Director

Mr Chia Song Kun, age 55, Malaysian, 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 RM900 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.

He attended all the 4 board of directors' meetings held for the financial year.

He has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.

Mr Chia Seong Pow

Executive Director

Mr Chia Seong Pow, age 49, Malaysian, 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.

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.

He attended all the 4 board of directors' meetings held for the financial year.

Mr Chia Seong Pow has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chia Seong Pow
Executive Director

Mr Chia Seong Fatt

Executive Director

Mr Chia Seong Fatt, age 49, Malaysian, 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. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd., however he is still in charge of layer, broiler farm and CPO milling operations in Tawau.

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.

He attended all the 4 board of directors' meetings held for the financial year.

Mr Chia Seong Fatt has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chia Seong Fatt
Executive Director



Chia Song Kooi
Executive Director

Mr Chia Song Kooi

Executive Director

Mr Chia Song Kooi, age 45, Malaysian, 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. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd. He is overall in charge of the group's Kota Kinabalu 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.

He attended 3 out of the 4 board of directors' meetings held for the financial year.

Mr Chia Song Kooi has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chia Song Swa
Executive Director

Mr Chia Song Swa

Executive Director

Mr Chia Song Swa, age 45, Malaysian, 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.

He attended all the 4 board of directors' meetings held for the financial year.

Mr Chia Song Swa has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chia Mak Hooi
Executive Director

Mr Chia Mak Hooi

Executive Director

Mr Chia Mak Hooi, age 40, Malaysian, is an Executive Director of the Company since 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.

He attended all the 4 board of directors' meetings held for the financial year.

Mr Chia Mak Hooi has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.

Mr Chieng Ing Huang, Eddy

Senior Independent and Non-Executive Director

Mr Chieng Ing Huang, Eddy, age 47, Malaysian, is a Senior Independent and Non-Executive Director of the Company since 24 December 2001. He is a member of Audit, Nomination and Remuneration Committees.

Mr Chieng 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 is 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, a company listed on the Main Board of the Bursa Malaysia Securities Berhad.

Since March 1999, he is the Senior Vice President-Business Development of Hwang-DBS Securities Berhad which is involved in stockbroking, corporate finance and equity research. Other than being the Managing Director of his private group of companies, Mr Chieng is also the Chairman of Selangor Dredging Berhad, a Director of Esthetics International Group Berhad and Asia Poly Holdings Berhad. He was previously the Independent and Non-Executive Directors of Ancom Berhad and Nylex (Malaysia) Berhad respectively.

He attended all the 4 board of directors' meetings held for the financial year.

He does not have any family relationship with any director and/or major shareholder of the Company.

Mr Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Chieng Ing Huang, Eddy
Senior Independent
Non-Executive Director

Mr Teh Kim Teh

Independent and Non-Executive Director

Mr Teh Kim Teh, age 51, Malaysian, 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 also obtained a Certificate For Legal Practice in Malaysia and was called to the Malaysian Bar in 1991.

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 working as 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 several other private limited companies.

He attended all the 4 board of directors' meetings held for the financial year.

He has no family relationship with any director and/or major shareholder of the Company. Mr Teh Kim Teh has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Teh Kim Teh
Independent Non-
Executive Director

Chairman's Statement

I am pleased to report that the Group produced another excellent result during the year under review.



New platform for growth. Shareholders value creation.

Results and Dividends Turnover of RM941 million (2004:RM899 million) up 5% on last year and pre-tax profit of RM46 million (2004:RM40 million) up 15% on last year. Earnings per share were 24 sen (2004: 18 sen) representing a growth of 33%. The board recommended a final dividend of 15% less tax (2004:12% less tax).

Group Development The Group continues to invest in areas it deemed critical to its development plans. Further investments were made in its marine-based activities such as the second phase expansion of the integrated marine-based plant in Kota Kinabalu. Plans are underway to acquire additional deep-sea fishing vessels. The Fish-meal

plant at Hutan Melintang has been relocated to a better and bigger site with improved facilities; expansion of the Frozen Surimi manufacturing plant has also been undertaken.

Your Board consider these additional investments as necessary as it will provide the Group with better infrastructure to develop its business potential.

Bonus Issue We have again taken steps to strengthen our capital structure by issuing 33.33% bonus shares. As I have mentioned in the past that these are steps to provide additional security, flexibility to our capital structure as well as added liquidity to our shares.

Corporate Governance We believe the ability and integrity of managers need monitoring and have observed the main guidelines in relation to audit and remuneration committees and recognised the importance of non-executive directors in the process of monitoring and decision-making.

During the year, we made considerable progress in implementing recommendation by our out-sourced internal auditor.

However, we believe the best safeguard for shareholders is to have directors with business experience and knowledge, who are shareholder-orientated and committed.

Acquisition The Group completed the following acquisitions during the year:

- 15% minority interests in Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd and Nada Eksklusif Sdn Bhd;
- 51% equity interests in QL Agrobio Sdn Bhd a Joint Venture palm-based bio technology company.

Subsequent to balance sheet date, the Group also completed the acquisition of the 80% equity interests in Fresh Choice Seafood Trading Sdn Bhd and this will provide an exciting new platform for growth in the near future.

Recognition QL was included in OSK Securities 2005 Report on 100 SMI deemed as 'Hidden Jewel'. According to OSK, QL has outperformed market by more than 100% during Mar 2003 to Mar 2005 period. The award is recognition of our increasing emphasis on shareholders value creation. (See graph below)

Appreciation On behalf of the board, I express our appreciation to the people of QL for the dedication and commitment they have applied to our endeavors. I also thank my colleagues on the board for their guidance during the year.

Outlook Your Board remain cautiously optimistic on the prospect for 2006. It is however confident that with the strategic plan in place the Group will continue to develop and expand its business.

Tengku Dato' Zainal Rashid
Bin Tengku Mahmood
 Chairman

QL share price performance relative to Bursa Malaysia Index



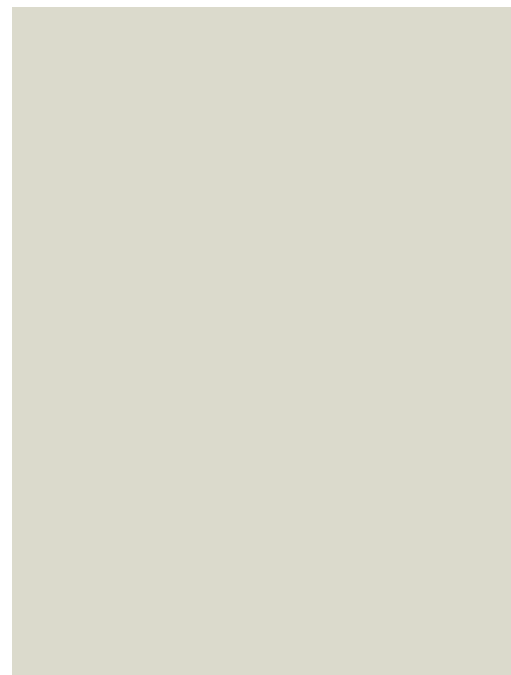
Group Managing Director's 2005 Review



Chia Song Kun
Managing Director

Proven resilience. Consistent turnover & profit growth.

QL group thrives on the power of a good growth story. We use stories of growth every year since listing to inform our shareholders and enlighten business partners. We also use them in our business to learn from the past as we take on the future.



Our History Five years ago, the Group was listed on the Second Board of the KLSE on the 30th March 2000 and three years ago, we were transferred to the Main Board.

Our business objective was simple, we focused on a few simple things:

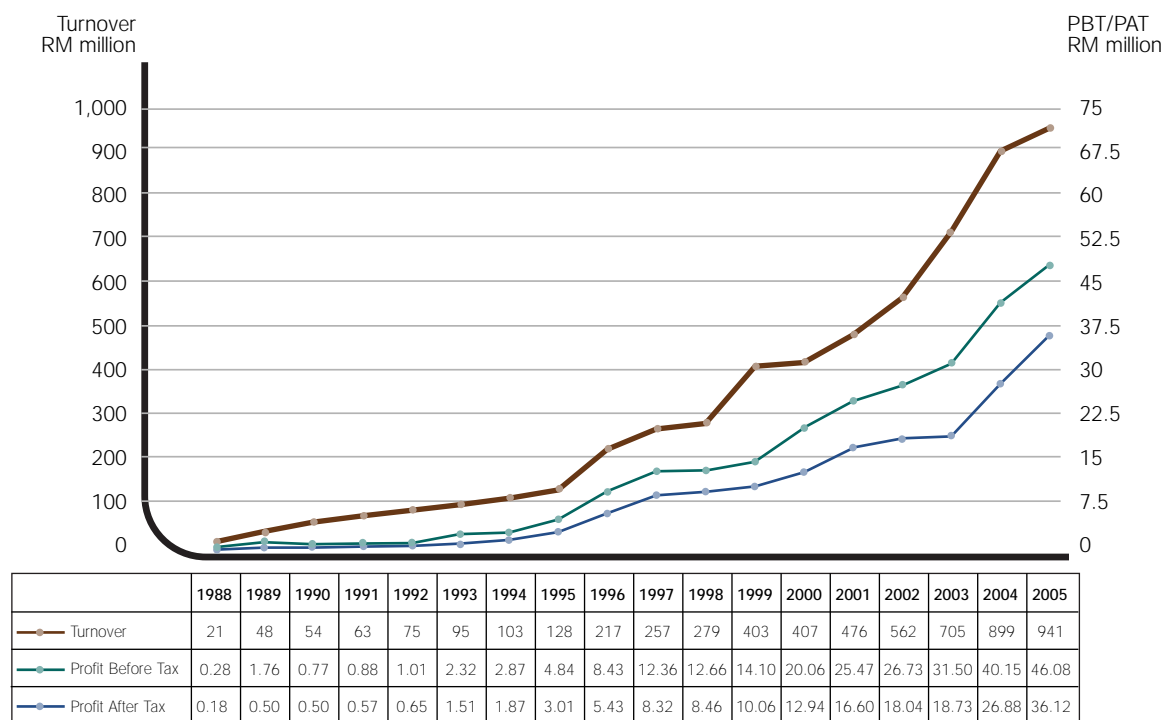
- Putting together businesses that is based on Malaysian agriculture resources.
- Concentrating on core business ventures.
- Building market share, leadership and competitive edge in those businesses.
- Creating a Win-Win culture of business collaboration.

- Building a focus, trust worthy and hands-on management team.

QL is a success Malaysian agriculture and resource-based growth story. The proof of the success of our strategy would be increasing the value of the company for its owners.

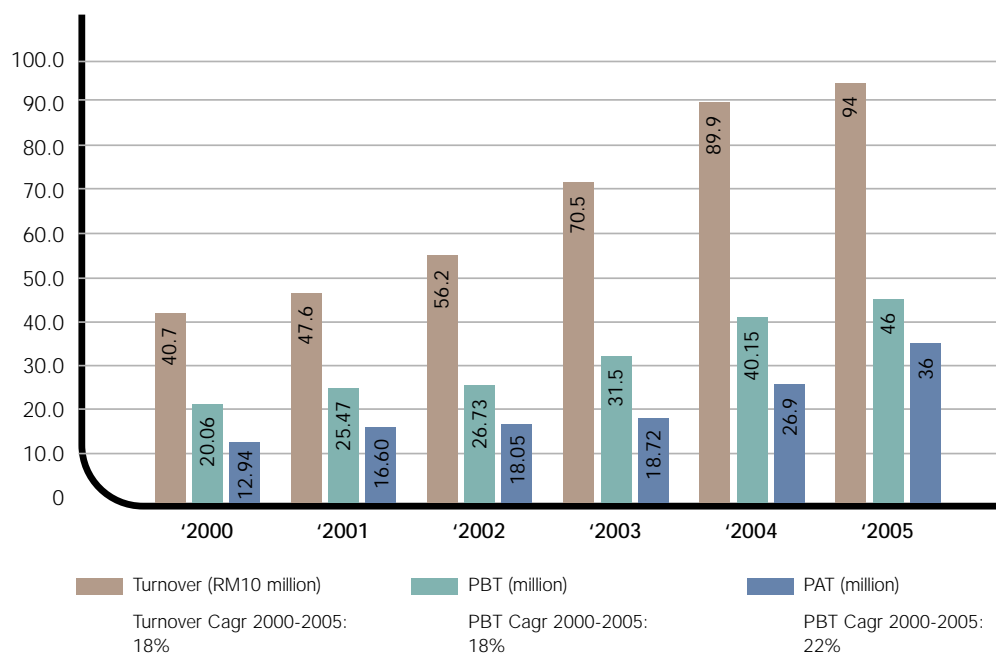
Here's How I See Our Report Card: QL, since inception, have proven resilience by delivering consistent turnover and PBT growth. From 1987 to 2005, a turnover and pre-tax profit CAGR (compounded annual growth rate) of more than 20% was achieved. Even during the Asian financial crisis period (1997 – 1999), QL continue to record CAGR of more than 20% in turnover and PBT.

QL Group 18 years growth path



Post listing QL's financial performance and core business CAGRs for Turnover, Pre-tax Profit (PBT) and Profit after Tax (PAT) were as follows:

QL Group – Post listing financial performance



Post listing QL Group's CAGRs by business units

FY2000 to FY2005	Turnover CAGR %	PBT CAGR %	PAT after Mi CAGR %
Marine products manufacturing	28	28	30
CPO milling	20	13	24
Integrated livestock farming	15	11	12
Overall	18	18	22

Increasingly QL continues to focus on sustainable growth and also to strike a balance to enhance shareholders value.

- In August 2003, QL was honoured to be recognised and ranked 1st amongst 50 or more Malaysian public listed companies for the KPMG Shareholders Value Awards 2002 under the

Agriculture & Fisheries Sector. QL was ranked 6th the following year.

- QL was ranked in the Malaysian Top 100 companies in an October 2004 survey by 'Malaysian Business' Magazine and in terms of ROE, we were ranked No.11 amongst these Top 100 companies.

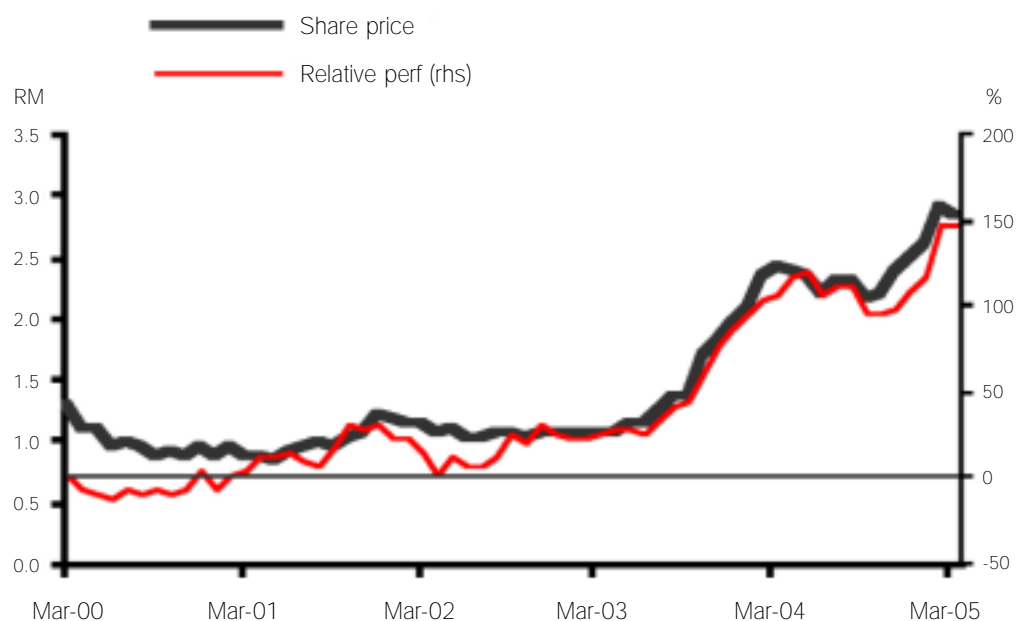


- We were ranked No. 44 in terms of ROE by Bursa Malaysia in their 2005 report. QL's ROE over the past 5 years ranges from 18% to 25%. We will strive to maintain this level of performance.
- In a recent June 2005 surveys by The Edge, we were ranked No.65 amongst Bursa Malaysia

counters in terms of share appreciation for 3 years period. (2002 to 2004).

- We outperformed the market by 150%. (March 2000 to March 2005)
(See graph below)

QL share price performance relative to Bursa Malaysia Index





We now have a coherent, complementary set of businesses, all with the objective of adding value to our broad and resource-based activities. We are indeed proud of our three core activities because:

1. Marine Products Manufacturing Activities

- We are the largest producer of Surimi in Asia as well as the largest fishmeal and surimi-based products manufacturer in Malaysia.

2. Integrated Livestock Farming Activities

- We are a leading distributor of animal feed raw materials such as corn and soya bean meal in Malaysia. We are also a leading poultry egg producer in Malaysia with daily egg production of about 800,000 eggs and a leading integrated broiler producer in Sabah State (East Malaysia).

3. Crude Palm Oil Milling Activities

- We are a leading independent Crude Palm Oil Miller in Sabah.

These activities now share a company culture that is enthusiastic, self-confident and collaborative. They also share central business and supply chain services and work together on anything that will reduce costs and hence creating value.

Our Competitive Advantage Our greatest advantage is our people. At the centre of the company is knowledge of how to manage our resource-based business. Our focus on our core activities makes us stand out. We have mentioned in the past that our resource-based business of marine products manufacturing and crude palm oil milling have world-wide market potential. In every one of our divisions, breadth and depth is an advantage. It puts us in a unique competitive edge over others.



2005 and Beyond Although the operating environment will be no less demanding and challenging especially with escalating crude oil prices for 2005 and beyond, we nevertheless expect to report satisfactory progress in operating profit for the full year. Even after the major acquisitions and expansion, our financial resources remain strong and will enable the group to support new investment initiatives. QL will continue to strive for sustainable growth and we are well placed for further expansion.

Almost all of the directors and management in QL are owners of a stake in the company, like you. In 2005, we are determine to make sure that future chapters continue to make happy reading for all QL shareholders.

Chia Song Kun
Managing Director

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

Mr Teh Kim Teh
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. Chieng Ing Huong, Eddy	4
Mr Teh Kim Teh	4

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 Bursa Malaysia Securities Berhad.

4. *Attendance at Meetings*

The company must ensure that other directors and employees attending any particular audit

Committee meeting only at the audit Committee's invitation, specific to the relevant meeting. However, at least once a year the Committee shall meet with external auditors.

The company secretary shall be the secretary of the Committee.

5. *Procedure of the committee:*

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

6. *Quorum*

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

7. *Frequency of Meetings*

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

Corporate Governance Statement

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

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

A. BOARD OF DIRECTORS

(a) Board responsibilities

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

- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.

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

(b) Board Meetings

During the financial year ended 31 March 2005, 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.

(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

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

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	3/4
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	4/4

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 Board has appointed Mr Chieng Ing Huong, Eddy as the senior independent non-executive Director to whom concerns may be conveyed.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of the 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, 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. All the Directors have fulfilled the requirement to accumulate 72 CEP points for the years 2003 and 2004. They have agreed to continue to accumulate 48 CEP/CPE points for the calendar year 2005.

(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 24 February 2005, the Remuneration Committee has reviewed the group remuneration package of the executive Directors.

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:

Subject	Executive Directors	Non-Executive Directors
Aggregate Remuneration	RM	RM
• Directors' fees	418,900	138,000
• Salaries	1,472,360	-
• Allowance	23,800	6,000
• Bonuses	1,522,363	-
• Benefits in kind based on an estimated money value	61,750	-
Total	3,499,173	144,000

<i>Band (RM)</i>	<i>No. of Directors</i>	<i>No. of Directors</i>
Below 50,000		2
50,001 – 100,000		1
300,001 – 350,000	1	
450,001 – 500,000	2	
550,001 – 600,000	1	
600,001 – 650,000	1	
950,001 – 1,000,000	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 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 17 to 18 of the annual report.

E. OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Shareholders' Mandate for RRPT of a revenue or trading nature during its Extraordinary General Meeting (EGM) held on 26 August 2004.

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 2005 is RM202,841.

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 2005)

<i>Name of directors</i>	<i>Direct #</i>	<i>No. of shares held</i>		
		<i>%</i>	<i>Indirect #</i>	<i>%</i>
Tengku Dato' Zainal Rashid				
Bin Tengku Mahmood	187,500	0.13	-	-
Chia Song Kun	37,500	0.02	74,347,885 *	49.57
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	74,040,885 @	49.36
Chieng Ing Huong, Eddy	-	-	-	-
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

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, the Board of Directors of QL Resources Berhad is pleased to provide the following statement on internal control on the state of internal control of the Group comprising QL Resources Berhad and its subsidiaries for the financial year ended 31 March 2005, 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 system of internal controls 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. In striving for continuous improvement, the Board will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal controls.

Internal Control

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

- ***Organisational structure and accountability levels***

Key responsibilities and lines of accountability within the Group are defined, with clear reporting lines up to the Senior Management of the Group and to the Board of Directors of the QL Resources Berhad. The Group's delegation of authority sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board approval.

- ***Strategic business planning processes***

Business planning and budgeting is undertaken bi-annually, to establish plans and targets against which performance is monitored.

- ***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.

- ***Control procedures***

Operating Procedures Manuals that set out certain policies and procedures are maintained by certain companies in the Group, to ensure accountabilities and standard control procedures are in place.

Internal Audit

Internal audits are carried out by an independent professional services firm to review the adequacy and integrity of the internal control systems of certain business units for the financial year ended 31 March 2005. The internal audit team had completed the review of internal controls for selected subsidiaries in the Group for the financial year ended 31 March 2005 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 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 main objective for the risk assessment is to achieve a better management of the risks and controls through formulation of action plans to be implemented and championed by identified members of the Management. 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 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 March 31, 2005. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.



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Directors' report

for the year ended 31 March 2005

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 2005.

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	36,117	6,709

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 6 sen per ordinary share of RM0.50 each less tax totaling RM6,480,000 in respect of the year ended 31 March 2004 on 27 September 2004.

The Directors recommend a final dividend of 7.5 sen per ordinary share of RM0.50 each less tax totaling RM8,100,000 in respect of the year ended 31 March 2005.

Directors of the Company

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

Tengku Dato' Zainal Rashid bin Tengku Mahmood
Chia Song Kun
Chia Seong Pow
Chia Seong Fatt
Chia Song Kooi
Chia Song Swa
Chia Mak Hooi
Chieng Ing Huong
Teh Kim Teh

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:

	At 1.4.2004	Bonus issue	Share split	Bought	Sold	At 31.3.2005
Shareholdings in which Directors have direct interests in the Company						
Tengku Dato' Zainal Rashid bin Tengku Mahmood	75,000	18,750	93,750	-	-	187,500
Chia Song Kun	15,000	3,750	18,750	-	-	37,500
Chia Seong Pow	15,000	3,750	18,750	-	-	37,500
Chia Seong Fatt	15,000	3,750	18,750	-	-	37,500
Chia Song Kooi	15,000	3,750	18,750	-	-	37,500
Chia Song Swa	15,000	3,750	18,750	-	-	37,500
Chia Mak Hooi	15,000	3,750	18,750	-	-	37,500
Shareholdings in which Directors have indirect interests in the Company						
Chia Song Kun	29,709,354	7,427,339	37,136,692	-	-	74,273,385
Chia Seong Pow	8,470,135	2,117,534	10,587,669	-	-	21,175,338
Chia Seong Fatt	8,470,135	2,117,534	10,587,669	-	-	21,175,338
Chia Song Kooi	29,506,354	7,376,589	36,882,942	-	-	73,765,885
Chia Song Swa	29,490,354	7,372,589	36,862,942	-	-	73,725,885
Chia Mak Hooi	29,598,354	7,399,589	36,997,942	35,000	-	74,030,885

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 2005 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 31 to the financial statements.

Significant events subsequent to balance sheet date

The significant events subsequent to balance sheet date are as disclosed in Note 32 to the financial statements.

Issue of shares

During the financial year, the Company undertook the following:

- (i) 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.
- (ii) Subdivision of the issued and paid up share capital of 75,000,000 ordinary shares of RM1.00 each into 150,000,000 new ordinary shares of RM0.50 each on the basis of two (2) new ordinary shares of RM0.50 for every one (1) ordinary share of RM1.00 each.

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.

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 2005 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: 26 July 2005

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 75 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 2005 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: 26 July 2005

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 75 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 26 July 2005.

Chia Mak Hooi

Before me:

Report of the Auditors

to the members of QL Resources Berhad

We have audited the financial statements set out on pages 35 to 75. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 2005 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

Kuala Lumpur,

Date: 26 July 2005

Jimmy Leow Min Fong

Partner
Approval Number: 595/03/06(J/PH)

Balance Sheets

at 31 March 2005

	Note	Group		Company	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	3	239,207	208,849	6	7
Investment in subsidiaries	4	-	-	73,263	64,108
Investment in an associate	5	3,715	2,456	-	-
Other investments	6	113	113	-	-
Intangible assets	7	89	89	-	-
		243,124	211,507	73,269	64,115
Current assets					
Inventories	8	77,167	80,545	-	-
Trade and other receivables	9	143,064	123,399	17,528	18,669
Tax recoverable		790	864	55	-
Cash and cash equivalents	10	20,330	27,606	110	66
		241,351	232,414	17,693	18,735
Current liabilities					
Trade and other payables	11	51,329	44,093	13,828	5,578
Borrowings	12	171,602	182,548	-	-
Taxation		1,812	1,748	-	11
		224,743	228,389	13,828	5,589
Net current assets		16,608	4,025	3,865	13,146
		259,732	215,532	77,134	77,261
Financed by:					
Capital and reserves					
Share capital	13	75,000	60,000	75,000	60,000
Reserves	14	83,980	69,699	2,134	17,261
		158,980	129,699	77,134	77,261
Negative goodwill on consolidation		799	1,866	-	-
Minority shareholders' interests	15	15,302	19,920	-	-
Long term and deferred liabilities					
Borrowings	12	63,714	45,155	-	-
Deferred tax liabilities	16	20,937	18,892	-	-
		84,651	64,047	-	-
		259,732	215,532	77,134	77,261

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2005.

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the year ended 31 March 2005

	Note	Group		Company	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
Revenue	17	941,585	899,386	10,418	24,791
Operating profit	17	54,699	47,657	9,453	24,435
Interest expense	19	(8,994)	(7,912)	-	-
Interest income	20	127	91	-	-
Share of profits of an associate		247	315	-	-
Profit before taxation		46,079	40,151	9,453	24,435
Tax expense	21	(7,893)	(10,158)	(2,744)	(4,155)
Profit after taxation		38,186	29,993	6,709	20,280
Less: Minority interests		(2,069)	(3,108)	-	-
Net profit for the year		36,117	26,885	6,709	20,280
Earnings per ordinary share (sen)	22	24	18		
Dividends per ordinary share - net (sen)					
- excluding proposed final dividend	23	-	-	-	-
- including proposed final dividend	23	5.4	4.3	5.4	4.3

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Changes in Equity

for the year ended 31 March 2005

Group	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Sub-Total RM'000	Total RM'000
At 1 April 2003		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
Bonus issue	13	15,000	-	(15,000)	(15,000)	-
Expenses not recognised in income statement						
- Bonus issue expenses		-	(356)	-	(356)	(356)
Net profit for the year		-	-	36,117	36,117	36,117
Dividends – 2004 final	23	-	-	(6,480)	(6,480)	(6,480)
At 31 March 2005		75,000	1,551	82,429	83,980	158,980

Note 13

Company

At 1 April 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
Bonus issue	13	15,000	-	(15,000)	(15,000)	-
Expenses not recognised in income statement						
- Bonus issue expenses		-	(356)	-	(356)	(356)
Net profit for the year		-	-	6,709	6,709	6,709
Dividends – 2004 final	23	-	-	(6,480)	(6,480)	(6,480)
At 31 March 2005		75,000	1,551	583	2,134	77,134

Note 13

Note 14

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 March 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	46,079	40,151	9,453	24,435
Adjustments for:				
Amortisation of trademarks	4	4	-	-
Depreciation	16,817	14,960	1	1
Dividend income	-	-	(9,700)	(24,237)
Gain on disposal of property, plant and equipment	(980)	(634)	-	-
Gain on disposal to minority interest	(270)	-	-	-
Interest expense	8,994	7,912	-	-
Interest income	(127)	(91)	-	-
Loss on disposal of property held for resale	35	-	-	-
Provision for diminution in value of property held for resale	183	-	-	-
Property, plant and equipment written off	64	800	-	-
Share of profits of an associate	(247)	(315)	-	-
Operating profit before working capital changes	70,552	62,787	(246)	199
(Increase)/Decrease in working capital:				
Inventories	3,378	(13,951)	-	-
Trade and other receivables	(19,037)	(6,865)	1,141	(18,080)
Trade and other payables	7,236	7,173	8,250	5,378
Bills payable	(14,747)	16,477	-	-
Cash generated from/(used in) operations	47,382	65,621	9,145	(12,503)
Income taxes paid	(5,641)	(5,658)	(94)	(33)
Interest paid	(5,205)	(5,318)	-	-
Interest received	127	91	-	-
Net cash generated from/(used in) operating activities	36,663	54,736	9,051	(12,536)

	Note	Group		Company	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition from minority interest		(6,580)	(9,915)	-	-
Additional investment in associates		(1,146)	-	-	-
Additional investment in subsidiary		-	-	(7,500)	-
Acquisition of subsidiaries (Note 31.2)		-	-	(1,655)	(2,500)
Decrease in pledged fixed deposits placed with licensed banks		-	203	-	-
Proceeds from disposal of property, plant and equipment		1,429	1,378	-	-
Purchase of property, plant and equipment	(i)	(46,041)	(34,586)	-	-
Purchase of intangible assets		(4)	-	-	-
Dividend received from subsidiaries		-	-	6,984	20,251
Dividend received from associates		65	-	-	-
Net cash (used in)/generated from investing activities		(52,277)	(42,920)	(2,171)	17,751
Cash flows from financing activities					
Bonus issue expenses		(356)	-	(356)	-
Contribution from minority shareholders		-	490	-	-
Dividend paid to minority shareholders		(904)	(1,187)	-	-
Dividend paid to shareholders of the Company		(6,480)	(5,184)	(6,480)	(5,184)
Interest paid		(3,803)	(2,807)	-	-
Net repayments of hire purchase liabilities		(1,547)	(966)	-	-
Net repayments of finance lease liabilities		(459)	(249)	-	-
Net proceeds from loans and other borrowings		21,116	9,505	-	-
Net cash generated from/(used in) financing activities		7,567	(398)	(6,836)	(5,184)
Net (decrease)/increase in cash and cash equivalents		(8,047)	11,418	44	31
Cash and cash equivalents at beginning of year		21,833	10,415	66	35
Cash and cash equivalents at end of year	(ii)	13,786	21,833	110	66

*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 RM48,534,000 (2004 - RM36,686,000) of which RM1,812,000 (2004 - RM1,459,000) and RM667,000 (2004 - RM428,000) 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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	16,256	24,266	110	66
Deposits placed with licensed banks	4,054	3,320	-	-
Bank overdrafts	(6,524)	(5,753)	-	-
	13,786	21,833	110	66

The notes set out on pages 41 to 75 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.

(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%
Fishing boat and equipment	5% - 20%
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.

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

(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 and is stated at cost less accumulated impairment loss where applicable. Goodwill and negative goodwill on consolidation are not amortised.

(i) Inventories

Raw materials, manufactured inventories and trading inventories are stated at the lower of cost and net realisable value with first-in-first-out being the main basis for cost, except for a subsidiary where trading inventories are stated at the lower of cost and net realisable value with standard cost being the main basis for costs adjusted for variances which approximate actual cost on the first-in-first-out basis. The cost of raw materials comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. For manufactured inventories and trading inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads and other incidental costs.

Retailled inventories are stated at the lower of cost and net realisable value. Cost of retailled inventories comprises the weighted average cost of merchandise derived at by using the Retailled 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 expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1. Summary of significant accounting policies (Cont'd)**(m) Employee benefits (Cont'd)****(ii) Defined contribution plans**

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

(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.

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

(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:

	2005	2004
USD1.00	RM3.80	RM3.80
AUD1.00	RM2.95	RM2.88
SGD1.00	RM2.28	RM2.24
EUR1.00	RM4.95	RM4.65
JPY1.00	RM0.04	RM0.04
IDR100.00	RM0.04	-
PESO100.00	RM7.00	-

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

(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.

(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.

2. Financial risk management objectives and policies

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.

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

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

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

Credit risk

Financial instruments contain an element of risk of the counterparties being unable to meet their obligations. Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group 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, Japanese Yen, Indonesia Rupiah and Peso.

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 1.4.2004	Additions	Disposals	Written off	Transfer in/(out)	At 31.3.2005
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	9,374	1,780	(192)	-	12	10,974
Long term leasehold land	30,544	1,167	(199)	-	-	31,512
Short term leasehold land	3,967	-	-	-	-	3,967
Buildings and improvements	36,106	6,219	(14)	-	3,638	45,949
Farm buildings	31,450	1,569	-	-	2	33,021
Fishing boat and equipment	-	3,705	-	-	-	3,705
Plant and machinery	87,178	9,363	(1,075)	(31)	9,766	105,201
Furniture, fittings and equipment	18,220	3,309	(1,242)	-	264	20,551
Office improvements and renovation	1,888	425	-	-	-	2,313
Motor vehicles	21,109	3,307	(2,070)	-	209	22,555
Plantation development expenditure	12,940	240	(26)	-	-	13,154
Capital work-in-progress	16,685	17,450	-	(44)	(13,891)	20,200
	269,461	48,534	(4,818)	(75)	-	313,102

Accumulated depreciation	At 1.4.2004	Charge for the year	Disposals	Written off	At 31.3.2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Long term leasehold land	981	359	(12)	-	1,328
Short term leasehold land	851	145	-	-	996
Buildings and improvements	4,161	1,220	(13)	-	5,368
Farm buildings	8,435	2,097	-	-	10,532
Fishing boat and equipment	-	133	-	-	133
Plant and machinery	29,161	7,869	(873)	(11)	36,146
Furniture, fittings and equipment	6,051	2,045	(924)	-	7,172
Office improvements and renovation	633	279	-	-	912
Motor vehicles	10,339	2,670	(1,701)	-	11,308
	60,612	16,817	(3,523)	(11)	73,895

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

Group	Net book value at		Depreciation charge
	31.3.2005	31.3.2004	31.3.2004
	RM'000	RM'000	RM'000
Freehold land	10,974	9,374	-
Long term leasehold land	30,184	29,563	275
Short term leasehold land	2,971	3,116	166
Buildings and improvements	40,581	31,945	1,076
Farm buildings	22,489	23,015	2,073
Fishing boat and equipment	3,572	-	-
Plant and machinery	69,055	58,017	7,078
Furniture, fittings and equipment	13,379	12,169	1,719
Office improvements and renovation	1,401	1,255	222
Motor vehicles	11,247	10,770	2,351
Plantation development expenditure	13,154	12,940	-
Capital work-in-progress	20,200	16,685	-
	239,207	208,849	14,960

Company	RM'000
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Furniture and fitting

Cost

At 1 April 2004 / 31 March 2005	11
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Accumulated depreciation

At 1 April 2004	4
Charge for the year	1

At 31 March 2005	5
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Net book value

At 31 March 2005	6
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At 31 March 2004	7
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Depreciation charge for the year ended 31 March 2004	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	
	2005	2004
	RM'000	RM'000
Plantation development expenditure		
- Term loan interest at 1.5% above BLR (2004 - 1.5% above BLR per annum)	14	40
- Bank overdraft interest at Nil (2004 - 1.5% above BLR per annum)	-	2
Capital work-in-progress at Nil (2004 - 5.83% to 6.5% per annum)	-	171
	14	213

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 RM29,802,000 (2004 - RM32,934,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.

The freehold land and buildings of a subsidiary costing RM2,289,000 (2004 - RM2,669,000) are pending discharge as security by the bank.

Titles

Long term leasehold land with cost of RM140,000 (2004 - RM140,000) is held under native title in the name of a third party in trust for certain subsidiaries.

The titles to certain long term leasehold land of a subsidiary stated at cost of RM157,000 (2004 - Nil) are in the process of being transferred into the name of the subsidiary.

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	
	2005	2004
Group	RM'000	RM'000
Plant and machinery	1,275	1,188
Motor vehicles	3,457	2,475
Renovation	178	204
Furniture, fittings and office equipment	48	62
Computer equipment	13	17
	4,971	3,946

3. Property, plant and equipment (Cont'd)***Assets under finance lease***

Included in plant and equipment of the Group are furniture, fittings and equipment acquired under finance lease with net book value of RM1,257,000 (2004 – RM772,000).

Capital work-in-progress

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

4. Investment in subsidiaries

	Company	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	73,263	64,108

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

5. Investment in an associate

	Group	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	2,496	1,350
Share of post-acquisition reserves		
At 1 April 2004/2003	1,106	879
Net profit for the year	178	227
Dividend received	(65)	-
	1,219	1,106
	3,715	2,456
Represented by:		
Group's share of net assets other than goodwill	3,715	2,456

The significant associate of the Group is as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest (%)	
			2005	2004
Indahgrains Logistics Sdn. Bhd.	Operating of warehouse and warehouse management	Malaysia	29.87	20.00

6. Other investments

	Group	
	2005	2004
	RM'000	RM'000
At cost:		
Quoted shares	73	73
Unquoted shares	40	40
	113	113
Market values of quoted investments		
Quoted shares	62	71

Investment in quoted shares is not written down as the Directors are of the view that the diminution in their value is temporary.

7. Intangible assets

	Group	
	2005	2004
	RM'000	RM'000
Trademarks		
Cost		
At 1 April 2004 / 2003	100	100
Additions	4	-
At 31 March	104	100
Accumulated amortisation		
Balance at 1 April 2004 / 2003	11	7
Amortisation charge for the year	4	4
Balance at 31 March	15	11
Net book value		
At 31 March	89	89

8. Inventories

	Group	
	2005	2004
	RM'000	RM'000
At cost:		
Raw materials	15,421	10,655
Livestock	10,153	9,450
Manufactured, trading and retailed inventories	51,593	60,440
	77,167	80,545

9. Trade and other receivables

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables		104,511	99,380	-	-
Less: Allowance for doubtful debts		(8,205)	(7,622)	-	-
Subsidiaries	9.1	96,306	91,758	-	-
Other receivables, deposits and prepayments	9.2	-	-	17,504	18,556
	9.3	46,758	31,641	24	113
		143,064	123,399	17,528	18,669

9.1 Trade receivables

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

	Group	
	2005 RM'000	2004 RM'000
A person connected with a Director of a subsidiary	125	67
Companies in which Directors of certain subsidiaries have interest	624	1,023
	749	1,090

During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM297,000 (2004 - RM910,000).

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 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 RM14,828,000 (2004 - RM13,540,000) 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.
- (ii) advance payment to suppliers of a subsidiary for the purchase of goods amounting to RM16,143,000 (2004 - Nil).
- (iii) recoveries from suppliers net of allowance for doubtful debts amounting to RM1,794,000 (2004 - RM4,155,000).
- (iv) property held for resale of RM3,735,000 (2004 - RM3,640,000) which arose from the settlement of trade receivables by way of exchange of property. It is the Group's intention to realise the property for cash in due course.

9. Trade and other receivables (Cont'd)**9.3 Other receivables, deposits and prepayments (Cont'd)**

- (v) deposits paid to Directors of certain subsidiaries for purchase of land amounting to Nil (2004 - RM262,000).
- (vi) balance owing from purchaser on disposal of property, plant and equipment of one of the subsidiaries amounting to RM846,000 (2004-Nil).
- (vii) deposits paid to supplier of certain subsidiary for purchase of plant and machinery amounting to RM2,510,000 (2004-Nil).

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	140,269	119,373	17,528	18,669
US Dollars	2,517	3,728	-	-
Singapore Dollars	183	161	-	-
Japanese Yen	95	137	-	-
	143,064	123,399	17,528	18,669

10. Cash and cash equivalents

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	16,256	24,266	110	66
Deposits placed with licensed banks	4,074	3,340	-	-
	20,330	27,606	110	66

Included in the Group's fixed deposits are RM20,000 (2004 - RM20,000) 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	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	11.1	40,054	34,918	-	-
Other payables and accrued expenses		11,275	9,175	95	15
Subsidiaries	11.2	-	-	13,733	5,563
		51,329	44,093	13,828	5,578

11. Trade and other payables (Cont'd)

11.1 Included in trade payables of the Group are amount due to certain companies in which Directors of certain subsidiaries have interest amounting to RM400,000 (2004 - RM88,000).

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.

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

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	47,438	37,827	13,828	5,578
US Dollars	3,159	5,843	-	-
Singapore Dollars	87	62	-	-
Australian Dollars	420	195	-	-
EURO	-	29	-	-
Sterling	225	-	-	-
Japanese Yen	-	137	-	-
	51,329	44,093	13,828	5,578

12. Borrowings

		Group	
		2005	2004
		RM'000	RM'000
Current:			
Term loans	- secured	6,007	5,064
	- unsecured	15,550	13,977
Bank overdrafts	- secured	1,164	1,736
	- unsecured	5,360	4,017
Bills payable	- secured	1,601	4,085
	- unsecured	140,025	152,288
Hire purchase liabilities		1,499	1,076
Finance lease liabilities		396	305
		171,602	182,548
Non-current:			
Term loans	- secured	11,740	13,579
	- unsecured	50,269	29,830
Hire purchase liabilities		1,256	1,414
Finance lease liabilities		449	332
		63,714	45,155
		235,316	227,703

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 1.75% to 2.00% above BLR and Cost of Fund	12,428	3,553	2,772	6,103	-
Secured term loans - fixed at 3.75% to 5.92% per annum	5,319	2,454	1,446	1,419	-
Unsecured term loans - variable at 1.00%-2.00% above BLR and Cost of Fund	9,266	1,840	2,043	4,508	875
Unsecured term loans - fixed at 4.00% to 7.14% per annum	56,553	13,710	14,954	25,245	2,644
Secured bank overdrafts - variable at 1.25% to 1.50% above BLR	1,164	1,164	-	-	-
Unsecured bank overdrafts - variable at 1.50% to 2.00% above BLR	5,360	5,360	-	-	-
Secured bills payable - variable at 3.25% to 4.39% per annum	1,601	1,601	-	-	-
Unsecured bills payable - variable at 2.50% to 4.80% per annum	140,025	140,025	-	-	-
Hire purchase liabilities - fixed at 3.20% to 7.96% per annum	2,755	1,499	1,256	-	-
Finance lease liabilities fixed at 4.04% to 4.80% per annum	845	396	449	-	-
	235,316	171,602	22,920	37,275	3,519

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2005	Interest 2005	Principal 2005	Payments 2004	Interest 2004	Principal 2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	1,683	(184)	1,499	1,235	(159)	1,076
Between one and five years	1,352	(96)	1,256	1,578	(164)	1,414
	3,035	(280)	2,755	2,813	(323)	2,490

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

Finance lease liabilities are payable as follows:

	Payments 2005 RM'000	Interest 2005 RM'000	Principal 2005 RM'000	Payments 2004 RM'000	Interest 2004 RM'000	Principal 2004 RM'000
Group						
Less than one year	450	(54)	396	347	(42)	305
Between one and five years	526	(77)	449	384	(52)	332
	976	(131)	845	731	(94)	637

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; and
- (iii) a letter of undertaking by a subsidiary not to divest its interest in one of the subsidiaries.

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;
- (iv) corporate guarantee by the Company; and
- (v) a charge on the subsidiaries' properties

12. Borrowings (Cont'd)*Unsecured*

The bank overdrafts are supported by way of:

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

Unsecured

Bills payable are supported by way of:

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

13. Share capital

	Group and Company	
	2005	2004
	RM'000	RM'000
Ordinary shares of RM0.50# (2004 – RM1.00) each:		
Authorised	200,000	200,000
Issued and fully paid		
At 1 April 2004/2003	60,000	60,000
Issued during the year:		
Bonus issue	15,000	-
At 31 March	75,000	60,000

During the year, the Company had 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.

The ordinary shares of RM1.00 each were sub-divided into RM0.50 per ordinary share each during the financial year.

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 2005 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	
	2005	2004
	RM'000	RM'000
Property, plant and equipment		
- capital allowances	18,987	17,635
- revaluation	2,780	2,820
Provisions	(95)	(166)
Unabsorbed capital allowances	(311)	(671)
Unutilised tax losses	(281)	(726)
Other temporary differences	(143)	-
	20,937	18,892

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

	Group	
	2005	2004
	RM'000	RM'000
Taxable/(Deductible) temporary differences	5,917	(3,142)
Unabsorbed capital allowances	8,267	6,955
Unutilised tax losses	2,925	7,818
	17,109	11,631

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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue - sale of goods	941,583	899,347	-	-
- dividends	2	39	9,700	24,237
- management fee	-	-	718	554
	941,585	899,386	10,418	24,791
Cost of sales	(836,160)	(797,333)	-	-
Gross profit	105,425	102,053	10,418	24,791
Distribution costs	(12,919)	(16,434)	-	-
Administration expenses	(41,012)	(36,729)	(965)	(550)
Other operating expenses	(2,144)	(4,197)	-	-
Other operating income	5,349	2,964	-	194
Operating profit	54,699	47,657	9,453	24,435

17. Operating profit (Cont'd)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	665	54	-	-
Bad debts recovered	-	8	-	-
Gain on disposal of property, plant and equipment	980	634	-	-
Gain on foreign exchange - realised	72	37	-	-
Gain on disposal to minority interest	270	-	-	-
Dividend from subsidiaries				
- gross	-	-	9,700	14,237
- tax exempt	-	-	-	10,000
Dividend from quoted shares				
- gross	1	-	-	-
- tax exempt	1	39	-	-
Insurance claims	1,257	1,107	-	-
Rental of equipment	12	-	-	-
Rental of premises	98	140	-	-
Reversal of inventories written back	-	10	-	-
and after charging:				
Auditors' remuneration				
- current	201	204	17	12
- under provision in prior years	2	-	-	-
Amortisation of trademarks	4	4	-	-
Allowance for doubtful debts	1,545	2,202	-	-
Bad debts written off	212	728	-	-
Company's Directors				
- remuneration	3,269	2,347	6	-
- fees	557	532	306	291
Subsidiaries' Directors				
- remuneration	3,669	2,758	-	-
- fees	256	256	-	-
Depreciation	16,817	14,960	1	1
Hire of plant and machinery	6	18	-	-
Inventories written off	-	123	-	-
Loss on foreign exchange - realised	56	257	-	-
Loss on disposal of property held for resale	35	-	-	-
Property, plant and equipment written off	64	800	-	-
Provision for diminution in value of property held for resale	183	-	-	-
Rental of land and buildings	1,247	901	-	-
Rental of office premises	965	1,107	-	-
Rental of equipment	167	81	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group is RM61,750 (2004 - RM59,417).

18. Employee information

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Staff costs	40,780	35,149	-	-

Staff costs include contributions to Employees Provident Fund of RM2,866,000 (2004 - RM2,722,000) for the Group.

The number of employees of the Group (including executive Directors) at the end of the year was 2,968 (2004 - 2,427).

19. Interest expense

	Group	
	2005	2004
	RM'000	RM'000
Term loans	3,499	2,410
Bank overdrafts	408	423
Bills payable	4,789	4,728
Hire purchase liabilities	223	180
Finance lease liabilities	67	4
Others	8	167
	8,994	7,912

20. Interest income

	Group	
	2005	2004
	RM'000	RM'000
Deposits placed with licensed banks	127	81
Others	-	10
	127	91

21. Tax expense

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- current year	5,504	5,898	2,716	4,056
- prior years	232	190	28	99
- real property gain tax	43	-	-	-
	5,779	6,088	2,744	4,155

21. Tax expense (Cont'd)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deferred tax expense - origination and reversal of temporary differences	2,045	3,982	-	-
	2,045	3,982	-	-
Tax expense on share of profits of an associate	69	88	-	-
Total	7,893	10,158	2,744	4,155
Reconciliation of effective tax expense				
Profit before taxation	46,079	40,151	9,453	24,435
Income tax using Malaysian tax rates	12,903	11,242	2,647	6,842
Non-deductible expenses	725	821	69	44
Tax exempt income	(334)	(39)	-	(2,840)
Tax incentives	(6,988)	(3,883)	-	-
Effect of temporary differences not recognised	1,534	1,687	-	-
Other items	(222)	140	-	10
	7,618	9,968	2,716	4,056
Under provision in prior years	232	190	28	99
Real property gain tax	43	-	-	-
Tax expense	7,893	10,158	2,744	4,155

22. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the net profit for the year of RM36,117,000 (2004 - RM26,885,000) and on the number of ordinary shares in issue during the year of 150,000,000 (2004 - adjusted for bonus issue and share split: 150,000,000).

The basis earnings per ordinary share for 2004 has been restated and adjusted to incorporate the effect of the bonus issue and share split during the year.

23. Dividends

	Group and Company	
	2005	2004
	RM'000	RM'000
Final paid:		
2004 - 6 sen per ordinary share of RM0.50 each less tax (2003 - 12 sen per ordinary share of RM1.00 each less tax)	6,480	5,184

23. Dividends (Cont'd)***Proposed final dividend for the financial year ended 31 March 2005***

The proposed final dividend for the year ended 31 March 2005 of 7.5 sen less tax totaling RM8,100,000 has not been accounted for in the financial statements of the Group and of the Company as at 31 March 2005. It will be recognised in the financial statements upon approval by shareholders at the forthcoming Annual General Meeting.

Dividends per ordinary share - net

The calculation of dividends per ordinary share is based on the dividends for the financial year ended 31 March 2005 and the number of ordinary shares in issue of 150,000,000 (2004 - 150,000,000).

	2005 RM'000	2004 RM'000	2005 Sen per share	2004
Proposed final dividend	8,100	6,480	5.4	4.3
Dividends including proposed final dividend for the year	8,100	6,480	5.4	4.3

24. Segmental information

Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

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 interest earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

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.
Integrated livestock farming	Distribution of animal feed raw materials, poultry farming, food related products and sundry trading activities.

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

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

During the current financial year, the Group consolidated two of its business segment, namely trading and distribution and poultry farming into one segment, integrated livestock farming, with the view to better reflect the current activities of the Group.

24. Segmental information (Cont'd)

	Marine-Products Manufacturing		Crude Palm Oil Milling		Integrated Livestock Farming		Eliminations		Consolidated	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Business Segments										
Revenue from external customers	129,269	100,708	207,817	211,154	604,499	587,524	-	-	941,585	899,386
Inter-segment revenue	-	-	363	-	715	276	(1,078)	(276)	-	-
Total revenue	129,269	100,708	208,180	211,154	605,214	587,800	(1,078)	(276)	941,585	899,386
Segment result	21,353	14,897	11,337	10,904	22,974	22,212	-	-	55,664	48,013
Unallocated expenses									(965)	(356)
Operating profit									54,699	47,657
Interest expense									(8,994)	(7,912)
Interest income									127	91
Share of profits of an associate									247	315
Profit before taxation									46,079	40,151
Tax expense									(7,893)	(10,158)
Profit after taxation									38,186	29,993
Minority interests									(2,069)	(3,108)
Net profit for the year									36,117	26,885

24. Segmental information (Cont'd)

	Marine-Products Manufacturing		Crude Palm Oil Milling		Integrated Livestock Farming		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	128,283	88,572	81,670	76,047	249,544	248,143	-	-	459,497	412,762
Share of net assets in an associate									3,715	2,456
Unallocated assets									21,263	28,703
Total assets									484,475	443,921
Segment liabilities	9,257	6,172	13,945	14,546	28,032	23,360	-	-	51,234	44,078
Unallocated liabilities									258,160	248,358
Total liabilities									309,394	292,436
Capital expenditure	31,489	22,218	1,752	5,420	15,293	9,048	-	-	48,534	36,686
Depreciation and amortisation	5,488	4,571	4,512	3,984	6,867	6,409	-	-	16,867	14,964
Non-cash expenses other than depreciation and amortisation	224	545	7	675	1,773	2,633	-	-	2,004	3,853

25. Contingent liabilities - unsecured

	Company	
	2005	2004
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of: - subsidiaries	359,712	462,328

26. Commitments

	Group	
	2005	2004
	RM'000	RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	1,677	784
Contracted but not provided for in the financial statements	8,982	8,575
Investment		
Contracted but not provided for in the financial statements	11,400	-
	22,059	9,359

27. Operating leases

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

	Group	
	2005	2004
	RM'000	RM'000
Less than one year	569	990
Between one and five years	408	1,080
	977	2,070

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	
	2005	2004
	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	1,110	1,016
With a firm in which Chia Chew Tick, a director of certain subsidiaries has interest:		
CBSS Trading:		
Sales	(48)	(665)
With persons connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries		
Cheah Joo Kiang:		
Sales	(1,394)	(1,079)
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, Chia Kah Chuan, and Chia Chew Tick, Directors of certain subsidiaries have interest		
Success Portfolio Sdn. Bhd.:		
Sales	(3,620)	(2,978)
Management fee payable	15	12
Fusipim Sdn. Bhd.:		
Sales	(901)	(1,138)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(2,664)	(2,178)
Purchases	70	141
Rental payable	18	34
Management fees received	(24)	-
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(6,228)	(6,504)
Hexa Resources Sdn. Bhd.:		
Purchases	127	21
Sarawak Veterinary Suppliers Sdn. Bhd.:		
Purchases	49	153
Fu Frozen Enterprise (M) Sdn. Bhd.:		
Sales	(61)	(53)

28. Related parties (Cont'd)

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

	Group	
	2005	2004
	RM'000	RM'000
Keang Huat Trading Sdn. Bhd.:		
Purchases	92	81
Transport charges	(1)	-
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	926	569
Timurikan Terengganu Sdn. Bhd.:		
Sales	(5)	-
Purchases	880	789
Transport charges	(8)	-
	Company	
	2005	2004
	RM'000	RM'000
Subsidiaries		
Net dividend received	(6,984)	(20,251)
Management fee income	(718)	(554)

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	Effective interest rate per annum %	2005			Effective interest rate per annum %	2004		
		Total	Within 1 year	1-5 years		Total	Within 1 year	1-5 years
		RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
Financial assets								
Deposits placed with licensed banks	2.61	4,074	4,074	-	2.63	3,340	3,340	-
Financial liabilities								
Secured fixed rate term loan *	5.48	2,524	1,782	742	5.00	15,231	4,228	10,768
Secured variable rate term loan	6.74	12,428	12,428	-	8.40	64	64	-
Unsecured fixed rate term loan	5.72	56,553	13,710	40,199	6.44	42,165	13,536	28,629
Unsecured variable rate term loan	6.70	9,266	9,266	-	8.00	1,642	1,642	-
Secured bank overdrafts	7.30	1,164	1,164	-	7.64	1,736	1,736	-
Unsecured bank overdrafts	7.22	5,360	5,360	-	7.36	4,017	4,017	-
Secured bills payables	3.46	1,601	1,601	-	3.12	4,085	4,085	-
Unsecured bills payables	3.27	140,025	140,025	-	2.92	152,288	152,288	-

* The effective interest rate on certain secured fixed rate term loans of certain subsidiaries amounting to RM2,795,000 (2004 - RM3,348,000) 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.

	2005 Carrying amount RM'000	2005 Fair value RM'000	2004 Carrying amount RM'000	2004 Fair value RM'000
Group				
Financial liabilities				
Secured fixed rate term loan	2,524	2,462	15,231	14,806
Unsecured fixed rate term loan	56,553	52,868	42,165	38,381

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 2005 are:

	2005 Contracted amount RM'000	2005 Fair value RM'000	2004 Contracted amount RM'000	2004 Fair value RM'000
Group				
Forward foreign exchange contracts	94	94	1,461	1,461

The above forward foreign exchange contracts have maturity of less than 12 months.

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 (%)	
		2005	2004
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	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 (%)	
		2005	2004
QL Agrofood Sdn. Bhd.	Layer farming, processing, sale of animal feeds, animal feeds raw material, lubricants and foodstuffs	100.00	100.00
QL Feedmills Sdn. Bhd.	Processing, sale of animal feeds and property holding	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Layer 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
PVG Distribution Sdn. Bhd. (formerly known as Pets Wonderland Sdn. Bhd.)	Retailing of pets and pet supplies	51.00	51.00
Maxincome Resources Sdn. Bhd.	Distribution of lubricants	98.67	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 distribution of animal feed raw materials	80.00	80.00
QL Distribution Sdn. Bhd.	Marketing and distribution of "FMCG", products	70.00	100.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	100.00
Tong Len Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding, layer farming and feedmeal manufacturing	100.00	100.00
Tong Her Marine Products Sdn. Bhd.	Property holding	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 (%)	
		2005	2004
Adequate Triumph Sdn. Bhd.	Property holding	100.00	100.00
Tong Len Distribution Sdn. Bhd.	Meehoon manufacturing and general trading	100.00	100.00
Nada Eksklusif Sdn. Bhd.	Broiler processing and distribution	100.00	85.00
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.	Integrated broiler farming including hatchery and breeding	100.00	85.00
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding and oil palm cultivation	100.00	100.00
Tong Len Plantation Sdn. Bhd.	Crude palm oil milling and oil palm cultivation	100.00	90.00
Tophill Corporation Sdn. Bhd.	Oil palm cultivation	100.00	100.00
Bukit Wang Sdn. Bhd.	Oil palm cultivation	100.00	100.00
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. and its subsidiary	Manufacturing of fishmeal	62.32	62.32
Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	62.32	-
Figgo Foods Sdn. Bhd.	Manufacturing and sales of frozen "halal" foodstuff	80.00	80.00
Figgo Marketing Sdn. Bhd.	Sale of frozen "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			At	
		1.4.2004	Bought	Sold	31.3.2005	
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.						
1,020,000	Pacific Vet Group (M) Sdn. Bhd.	1,020,000	-	-	-	
	and its subsidiary					
	PVG Distribution Sdn. Bhd. (formerly known as Pets Wonderland Sdn. Bhd.)		2,000,000	-	-	
2,000,000						
2,960,000	Maxincome Resources Sdn. Bhd.	720,000	2,240,000	-	-	
	Wijora Sdn. Bhd.	70,000	-	70,000	-	
	Banjaran Mentari Sdn. Bhd.	3,200,000	-	-	3,200,000	
4,200,000	QL Distribution Sdn. Bhd.	6,000,000	-	(1,800,000)	-	
	Ladang Ternakan Ayam					
500,000	Soon Sang (Tawau) Sdn. Bhd.		425,000	75,000	-	
	Nada Eksklusif Sdn. Bhd.	85,000	15,000	-	100,000	
Interest in non-wholly owned subsidiaries via QL Marine Products Sdn. Bhd.						
	QL Foods Sdn. Bhd.	3,903,976	-	-	3,903,976	
4,684,777	Sin Chip Huat Fishmeal Sdn. Bhd.	4,684,777	-	-	-	
	Sin Hong Heng Fishmeal Sdn. Bhd.	824,500	-	-	824,500	
	and its subsidiary					
2,000,000	Endau Deep Sea Fishing Sdn. Bhd.	-	-	2,000,000	-	
	Figgo Foods Sdn. Bhd.	336,002	-	-	336,002	
	Figgo Marketing Sdn. Bhd.	167,993	-	-	167,993	
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.						
2,000,000	Tong Len Plantation Sdn Bhd	5,400,000	-	600,000	-	

31. Significant events during the year

31.1 During the financial year, the Company undertook the following:

- (i) 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

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

31.2 During the financial year, the Company completed the following corporate reorganisation:

- (i) the acquisition of 1,600,048 ordinary shares of RM1.00 each, representing 100% interest in QL Oil Sdn. Bhd. ("QL Oil"), a wholly owned subsidiary of Tong Len Poultry Farm ("TLPF") by the Company from TLPF for a purchase consideration of RM1,655,922; and
- (ii) 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;

31.3 Sin Chip Huat Sdn. Bhd. ("SCH") completed the following land acquisition:

- (i) 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
- (ii) 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.

31.4 On 28 November 2003, QL Foods Sdn. Bhd. ("QL Foods") entered into agreement with the directors of the subsidiary, Cheah Yaw Song and Chia Teow Guan, to acquire a piece 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. The land acquisition is still subject to approval from relevant authorities.

31.5 The acquisition of all the fixed assets of Figo Marketing Sdn. Bhd. by Figo Food Sdn. Bhd. for a total consideration of RM784,198 is completed during the financial year.

31.6 On 19 April 2004, the Group incorporated a subsidiary, Endau Deep Sea Fishing Sdn. Bhd., with fully paid up share capital of RM2,000,000. Its principal activity is to carry out deep sea fishing activities.

32. Significant events subsequent to balance sheet date

- 32.1 On 11 April 2005, QL Feedingstuff Sdn. Bhd. ("QLF") and Tong Len Poultry Farm Sdn. Bhd. ("TLPF"), both wholly owned subsidiary of the Company, entered into a joint venture agreement with Agrobiocare Sdn. Bhd. ("ABC") and Mission Victory Sdn. Bhd. ("JVC") to participate in a joint venture for the purpose of commercial manufacture and sale of biologically digested feeding raw material.

QLF, TLPF and ABC have acquired/subscribed for the 1,000,000 ordinary shares in JVC in the following proportions:

	RM	Equity held (%)
QLF	505,000	50.50
TLPF	5,000	0.50
ABC	490,000	49.00
	1,000,000	100.00

- 32.2 On 26 May 2005, the Company announced the issuance of bonus shares involving 50,000,000 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary share of RM0.50 each for every three (3) existing ordinary shares held, which RM25,000,000 will be capitalised from the retained profits of the Company. These new shares rank pari passu in all respect with the existing shares in issue of the Company.
- 32.3 On 18 July 2005, QL Marine Products Sdn. Bhd. ("QLMP"), a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement with the shareholders of Fresh Choice Seafood Trading Sdn. Bhd. ("Fresh Choice") to acquire 80% equity interest in Fresh Choice comprising 800,000 ordinary shares for a total cash consideration of RM6,400,000. Upon completion of the proposed acquisition, Fresh Choice will effectively become a 80% owned subsidiary of QLMP.

List of Properties

as at 31 March 2005

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	12
	11, Jalan Merlimau 86900 Endau, Johor				TLO 117: 0.1626 ha		4 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 164, 2647 & 3314 GM1653, GM1416 & GM2415 Mukim of Hutan Melintang District of Hilir Perak, Perak	Nov 2003	Freehold	Fishmeal factory, warehouse cum office	Gross Build-up area of 7,544 square metres	6,277	1
	Lot 2647, Jalan Tepi Sungai 36400 Hutan Melintang, Perak				4.365 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 & fishmeal factory	Gross Build-up area of 3,771 square metres	3,546	11
	Lot 148 & 9119 Jalan Tepi Sungai 36400 Hutan Melintang, Perak				1.6144 ha		
QL Foods Sdn Bhd	Lot 9120 & 9121 held under GM2112 & GM2113 Mukim of Hutan Melintang District of Hilir Perak, Perak	Dec 1998	Freehold	Surimi-based products factory & warehouse cum office	Gross Build-up area of 2,804.17 square metres	4,296	5
	Lot 9120 & 9121 Jalan Tepi Sungai 36400 Hutan Melintang, Perak				1.4222 ha		
QL Foods Sdn Bhd	Lot 3397 held under GM2437 Mukim of Hutan Melintang District of Hilir Perak, Perak	Dec 1998	Freehold	Surimi-based products factory	Gross Build-up area of 1,260 square metres	1,352	5
	Lot 9120 & 9121 Jalan Tepi Sungai 36400 Hutan Melintang, Perak				0.837 ha		
QL Realty Sdn Bhd	Lot 5275 held under GM5693 Mukim of Hutan Melintang District of Hilir Perak, Perak	Dec 1998	Freehold	Agriculture land planted with oil palm	8.369 ha	930	N/A
	Jalan Simpang Empat-Sabak Bernam, 36400 Hutan Melintang, Perak						

LIST OF PROPERTIES Continued

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and build-up area	Net book value (RM'000)	Age of building (years)
QL Properties Sdn Bhd	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	1,521	7
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 metres	3,707	6
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	Chicken layer farm	7.280 ha	1,469	7
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 chicken layer farm	CL 025311835: 19.55 acres PL 026184663: 23.45 acres	2,514	4
QL Agrofood Sdn Bhd	NT013090689 Kampung Darau District of Kota Kinabalu Sabah	(24.4.2004)	Freehold	Vacant land	1 acre	332	N/A
QL Marine Products Sdn Bhd	CL045081687 CL045076042 Kampung Bolong District of Tuaran, Sabah	(27.12.02) (10.9.2003)	Leasehold to 27.4.2929 Leasehold to 20.11.2928	Surimi & fishmeal factory	26 acres 3 acres	7,945	1
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	632	N/A

LIST OF PROPERTIES Continued

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 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	166	19
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	670	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	917	N/A
QL Poultry Farms Sdn Bhd	Lot 1338/5, HSD 1318 Lot 1338/6, HSD 1319 Lot 1338/7, HSD 1320 Lot 1338/11, HSD 1324 Lot 1338/12, HSD 1325 Lot 1338/13, HSD 1326 Lot 1338/14, HSD 1327 Lot 1338/22, HSD 1335 Mukim of Setul, District of Seremban, Negeri Sembilan Lot 1338/5, Pajam 71700 Mantin, Negeri Sembilan	(15.12.2000)	Freehold	Chicken layer farm	2.001 ha 2.002 ha 2.406 ha 2.403 ha 2.405 ha 2.407 ha 2.386 ha 3.167 ha	4,402	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) Dec 1998 Dec 1998 (31.10.2000) (31.10.2000) (31.10.2000) Dec 1998 (15.05.2000) (28.07.2003)	Leasehold to 17.04.2011 21.02.2012 09.09.2012 31.12.2008 31.12.2040 13.11.2015 30.09.2011 11.02.2017 31.12.2034 31.12.2031 31.12.2040 31.12.2040 31.12.2040 31.12.2031 04.01.2038 27.07.2063	Chicken layer farm with mixed zone land with farm building thereon	 2.481 ha 2.274 ha 9.308 sq. m. 1.176 ha 2.432 ha 2.987 ha 4.322 ha 2.934 ha 1.437 ha 2.428 ha 0.809 ha 0.409 ha 1.157 ha 1.972 ha 9,389 sq. m. 1,963 ha	2,150	7

LIST OF PROPERTIES Continued

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)
Figio Foods 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	Aug 2001	Freehold	Factory	12,000 sq. ft.	753	12
Figio Foods 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	Sept 2001	Freehold	Factory	12,000 sq. ft.	1,143	12
Figio Foods 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	Aug 2001	Freehold	Warehouse	2,427 sq. ft.	398	11
Adequate Triumph Sdn Bhd	CL 105244406, CL 105244317 CL 105244380, CL 105244335 KM 8.5, Apas Road District of Tawau, Sabah	Dec 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	Dec 1998	Leasehold to: 11.08.2915	Vacant light industrial land	1.736 ha	1,322	N/A
Tong Len Plantation Sdn Bhd	CL105355977 Mile 42, alongside Tawau-Kunak Highway Tawau, Sabah	Dec 1998	Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with palm oil mill & building thereon	81.06 ha	9,020	7
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	7,235	5
QL Oil Sdn Bhd	CL 105345346 CL 105345355 CL 105345337 CL 105345328 CL 105345300 CL 105345319 Kawa Hill Locality Tawau, Sabah	Dec 1998	Leasehold to: 31.12.2073 31.12.2073 31.12.2073 31.12.2072 31.12.2072 31.12.2072	Oil palm estate with farm buildings	36.20 ha	839	N/A

LIST OF PROPERTIES Continued

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	CL 125312281 Mile 53, Semporna Road District of Semporna, Sabah	(12.06.1998)	Leasehold to: 31.12.2072	Oil palm estate	5.92 ha	131	7
QL Oil Sdn Bhd	CL 245353422 Tingkayu locality, District of Kunak, Sabah	(13.12.1999)	Leasehold to: 31.12.2085	Oil palm estate with farm buildings	40.36 ha	886	8
QL Oil 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	1,591	3
QL Oil Sdn Bhd	CL 245319797 CL 245319877 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	367	4
Tong Len Poultry Farm Sdn Bhd	CL 105242028 CL 105241996 CL 105241950 CL 105451572 KM 21, Apas Parit locality, District of Tawau, Sabah	Dec 1998	Leasehold to: 12.07.2933 29.07.2933 21.05.2925 31.12.2057	Chicken layer farm	13.668 ha	4,545	N/A

LIST OF PROPERTIES Continued

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land and build-up area	Net book value (RM'000)	Age of building (years)
Tong Len Plantation Sdn Bhd	CL 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	10,404	5
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	81	5
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	181	6
Tong Len Plantation Sdn Bhd	NT 103041265 Sungai Burung, District of Tawau, Sabah	(01.01.2000)	Freehold	Oil palm estate	3.68 ha	14	4
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 locality, Lahad Datu-Kunak Highway, District of Kunak, Sabah	(01.07.2001)	Freehold	Oil palm estate with farm buildings	89.62 ha	1,272	4

LIST OF PROPERTIES Continued

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	(16.11.2001)	Freehold	Oil palm estate	34.43 ha	463	N/A
	NT 243021874 NT 243021865 NT 243021972 NT 243021730 NT 243021767 NT 243021801 NT 243021856 Tingkayu locality, Lahad Datu-Kunak Highway, District of Kunak, Sabah						
Tong Len Plantation Sdn Bhd	NT 243021598 NT 243021589 NT 243021570	(27.08.2002)	Freehold	Water reservoir & empty fruit bunches disposal (for oil mill 2)	8.615 ha	90	N/A
	Sabahan, Kunak						
Tophill Corporation Sdn Bhd	CL 245327397	Dec 1998	Leasehold to:	Oil palm estate with farm buildings	241.47 ha	4,055	N/A
	CL 245319859	(25.11.1998)	31.12.2069				
	CL 245319779	(25.11.1998)	31.12.2071				
	CL 245319788	(25.11.1998)	31.12.2071				
	CL 245319939	(02.01.1999)	31.12.2072				
	CL 245319966	(02.01.1999)	31.12.2072				
	CL 245319868	(02-03.1999)	31.12.2071				
	CL 245319322	(05.05.1999)	31.12.2071				
	CL 245319350	(05.05.1999)	31.12.2071				
	CL 245319948	(05.10.1999)	31.12.2072				
	CL 245319331	(05.10.1999)	Title pending				
	CL 245319957	(26.10.1999)	31.12.2072				
	NT 243009118	(02.10.2000)	Title pending				
	NT 243009127	(02.10.2000)	Freehold				
	NT 243009136	(02.10.2000)	Freehold				
	NT 243017441	(01.02.2000)	Freehold				
	NT 243017478	(01.02.2000)	Freehold				
	NT 243017469	(01.02.2000)	Freehold				
	NT 243017450	(01.02.2000)	Freehold				
	NT 243009172	(01.02.2000)	Freehold				
	NT 243009163	(13.12.1999)	Freehold				
	NT 243009154	(13.12.1999)	Freehold				
	NT 243099145	(13.12.1999)	Freehold				
	NT 243009109		Title pending				
	LA 74111454 (CL 245361764)	(11.11.1999)	31.12.2072				
	LA 74111455 (CL 245361755)	(11.11.1999)	31.12.2072				
	LA 74111456 (CL 245361746)	(11.11.1999)	31.12.2072				
	LA 74111457 (CL 245361737)	(11.11.1999)	31.12.2072				
	Tingkayu locality, District of Kunak, Sabah						

LIST OF PROPERTIES Continued

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)
Bukit Wang Sdn Bhd	CL 245327404 CL 245332521 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak Sabah	Dec 1988	31.12.2069 31.12.2069	Oil palm estate with farm buildings	85.44 ha	1,930	N/A
Tong Her Marine Products Sdn Bhd	CL 245361371 Kunak Jaya, Kunak	(17.4.2001)	31.12.2097	Vacant land	4.035 ha	152	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	72	17
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	CL 105127535 PL 106158285 PL 106148136 Mile 8, Apas Tiku, Tawau	02.08.2002	Leasehold to: 24.10.2934 31.08.2051 17.05.2049	Poultry farm	15.06 acres	179	16 - 19
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	251	13 - 18
Ladang Ternakan Ayam Soon Sang (Tawau) Sdn Bhd	PL 106181202 PL 106181211 PL 106181248 PL 106260164 Mile 12, Apas Parit, Tawau	02.08.2002	Leasehold to: 31.12.2057 31.12.2057 Leasehold to: 24.12.2058 05.08.2060	Poultry farm	60.9 acres	1,628	9 - 13
Nada Eksklusif Sdn Bhd	CL 105467221 CL 105467212 CL 105467230 CL 105467249 TL 107519924 Mile 3.5, Apas Road, Tawau	12.08.2002	Leasehold to: 31.12.2073	Light industrial building & chicken slaughter/processing house	(square feet) 5,022 7,497 5,654 1,684 15,370	927	14
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	867	6

Shareholders' Analysis Report

as at 30 June 2005

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	%
22	less than 100	1,029	0.00
146	100 to 1,000	120,967	0.08
956	1,001 to 10,000	4,084,957	2.72
300	10,001 to 100,000	8,789,613	5.86
84	100,001 to less than 5% of issued shares	42,192,549	28.13
2	5% and above of issued shares	94,810,885	63.21
1,510		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	BHLB Trustee Berhad <i>Beneficiary: TA Small Cap Fund</i>	2,599,100	1.73
4	BHLB Trustee Berhad <i>Beneficiary: Prugrowth Fund</i>	2,372,000	1.58
5	SJ Sec Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Ariff Firdaus Bin Zabir (SJ8)</i>	2,181,250	1.45
6	HSBC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: HSBC (M) Trustee Bhd for Prudential Dynamic Fund (4496)</i>	1,850,700	1.23
7	Employees Provident Fund Board	1,848,350	1.23
8	Universal Trustee (Malaysia) Berhad <i>Beneficiary: Alliance First Fund</i>	1,600,000	1.07
9	HSBC Nominees (Tempatan) Sdn Bhd <i>Beneficiary: HSBC (M) Trustee Bhd for Hwang-DBS Select Small Caps Fund (4579)</i>	1,500,000	1.00
10	Chen Fun Chow	1,229,150	0.82
11	Chew Kim Seng	1,181,393	0.79
12	Lee Sing Hin	1,140,000	0.76
13	Liu Sin	1,001,700	0.67
14	Ngeam Chong Kwai	937,500	0.63
15	Pan Lee Sdn. Bhd.	883,200	0.59
16	Ng Sai Bee @ Ng Sau Bee	842,500	0.56
17	Chia Siang Eng	828,398	0.55
18	HDM Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Chew Kim Seng (M09)</i>	735,000	0.49
19	Malaysian Trustees Berhad <i>Beneficiary: Pacificmas Asset Management Sdn Bhd for the Pacific Insurance Berhad</i>	703,250	0.47
20	BHLB Trustee Berhad <i>Beneficiary: Prusmall-Cap Fund</i>	685,000	0.46
21	Liu Tze Yee	659,300	0.44
22	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Beneficiary: Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)</i>	658,250	0.44
23	Chew Su Lian	588,000	0.39
24	Cheah Yaw Song	585,000	0.39
25	Chia Bak Lang	585,000	0.39
26	Allianz General Insurance Malaysia Berhad	562,000	0.37
27	Tan Thean Hock	560,800	0.37
28	Khoo Ng Hiong	555,000	0.37
29	Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Liao Su Fah (E-TWU)</i>	521,000	0.35
30	Affin Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Low Leh Kian (LOW0956C)</i>	500,000	0.33
		124,703,726	83.14

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting has been scheduled on Friday, 26 August 2005 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.

(1) To receive and adopt the Financial Statements for the financial year ended 31 March 2005 together with the Directors' and Auditors' Report thereon. **Resolution 1**

(2) To declare a final dividend of 7.5 sen per ordinary share of RM0.50 each less income tax in respect of the financial year ended 31 March 2005. **Resolution 2**

(3) To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Mr Chieng Ing Huong, Eddy
Mr Chia Song Swa

Resolution 3
Resolution 4
Resolution 5

(4) To approve the Directors' fees for the financial year ended 31 March 2005. **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 2005 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 9 September 2005.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 9 September 2005 in respect of transfers; and
- (b) 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

3 August 2005

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 8th 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 2005

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated value from date of our forthcoming AGM to the next AGM* RM	Transacted value for financial year ended 31 March 2005 RM	Transacted value for the period 1 April 2005 to 31 May 2005 RM
Purchase of animal feeds from Banjaran Mentari Sdn. Bhd.	Success Portfolio Sdn. Bhd.	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd. ⁽¹⁾ Farsathy Holdings Sdn. Bhd. ⁽²⁾	3,400,000.00	3,617,441.11	595,197.81
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	CBG Holdings Sdn. Bhd. ⁽¹⁾ Farsathy Holdings Sdn. Bhd. ⁽²⁾	14,000,000.00	6,223,937.68	925,803.20
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. ⁽¹⁾ Farsathy Holdings Sdn. Bhd. ⁽²⁾	3,000,000.00	2,655,415.20	343,206.18
Sale of fish to QL Foods Sdn. Bhd.	Sin Teow Fatt Trading Co.	Chia family Cheah Juw Teck Chia Mak Hooi	1,600,000.00	1,006,114.00	213,193.77
Purchase of surimi from QL Foods Sdn. Bhd.	Fusipim Sdn. Bhd.	Chia family Eng Seng Poo	950,000.00	901,380.00	157,776.00
Purchase of surimi-based products from QL Foods Sdn. Bhd.	Mr Cheah Joo Kiang	Cheah Yaw Song Cheah Juw Teck	1,500,000.00	1,393,761.65	280,940.50

Notes:

* The above estimated values of transactions are arrived at after taking into consideration of the values transacted for the year ended 31 March 2005. However, the value of these transactions may be subjected to changes in the current financial year.

⁽¹⁾ 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

⁽²⁾ The directors, shareholders and person connected of CBG 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 siblings ("Chia family").

Liu Sin is brother in law of Chia Song Kun.

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 siblings.

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 8th 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 Friday, 26th day of August 2005 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 8th 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 _____ 2005

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 8th 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.

QL RESOURCES BERHAD (428915-X)

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