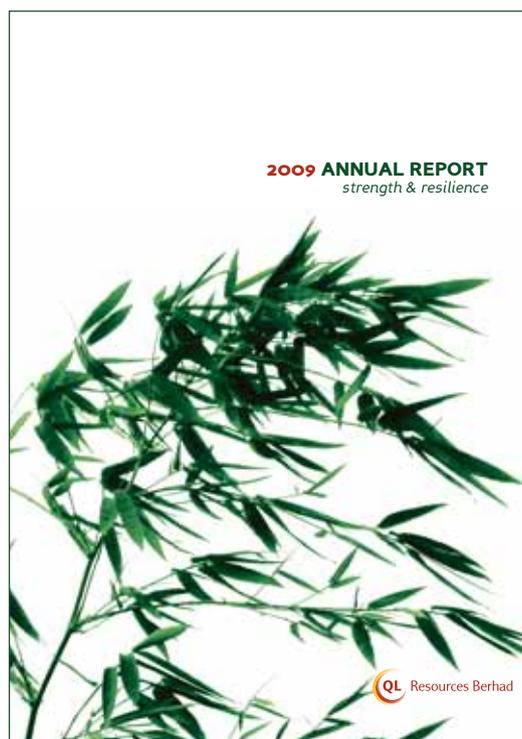


**2009 ANNUAL REPORT**  
*strength & resilience*





## **Cover Rationale**

### *Year 2009. Strength & Resilience*

We had experienced a stormy year of global recession and financial crisis, where we witnessed global commodity prices and demand freefall from historical levels. We believe our position is strong and our risk management experiences help us navigate through the storm safe and sound. With strength and resilience, like the bamboos, QL Resources will emerge from the storm stronger than ever.





**MISSION** we create nourishing products from agro resources, leading to benefit for all parties

**VISION** to be the preferred global agro based enterprise

**VALUES** integrity  
win-win  
team work  
innovative

**PERSONALITY** progressive  
trustworthy  
initiative  
humility

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## Principal Activities

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

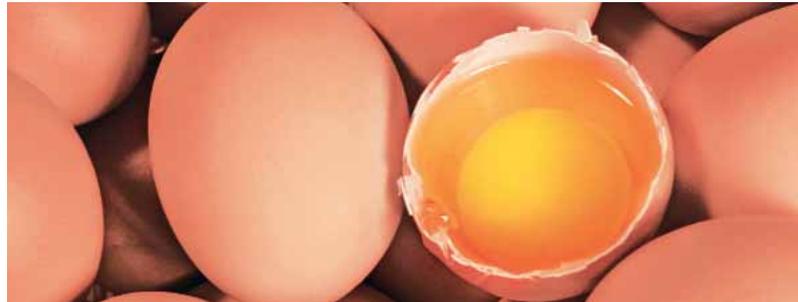


### Marine Products Manufacturing (MPM)

Asia's largest producer of Surimi (fish paste), Malaysia's largest producer of Surimi-based products and Fishmeal. Leading deep sea fishing and frozen fish processor in Peninsular East Coast & Sabah.

## Integrated Livestock Farming (ILF)

Leading distributor of animal feed raw materials in Malaysia. Leading producer of poultry eggs in Malaysia. (As at June 2009: 2.1 million eggs per day). Leading integrated broiler and breeder producer in East Malaysia.



## Palm Oil Activities (POA)

2 independent CPO Mills in Tawau & Kunak (Sabah). 3,000 acres mature oil palm plantation around Tawau (Sabah). 30,000 acres of Oil palm plantation in Eastern Kalimantan, Indonesia. (Planted as at June 2009:13,000 acres).

# QL Group's Corporate Structure

as at 30 June 2009

## QL Resources Berhad

QL Feedingstuffs Sdn. Bhd. 100%  
*Integrated Livestock Farming*

100%	Chingsan Development Sdn. Bhd.	
100%	Maxincome Resources Sdn. Bhd.	
90%	Pacific Vet Group (M) Sdn. Bhd.	
	100% QL Pacific Vet Group Sdn. Bhd.	
50.50%	QL AgroBio Sdn. Bhd.	0.50%
100%	QL Agrofood Sdn. Bhd.	
	100% QL Agroventures Sdn. Bhd.	
	100% Rikawawasan Sdn. Bhd.	
80%	QL AgroResources Sdn. Bhd.	
	100% QL Livestock Farming Sdn. Bhd.	
85%	QL Ansan Poultry Farm Sdn. Bhd. <sup>1</sup>	
	100% QL Rawang Poultry Farm Sdn. Bhd.	
100%	QL Deep Sea Fishing Sdn. Bhd.	
100%	QL Farms Sdn. Bhd.	
	100% Adequate Triumph Sdn. Bhd.	
	100% QL Breeder Farm Sdn. Bhd.	
	100% QL Inter-Food Sdn. Bhd.	
	100% QL Tawau Feedmill Sdn. Bhd.	
	100% Tong Her Marine Products Sdn. Bhd.	
100%	QL Feed Sdn. Bhd.	
100%	QL Feedmills Sdn. Bhd.	
100%	QL Poultry Farms Sdn. Bhd.	
100%	QL Realty Sdn. Bhd.	
100%	QL Vietnam AgroResources Liability Ltd Co	
80%	Riteshop Sdn. Bhd.	

QL Fishery Sdn. Bhd. 100%  
*Marine Products Manufacturing*

100%	Figo Foods Sdn. Bhd.	
	100% Nfood Industry Pte. Ltd.	
	60% QL Fujiya Pastry Sdn. Bhd.	
100%	QL Marine Products Sdn. Bhd.	
100%	QL Fresh Choice Seafood Sdn. Bhd.	
	100% Pasifik Raya Sdn. Bhd.	
65.89%	QL Endau Marine Products Sdn. Bhd.	
	100% QL Endau Deep Sea Fishing Sdn. Bhd.	
	100% QL Endau Fishmeal Sdn. Bhd. <sup>2</sup>	
100%	QL Foods Sdn. Bhd.	
100%	QL Fishmeal Sdn. Bhd.	
	99.95% PT QL Hasil Laut	

QL Oil Sdn. Bhd. 100%  
*Palm Oil Activities*

100%	QL BioEnergy Sdn. Bhd.	
78.42%	QL Mutiara (S) Pte. Ltd.	
	95% P.T. Pipit Mutiara Indah	
80%	QL NatureCo Sdn. Bhd.	
	100% QL Palm Pellet Sdn. Bhd. <sup>3</sup>	
	100% QL ZeroPoint Green Energy Sdn. Bhd. <sup>4</sup>	
100%	QL Plantation Sdn. Bhd.	
100%	Tophill Corporation Sdn. Bhd.	

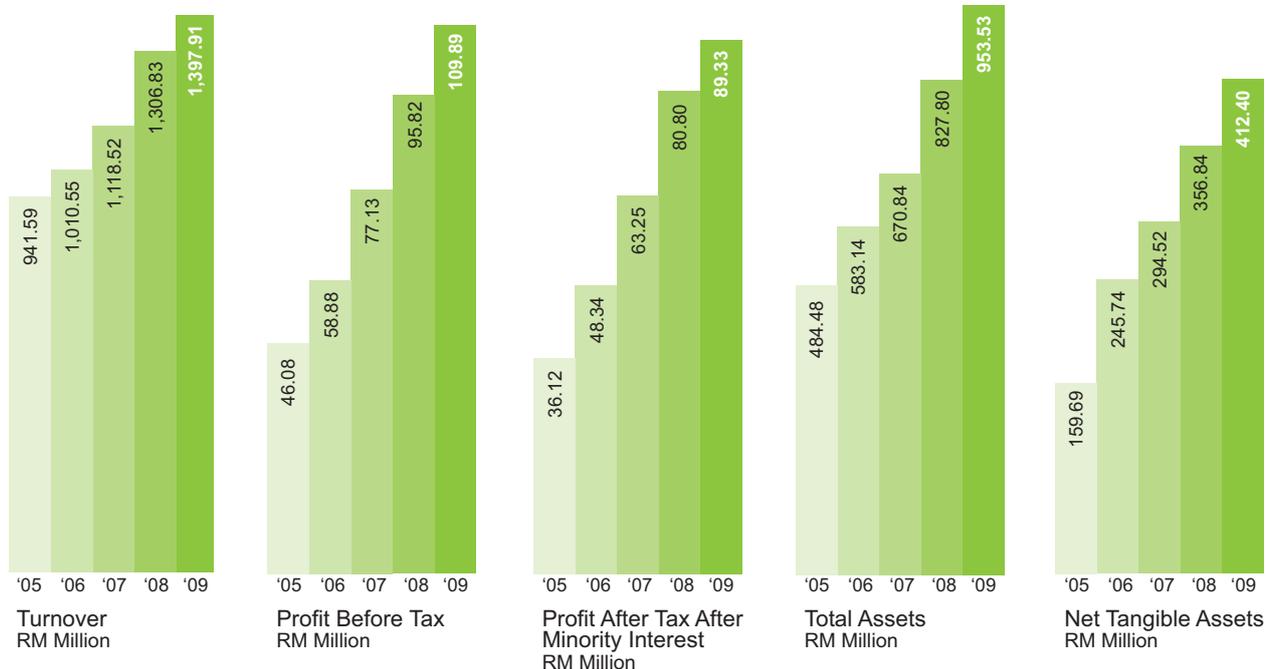
<sup>1</sup> Formerly: Heap Loong Poultry Farm Sdn. Bhd.

<sup>2</sup> Formerly: Incokaya Sdn. Bhd.

<sup>3</sup> Formerly: Natural Oscar Sdn. Bhd.

<sup>4</sup> Formerly: QL Properties Sdn. Bhd.

## Five Years Financial Summary



	2005 RM MIL	2006 RM MIL Restated	2007 RM MIL	2008 RM MIL	2009 RM MIL
Turnover	941.59	1,010.55	1,118.52	1,306.83	1,397.91
Profit Before Tax	46.08	58.88 **	77.13	95.82	109.89
Profit After Tax After Minority Interest	36.12	48.34	63.25	80.80	89.33
Total Assets	484.48	583.14	670.84	827.80	953.53
Net Tangible Assets	159.69	245.74	294.52	356.84	412.40
Profit as % of Turnover					
- Before Tax	4.89	5.84	6.90	7.33	7.86
- After Tax	3.83	4.78	5.65	6.18	6.39
Earnings Per Share (sen) - Basic #	12	15 ^	19	24	27
Net Tangible Assets Per Share (sen)	106.46	111.70	133.87	162.20	125.85
Paid-up Share Capital	75.00	110.00	110.00	110.00	165.00
No. of Share in Issue	150.00	220.00	220.00	220.00	327.68 ***

# Adjusted for share split in 2005 and bonus issue in 2005, 2006 and June 2008.

^ Adjusted for share placements in 2006.

\*\* Restated to comply with FRS.

\*\*\* Adjusted for treasury shares.

# Corporate Information



### Board of Directors

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

Mr. Chia Song Kun  
*Managing Director*

Mr. Chia Seong Pow  
*Executive Director*

Mr. Chia Seong Fatt  
*Executive Director*

Mr. Chia Song Kooi  
*Executive Director*

Mr. Chia Song Swa  
*Executive Director*

Mr. Chia Mak Hooi  
*Executive Director*

Mr. Chieng Ing Huong, Eddy  
*Senior Independent Non-Executive Director*

Mr. Teh Kim Teh  
*Independent Non-Executive Director*

### Company Secretary

Ms. Ng Geok Ping  
(MAICSA 7013090)

### Auditors

KPMG  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor

### Audit Committee

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

Mr. Chieng Ing Huong, Eddy  
*Senior Independent Non-Executive Director*

Mr. Teh Kim Teh  
*Independent Non-Executive Director*

### Remuneration Committee

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

Mr. Chia Song Kun  
*Non-Independent Executive Director*

Mr. Chieng Ing Huong, Eddy  
*Senior Independent Non-Executive Director*

### Nomination Committee

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

Mr. Chieng Ing Huong, Eddy  
*Senior Independent Non-Executive Director*

### Registered Office

No. 16A, Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor  
Tel : 03-7801 2288  
Fax : 03-7801 2228

### Principal Bankers

CIMB Bank Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

RHB Bank Berhad

Bank Muamalat Malaysia Berhad

### Registrars

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre  
Jalan 51/105  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7784 3922  
Fax : 03-7784 1988

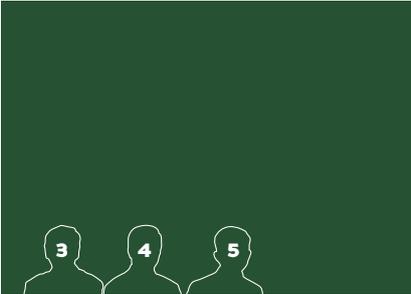
### Stock Exchange Listing

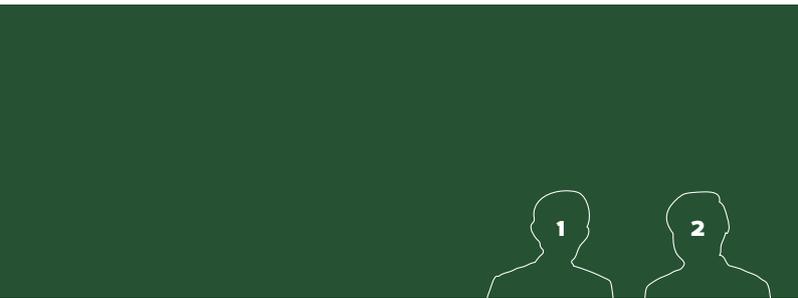
Main Board of Bursa Malaysia  
Securities Berhad  
Stock Code : QL  
Stock No. : 7084

### Investor Relation

Mr. Freddie Yap  
Tel : 03-7801 2288  
Fax : 03-7801 2222  
E-mail : [freddieyap@ql.com.my](mailto:freddieyap@ql.com.my)

# Board of Directors





- 1** YM Tengku Dato' Zainal Rashid  
Bin Tengku Mahmood  
*Chairman, Independent Non-Executive Director*
- 2** Mr. Chia Song Kun  
*Managing Director*
- 3** Mr. Chia Mak Hooi  
*Executive Director*
- 4** Mr. Chia Song Kooi  
*Executive Director*
- 5** Mr. Chia Song Swa  
*Executive Director*
- 6** Mr. Chieng Ing Huong, Eddy  
*Senior Independent Non-Executive Director*
- 7** Mr. Teh Kim Teh  
*Independent Non-Executive Director*
- 8** Mr. Chia Seong Fatt  
*Executive Director*
- 9** Mr. Chia Seong Pow  
*Executive Director*

## Directors' Profile

**YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood**, age 70, Malaysian, is the Chairman & Independent Non-Executive Director of the Company since 3 January 2000.

He has a wide range of experience, having been actively involved in a variety of business over the last 40 years. 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 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 was also on the board of MIDA, a Council Member of the Malaysia-India Business Council and the Malaysian Norway Business Council and a Director of Port Klang Free Zone Sdn. Bhd., a GLC.

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

He attended 3 out of 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.

**Mr Chia Song Kun**, age 59, 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 University 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 RM1.3 billion.

He is also a founder member Inti Universal Holdings Berhad. The Company is one of the leading private colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education 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**, age 53, 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 24 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 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 Pow has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.

**Mr Chia Seong Fatt**, age 53, 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 QL Farms 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.

## Directors' Profile

**Mr Chia Song Kooi**, age 49, 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 20 years experience in farm management and in trading of raw materials for farm use. He is currently the Deputy Chairman 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 all 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.

**Mr Chia Song Swa**, age 49, 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 began his career at Genting Berhad, a company listed on the Main Board of 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 and was appointed as a director of QL Feedingstuffs Sdn. Bhd. in 22 June 1987. In line with the transfer of business from QL Feedingstuffs Sdn. Bhd. to QL Feed Sdn. Bhd., he was appointed as the director in charge of sales and trading function at QL Feed Sdn. Bhd. As a result of his vast 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.

**Mr Chia Mak Hooi**, age 43, Malaysian, is an Executive Director of the Company.

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 Eddy Chieng Ing Huong**, age 51, Malaysian, has been 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 qualified as a Chartered Accountant in 1981 and is a member of the Institute of Chartered Accountants, Australia. He has also been a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

He has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas. Other than being on the board of directors of the following public companies, he is an adviser to a number of other public company boards and also that of some large family-run private companies.

Mr Chieng is the Chairman of Selangor Dredging Berhad and Esthetics International Group Berhad. He was previously a Director of Nationwide Express Courier Services Berhad, Ancom Berhad, Nylex (Malaysia) Berhad and the Chairman of Asia Poly Holdings Berhad. In addition to these notable achievements, he was instrumental in bringing Fedex to Malaysia and was a director of Federal Express Malaysia for a number of years.

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

He is not related with any director and/or major shareholder of the Company. Mr Chieng has no conflict of interest with the Company and no convictions for any offences within the past ten years.

**Mr Teh Kim Teh**, age 55, Malaysian, is an Independent Non-Executive Director of the Company since 4 December, 2003.

Mr. Teh studied Business Management in Tunku Abdul Rahman College, Kuala Lumpur and completed the professional course of the Institute of Chartered Secretaries And Administrators, United Kingdom in 1978. He is now an Associate member (Chartered Secretary) of the said Institute.

He graduated from the University of The West of England with LL.B (Hons) in 1986. He is an advocate and solicitor of the High Court of Malaya and is now the principal partner of Messrs. Teh Kim Teh, Salina & Co., advocates & solicitors in Klang, Selangor.

Mr. Teh has worked as a company secretary, management consultant and law lecturer before entered into legal practice in 1991. He was an independent director of Audrey International (M) Berhad from 1999 to 2001.

Mr. Teh is also a director of several non-listed property development companies.

He is also actively involved in social and educational services. He is the Chairman of Persatuan Engyong Teh, Selangor, Chairman of the Board of Governors of SM (PSDN) Kwang Hua, Klang, Committee Member of other societies and legal advisors to several social, educational and commercial associations and organizations.

He attended 3 of the board meetings and excused himself from 1 board meeting held for the financial year.

Mr. Teh has no family relationship with any director any/or major shareholder of the Company and he has no conflict of interest with the Company and he has no conviction for any offences within the past 10 years.

## Chairman's Statement



**I am pleased to report that QL continues to deliver a strong performance in 2009.**

### RESULTS

Turnover of RM1.397 billion (2008 : RM1.306 billion) up 7% on last year. Pre-tax profit of RM110 million (2008 : RM96 million) up 15% on last year. Earnings per share were 27 sen (2008 : 24 sen) representing a growth of 13%.

### DIVIDENDS

The board recommended a final dividend of 7 sen (single tier) per share. (2008 : 6.5 sen - single tier) This is in line with QL's minimum dividend payout policy of 25%.

### HIGHLIGHT ON GROUP DEVELOPMENT

I would like to highlight some significant developments in our three core activities during the financial year 2009.

#### **Marine Products Manufacturing (MPM)**

We have incorporated a subsidiary in Indonesia 'PT QL Hasil Laut' which is based in Surabaya. The principal activity is seafood processing and marine products manufacturing. Although we have received our Investment Certificate for the Surabaya project, the construction of the surimi plant will only commence when all relevant approval has been obtained for the project.

The Group has completed the acquisition of the following minority interest during the year:

- a 20% equity interests in QL Fresh Choice Seafood Trading Sdn Bhd;
- b 27.27% equity interests in Figo Food Sdn Bhd;
- c 2.4% equity interests in QL Fishmeal Sdn Bhd and QL Foods Sdn Bhd;

We have also increased our equity interests in QL Endau Marine Products Sdn Bhd by 3.57% from 62.32% to 65.89%.

#### **Integrated Livestock Farming (ILF)**

During the year we have completed the acquisition of Heap Loong Poultry Farm Sdn Bhd (now known as QL Ansan Poultry Farm Sdn Bhd). In addition to improve efficiency, we have merged our poultry farms in Rawang and Kulim. Our effective equity stakes in these farms was also increased by 5% (from 80% to 85%).

Our proposed Vietnam integrated poultry project has been deferred due to the current world-wide economic slowdown.

#### **Palm Oil Activities (POA)**

Due to excessive rainfall ('La Nina'), there is a lagged in our planting program in Indonesia. The planted acreage is about 13,000 acres as at June 2009 and subject to weather conditions, we shall speed up our planting program.

## EXPANSION

The Group has invested a considerable sum over the years in our 3 core activities and will continue to do so in the future. Over the next two years, RM280 million budgeted capex is in place for future expansion.

Activities	Type of Capex	FY2010 (RM' million)	FY2011 (RM' million)
MPM	Upgrading of plant. Factory expansion, deep sea vessels. Indonesia Project. Regional M&A.	40	40
POA	Plantation development in Indonesia. Down stream palm based activities.	50	60
ILF	New closed Poultry Egg & Broiler house, Upgrading of plant & machinery. Local & regional M & A activities.	40	50
Total		130	150

Your Board consider these investments as necessary as it will provide the Group with future growth.

## RECOGNITION

QL continues to be ranked under the KPMG/The Edge Shareholder Value Awards under the Agriculture & Fisheries Sector. In the last 6 years QL has been rank in the top 6.

## INVESTOR RELATION

QL maintains an active investor relation programme that allows communications with both individual and institutional shareholders. Our investor relation purpose is to bring greater awareness of the company's performance to the investing community.

This year, QL was again selected by OSK Research as one of their Top 5 'Gem' for 2009.

QL has also been included in TA Research, Kenanga Research and The Edge as one of their 2009 Stocks to pick.

As at June 2009, QL share price has outperformed the broader market by more than 250% during March 2000 to present period.

**QL Share price performance relative to  
Bursa Malaysia Index (March 2000 to 30 June 2009)**



# Chairman's Statement

## APPRECIATION

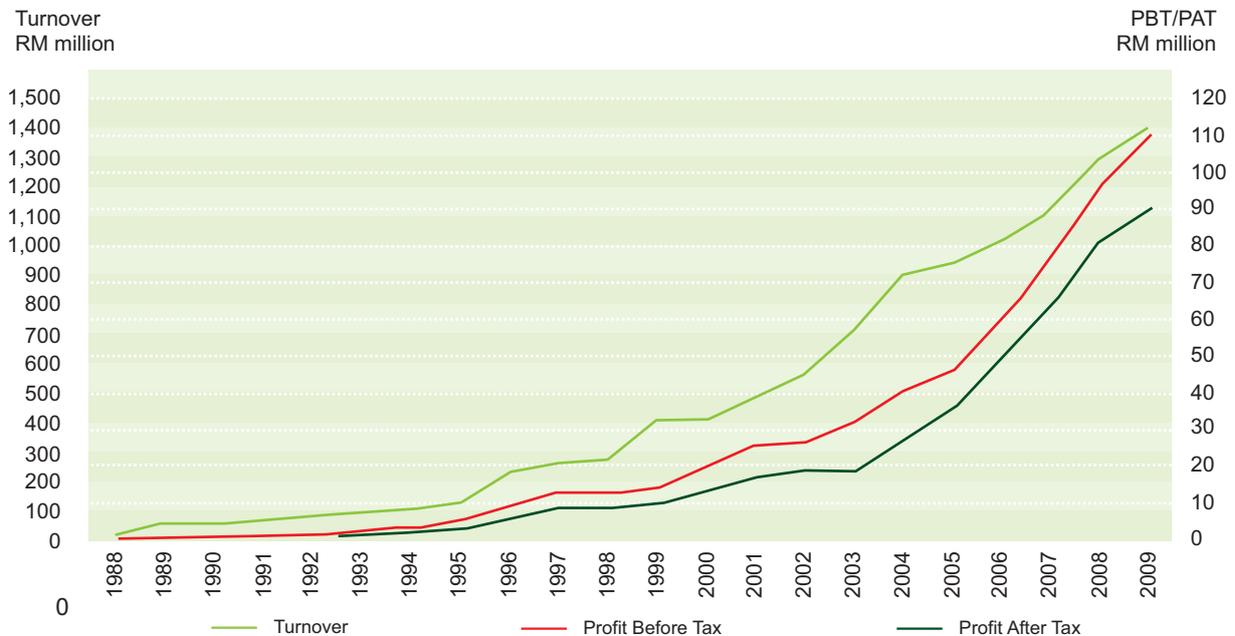
We have over 4,000 employees and as mentioned in the past, it is they who have individually and collectively delivered these solid results. The Board and I are grateful for this continuing contribution, confidence and support.

## LOOKING AHEAD

Today, many companies are facing uncertain global economic outlook that we have not seen for many years. Consumer spending is down, unemployment is increasing and rate of growth is slowing.

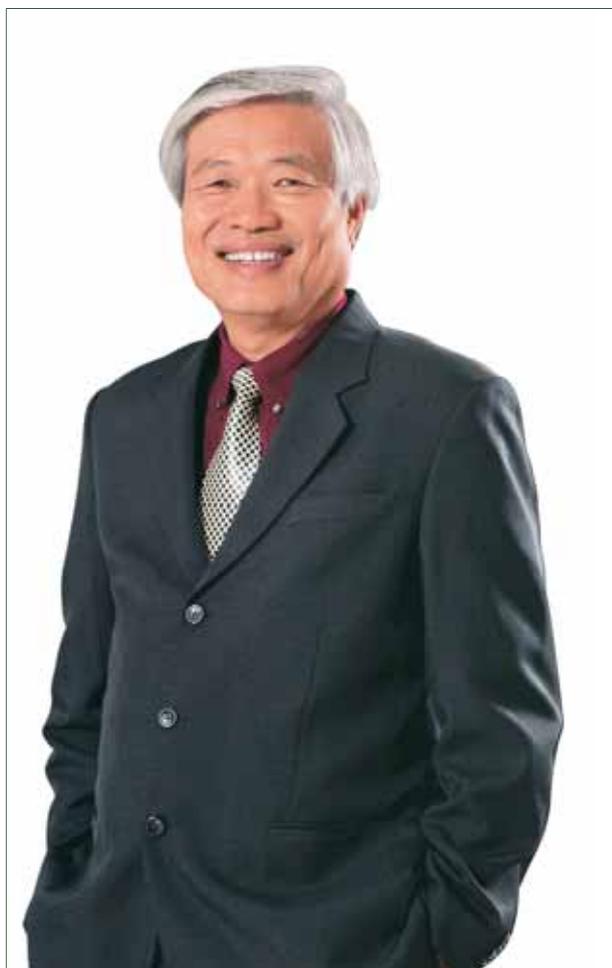
On the other hand, QL business model is resilient. We have a history of resiliency in economic downturns. Being resilient means we have the inherent ability to handle unforeseen events. We also have a strong balance sheet. We are confident of another year of respectable growth for QL.

### Our Report card



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

# Group Managing Director's Report



## Group Managing Director's 2009 Review

Food and agriculture commodities took economic front page news this year. In financial year 2009, we have sailed through choppy and uncertain commodities prices but we have shown that we can manage well in such uncertainties.

No one in the basic agri-resources business will forget the past twelve months quickly. It was a year of two parts, first half prices sharply up, second half prices sharply down. QL have had a strong first half due to strong demand and prices but a weaker second half due to dramatic slide in prices driven by the collapse in global economic conditions. More importantly, we continue to deliver respectable overall results.

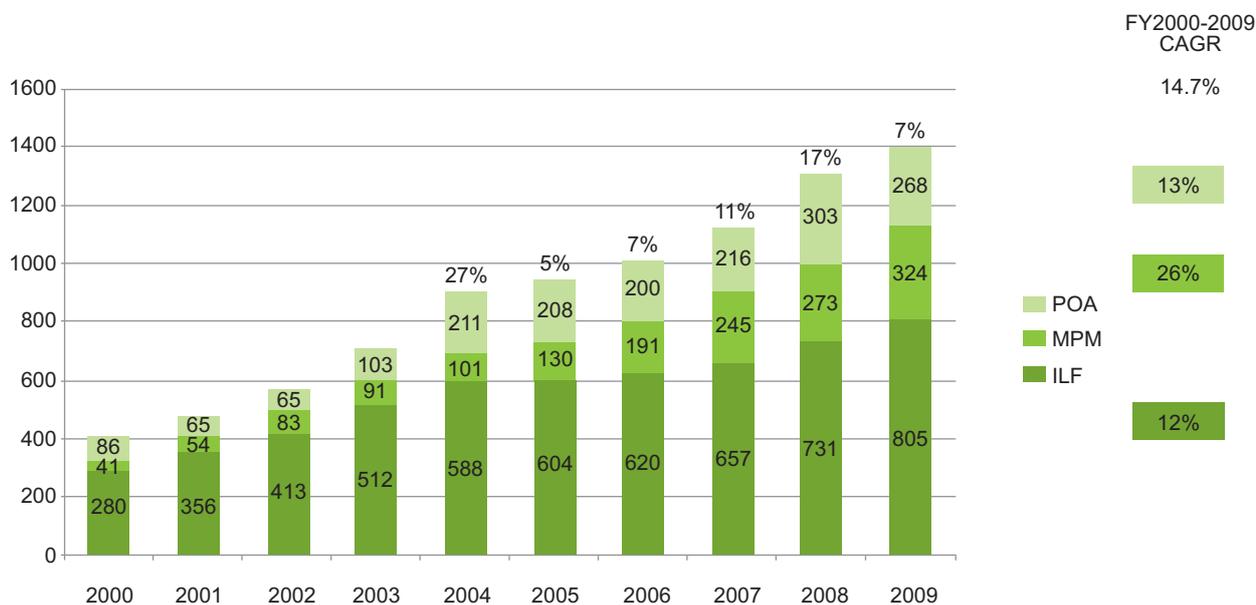
## 2009 Performance and Update

QL earned RM90 million in financial year 2009, our nine consecutive years of record financial performance since listing. In financial year 2009, we achieved growth of 7%, 15% and 11% respectively for our sales, profit before tax and profit after tax after minorities.

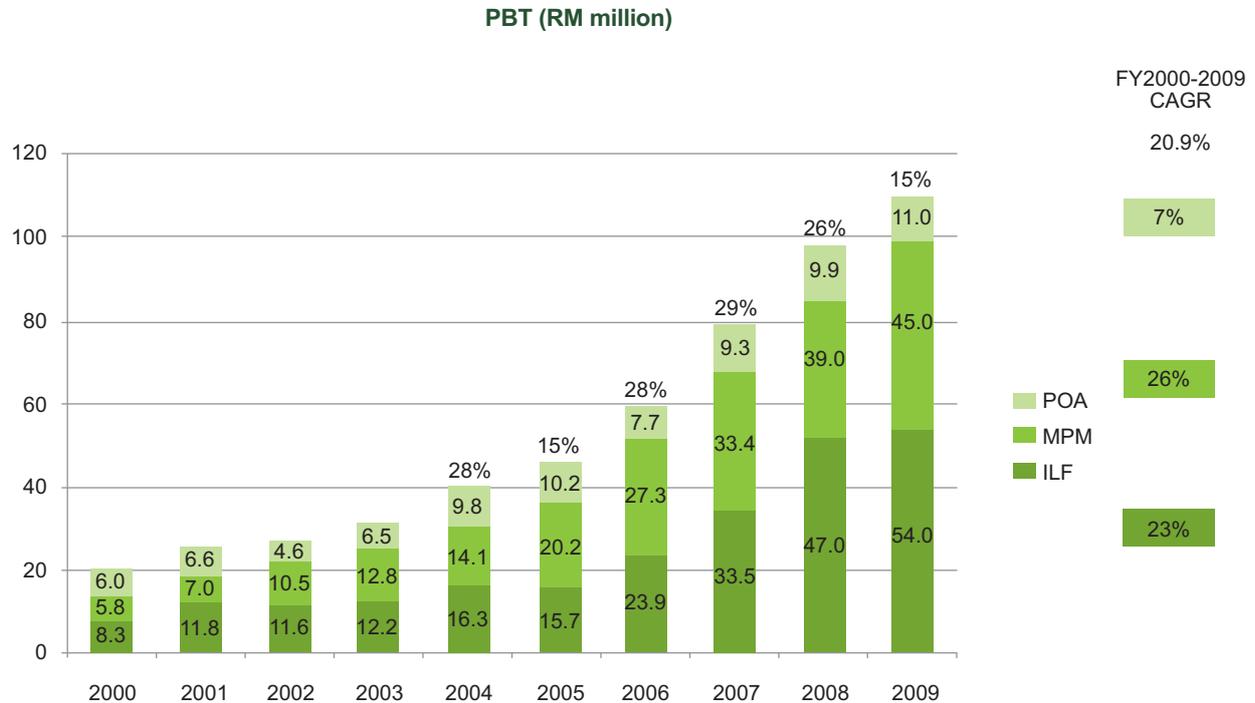
Once again, as always with QL, all three core activities of Marine Products Manufacturing (MPM), Integrated Livestock Farming (ILF) and Palm Oil Activities (POA) contributed to financial year 2009 growth.

We have again proven our resiliency by continuing to deliver a consistent turnover and PBT growth. From 2000 to 2009, we have delivered a turnover and pre-tax CAGR (compounded annual growth rate) of 14.69% and 20.87% respectively.

Turnover (RM million)



# Group Managing Director's Report



Despite persistent turbulence in the world wide economy, we have further strengthened our balance sheet.

Current ratio of 1.30 is at all time high. Debtor and stock turnover periods have been managed to between 60 to 80 days. Our long term debt to equity ratio is well managed and below our expected threshold of 50%. Both our NTA and market capitalisation have grown since our listing. We shall continue to strive for a dividend payout ratio of at least 25%, Return on Equity (ROE) of more than 20% and 7 to 8 times net interest cover.

These performance indicators demonstrates the QL's robust business model and management capabilities which will further sustained QL's strength and competitiveness in the marketplace.

	FY2005	FY2006	FY2007	FY2008	FY2009
Current ratio (times)	1.1	1.2	1.2	1.2	1.3
Debtors turnover period (days)	37	33	30	30	28
Stock turnover period (days)	33	47	40	38	39
Long term debt to Equity (%)	36	24	15	21	35
NTA (RM million)	159	245	294	357	413
Market Cap (RM million)	422	579	640	818	802
					955 at 30.6.09
Dividend payout ratio (%)	22	29	25	27	26
ROE (%)	25	24	23	25	23
Net interest cover (times)	6.2	6.3	7.6	7.7	7.8

## A Closer Look at our Resiliency

QL's strong financial performance comes at a time of turmoil and volatility in global economy. We have consistently delivered yearly positive earning growth since our formation in 1987. We have also shown our ability of doing so since listing without any rights issues.

Although our core business of being agri-food in nature seems to indicate that we may be less impacted as compared to other non-resource based companies during an economy crisis. Delivering sustainable performance in the most difficult economic environment is due mainly to our resilient business model and strong management capabilities.

We have a business model that is stable, sustainable and resilient. Our business model draws on our three core complimentary business activities that are agri-based focus, integrated and having long value chain. It is also diversified with geographical spread, regionally and geographically scalable and aligned with government agriculture incentives.

Behind our business model is our management who has demonstrated their capabilities in building a culture of integrity and innovation. Our management has also built strong financial structure with strength in risk and crisis management. This is the heart of our resiliency.

#### **Update on QL's activities:**

##### **Marine Product Manufacturing**

Being Malaysia largest fishery products producer, we will continue to look for growth either upstream, downstream or through regional expansion. We have over the past years invested heavily in this division. Our competitors have also been weakened by the global slowdown and this has created opportunities for us to capture a bigger market share of the domestic market. In addition, increased in demand for and lowering of import tariffs on surimi products has enabled us to build more marketing inroad into newer market such as China for our products.

##### **Integrated Livestock Farming**

In this division, we will continue to drive efficiency in our egg production. Egg prices may fluctuate cyclically and seasonally but it is more important to be a cost efficient producer of eggs. We are also bio-security conscious by not having all our eggs in one basket. With geographical spread of our egg farms, the farms performance continues to be stable. We will continue to grow through regional expansion and acquisition. As a leading egg producer in Malaysia, we intent to have a production of three million eggs per day by financial year 2011.

##### **Palm Oil Activities**

Although still the smallest contributor in terms of earnings among the three core businesses but potentially the contribution in the medium term from our Indonesia plantation development activities will be very significant. Watch this space.

##### **Financial year 2010 Outlook**

Malaysia GDP shrank 6.2% in 1Q09, the slowest since 2001. Various authorities have forecast a 2009 GDP of between -3% to -5%. Both World and Malaysia's GDP are in the negatives and we are still in the midst of a tough business environment.

However against these tougher backdrops, our Government has come up with various stimulus packages to spur economic growth. We expect QL to benefit from these stimulus packages.

In the near term, we are not too optimistic about quick V-shaped economy recovery. However, I believe that our resilient business model will continue to produce respectable earnings growth.

Underlying these economic challenges, QL will continue to aspire in its vision & mission to be the preferred global agro based enterprise in providing nourishing products from agro resources, leading to benefit for all parties.

Come this 30th March 2010 which is the 2nd last day of our financial year ending 2010, it will be QL's 10th years in the listed scene. As we approach our 10th year's anniversary, business environment will be no less demanding, nevertheless our financial resources remain strong and well placed for handling challenging and difficult environment.

I am very confident that for financial year ending 2010, our good growth story will continue.

**Chia Song Kun**

*Managing Director*

# Audit Committee Report

## Membership

The present members of the Audit Committee comprise:

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman/Independent Non-Executive Director
Mr. Chia Song Kun (resigned w.e.f 23/01/09)	Member/Non- Independent Executive Director
Mr. Chieng Ing Huong, Eddy	Member/Independent Non-Executive Director
Mr. Teh Kim Teh	Member/Independent Non-Executive Director

## Term of reference

During the financial year under review, there were no changes to the terms of reference of the Audit Committee.

## 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
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3
Mr. Chia Song Kun (resigned w.e.f 23/01/09)	4
Mr. Chieng Ing Huong, Eddy	4
Mr. Teh Kim Teh	3

The Finance Director, Group Accountant and Risk Management Manager 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 the external auditors' scope of work and the audit plan for the year prior to the commencement of audit.
- Reviewed with the external auditors the results of the audit, the audit report and areas of concern.
- Reviewed the adequacy and relevance of scope, functions and resources of Internal Audit and that it has the necessary authority to carry out its work.
- Reviewed the internal audit plan, considered the major findings of the internal Audit Report, which highlighted the risk issues, recommendations and management's response;
- Reviewed quarterly risk summary reports on the Group's top risks and management action plans to manage the risks;
- Reviewed the quarterly unaudited financial result and annual audited financial statements before submission to the Board for consideration and approval;
- Reviewed the related party transactions entered into by the Group.

In the financial year under review, the Audit Committee held two (2) meetings with the External Auditors without the presence of the management, to allow the auditors to discuss any issues arising from the audit assignment or any other matter, which the External Auditors wish to raise.

## Internal audit function

The Company has outsourced its internal audit function to an independent professional consulting firm together with the Risk Management Manager, 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.

# 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 2009, the Board met on four (4) occasions and 41 circular resolutions were passed; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

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

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

Name of Director	Designation	Attendance
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Independent and Non-Executive Chairman	3/4
Mr. Chia Song Kun	Managing Director and Executive Director	4/4
Mr. Chia Seong Pow	Non-Independent and Executive Director	4/4
Mr. Chia Seong Fatt	Non-Independent and Executive Director	4/4
Mr. Chia Song Swa	Non-Independent and Executive Director	4/4
Mr. Chia Song Kooi	Non-Independent and Executive Director	4/4
Mr. Chia Mak Hooi	Non-Independent and Executive Director	4/4
Mr. Chieng Ing Huong, Eddy	Senior Independent and Non-Executive Director	4/4
Mr. Teh Kim Teh	Independent and Non-Executive	3/4

## Corporate Governance Statement

### c Board balance

As at the date of this statement, the Board consists of nine members; comprising one Independent and Non-Executive Chairman, six Executive Directors and two Independent and Non-executive Directors. The size and composition of the Board is optimum and well balanced. A brief profile of each Director is presented on pages 12 to 15 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 and 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 YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood as the Independent and 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 Executive Committee, an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Management 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 Executive Committee of the Company was established on December 2004 interlia, deliberate on issues relating to any proposed capital investments, business ventures and other policy matters related to the Group's business, for recommendation to the Board for their approval.

The Audit Committee of the Board has been in place since January 1999. It presently comprises three Independent Non-Executive Directors. Its terms of reference and a summary of its activities are set out on page 22 of this Annual Report.

The Nomination Committee comprised the following members during the year:

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood

- *Chairman, Independent and Non-Executive Director*

Mr Chieng Ing Huong, Eddy

- *Senior Independent and 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. This 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 Risk Management Committee which were established on April 2002 is primarily responsible for the adequacy and integrity of systems of internal control in accordance with the Malaysian Code of Corporate Governance.

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. All the Directors have completed the Mandatory Accreditation Programme as specified by Bursa Securities. For the year under review, the Directors have undergone continuous training which they deem relevant to keep abreast on issues facing the changing business environment.

Training Programmes, Seminar and Briefings attended by Directors in 2008/2009.

Seminar/Course	Organiser
1 Energy Security and Climate Change in the 21st Century	YTL Corporation Berhad
2 The US Economic outlook 2009 and beyond	HSBC
3 HSBC's economic outlook and Asian rates strategy seminar	HSBC
4 Citi's economic update and technical analysis on FX's market	Citibank
5 A 2009 Standard Chartered Bank global research briefing "Emerging East, Submerging West"	Standard Chartered Bank
6 CIMB market & economic outlook "Malaysia : Riding out the Global Storm"	CIMB Bank
7 Corn Grading, Loading Inspection, Nutritive Value & Storage	U.S. Grains Council
8 5th SE Asia US Agricultural Cooperators Conference	U.S. Grains Council
9 Annual Palm & Lauric Oils Conference & Exhibition:Price Outlook 2008/2009	Bursa Malaysia
10 Animal Feedstuffs in Malaysia : Exploring Alternative Strategies	Akademiy of Sciences Malaysia
11 Biomass World 2008 - Forum on Biomass conversion to Power, Gas & Liquid Fuels	Centre for Management Technology

# Corporate Governance Statement

Seminar/Course	Organiser
12 qb3 Global BioEntrepreneurship	Malaysian Biotechnology Corp. & California Institute of Quantitative Biosciences
13 Cost Reduction and Profit Improvement Strategies	Malaysian Institute of Accountants (MIA)
14 Essential of Fundamental Analytics I : Analysing Company Performance	Securities Industry Development Corporation
15 Economics and Capital Markets I : Forces Shaping Global Capital Markets	Securities Industry Development Corporation
16 Corporate Strategic Analytics 1 : Essentials of Corporate Proposal Analysis	Securities Industry Development Corporation
17 Corporate Governance and Ethics : Strengthening Professionalism Through Ethics	Securities Industry Development Corporation
18 4th Asia Pacific Audit & Governance Summit (APAGS) 2008	Columbus Circle Governance Sdn. Bhd.

## 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 reviewing and recommending the remuneration framework for Directors' as well as the remuneration packages of executive Directors to the Board. None of the executive Directors participated in any way in determining their individual remuneration.

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

## b Details of the Directors' remuneration

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

Subject	Executive Directors	Non-Executive Directors
<b>Aggregate Remuneration</b>	<b>RM</b>	<b>RM</b>
• Directors' fees	602,600	174,000
• Salaries	1,983,222	-
• Allowance	3,200	10,000
• Bonuses	2,631,700	-
• Benefits in kind based on an estimated money value	90,075	-
Total	5,360,987	184,000

Band (RM)	No. of Directors	No. of Directors
50,000 and below		1
50,001 – 100,000		2
600,001 – 650,000	2	
750,001 – 800,000	1	
850,001 – 900,000	1	
900,001 – 950,000	1	
1,500,001 – 1,550,000	1	

The Non Executive Directors will be paid attendance allowance of RM500.00 for each board meeting that they had attended.

## 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 has set up a website [www.ql.com.my](http://www ql.com.my) 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 Directors are also present at the press conference to clarify and explain any issue.

An annual analyst briefing is organized by the Company. 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.

The Company has a dividend payout ratio policy of about 25% to 30% annually.

# Corporate Governance Statement

## 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 and Group Managing Director's Report, the audited financial statements and the quarterly results announcement.

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 30 of this annual report.

### b Internal controls

The Statement on Internal Control furnished on page 31 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. The external auditors provide statutory audit function to the Group.

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 page 22 of the annual report.

### d Corporate Social Responsibility

The Report on Corporate Social Responsibility of the Group is furnished on page 32 of the annual report.

## E OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 27 August 2008.

The Company is also seeking shareholders approval to renew and additional 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 Share Buy Back**

The Shareholders of the Company approved the Renewal of Share Buy Back Authority during its EGM held on 27 August 2008.

The Company is also seeking shareholder approval to renew the Share Buy Back Authority in the forthcoming EGM. The details of the Share Buy Back are included in the Circular to Shareholders.

**c Non-audit fee**

The amount of non-audit fees charged for the financial year ended 31 March 2009 is RM70,000.

Signed on behalf of the Board of Directors, in accordance with the Board of Directors' resolution dated 13 July 2009.

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

*Chairman*

**Chia Song Kun**

*Managing Director*

**ADDITIONAL COMPLIANCE INFORMATION**

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

During the financial year under review, there were no:

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

## Statement of Directors' Responsibilities

Directors are required by Company Law to prepare financial statement for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results of the Group and 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;
- ensures applicable accounting standards for entities other than private entities 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 the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Director's Shareholdings (as at 30 June 2009)

Name of directors	Direct	No. of shares held		% <sup>^</sup>
		% <sup>^</sup>	Indirect	
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	1,125,000	0.34	—	—
Chia Song Kun	187,500	0.06	157,827,458 *	48.26
Chia Seong Pow	475,000	0.15	45,076,975 #	13.78
Chia Song Kooi	75,000	0.02	155,576,458 **	47.57
Chia Seong Fatt	135,000	0.04	44,683,975 ###	13.66
Chia Song Swa	75,000	0.02	155,048,458 **	47.41
Chia Mak Hooi	150,000	0.05	156,597,958 @	47.88
Chieng Ing Huong	—	—	—	—
Teh Kim Teh	—	—	—	—

#### Notes:

\* Deemed interest via his and his spouse's interest in CBG Holdings Sdn. Bhd. and Attractive Features Sdn. Bhd., his spouse's, children's and their spouse's shares in QL.

\*\* Deemed interest via CBG Holdings Sdn. Bhd. and his spouse's shares in QL.

# Deemed interest via his and his spouse's shareholding in Farsathy Holdings Sdn. Bhd. and his spouse's and children's shares in QL.

### Deemed interest via his and his spouse's shareholding in Farsathy Holdings Sdn. Bhd. and his spouse's and children's shares in QL.

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

<sup>^</sup> Based on the Issued and paid-up share capital of the Company comprising 327,032,800 ordinary shares and after deduction of 2,967,200 treasury shares retained by the Company as per Record of Depositors.

# Statement on Internal Control

## Board's Responsibilities

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity. The Board of Directors is committed to maintaining a system of internal control in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly explained.

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 the certain policies and procedures are maintained by certain companies in the Group, to ensure that 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 during the financial year ended 31 March 2009. The internal audit team had completed the review of certain internal controls for selected subsidiaries in the Group 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 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 Board have formalised a Risk Management framework that projects the Group's desire to identify, evaluate and manage significant business risks. The Risk Management Committee had carried out its duties in accordance with the Group's Risk Management Policies and Procedures.

The Committee had monitored and reviewed the Risk Management plan and activities and had reported to the Audit Committee on a quarterly basis. The Audit Committee had, on a quarterly basis, performed formal reviews on the adequacy and integrity of the system of internal controls.

The Group's 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.

## Associated company

The Group's system of internal controls does not cover any associated company.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2009. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

# Corporate Social Responsibility (CSR) Report

QL's financial performance and social responsibility are totally aligned. The current global economic turmoil and volatility has further makes it more important than ever that we remain committed to improving our economic, environmental, and social performance.

QL's CSR activities are daily in nature and centered on the following areas:

- 1 Environment.
  - Green Fishery Production Scheme
  - Green Palm Waste Treatment Scheme
  - Green Poultry Farming Scheme
- 2 Communities
  - Rural Community Employment Scheme
  - Fishermen Assistance Scheme
- 3 Work Place

## ENVIRONMENT

Green is the word. We have achieved through our own voluntary effort additional reduction of GHG emissions by completing a number of green initiatives in our three core activities.

The cost of implementing these voluntary schemes are significant but in QL, we believe that by continuously exploring ways to be more efficient in our use of resources and materials; we can reduce costs, improve margins, protect the environment and benefit our communities.

### QL's 'Green Fishery Production Scheme'

At QL's fishmeal manufacturing operations, through our 'Green Fishery Production Scheme', we have converted into using renewable bio-mass fuel (dried padi husk, saw dust or wood-chip) instead of fossil fuel in our steam drying production process and thereby producing premium grade fishmeal suitable for animal and aquaculture industry.

At date of this report, all our fishmeal processing factories are near complete conversion into using renewable bio-fuel.

In addition, our surimi factory in Perak has also converted its boiler into using renewable bio-fuel instead of fossil fuel.

### QL's 'Green Palm Waste Treatment Scheme'

At QL's Crude Palm Oil Mills, we are in the process of putting in place an AVC Co-Composting systems (Danish technology). This system handles dewatering of sludge from the mills. The environmental benefits of this system are:

- a Reduction of wastewater emission to the waterways.
- b Reduction of sludge transportation.
- c Reduction of energy consumption.
- d The dewatered POME bio-solids can be composted into organic fertilizers.

Meeting our key performance productivity goals also means working efficiently and to develop innovation in our production processes.

We have during the year applied for grant and have received approval from Ministry of Science, Technology & Innovation (MOSTI). The grant is to support the technology development of our green palm EFB treatment pre-commercialization expenditure. We are confident that this project will further reduce carbon footprint in productions processes.

### QL's 'Green Poultry Farming Scheme'

Our QL's poultry egg farms are geographically located throughout Peninsular Malaysia as well as East Malaysia and carry out risk management in terms of bio-securities as well as compliance with veterinary requirements. Over the next few years, our farms will intensive green effort to convert open-house poultry layer operations into closed-house. The conversion will address the bio-securities risk associated with various poultry viruses as well as overcoming pollution and address complaints from residents staying around the poultry farming areas.

## COMMUNITIES

### QL's 'Rural Community Employment Scheme'

QL employs approximately 4,000 people and almost 75% of our people are drawn from the local communities, thereby supporting the vitality of rural economies. QL provides rural employment in the fishing communities and we are the largest employer in Hutan Melintang (Perak), Endau (East Johore), Tuaran (Sabah).

### QL's 'Fishermen Assistance Scheme' (FAS)

QL's FAS continue to provide financial assistance through interest free advances to fishermen in the rural region. These advances are to help them to built, upgrade and modernize their fishing fleet. Such scheme is usually not available through commercial bankers or the government. Our advances to fishermen (totaling more than 690 fishermen) to-date amount to more than RM23million.

## WORKPLACE

Throughout the year, we continue to encourage healthy activities in our work place. We have initiated healthy activities mentioned below at our corporate head office and we are now taking steps to enroll other operating units throughout Malaysia to take up these programs on an active basis.

- 1 Keeping fit program.
- 2 Healthy diet program.
- 3 Recycling in the work place.
- 4 Energy conservation.

## OUR CSR STRATEGY

In the long run, our CSR strategy will centered within our vision & mission to be the preferred global agro based enterprise in providing nourishing products from agro resources, leading to benefit for all parties especially to the communities in which we operate.

# Financial Statements



# Directors' Report

for the year ended 31 March 2009

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 2009.

## 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 33 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
Profit for the year		
Attributable to:		
Shareholders of the Company	89,330	30,634
Minority interest	7,347	-
	96,677	30,634

## 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 6.5 sen per ordinary share of RM0.50 each single tier dividend totalling RM21,394,000 in respect of the year ended 31 March 2008 on 26 September 2008.

The Directors recommend a final single tier dividend of 7 sen per ordinary share of RM0.50 each in respect of the year ended 31 March 2009 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid up capital less treasury shares of the Company as at the date of this report, the final dividend would amount to RM22,883,896.

## 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 interests and deemed interests 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 (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				At 31.3.2009
	At 1.4.2008	Bought	Sold	Bonus issue	
Shareholdings in which Directors have direct interests in the Company					
Tengku Dato' Zainal Rashid bin Tengku Mahmood	750,000	-	-	375,000	<b>1,125,000</b>
Chia Song Kun	125,000	-	-	62,500	<b>187,500</b>
Chia Seong Pow	250,000	100,000	-	125,000	<b>475,000</b>
Chia Seong Fatt	90,000	-	-	45,000	<b>135,000</b>
Chia Song Kooi	50,000	-	-	25,000	<b>75,000</b>
Chia Song Swa	50,000	-	-	25,000	<b>75,000</b>
Chia Mak Hooi	100,000	-	-	50,000	<b>150,000</b>
Shareholdings in which Directors have indirect interests in the Company					
Chia Song Kun	104,632,814	654,000	-	52,316,644	<b>157,603,458</b>
Chia Seong Pow	29,849,317	260,000	-	14,924,658	<b>45,033,975</b>
Chia Seong Fatt	29,649,317	100,000	-	14,824,658	<b>44,573,975</b>
Chia Song Kooi	103,596,814	181,000	-	51,798,644	<b>155,576,458</b>
Chia Song Swa	103,244,814	181,000	-	51,622,644	<b>155,048,458</b>
Chia Mak Hooi	104,217,814	181,000	-	52,109,144	<b>156,507,958</b>

By virtue of their interest in the shares of the Company, the above Directors are deemed to have interests in shares of all subsidiaries disclosed in Note 33 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 33.1 to the financial statements.

The other Directors, Chieng Ing Huong and Teh Kim Teh, holding office at 31 March 2009 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 31 to the financial statements.

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

# Directors' Report

for the year ended 31 March 2009

## Issue of shares and debentures

During the financial year, the Company undertook a bonus issue of 110,000,000 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary share of RM0.50 each for every two (2) existing ordinary shares held. The issuance of bonus shares totaling RM55,000,000 was capitalised from the share premium of RM40,000,000 and retained earnings of RM15,000,000 of the Company. These new ordinary shares issued rank *pari passu* in all respect with the existing shares of the Company.

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

There were no debentures issued during the financial year.

## Options granted over unissued shares

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

## Other statutory information

Before the balance sheets and income 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 financial performance of the Group and of the Company for the financial year ended 31 March 2009 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.

**Significant events during the year**

The significant events during the year are as disclosed in Note 34 to the financial statements.

**Significant events subsequent to balance sheet date**

The significant events subsequent to balance sheet date are as disclosed in Note 35 to the financial statements.

**Auditors**

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Chia Song Kun**

**Chia Mak Hooi**

Shah Alam,

Date: 10 July 2009

# Balance Sheets

at 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Assets</b>					
Property, plant and equipment	4	416,385	341,835	208	231
Intangible assets	5	759	437	-	-
Biological assets	6	39,987	25,662	-	-
Prepaid lease payments	7	94,198	83,060	-	-
Investment properties	8	7,115	7,195	-	-
Investment in subsidiaries	9	-	-	174,980	131,414
Investment in associates	10	3,118	3,121	-	-
Other investments	11	49	49	-	-
Deferred tax assets	12	2,445	564	-	-
Receivables	13	-	-	121,965	44,174
Goodwill		4,775	3,522	-	-
<b>Total non-current assets</b>		<b>568,831</b>	<b>465,445</b>	<b>297,153</b>	<b>175,819</b>
Inventories	14	128,028	134,218	-	-
Biological assets	6	28,719	18,786	-	-
Receivables, deposits and prepayments	13	154,003	158,328	17,220	27,763
Current tax assets		3,982	2,938	901	395
Asset held for sale	15	1,687	-	-	-
Cash and cash equivalents	16	68,275	48,089	2,794	413
<b>Total current assets</b>		<b>384,694</b>	<b>362,359</b>	<b>20,915</b>	<b>28,571</b>
<b>Total assets</b>		<b>953,525</b>	<b>827,804</b>	<b>318,068</b>	<b>204,390</b>
<b>Equity</b>					
Share capital		165,000	110,000	165,000	110,000
Reserves		252,932	250,796	5,312	56,922
<b>Total equity attributable to shareholders of the Company</b>	17	<b>417,932</b>	<b>360,796</b>	<b>170,312</b>	<b>166,922</b>
<b>Minority shareholders' interests</b>		<b>47,423</b>	<b>39,456</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>465,355</b>	<b>400,252</b>	<b>170,312</b>	<b>166,922</b>
<b>Liabilities</b>					
Loans and borrowings	18	163,065	82,970	119,237	26,139
Payables	19	-	-	8,707	-
Deferred tax liabilities	12	29,342	26,180	-	-
<b>Total non-current liabilities</b>		<b>192,407</b>	<b>109,150</b>	<b>127,944</b>	<b>26,139</b>
Payables and accruals	19	77,462	82,598	4,111	579
Loans and borrowings	18	215,455	234,077	15,701	10,750
Current tax liabilities		2,846	1,727	-	-
<b>Total current liabilities</b>		<b>295,763</b>	<b>318,402</b>	<b>19,812</b>	<b>11,329</b>
<b>Total liabilities</b>		<b>488,170</b>	<b>427,552</b>	<b>147,756</b>	<b>37,468</b>
<b>Total equity and liabilities</b>		<b>953,525</b>	<b>827,804</b>	<b>318,068</b>	<b>204,390</b>

The notes on pages 45 to 101 are an integral part of these financial statements.

# Income Statements

for the year ended 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	20	<b>1,397,905</b>	1,306,825	<b>36,588</b>	41,735
<b>Results from operating activities</b>	20	<b>125,465</b>	109,736	<b>31,141</b>	35,936
Interest expense	21	(17,048)	(14,944)	(3,814)	(1,452)
Interest income	22	1,035	651	4,393	1,952
Share of profits of an associate		445	375	-	-
<b>Profit before tax</b>		<b>109,897</b>	95,818	<b>31,720</b>	36,436
Tax expense	24	(13,220)	(9,225)	(1,086)	(4,573)
Profit for the year		<b>96,677</b>	86,593	<b>30,634</b>	31,863
<b>Attributable to:</b>					
Shareholders of the Company		<b>89,330</b>	80,802		
Minority interest		<b>7,347</b>	5,791		
<b>Profit for the year</b>		<b>96,677</b>	86,593		
<b>Basic earnings per ordinary share (sen)</b>	25	<b>27</b>	24		

The notes on pages 45 to 101 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 March 2009

Group	Note	Reserves							Total RM'000	
		Share capital RM'000	Non-distributable			Distributable		Sub- Total RM'000		Minority interest RM'000
			Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained profits RM'000				
<b>At 1 April 2007</b>		110,000	40,346	(11)	-	147,463	187,798	25,501	323,299	
Foreign exchange translation differences		-	-	(1,744)	-	-	(1,744)	-	(1,744)	
Net losses recognised directly in equity		-	-	(1,744)	-	-	(1,744)	-	(1,744)	
Profit for the year		-	-	-	-	80,802	80,802	5,791	86,593	
Total recognised income and expense for the year		-	-	(1,744)	-	80,802	79,058	5,791	84,849	
Acquisition by minority interest		-	-	-	-	-	-	9,403	9,403	
Dividends to shareholders - 2007 final	26	-	-	-	-	(16,060)	(16,060)	-	(16,060)	
Dividends to minority interest		-	-	-	-	-	-	(1,239)	(1,239)	
<b>At 31 March/1 April 2008</b>		110,000	40,346	(1,755)	-	212,205	250,796	39,456	400,252	
<b>At 1 April 2008</b>		110,000	40,346	(1,755)	-	212,205	250,796	39,456	400,252	
Foreign exchange translation differences		-	-	(4,950)	-	-	(4,950)	-	(4,950)	
Expenses not recognised in the income statement - Share issue expenses		-	(97)	-	-	-	(97)	-	(97)	
Net losses recognised directly in equity		-	(97)	(4,950)	-	-	(5,047)	-	(5,047)	
Profit for the year		-	-	-	-	89,330	89,330	7,347	96,677	
Total recognised income and expense for the year		-	(97)	(4,950)	-	89,330	84,283	7,347	91,630	
Issuance of shares - Bonus issue		55,000	(40,000)	-	-	(15,000)	(55,000)	-	-	
Treasury shares acquired		-	-	-	(5,753)	-	(5,753)	-	(5,753)	
Acquisition by minority interest		-	-	-	-	-	-	3,206	3,206	
Dividends to shareholders - 2008 final	26	-	-	-	-	(21,394)	(21,394)	-	(21,394)	
Dividends to minority interest		-	-	-	-	-	-	(2,586)	(2,586)	
<b>At 31 March 2009</b>		<b>165,000</b>	<b>249</b>	<b>(6,705)</b>	<b>(5,753)</b>	<b>265,141</b>	<b>252,932</b>	<b>47,423</b>	<b>465,355</b>	

Note 17.1

Note 17.2 Note 17.3

Company	Note	Reserves					Sub-Total RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000	Treasury share RM'000	Distributable Retained profits RM'000			
<b>At 1 April 2007</b>		110,000	40,346	-	773	41,119	151,119	
Profit for the year		-	-	-	31,863	31,863	31,863	
Total recognised income and expense for the year		-	-	-	31,863	31,863	31,863	
Dividends - 2007 final	26	-	-	-	(16,060)	(16,060)	(16,060)	
<b>At 31 March/1 April 2008</b>		110,000	40,346	-	16,576	56,922	166,922	
Expenses not recognised in the income statement – Share issue expenses		-	(97)	-	-	(97)	(97)	
Net losses recognised directly in equity		-	(97)	-	-	(97)	(97)	
Profit for the year		-	-	-	30,634	30,634	30,634	
Total recognised income and expense for the year		-	(97)	-	30,634	30,537	30,537	
Dividends - 2008 final	26	-	-	-	(21,394)	(21,394)	(21,394)	
Issuance of shares – Bonus issue		55,000	(40,000)	-	(15,000)	(55,000)	-	
Treasury shares acquired		-	-	(5,753)	-	(5,753)	(5,753)	
<b>At 31 March 2009</b>		<b>165,000</b>	<b>249</b>	<b>(5,753)</b>	<b>10,816</b>	<b>5,312</b>	<b>170,312</b>	
		Note 17.1		Note 17.3	Note 17.4			

The notes on pages 45 to 101 are an integral part of these financial statements.

# Cash Flow Statements

for the year ended 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		109,897	95,818	31,720	36,436
Adjustments for:					
Amortisation of prepaid lease payments		1,440	761	-	-
Amortisation of investment properties		80	-	-	-
Depreciation		32,649	27,460	42	27
Dividend income		-	(9)	(34,080)	(38,914)
Gain on disposal of investments		-	(62)	-	-
Gain on disposal of investment properties		-	(62)	-	-
Gain on disposal of prepaid lease rights		-	(17)	-	-
(Gain)/Loss on foreign exchange – unrealised		(60)	1,216	-	-
Interest expense		17,048	14,944	3,814	1,452
Interest income		(1,035)	(651)	(4,393)	(1,952)
Impairment loss on investment properties		-	175	-	-
Inventories written down to net realisable value		1,417	360	-	-
Loss/(Gain) on disposal of property, plant and equipment		208	(1,445)	-	-
Negative goodwill – acquisition of subsidiaries		-	(594)	-	-
– acquisition of minority interest		(164)	(335)	-	-
Property, plant and equipment written off		88	1,389	-	-
Reversal of impairment losses on property, plant and equipment		-	(516)	-	-
Share of profits of an associate		(445)	(375)	-	-
Operating profit/(loss) before changes in working capital		161,123	138,057	(2,897)	(2,951)
Changes in working capital:					
Inventories		6,710	(14,289)	-	-
Biological assets		(6,818)	(3,171)	-	-
Receivables, deposits and prepayments		6,348	(22,119)	(50)	275
Payables and accruals		(20,263)	19,714	(153)	304
Bills payable		(50,460)	15,671	-	-
Cash generated from/(used in) operations		96,640	133,863	(3,100)	(2,372)
Income taxes (paid)/refund		(11,864)	(8,967)	38	22
Interest paid		(8,660)	(8,998)	(105)	(1,452)
Interest received		1,035	651	4,393	1,952
<b>Net cash generated from/(used in) operating activities</b>		<b>77,151</b>	<b>116,549</b>	<b>1,226</b>	<b>(1,850)</b>

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from investing activities</b>					
Acquisition from minority interest		(10,523)	(2,323)	-	-
Acquisition of subsidiaries, net of cash acquired	36	(5,523)	(27,566)	-	-
Proceeds from disposal of investments		-	116	-	-
Proceeds from disposal of investment properties		-	1,165	-	-
Proceeds from disposal of property, plant and equipment		3,297	4,518	-	-
Proceeds from disposal of prepaid lease rights		-	721	-	-
Purchase of biological assets		(13,027)	(6,066)	-	-
Purchase of prepaid lease rights		(12,790)	(12,674)	-	-
Purchase of property, plant and equipment	(i)	(91,500)	(75,089)	(19)	(243)
Purchase of intangible assets		(322)	(10)	-	-
Dividend received from investments		-	9	-	-
Dividend received from subsidiaries		-	-	32,450	33,999
Dividend received from associates		448	703	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(129,940)</b>	<b>(116,496)</b>	<b>32,431</b>	<b>33,756</b>
<b>Cash flows from financing activities</b>					
Advances to subsidiaries	(ii)	-	-	(98,372)	(33,883)
Contribution from minority shareholders		12,640	9,855	-	-
Dividend paid to minority shareholders		(2,586)	(1,239)	-	-
Dividend paid to shareholders of the Company		(21,394)	(16,060)	(21,394)	(16,060)
Interest paid		(8,388)	(5,597)	(3,709)	-
Repayment of hire purchase and finance lease liabilities		(1,627)	(2,557)	-	-
Proceeds from loans and other borrowings		105,995	33,097	98,049	18,139
Share issue expenses		(97)	-	(97)	-
Purchase of treasury shares		(5,753)	-	(5,753)	-
<b>Net cash generated from/(used in) financing activities</b>		<b>78,790</b>	<b>17,499</b>	<b>(31,276)</b>	<b>(31,804)</b>

# Cash Flow Statements

for the year ended 31 March 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net increase in cash and cash equivalents		<b>26,001</b>	17,552	<b>2,381</b>	102
Cash and cash equivalents at beginning of year		<b>35,114</b>	17,562	<b>413</b>	311
<b>Cash and cash equivalents at end of year</b>	(iii)	<b>61,115</b>	35,114	<b>2,794</b>	413

## 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 RM91,500,000 (2008 - RM76,678,000) of which Nil (2008 - RM1,589,000) was acquired by means of hire purchases.

### ii Non-cash transaction

#### Company

##### Investing activities

During the financial year, the investments in certain subsidiaries was increased through capitalisation of debts amounting to RM43,566,000 (2008 - Nil).

##### Financing activities

During the financial year, the Company undertook bonus issue of 110,000,000 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary share of RM0.50 each for every two (2) existing ordinary shares held. The issuance of bonus shares totalling RM55,000,000 was capitalised from share premium and retained earnings of RM40,000,000 and RM15,000,000 respectively.

### iii Cash and cash equivalents

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	<b>37,347</b>	34,054	<b>2,481</b>	413
Deposits placed with licensed banks	<b>30,928</b>	14,035	<b>313</b>	-
Bank overdrafts	<b>(7,160)</b>	(12,975)	-	-
	<b>61,115</b>	35,114	<b>2,794</b>	413

# Notes to the Financial Statements

QL Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follow:

## Registered office/Principal place of business

No. 16A Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 March 2009 do not include other entities.

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 33 to the financial statements.

The financial statements were approved by the Board of Directors on 10 July 2009.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010

# Notes to the Financial Statements

## 1. Basis of preparation *(continued)*

### (a) Statement of compliance *(continued)*

The Group and Company plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 April 2010 except for Amendments to FRS 2, FRS 4, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and Company.

The impact of FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements or any material change in accounting policy except as follows:

#### *FRS 8, Operating Segments*

FRS 8 will become effective for financial statements for the year ending 31 March 2011. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see Note 27). Under FRS 8, the Group will continue to present segment information in respect of its current business segments.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the notes to the financial statements.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - measurement of the residual value and useful lives
- Note 12 - recognition of unutilised tax losses and capital allowances
- Note 13 - valuation of receivables
- Note 36 - business combinations

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its powers to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

#### (ii) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Group's balance sheet at cost less any impairment losses.

#### (iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When the Group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

## Notes to the Financial Statements

### 2. Significant accounting policies *(continued)*

#### (a) Basis of consolidation *(continued)*

##### *(iv) Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

##### *(v) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Foreign currency

##### *(i) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

##### *(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

##### *(iii) Net investment in foreign operations*

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statements. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

## 2. Significant accounting policies *(continued)*

### (c) Derivative financial instruments

The Group holds derivative financial instruments, namely cross currency swaps, forward foreign currency contracts, foreign currency options and commodity options and futures, to mainly hedge its foreign exchange risk and commodity price fluctuation 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.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour and for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

#### (ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

## Notes to the Financial Statements

### 2. Significant accounting policies *(continued)*

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

##### *(iv) Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Farm buildings	12 - 20 years
Fishing boat and equipment	5 - 20 years
Plant and machinery	5 - 20 years
Furniture, fittings and equipment	5 - 12.5 years
Office improvements and renovation	5 - 10 years
Motor vehicles	5 - 6.7 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

#### (e) Leased assets

##### *(i) Finance lease*

Leases in terms of which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

##### *(ii) Operating lease*

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

In respect of a subsidiary in Indonesia, prepaid lease payments include land use rights which represent location permit, plantation license and cultivation rights title over the plantation land. The land use rights are amortised using straight-line method over the legal terms of the related land use rights.

## 2. Significant accounting policies *(continued)*

### (f) Investment property

#### (i) *Investment property carried at cost*

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy 2(d).

Amortisation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

#### (ii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The estimated fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the estimation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

### (g) Intangible assets

#### (i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

## Notes to the Financial Statements

### 2. Significant accounting policies *(continued)*

#### (g) Intangible assets *(continued)*

##### *(ii) Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

##### *(iii) Other intangible assets*

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less any accumulated impairment losses.

##### *(iv) Subsequent expenditure*

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

##### *(v) Amortisation*

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

- |  |                 |
|--|-----------------|
| • <i>capitalised development costs</i> | <i>10 years</i> |
| • <i>patents and trademarks</i>        | <i>10 years</i> |

#### (h) Biological assets

##### *(i) 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.

## 2. Significant accounting policies (continued)

### (h) Biological assets (continued)

#### (ii) Livestock

##### Layer farms

Pullets and layers are 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 60 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 related expenses expected to be incurred to maintain the layer.

##### Breeder farms

Pullets and layers are stated at the lower of amortised cost and net realisable value. Cost includes cost of the pullets plus all attributable costs including relevant overheads in breeding the pullet to the point of lay. Thereafter the cost is amortised over its estimated economic life of the layers of approximately 40 weeks.

Net realisable value is defined as the aggregate income expected to be generated from total day-old-chicks to be produced per layer and sales proceeds from the disposal of the ex-layer less related expenses expected to be incurred to maintain the layer.

##### Broiler farms

Broilers are stated at lower of cost and net realisable value. Cost of broilers includes costs of chicks plus all attributable costs in breeding the chicks to saleable condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

### (i) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries and associates are stated cost less diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current securities other than investments in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

## Notes to the Financial Statements

### 2. Significant accounting policies *(continued)*

#### (j) Inventories

Inventories comprise raw materials, manufactured inventories, trading inventories and retail inventories which are stated at the lower of cost and net realisable value. The cost of inventories is based on first-in-first-out principle, except for certain subsidiaries where trading inventories' cost is based on 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 and trading inventories comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. For manufactured inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads based on normal operating capacity and other incidental costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

#### (k) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

#### (l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

#### (m) 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.

#### (n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

## 2. Significant accounting policies (continued)

### (o) Employee benefits

#### *Short term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group have no further payment obligations.

### (p) Impairment of assets

The carrying amounts of assets other than deferred tax assets, inventories, biological assets, non-current assets (or disposal groups) classified as held for sale and financial assets (other than investment in subsidiaries and associates) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and/or intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

# Notes to the Financial Statements

## 2. Significant accounting policies *(continued)*

### (q) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

#### (i) *Share issue expenses*

Incremental costs directly attributable to issue of equity instruments are recognised as deduction from equity.

#### (ii) *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (r) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

### (s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised tax incentives are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

## 2. Significant accounting policies *(continued)*

### (t) Revenue recognition

#### (i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (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.

#### (iv) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### (u) Interest income and borrowing costs

Interest income is recognised as it accrues using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### (v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### (w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

# Notes to the Financial Statements

## 2. Significant accounting policies *(continued)*

### (x) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## 3. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the Group's business development. The Group has clear defined guidelines and written risk management policies on credit risk, foreign currency 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 cross currency swaps, forward foreign currency contracts and options to reduce exposure to fluctuations in foreign exchange rates. The Group also enters into futures commodity contracts and options to reduce exposure to fluctuation in commodity prices. 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 notional amounts of derivatives 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.

### 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 counterparties.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposures to credit risk for the Group and Company is represented by the carrying amount of each financial assets in the balance sheet.

### **3. Financial risk management objectives and policies** *(continued)*

#### **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 an informal policy of managing this risk through the use of fixed and floating rates debts and financial instruments. 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, Indonesian Rupiah, Singapore Dollars, Japanese Yen and Sterling Pound.

Certain subsidiaries' financial statements are denominated in Singapore Dollars and Indonesian Rupiah. The Group does not view the exposure to these currencies to be significant.

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

#### **Liquidity and cash flow 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.

## Notes to the Financial Statements

### 4. Property, plant and equipment

Group	Freehold land RM'000	Buildings and improve- ments RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000
<b>Cost</b>				
At 1 April 2007	18,491	62,106	46,347	15,147
Transfer to investment property	(74)	(139)	-	-
Additions	-	6,129	3,307	5,177
Disposals	-	(2,353)	-	-
Written off	-	-	-	-
Transfer in/(out)	-	3,906	6,472	4,925
Acquisition of subsidiaries	-	202	-	-
At 31 March/1 April 2008	18,417	69,851	56,126	25,249
Additions	1,753	3,361	10,875	1,156
Disposals	(78)	-	-	-
Written off	-	-	-	-
Transfer in/(out)	-	3,343	2,414	2,318
Acquisition of subsidiaries	7,443	-	405	-
Reclassification from prepaid lease payment	-	-	212	-
<b>At 31 March 2009</b>	<b>27,535</b>	<b>76,555</b>	<b>70,032</b>	<b>28,723</b>
<b>Depreciation and impairment loss</b>				
At 1 April 2007, restated				
Accumulated depreciation	-	8,528	15,308	1,393
Accumulated impairment loss	-	-	-	-
Depreciation for the year	-	2,175	2,964	1,027
Disposals	-	(1,242)	-	-
Written off	-	-	-	-
Reversal of impairment loss	-	-	-	-
Impairment loss	-	-	-	-
Transfer to investment property	-	(20)	-	-
Acquisition of subsidiaries	-	-	-	-
At 31 March/1 April 2008				
Accumulated depreciation	-	9,441	18,272	2,420
Accumulated impairment loss	-	-	-	-
Depreciation for the year	-	2,281	3,960	1,538
Disposals	-	-	-	-
Written off	-	-	-	-
<b>At 31 March 2009</b>				
Accumulated depreciation	-	11,722	22,232	3,958
Accumulated impairment loss	-	-	-	-
	-	11,722	22,232	3,958
<b>Carrying amounts</b>				
At 1 April 2007	18,491	53,578	31,039	13,754
At 31 March/1 April 2008	18,417	60,410	37,854	22,829
<b>At 31 March 2009</b>	<b>27,535</b>	<b>64,833</b>	<b>47,800</b>	<b>24,765</b>

Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
26,410	180,278	2,939	28,444	17,868	398,030
-	-	-	-	-	(213)
2,134	25,957	761	5,384	27,829	76,678
(2,147)	(2,715)	(250)	(1,803)	(6)	(9,274)
(1,755)	(1,115)	(552)	-	-	(3,422)
32	8,590	-	-	(23,925)	-
433	9,651	542	1,536	-	12,364
25,107	220,646	3,440	33,561	21,766	474,163
4,776	24,923	415	5,173	39,068	91,500
(37)	(2,099)	-	(1,574)	(1,460)	(5,248)
(216)	(455)	(165)	(77)	-	(913)
6,492	801	-	-	(15,368)	-
82	11,990	-	458	-	20,378
-	-	-	-	-	212
<b>36,204</b>	<b>255,806</b>	<b>3,690</b>	<b>37,541</b>	<b>44,006</b>	<b>580,092</b>
11,465	58,207	1,118	15,264	-	111,283
402	36	147	-	-	585
11,867	58,243	1,265	15,264	-	111,868
2,567	15,554	359	2,814	-	27,460
(1,474)	(1,897)	(122)	(1,466)	-	(6,201)
(938)	(652)	(443)	-	-	(2,033)
(402)	(36)	(147)	-	-	(585)
-	69	-	-	-	69
-	-	-	-	-	(20)
164	942	268	396	-	1,770
11,784	72,154	1,180	17,008	-	132,259
-	69	-	-	-	69
11,784	72,223	1,180	17,008	-	132,328
3,028	19,057	389	3,694	-	33,947
(20)	(745)	-	(978)	-	(1,743)
(154)	(434)	(160)	(77)	-	(825)
<b>14,638</b>	<b>90,032</b>	<b>1,409</b>	<b>19,647</b>	<b>-</b>	<b>163,638</b>
-	69	-	-	-	69
<b>14,638</b>	<b>90,101</b>	<b>1,409</b>	<b>19,647</b>	<b>-</b>	<b>163,707</b>
14,543	122,035	1,674	13,180	17,868	286,162
13,323	148,423	2,260	16,553	21,766	341,835
<b>21,566</b>	<b>165,705</b>	<b>2,281</b>	<b>17,894</b>	<b>44,006</b>	<b>416,385</b>

## Notes to the Financial Statements

### 4. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 April 2007	24	-	24
Additions	9	234	243
At 31 March/1 April 2008	33	234	267
Additions	19	-	19
<b>At 31 March 2009</b>	<b>52</b>	<b>234</b>	<b>286</b>
<b>Accumulated depreciation</b>			
At 1 April 2007	9	-	9
Charge for the year	4	23	27
At 31 March/1 April 2008	13	23	36
Charge for the year	7	35	42
<b>At 31 March 2009</b>	<b>20</b>	<b>58</b>	<b>78</b>
<b>Carrying amounts</b>			
At 1 April 2007	15	-	15
At 31 March/1 April 2008	20	211	231
<b>At 31 March 2009</b>	<b>32</b>	<b>176</b>	<b>208</b>

#### 4.1 Depreciation charge for the year is allocated as follows:

	Group	
	2009 RM'000	2008 RM'000
Income statement (Note 20)	<b>32,649</b>	27,460
Biological assets (Note 6)	<b>1,298</b>	-
	<b>33,947</b>	27,460

#### 4.2 Security

The freehold land together with buildings of certain subsidiaries amounting to RM5,900,000 (2008 – RM6,995,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries as set out in Note 18.

#### 4. Property, plant and equipment (continued)

##### 4.3 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	
	2009 RM'000	2008 RM'000
Plant and machinery	4,847	5,546
Motor vehicles	2,128	2,871
Furniture and fittings	-	846
	<b>6,975</b>	<b>9,263</b>

##### 4.4 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.

#### 5. Intangible assets

	Development costs RM'000	Patents and trademarks RM'000	Total RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 April 2007	-	539	539
Additions	-	10	10
At 31 March/1 April 2008	-	549	549
Additions	320	2	322
<b>At 31 March 2009</b>	<b>320</b>	<b>551</b>	<b>871</b>
<b>Accumulated amortisation/impairment</b>			
At 1 April 2007			
- Accumulated amortisation	-	23	23
- Accumulated impairment loss	-	89	89
<b>At 31 March/1 April 2008/31 March 2009</b>	<b>-</b>	<b>112</b>	<b>112</b>
<b>Carrying amounts</b>			
At 1 April 2007	-	427	427
At 31 March/1 April 2008	-	437	437
<b>At 31 March 2009</b>	<b>320</b>	<b>439</b>	<b>759</b>

There is no amortisation of the intangible assets as at 31 March 2009 as the assets are not available for use yet.

## Notes to the Financial Statements

### 6. Biological assets

	Group	
	2009 RM'000	2008 RM'000
<b>Non-current</b>		
<b>At cost:</b>		
Plantation development expenditure	<b>39,987</b>	25,662
<b>Current</b>		
<b>At cost:</b>		
Livestock	<b>28,719</b>	18,786

Included in non-current biological assets is depreciation charged of RM1,298,000 (2008 - Nil) (Note 4).

### 7. Prepaid lease payments

Group	Leasehold land		Total RM'000
	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	
<b>Cost</b>			
At 1 April 2007	18,374	34,736	53,110
Additions	1,543	11,131	12,674
Disposal	(730)	-	(730)
Transfer in/(out)	(8,364)	8,364	-
Transfer from investment properties	-	626	626
Acquisition of subsidiaries	22,090	-	22,090
At 31 March/1 April 2008	32,913	54,857	87,770
Additions	6,958	5,832	12,790
Transfer in/(out)	1,452	(1,452)	-
Acquisition of subsidiaries	-	1,687	1,687
Reclassification to property, plant and equipment	(212)	-	(212)
Reclassification to asset held for resale	-	(1,687)	(1,687)
<b>At 31 March 2009</b>	<b>41,111</b>	<b>59,237</b>	<b>100,348</b>
<b>Amortisation</b>			
At 1 April 2007	1,402	2,046	3,448
Amortisation for the year	384	377	761
Disposal	(26)	-	(26)
Transfer from investment properties	-	3	3
Acquisition of subsidiaries	524	-	524
At 31 March/1 April 2008	2,284	2,426	4,710
Amortisation for the year	994	446	1,440
Transfer in/(out)	19	(19)	-
<b>At 31 March 2009</b>	<b>3,297</b>	<b>2,853</b>	<b>6,150</b>
<b>Carrying amounts</b>			
At 1 April 2007	16,972	32,690	49,662
At 31 March/1 April 2008	30,629	52,431	83,060
<b>At 31 March 2009</b>	<b>37,814</b>	<b>56,384</b>	<b>94,198</b>

## 7. Prepaid lease payments (continued)

### Security

Certain leasehold land of the subsidiaries with a carrying amount of RM2,532,000 (2008 - RM2,838,000) have been charged to certain licensed banks for banking facilities granted to the subsidiaries as set out in Note 18.

Included in the 2008 additions to the prepaid lease payments are:

- (i) amounts of RM1,045,000 which represents progress payments made to the developer;
- (ii) amounts of RM19,749,000 (equivalent to USD6,000,000) which represent the land use rights in respect of a subsidiary in Indonesia. The land use right represents the location permit, plantation license and the cultivation right title over the plantation land. At balance sheet date, the cultivation right title is pending issuance from the relevant authorities.

## 8. Investment properties

	Group RM'000
<b>Cost</b>	
At 1 April 2007	10,135
Transfer from property, plant and equipment	213
Disposal	(1,306)
Transfer to prepaid lease payments	(626)
<b>At 31 March/1 April 2008/ 31 March 2009</b>	<b>8,416</b>
<b>Amortisation and impairment loss</b>	
At 1 April 2007	
- Accumulated amortisation	134
- Accumulated impairment loss	1,098
	1,232
Transfer from property, plant and equipment	20
Impairment loss during the year	175
Disposal	(203)
Transfer to prepaid lease payments	(3)
At 31 March/1 April 2008	
- Accumulated amortisation	154
- Accumulated impairment loss	1,067
	1,221
Amortisation during the year	80

## Notes to the Financial Statements

### 8. Investment properties (continued)

	Group RM'000
<i>Amortisation and impairment loss</i>	
<b>At 31 March 2009</b>	
- Accumulated amortisation	234
- Accumulated impairment loss	1,067
	<b>1,301</b>
<i>Carrying amount</i>	
At 1 April 2007	8,903
At 31 March/1 April 2008	7,195
<b>At 31 March 2009</b>	<b>7,115</b>
<i>Fair value</i>	
At 31 March 2008	15,357
<b>At 31 March 2009</b>	<b>12,161</b>

### 9. Investment in subsidiaries

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	<b>174,980</b>	131,414

Details of the Company's subsidiaries are shown in Note 33.

### 10. Investment in associates

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	<b>2,496</b>	2,496
Share of post-acquisition reserves	<b>622</b>	625
	<b>3,118</b>	3,121

## 10. Investment in associates (continued)

Summary of financial information on associates:

	Country of incorporation	Effective ownership interest		Revenue (100%) RM'000	Profit / (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
		2009 %	2008 %				
<b>2009</b>							
Indahgrains Logistics Sdn. Bhd.	Malaysia	29.87	29.87	5,358	1,491	11,481	(1,191)
Pilihan Mahir Sdn. Bhd.	Malaysia	49.00	49.00	-	(2)	372	(371)
<b>2008</b>							
Indahgrains Logistics Sdn. Bhd.	Malaysia	29.87	29.87	5,464	1,257	11,368	(1,039)
Pilihan Mahir Sdn. Bhd.	Malaysia	49.00	49.00	-	(4)	4	(2)

## 11. Other investments

	Group	
	2009 RM'000	2008 RM'000
<b>At cost:</b>		
Quoted shares	4	4
Unquoted shares	45	45
	<b>49</b>	<b>49</b>
<b>Market values:</b>		
Quoted shares	4	4

## 12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	255	940	(26,210)	(24,851)	(25,955)	(23,911)
Biological assets	-	-	(3,058)	(3,048)	(3,058)	(3,048)
Provisions	1,257	563	-	-	1,257	563
Revaluation	-	-	(2,029)	(1,616)	(2,029)	(1,616)
Tax loss carry-forwards	1,459	860	-	-	1,459	860
Unabsorbed capital allowance	398	1,523	(1,017)	-	(619)	1,523
Other temporary differences	2,050	13	(2)	-	2,048	13
Tax assets/(liabilities)	<b>5,419</b>	3,899	<b>(32,316)</b>	(29,515)	<b>(26,897)</b>	(25,616)
Set-off of tax	<b>(2,974)</b>	(3,335)	<b>2,974</b>	3,335	-	-
Net tax assets/(liabilities)	<b>2,445</b>	564	<b>(29,342)</b>	(26,180)	<b>(26,897)</b>	(25,616)

## Notes to the Financial Statements

### 12. Deferred tax assets and liabilities (continued)

#### Movement in temporary differences during the year

Group	At	Recognised	At	Recognised	At
	1.4.2008	in income	31.3.2008	in income	31.3.2009
	RM'000	statements	RM'000	statements	RM'000
		(Note 24)		(Note 24)	
		RM'000		RM'000	
Property, plant and equipment	(21,158)	(2,753)	(23,911)	(2,044)	<b>(25,955)</b>
Biological assets	(3,160)	112	(3,048)	(10)	<b>(3,058)</b>
Provisions	410	153	563	694	<b>1,257</b>
Revaluation	(2,003)	387	(1,616)	(413)	<b>(2,029)</b>
Tax loss carry-forwards	883	(23)	860	599	<b>1,459</b>
Unabsorbed capital allowance	1,533	(10)	1,523	(2,142)	<b>(619)</b>
Other temporary differences	(2,595)	2,608	13	2,035	<b>2,048</b>
	(26,090)	474	(25,616)	(1,281)	<b>(26,897)</b>

#### Unrecognised deferred tax

Deferred tax have not been recognised in respect of the following items:

	Group	
	2009	2008
	RM'000	RM'000
Property, plant and equipment	<b>8,938</b>	1,567
Provisions	-	5,251
Taxable temporary differences	-	(545)
Tax loss carry-forwards	<b>370</b>	3,832
	<b>9,308</b>	10,105

The above items do not expire under current tax legislation. Deferred tax assets have been recognised in respect of these items only to the extent that it offset the taxable temporary differences because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Certain subsidiaries have tax incentives with tax exemption of 100% on its statutory income in accordance with Section 127 of the Income Tax Act 1967 for a period of 10 years commencing from the year the subsidiaries achieve statutory income. Deferred tax liability has not been recognised in respect of this item because it is expected to be crystallised during the extended tax incentive period.

QL Marine Products Sdn. Bhd. ("QLMP"), a subsidiary of the Group has pioneer status with tax exemption of 100% of statutory income for a period of 5 years beginning 1 June 2004 to 31 May 2009. The Company has applied for an extension to the pioneer status upon its expiry on 31 May 2009. The Directors are of the opinion that the Company's application for an extension is likely to be approved and hence, no deferred tax liability relating to QLMP was recognised by the Group as at 31 March 2009. In the event where the application of the extension is unsuccessful, the potential deferred tax liability to be recognised is RM2,824,000.

### 13. Receivables, deposits and prepayments

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current</b>					
Subsidiaries	13.1	-	-	121,965	44,174
<b>Current</b>					
<b>Trade</b>					
Trade receivables		120,378	129,903	-	4
Less: Allowance for doubtful debts		(13,052)	(21,400)	-	-
	13.2	107,326	108,503	-	4
<b>Non-trade</b>					
Other receivables		41,388	34,254	-	-
Less: Allowance for doubtful debts		(395)	(373)	-	-
	13.3	40,993	33,881	-	-
Subsidiaries	13.1	-	-	16,925	27,518
Deposits	13.4	3,267	10,603	152	152
Prepayment	13.5	2,417	5,341	143	89
		154,003	158,328	17,220	27,763

#### 13.1 Subsidiaries

	Company	
	2009 RM'000	2008 RM'000
Non-current	121,965	44,174
Current	16,925	27,518
	138,890	71,692

The amount due from subsidiaries of the Company is in respect of advances, unsecured, interest free and repayable on demand except for:

- i) RM3,744,429 (2008 - RM31,859,000) which is subject to interest of 2% - 5% (2008 - 5% - 6%) per annum with a fixed term of repayment of 3 years (2008 - 3-5 years); and
- ii) Nil (2008 - RM8,500,000) which is subject to interest of Nil (2008 - 5.75%) per annum and repayable on demand;
- iii) RM22,800,000 (2008 - Nil) which is subject to the Company's weighted cost of funds plus 0.50% (2008 - Nil) with fixed terms of repayment of 1-5 years (2008 - Nil); and
- iv) RM108,491,000 (2008 - Nil) which is subject to Company's weighted cost of funds plus 0.50% (2008 - Nil) with no fixed terms of repayment.

## Notes to the Financial Statements

### 13. Receivables, deposits and prepayments (continued)

#### 13.2 Trade receivables

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

	Group	
	2009 RM'000	2008 RM'000
A person connected with a Director of a subsidiary	212	124
Companies in which certain Directors of the Company have interests	1,918	3,487
Companies in which Directors of certain subsidiaries have interests	1,051	1,365
	<b>3,181</b>	<b>4,976</b>

#### 13.3 Other receivables

Included in other receivables of the Group are:

- i) advances made to suppliers of certain subsidiaries amounting to RM24,069,000 (2008 - RM20,763,000) 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) an amount of RM1,188,000 (equivalent to SGD500,000) (2008 - RM1,172,000 (equivalent to SGD500,000)) being commitment sum paid upon signing a memorandum of understanding ("MOU") as to facilitate the development of a working Tocopherol Recovery Project.

#### 13.4 Deposits

Included in deposits of the Group are:

- i) deposits paid for purchase of property, plant and equipment amounting to RM748,000 (2008 - Nil).
- ii) deposit paid to persons connected to a Director of the Company for acquisition of land amounting to Nil (2008 - RM159,000).
- iii) deposit paid for the purpose of entering into futures contracts and options amounting to RM308,000 (2008 - RM8,028,000).

#### 13.5 Prepayments

Included in prepayments of the Group is advance payment made by a subsidiary for the construction of fishing boats amounting to RM400,000 (2008 - Nil).

- 13.6 During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM5,868,000 (2008 - RM195,000).

### 13. Receivables, deposits and prepayments (continued)

13.7 The currency profile of receivables denominated in Ringgit equivalents, is as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	146,557	137,669	139,185	71,937
US Dollars	3,958	13,938	-	-
Singapore Dollars	2,967	3,623	-	-
Indonesian Rupiah	460	2,030	-	-
Japanese Yen	61	554	-	-
Sterling Pound	-	485	-	-
Hong Kong Dollar	-	29	-	-
	<b>154,003</b>	<b>158,328</b>	<b>139,185</b>	<b>71,937</b>

### 14. Inventories

	Group	
	2009 RM'000	2008 RM'000
<b>At cost:</b>		
Raw materials	30,903	33,250
Manufactured, trading and retail inventories	94,441	98,734
<b>At net realisable value:</b>		
Manufactured, trading and retail inventories	2,684	2,234
	<b>128,028</b>	<b>134,218</b>

### 15. Asset classified as held for sale

The leasehold land of a subsidiary is presented as an asset classified as held for sale following the disposal of the said land to its previous shareholders. As a condition precedent stated in the sale and purchase agreement, the Group is currently awaiting the approval from the local authorities for the completion of the sale. As at 31 March 2009, the carrying amount of the leasehold land held for sale is RM1,687,000 (2008 - Nil) (Note 36.1).

### 16. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	37,347	34,054	2,481	413
Deposits placed with licensed banks	30,928	14,035	313	-
	<b>68,275</b>	<b>48,089</b>	<b>2,794</b>	<b>413</b>

# Notes to the Financial Statements

## 17. Share capital and reserves

### 17.1 Share capital

	Group and Company		Amount 2008 RM'000	Number of shares 2008 '000
	Amount 2009 RM'000	Number of shares 2009 '000		
Ordinary shares of RM0.50 each Authorised	<b>200,000</b>	<b>400,000</b>	200,000	400,000
Ordinary shares of RM0.50 each Issued and fully paid up At 1 April	<b>110,000</b>	<b>220,000</b>	110,000	220,000
Issued during the year pursuant to bonus issue	<b>55,000</b>	<b>110,000</b>	-	-
At 31 March	<b>165,000</b>	<b>330,000</b>	110,000	220,000

### 17.2 Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

### 17.3 Treasury shares

In May 2008, the shareholders of the Company, by an ordinary resolution passed in a general meeting approved the Company's plan to buy-back its own shares. Subsequently, in August 2008, the shareholders of the Company, by an ordinary resolution passed in the annual general meeting, renewed the approval to the Company's plan to buy-back its own shares. During the financial year, the Company purchased from the open market, 2,322,100 of its issued ordinary shares of RM0.50 each ("QL Shares") listed on the Main Board of Bursa Securities at an average buy-back price of RM2.48 per ordinary share. The total consideration paid for the share buy-back of QL Shares by the Company during the financial year, including transaction costs, was RM5,753,000 and was financed by internally generated funds. The QL Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

As at 31 March 2009, the Company held 2,322,100 (2008 - Nil) QL Shares as treasury shares out of its total issued and paid-up share capital. As at 31 March 2009, the number of outstanding shares in issued and paid up is therefore 327,677,900 (2008 - 330,000,000) ordinary shares of RM0.50 each.

None of the treasury shares held were resold or cancelled during the financial year. While the shares are held as treasury shares, the rights attached to them such as voting, dividends and participation in other distribution and otherwise are suspended.

### 17.4 Retained earnings

Pursuant to Section 50 of the Savings and Transitional Provisions Income Tax Act, 1967, the Company has elected the irrevocable option to disregard the Section 108 balance at 31 March 2009 and exercise an irrevocable option not to deduct tax under Section 40. As such, the Company may distribute single tier dividend to its shareholders out of its entire retained earnings.

## 18. Loans and borrowings

		Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current:</b>					
Term loans	- secured	1,260	1,256	-	-
	- unsecured	159,735	78,189	119,237	26,139
Hire purchase liabilities		2,070	3,525	-	-
		<b>163,065</b>	<b>82,970</b>	<b>119,237</b>	<b>26,139</b>
<b>Current:</b>					
Term loans	- secured	106	157	-	-
	- unsecured	35,626	33,994	15,701	10,750
Bank overdrafts	- secured	1,021	480	-	-
	- unsecured	6,139	12,495	-	-
Bills payable	- secured	4,132	2,211	-	-
	- unsecured	130,493	182,874	-	-
Hire purchase liabilities		1,694	1,866	-	-
Revolving credit	- unsecured	36,244	-	-	-
		<b>215,455</b>	<b>234,077</b>	<b>15,701</b>	<b>10,750</b>
		<b>378,520</b>	<b>317,047</b>	<b>134,938</b>	<b>36,889</b>

### Terms and debt repayment schedule

Group 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Term loans						
- Secured						
• SGD	2017	1,366	106	106	318	836
- Unsecured	2010 - 2013	195,361	35,626	45,423	114,312	-
Bank overdrafts						
- Secured	2010	1,021	1,021	-	-	-
- Unsecured	2010	6,139	6,139	-	-	-
Bills payable						
- Secured	2010	4,132	4,132	-	-	-
- Unsecured						
• USD	2010	16,002	16,002	-	-	-
• RM	2010	114,491	114,491	-	-	-
Revolving credit						
- Secured						
• USD	2010	36,244	36,244	-	-	-
Hire purchase liabilities	2010-2013	3,764	1,694	1,328	742	-
		<b>378,520</b>	<b>215,455</b>	<b>46,857</b>	<b>115,372</b>	<b>836</b>

## Notes to the Financial Statements

### 18. Loans and borrowings (continued)

#### Terms and debt repayment schedule (continued)

Group 2008	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Term loans						
- Secured						
• SGD	2017	1,413	157	157	470	629
- Unsecured	2009-2013	112,183	33,994	30,705	47,484	-
Bank overdrafts						
- Secured	2009	480	480	-	-	-
- Unsecured	2009	12,495	12,495	-	-	-
Bills payable						
- Secured	2009	2,211	2,211	-	-	-
- Unsecured						
• USD	2009	125,072	125,072	-	-	-
• RM	2009	57,802	57,802	-	-	-
Hire purchase liabilities	2009-2013	5,391	1,866	1,794	1,731	-
		317,047	234,077	32,656	49,685	629

Company 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Term loans - unsecured	2012-2013	134,938	15,701	30,560	88,677	-
<b>2008</b>						
Term loans - unsecured	2012	36,889	10,750	10,750	15,389	-

The term loans for the Group are subject to interest at 3.00% to 7.14% (2008 - 3.00% to 8.00%), or 3 months Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus 0.78% (2008 - Nil) or 3 months Effective Cost of Fund ("ECOF") plus 1.75% (2008 - Nil) per annum.

The term loans for the Company are subject to interest at 5.50% to 5.75% (2008 - 5.50% to 5.75%), or 3 months KLIBOR plus 0.78% (2008 - Nil) or 3 months ECOF plus 1.75% (2008 - Nil) per annum.

The term loans for the Group and Company are repayable in equal monthly instalments over periods ranging from 2 years to 8 years (2008 - 2 years to 5 years) and 2 years to 4 years (2008 - 2 years to 5 years) respectively.

The bank overdrafts are subject to interest ranging from 1.00% to 1.50% above Base Lending Rate ("BLR") (2008 - 1.00% to 1.50% above BLR) per annum.

The revolving credit is subject to interest at USD Singapore Interbank Offered Rate ("SIBOR") plus 0.90% (2008 - Nil) per annum.

The bills payable are subject to interest ranging from 0.25% to 1.50% above Cost of Fund (2008 - 0.25% to 1.50% above Cost of Fund) per annum.

## 18. Loans and borrowings (continued)

### Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Minimum lease payments 2009 RM'000	Interest 2009 RM'000	Principal 2009 RM'000	Minimum lease payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000
Less than one year	1,894	(200)	1,694	2,166	(300)	1,866
Between one and five years	2,233	(163)	2,070	3,881	(356)	3,525
	4,127	(363)	3,764	6,047	(656)	5,391

Hire purchase liabilities bear interest rates at 2.62% to 12.00% (2008 - 2.62% to 12.00%) per annum.

### Security

#### Group

##### Term loans

###### Secured

The term loans are secured by way of:

- i) charges on certain subsidiaries' properties;
- ii) fixed and floating charges over assets of certain subsidiaries; and
- iii) corporate guarantees by certain subsidiaries and the Company.

###### Unsecured

The term loans are supported by way of:

- i) corporate guarantees by certain subsidiaries and the Company; and
- ii) a negative pledge on all assets of certain subsidiaries and the Company.

##### Bank overdrafts

###### Secured

The bank overdrafts are secured by way of:

- i) charges on certain subsidiaries' properties;
- ii) fixed and floating charges over assets of certain subsidiaries; and
- iii) corporate guarantees by certain subsidiaries and the Company.

###### Unsecured

The bank overdrafts are supported by way of:

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

## Notes to the Financial Statements

### 18. Loans and borrowings (continued)

#### Significant covenants for certain term loans and bank overdraft granted to the Group:

- i) maximum gearing of 1.5 - 2.5 times of the Group at all times; and
- ii) minimum interest cover ratio of 2 - 3 times at all times.

#### Bills payable

##### Secured

Bills payable are secured by way of:

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

##### Unsecured

Bills payable are supported by way of:

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

#### Revolving credit

##### Unsecured

Revolving credit is supported by way of a negative pledge on all assets of a subsidiary.

#### Security

##### Company

##### Term loans

##### Unsecured

The term loans are supported by way of a negative pledge over the assets of the Company and corporate guarantees from certain subsidiaries.

### 19. Payables and accruals

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current</b>					
Subsidiaries	19.3	-	-	8,707	-
<b>Current</b>					
Trade payables	19.1	40,864	51,535	-	-
Other payables	19.2	26,133	21,022	125	48
Accrued expenses		10,465	10,041	-	230
Subsidiaries	19.3	-	-	3,986	301
		77,462	82,598	4,111	579
		77,462	82,598	12,818	579

## 19. Payables and accruals (continued)

19.1 Included in trade payables of the Group are:

	Group	
	2009 RM'000	2008 RM'000
Associate	497	593
A firm in which certain Directors of a subsidiary has interest	80	114
Companies in which Directors of certain subsidiaries have interests	-	6
	<b>577</b>	<b>713</b>

19.2 Included in other payables of the Group are:

	Group	
	2009 RM'000	2008 RM'000
Companies in which certain Directors have interests	106	759
Amount due to shareholders of subsidiaries	8,697	10,569
	<b>8,803</b>	<b>11,328</b>

19.3 The amount due to subsidiaries is non-trade in nature, subject to an interest of Company's weighted cost of funds plus 0.50% per annum (2008 - Nil), unsecured and repayable on demand.

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	64,221	69,222	12,818	579
US Dollars	12,225	12,725	-	-
Singapore Dollars	866	96	-	-
Australian Dollars	-	10	-	-
Sterling Pound	150	545	-	-
	<b>77,462</b>	<b>82,598</b>	<b>12,818</b>	<b>579</b>

## Notes to the Financial Statements

### 20. Results from operating activities

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>				
- sale of goods	1,397,905	1,306,825	-	-
- dividends	-	-	34,080	38,914
- management fee	-	-	1,205	1,518
- administrative charges	-	-	1,303	1,303
	<b>1,397,905</b>	1,306,825	<b>36,588</b>	41,735
Cost of sales	(1,197,556)	(1,123,505)	-	-
<b>Gross profit</b>	<b>200,349</b>	183,320	<b>36,588</b>	41,735
Distribution costs	(21,058)	(14,486)	-	-
Administration expenses	(54,685)	(62,220)	(5,447)	(5,799)
Other operating expenses	(8,780)	(3,740)	-	-
Other operating income	9,475	5,933	-	-
Negative goodwill	-	-	-	-
- Acquisition of subsidiaries	-	594	-	-
- Acquisition of minority interest	164	335	-	-
<b>Results from operating activities</b>	<b>125,465</b>	109,736	<b>31,141</b>	35,936

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000

#### Operating activities is arrived at after crediting:

Bad debts recovered	12	-	-	-
Dividend from subsidiaries				
- gross	-	-	6,521	18,904
- tax exempt	-	-	27,559	20,010
Gain on disposal of property, plant and equipment	-	1,445	-	-
Gain on disposal of investments	-	62	-	-
Gain on disposal of prepaid lease rights	-	17	-	-
Gain on foreign exchange				
- realised	2,000	4,108	-	-
- unrealised	60	-	-	-
Gain on disposal of investment properties	-	62	-	-
Rental of equipment	191	18	-	-
Rental of premises	215	142	-	-
Reversal of allowance for doubtful debts	2,458	-	-	-
Reversal of impairment loss on property, plant and equipment	-	516	-	-

## 20. Results from operating activities (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>and after charging:</b>				
Auditors' remuneration				
- Audit services				
Auditors of the Company				
- current	477	361	48	31
- under provision in prior years	55	25	3	17
Other auditors	69	38	-	-
- Other services by auditors of the Company	70	59	70	59
Amortisation of investment properties	80	-	-	-
Amortisation of prepaid lease rights	1,440	761	-	-
Allowance for doubtful debts	-	10,159	-	-
Bad debts written off	129	38	-	-
Depreciation of property, plant and equipment	32,649	27,460	42	27
Hire of plant and machinery	47	340	-	-
Impairment of investment properties	-	175	-	-
Loss on disposal of property, plant and equipment	208	-	-	-
Inventories written down to net realisable value	1,417	360	-	-
Inventories written off	29	-	-	-
Loss on foreign exchange – unrealised	-	1,216	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	59,853	51,499	1,133	905
- contribution to EPF	4,462	3,576	131	108
Property, plant and equipment written off	88	1,389	-	-
Rental of land and buildings and office premises	1,748	2,205	240	180
Rental of plant, machinery, equipment and motor vehicle	162	447	68	51

## 21. Interest expense

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Term loans	7,723	5,597	3,709	1,452
Bank overdrafts	834	756	-	-
Bills payable	7,724	8,206	-	-
Hire purchase and finance lease liabilities	339	349	-	-
Revolving credit	326	-	-	-
Subsidiaries	-	-	105	-
Others	102	36	-	-
	17,048	14,944	3,814	1,452

## Notes to the Financial Statements

### 22. Interest income

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	649	344	83	-
Subsidiaries	-	-	4,310	1,952
Others	386	307	-	-
	<b>1,035</b>	651	<b>4,393</b>	1,952

### 23. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
- Fees	777	732	450	444
- Remuneration	5,071	4,687	2,250	1,967
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	90	93	45	23
	<b>5,938</b>	5,512	<b>2,745</b>	2,434
Directors of subsidiaries				
- Fees	351	467	-	-
- Remuneration	4,887	4,668	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	47	64	-	-
	<b>5,285</b>	5,199	-	-
Other key management personnel				
- Remuneration	906	567	906	567
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	15	69	15	69
	<b>921</b>	636	<b>921</b>	636
	<b>12,144</b>	11,347	<b>3,666</b>	3,070

Other key management personnel comprises persons other than the Directors of Group entities having authority and responsibility for planning, directing and controlling the activities of the entity either direct or indirectly.

## 24. Tax expense

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense on operations	13,220	9,225	1,086	4,573
Share of tax of equity accounted associates	148	132	-	-
<b>Total tax expense</b>	<b>13,368</b>	<b>9,357</b>	<b>1,086</b>	<b>4,573</b>
<b>Current tax expense</b>				
- current year	12,389	9,272	1,165	4,576
- (over)/under provision in prior year	(450)	427	(79)	(3)
	11,939	9,699	1,086	4,573
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	2,823	575	-	-
- over provision in prior year	(1,542)	(1,049)	-	-
	1,281	(474)	-	-
Share of tax of equity accounted associates	148	132	-	-
<b>Total tax expense</b>	<b>13,368</b>	<b>9,357</b>	<b>1,086</b>	<b>4,573</b>
<b>Reconciliation of effective tax expense</b>				
Profit for the year	96,677	86,593	30,634	31,863
Total tax expense	13,368	9,357	1,086	4,573
<b>Profit before taxation</b>	<b>110,045</b>	<b>95,950</b>	<b>31,720</b>	<b>36,436</b>
Income tax using Malaysian tax rates of 25% (2008 - 26%)	27,512	24,947	7,930	9,473
Effect of changes in tax rates*	59	(965)	-	-
Difference in tax rate for foreign subsidiaries	51	17	-	-
Non-deductible expenses	1,992	2,204	125	306
Tax exempt income	(2,813)	(216)	(6,890)	(5,203)
Tax incentives	(11,294)	(9,181)	-	-
Effect of temporary differences not recognised	(217)	(6,827)	-	-
	15,290	9,979	1,165	4,576
Over provision in prior year	(1,922)	(622)	(79)	(3)
<b>Tax expense</b>	<b>13,368</b>	<b>9,357</b>	<b>1,086</b>	<b>4,573</b>

\* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

## Notes to the Financial Statements

### 25. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit for the year of RM89,330,000 (2008 - RM80,802,000) and the weighted average number of ordinary shares in issue during the year (2008 - adjusted for bonus issue: 330,000,000).

	2009 '000	2008 '000 Restated
Issued ordinary shares at beginning of the year	220,000	220,000
Effect of bonus issued	110,000	110,000
Effect of treasury shares held	(1,200)	-
<b>Weighted average number of ordinary shares</b>	<b>328,800</b>	330,000
	sen	sen
<b>Basic earnings per ordinary share</b>	<b>27</b>	24

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

### 26. Dividends

	Sen per Share (net of tax)	Total amount RM'000	Date of payment
<b>2009</b>			
Final 2008	6.50*	21,394	26 September 2008
<b>2008</b>			
Final 2007	7.30	16,060	25 September 2007

\* Single tier dividend

At the forthcoming general meeting, a final single tier dividend of 7 sen per ordinary share of RM0.50 each amounting to RM22,883,896 in respect of the year ended 31 March 2009 will be proposed for approval by the shareholders of the Company. The proposed final dividend is payable in respect of all ordinary shares in issue at the date of entitlement, excluding those ordinary shares held as treasury shares under the share buy-back.

## 27. 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 comprise mainly of investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, investment properties, prepaid lease payments and intangible assets other than goodwill.

### ***Business segments***

The Group comprises the following main business segments:

Marine-products manufacturing	Deep sea fishing, manufacture and sale of fishmeal, surimi and surimi based products.
Palm oil activities	Crude palm oil milling and oil palm cultivations.
Integrated livestock farming	Distribution of animal feed raw materials, food related products and livestock farming.

The inter-segment transactions have been entered into in the normal course of business and are based on normal trade terms.

Other than the land use rights in Indonesia of RM19,749,000 (2008 - RM19,749,000), which is not material to the Group's assets in the current year, the Group operates predominantly in Malaysia and accordingly, information by geographical location on the Group's operation is not presented.

## Notes to the Financial Statements

### 27. Segmental information (continued)

	Marine-products manufacturing		Palm oil activities	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Business segments</b>				
Revenue from external customers	326,789	273,062	266,509	301,632
Inter-segment revenue	-	-	1,798	1,149
<b>Total revenue</b>	<b>326,789</b>	<b>273,062</b>	<b>268,307</b>	<b>302,781</b>
<b>Segment result</b>	<b>51,679</b>	<b>43,319</b>	<b>13,196</b>	<b>11,169</b>
Unallocated expenses				
Results from operating activities				
Finance costs				
Interest income				
Share of profits of equity accounted associates				
Profit before taxation				
Tax expense				
Profit for the year				
<b>Segment assets</b>	<b>303,956</b>	<b>244,473</b>	<b>152,846</b>	<b>147,830</b>
Share of net assets in an associate				
Unallocated assets				
<b>Total assets</b>				
<b>Segment liabilities</b>	<b>18,800</b>	<b>18,411</b>	<b>29,470</b>	<b>36,872</b>
Unallocated liabilities				
<b>Total liabilities</b>				
Capital and plantation development expenditure	56,684	39,639	21,090	25,674
Unallocated capital expenditure				
Total capital expenditure				
Depreciation and amortisation	15,012	13,276	5,170	3,936
Unallocated depreciation and amortisation				
Total depreciation				
Impairment loss	-	69	-	-
Non-cash expenses other than depreciation, amortisation and impairment	1,092	651	-	-

Integrated livestock farming		Eliminations		Consolidated	
2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
804,607	732,131	-	-	1,397,905	1,306,825
2,545	2,332	(4,343)	(3,481)	-	-
807,152	734,463	(4,343)	(3,481)	1,397,905	1,306,825
66,037	61,047	-	-	130,912	115,535
				(5,447)	(5,799)
				125,465	109,736
				(17,048)	(14,944)
				1,035	651
				445	375
				109,897	95,818
				(13,220)	(9,225)
				96,677	86,593
413,576	380,264	-	-	870,378	772,567
				3,118	3,121
				80,029	52,116
				953,525	827,804
29,067	27,037	-	-	77,337	82,320
				410,833	345,232
				488,170	427,552
40,822	34,880	-	-	118,596	100,193
				19	243
				118,615	100,436
13,945	10,982	-	-	34,127	28,194
				42	27
				34,169	28,221
-	175	-	-	-	244
(2,415)	12,510	-	-	(1,323)	13,161

## Notes to the Financial Statements

### 28. Contingent liabilities - unsecured

	Company	
	2009 RM'000	2008 RM'000
Guarantees and contingencies relating to borrowings of: - subsidiaries	<b>562,050</b>	565,149

### 29. Commitments

	Group	
	2009 RM'000	2008 RM'000
Capital commitments:		
<i>Property, plant and equipment</i>		
Authorised but not contracted for	<b>460</b>	18,873
Contracted but not provided for in the financial statements	<b>5,299</b>	22,766
<i>Investment</i>		
Contracted but not provided for in the financial statements	<b>142</b>	-
	<b>5,901</b>	41,639
Other commitments:		
Commodity future sales contract on crude palm oil	<b>1,312</b>	9,642

### 30. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2009 RM'000	2008 RM'000
Less than one year	<b>456</b>	490
Between one and five years	<b>909</b>	156
	<b>1,365</b>	646

The subsidiary leases land, retail outlets and equipment under operating lease. For the land under operating leases, the lease typically run for a period ranging from 15 to 25 years, with an option to renew the lease after that date. None of the operating leases for land includes contingent rentals. For the retail outlets and equipment, 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.

### 31. Related parties

#### *Identity of related parties*

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Significant related party transactions of the Group and the Company, other than key management personnel compensation as disclosed in Note 23, are as follows:

	Group	
	2009 RM'000	2008 RM'000
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Chia Soon Hooi, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, and Chia Kah Chuan, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.:		
Sales	(4,680)	(4,459)
Fusipim Sdn. Bhd.:		
Sales	(1,773)	(2,001)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(3,473)	(4,860)
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(9,714)	(10,251)
Arena Dijaya Sdn. Bhd.:		
Sales	(3,805)	(1,907)
Keang Huat Trading Sdn. Bhd.:		
Purchases	1,692	2,095
Sin Teow Fatt Trading Co.:		
Purchases	1,037	765
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	1,284	1,086
With a person connected to Cheah Yaw Song & Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang	(1,744)	(1,260)

## Notes to the Financial Statements

### 31. Related parties (continued)

	Group	
	2009 RM'000	2008 RM'000
Associates		
Net dividend received	(448)	(702)
Warehousing services	3,806	4,728
	Company	
	2009 RM'000	2008 RM'000
Subsidiaries		
Net dividend received	(32,450)	(33,999)
Management fee income	(1,205)	(1,518)
Administrative charges	(1,303)	(1,303)
Interest income	(4,310)	(1,952)
Interest expense	105	-

As of 31 March 2009, amounts owing by/(to) related parties are as follows:

Group 2009	Gross balance outstanding at 31 March RM'000	Allowance for doubtful debts at 31 March RM'000	Net balance outstanding at 31 March RM'000	Doubtful receivables recognised for the year end 31 March RM'000
	Included in:			
- receivables, deposits and prepayments				
Related parties	(3,181)	-	(3,181)	-
- payables and accruals				
Associates	(497)	-	(497)	-
Related parties	(8,883)	-	(8,883)	-
<b>2008</b>				
Included in:				
- receivables, deposits and prepayments				
Related parties	4,976	-	4,976	-
- payables and accruals				
Associates	(593)	-	(593)	-
Related parties	(11,448)	-	(11,448)	-

31. Related parties (continued)

<b>Company</b>	<b>Gross balance outstanding at</b>	<b>Allowance for doubtful debts at</b>	<b>Net balance outstanding at</b>	<b>Doubtful receivables recognised for the year end</b>
<b>2009</b>	<b>31 March RM'000</b>	<b>31 March RM'000</b>	<b>31 March RM'000</b>	<b>31 March RM'000</b>
Included in:				
- receivables, deposits and prepayments Subsidiaries	138,890	-	138,890	-
- payables and accruals Subsidiaries	(12,693)	-	(12,693)	-
<b>2008</b>				
Included in:				
- receivables, deposits and prepayments Subsidiaries	71,692	-	71,692	-
- payables and accruals Subsidiaries	(301)	-	(301)	-

These transactions have been entered into the normal course of business and are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

## Notes to the Financial Statements

### 32. Financial instruments

#### Effective interest rates and repricing analysis

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

Group	Average effective interest rate %	Total RM'000	2009	
			Less than 1 year RM'000	1 - 5 years RM'000
<b>Financial assets</b>				
Deposits placed with licensed banks	2.38	30,928	30,928	-
<b>Financial liabilities</b>				
Secured variable rate term loans				
• SGD	4.50	(1,366)	(1,366)	-
Unsecured fixed rate term loans	5.02	(76,426)	(27,212)	(49,214)
Unsecured variable rate term loans	3.79	(118,935)	(118,935)	-
Secured bank overdrafts	6.64	(1,021)	(1,021)	-
Unsecured bank overdrafts	6.93	(6,139)	(6,139)	-
Secured bills payables	4.11	(4,132)	(4,132)	-
Unsecured bills payables				
• USD	3.43	(16,002)	(16,002)	-
• RM	3.54	(114,491)	(114,491)	-
Unsecured variable revolving credit				
• USD	1.87	(36,244)	(36,244)	-
Hire purchase liabilities	3.91	(3,764)	(1,694)	(2,070)
		(378,520)	(327,236)	(51,284)

Company	Effective interest rate per annum %	Total RM'000	2009	
			Within 1 year RM'000	1 - 5 years RM'000
<b>Financial assets</b>				
Advances to subsidiaries				
• Fixed rate	3.76	3,744	1,723	2,021
• Variable rate	2.75	22,800	22,800	-
Deposits placed with licensed banks	1.90	313	313	-
		26,857	24,836	2,021
<b>Financial liabilities</b>				
Unsecured term loan				
• Fixed rate	4.06	(26,120)	(10,750)	(15,370)
• Variable rate	3.58	(108,818)	(108,818)	-
		(134,938)	(119,568)	(15,370)

The effective interest rate on other advances to subsidiaries is not available as the advances are repayable on demand

More than 5 years RM'000	Average effective interest rate %	Total RM'000	2008		More than 5 years RM'000
			Less than 1 year RM'000	1 - 5 years RM'000	
-	3.30	14,035	14,035	-	-
-	3.00	(1,413)	(1,413)	-	-
-	5.46	(103,412)	(31,010)	(72,402)	-
-	6.11	(8,771)	(8,771)	-	-
-	7.75	(480)	(480)	-	-
-	7.82	(12,495)	(12,495)	-	-
-	4.72	(2,211)	(2,211)	-	-
-	4.14	(125,072)	(125,072)	-	-
-	4.24	(57,802)	(57,802)	-	-
-	-	-	-	-	-
-	7.31	(5,391)	(1,866)	(1,794)	(1,731)
-		(317,047)	(241,120)	(74,196)	(1,731)

Effective interest rate per annum %	2008		
	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
5.50	31,859	19,018	12,841
-	-	-	-
-	-	-	-
	31,859	19,018	12,841
5.63	(36,889)	(10,750)	(26,139)
-	-	-	-
	(36,889)	(10,750)	(26,139)

## Notes to the Financial Statements

### 32. Financial instruments (continued)

#### Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

Group	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
<b>Financial liabilities</b>				
Unsecured fixed rate term loans	(76,424)	(66,573)	(103,412)	(96,759)

#### Company

#### Financial assets

Advances to subsidiaries	3,744	3,691	31,859	29,564
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#### Financial liabilities

Unsecured fixed rate term loan	(26,120)	(25,761)	(36,889)	(35,978)
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Group	2009 Nominal value RM'000	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Nominal value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
<b>Derivatives</b>						
Commodity options						
- Put options	7,491	623	(61)	2,869	144	(95)
- Call options	9,938	755	(134)	22,352	2,084	(1,706)
Currency options						
- Put options	2,366	31	2	17,681	-	-
- Call options	-	-	-	48,598	-	12
Commodity futures	1,312	308	105	9,642	5,541	(1,039)
Forward exchange contracts	63,554	-	216	38,005	-	(553)
Cross currency swap	98,772	-	8,621	-	-	-

#### Company

#### Derivatives

Cross currency swap	98,772	-	8,621	-	-	-
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### 32. Financial instruments (continued)

#### Estimation of fair values

The following summarises the methods in determining the fair values of financial instruments stated above.

Forward exchange contracts, currency options, commodity options and commodity futures are based on rates assuming these contracts and options are liquidated at the balance sheet date and are determined by reference to the difference between the contracted rate and market rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

Cross currency swap is based on the amount that would be payable or receivable assuming the contract is liquidated at the balance sheet date, and is based on the broker's quote on a contract of similar quantum and maturity profile.

For other financial assets and liabilities, fair value is determined using the estimated future cash flows discounted using market related rate from a similar instrument at balance sheet date.

The interest rate used to discount estimated cash flows for the loans are 3.00% to 6.45% (2008 - 3.30% to 6.33%).

### 33. 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 (%)	
		2009	2008
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	100.00	100.00
QL Agrofood Sdn. Bhd. and its subsidiaries	Layer farming, processing, sale of animal feed, animal feed raw materials, lubricants and foodstuffs	100.00	100.00
Rikawawasan Sdn. Bhd.	Deep sea fishing	100.00	100.00
QL Agroventures Sdn. Bhd.	Layer farming	100.00	100.00
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	51.00	51.00
QL Feedmills Sdn. Bhd.	Property holding	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Layer farming	100.00	100.00
QL Realty Sdn. Bhd.	Property holding	100.00	100.00
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90.00	90.00
QL Pacific Vet Group Sdn. Bhd.	Distributors of feed, supplements, animal health products, agricultural products and retailing of pets and pet supplies	90.00	90.00

## Notes to the Financial Statements

### 33. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2009	2008
Maxincome Resources Sdn. Bhd.	Distribution of lubricants oil	100.00	100.00
Chingsan Development Sdn. Bhd.	Dormant	100.00	100.00
QL AgroResources Sdn. Bhd. and its subsidiary	Investment holding, feed milling and distribution of animal feed raw materials	80.00	80.00
QL Livestock Farming Sdn. Bhd.	Layer, broiler farming and poultry breeding	80.00	80.00
QL Feed Sdn. Bhd.	Distribution of animal feed raw materials and food grain	100.00	100.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	100.00
Riteshop Sdn. Bhd.	Dormant	80.00	80.00
QL Farms Sdn. Bhd. and its subsidiaries	Distribution of animal feed raw materials, layer and broiler farming, wholesale of frozen chicken parts and investment holding	100.00	100.00
Tong Her Marine Products Sdn. Bhd.	Property holding	100.00	100.00
Adequate Triumph Sdn. Bhd.	Property holding	100.00	100.00
QL Inter-Food Sdn. Bhd.	General trading and manufacture and selling of meehoon, noodle and ice	100.00	100.00
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sales of animal feed	100.00	100.00
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming and sundry provisions	100.00	100.00
QL Ansan Poultry Farm Sdn. Bhd. (formerly known as Heap Loong Poultry Farm Sdn. Bhd.) and its subsidiary	Investment holding and layer farming	85.00	-
QL Rawang Poultry Farm Sdn. Bhd.	Layer farming	85.00	80.00
QL Vietnam AgroResources Liability Limited Company***	Dormant	100.00	-
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding and oil palm cultivation and sale of fresh fruit bunches	100.00	100.00

### 33. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2009	2008
QL Plantation Sdn. Bhd.	Oil palm cultivation and marketing of palmoil products	100.00	100.00
Tophill Corporation Sdn. Bhd.	Oil palm cultivation and sale of fresh fruit bunches	100.00	100.00
QL BioEnergy Sdn. Bhd.	Oil palm cultivation and sale of fresh fruit bunches	100.00	100.00
QL Natureco Sdn. Bhd. and its subsidiaries	Investment holding	80.00	60.00
QL Palm Pellet Sdn. Bhd. (formerly known as Natural Oscar Sdn. Bhd.)	Dormant	80.00	100.00
QL ZeroPoint Green Energy Sdn. Bhd. (formerly known as QL Properties Sdn. Bhd.)	Dormant	80.00	100.00
QL Mutiara (S) Pte. Ltd.* and its subsidiary	Investment holding	78.42	78.42
PT Pipit Mutiara Indah **	Oil palm cultivation	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Marine Products Sdn. Bhd.	Manufacturing of surimi and surimi-based products	100.00	100.00
QL Foods Sdn. Bhd.	Manufacturing of surimi and surimi-based products	100.00	97.59
QL Fishmeal Sdn. Bhd. and its subsidiary	Manufacturing of fishmeal	100.00	97.59
PT QL Hasil Laut**	Dormant	99.95	-
QL Endau Marine Products Sdn. Bhd. and its subsidiary	Manufacturing of fishmeal and surimi	65.89	64.32
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	65.89	64.32
Figo Foods Sdn. Bhd. and its subsidiaries	Manufacturing and sales of frozen "halal" foodstuff	100.00	72.73
QL Fujiya Pastry Sdn. Bhd.	Manufacturing and sales of frozen "halal" foodstuff	60.00	43.64
NFood Industry Pte. Ltd.*	Manufacturing and processing of frozen fish products	100.00	72.73

## Notes to the Financial Statements

### 33. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2009	2008
QL Fresh Choice Seafood Sdn. Bhd. and its subsidiaries	Investment holding, processing and sale of frozen seafood	100.00	80.00
QL Endau Fishmeal Sdn. Bhd. (formerly known as Incokaya Sdn. Bhd.)#	Dormant	100.00	80.00
Pasifik Raya Sdn. Bhd.	Coastal trawling and wholesale of marine products	100.00	80.00

\* Subsidiaries incorporated in Singapore and audited by another firm of accountants.

\*\* Subsidiaries incorporated in Indonesia and audited by another firm of accountants.

\*\*\* Subsidiary incorporated in Vietnam and has not been audited since incorporation in May 2008 as it has not commenced operations as at 31 March 2009. The results were consolidated based on management accounts as at 31 March 2009.

# QL Endau Fishmeal Sdn. Bhd. (formerly known as Incokaya Sdn. Bhd.) become a wholly owned subsidiary of QL Endau Marine Products Sdn. Bhd. subsequent to balance sheet date.

All other subsidiaries are incorporated in Malaysia and audited by KPMG.

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

	Number of ordinary shares of RM1 each			At 31.3.2009
	At 1.4.2008	Bought	Sold	
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	-	-	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	-	-	2,000,000
QL AgroResources Sdn. Bhd. and its subsidiary	3,680,000	4,800,000	-	8,480,000
QL Livestock Farming Sdn. Bhd.	100,000	19,900,000	-	20,000,000
QL Ansan Poultry Farm Sdn. Bhd. (formerly known as Heap Loong Poultry Farm Sdn. Bhd.) and its subsidiary	-	17,000,000	-	17,000,000
QL Rawang Poultry Farm Sdn. Bhd.	3,520,000	880,000	-	4,400,000
QL Agrobio Sdn. Bhd.	510,000	-	-	510,000
Riteshop Sdn. Bhd.	8	-	-	8

### 33. Subsidiaries (continued)

33.1 The Company's shareholdings in non-wholly owned subsidiaries are as follows:  
(continued)

	Number of ordinary shares of RM1 each			At 31.3.2009
	At 1.4.2008	Bought	Sold	
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL NatureCo Sdn. Bhd. and its subsidiaries	599,999	1,000,000	-	<b>1,599,999</b>
QL Palm Pellet Sdn. Bhd. (formerly known as Natural Oscar Sdn. Bhd.)	200,000	203,666	-	<b>403,666</b>
QL ZeroPoint Green Energy Sdn. Bhd. (formerly known as QL Properties Sdn. Bhd.)	250,000	-	-	<b>250,000</b>
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
QL Endau Marine Products Sdn. Bhd. and its subsidiary	2,553,000	584,980	-	<b>3,137,980</b>
QL Endau Deep Sea Fishing Sdn. Bhd.	23,000,000	5,200,000	-	<b>28,200,000</b>
QL Fujiya Pastry Sdn. Bhd.	299,999	1,200,000	-	<b>1,499,999</b>
Interest in non-wholly owned subsidiary via QL Oil Sdn. Bhd. QL Mutiara (S) Pte. Ltd. ##	5,959,996	2,980,000	-	<b>8,939,996</b>
Interest in non-wholly owned subsidiary via QL Mutiara (S) Pte. Ltd. PT Pipit Mutiara Indah @	594,643	1,685,357	-	<b>2,280,000</b>
Interest in non-wholly owned subsidiary via QL Fishmeal Sdn. Bhd. PT QL Hasil Laut ##	-	1,999,000	-	<b>1,999,000</b>

## Ordinary shares of USD 1.00 each

@ Ordinary shares of RP50,000 each

### 34. Significant events during the year

34.1 In May 2008, the Group via its wholly owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLF") have received an Investment Certificate from Tay Ninh People's Committee of the Socialist Republic of Vietnam for the incorporation of a new wholly-owned subsidiary, QL Vietnam AgroResources Liability Limited Company ("QLVA"), in Vietnam.

## Notes to the Financial Statements

### 34. Significant events during the year *(continued)*

**34.2** In May 2008, the Group via its wholly owned subsidiary, QLF entered into a Share Acquisition Agreement (“SAA”) with Tan Soo Pheng and Tan Peng Tee (“the Vendors”), owners of Heap Loong Poultry Farm Sdn. Bhd. (“HLPF”) to acquire 100% equity interest of HLPF for a total consideration of RM5,719,000 (“Proposed Acquisition”).

QLF has received the approval or no objection letter from the Foreign Investment Commission (“FIC”) in June 2008 in relation to the proposed acquisition.

The purchase was completed in July 2008 and the subsidiary was subsequently renamed to QL Ansan Poultry Farm Sdn. Bhd..

**34.3** In May 2008, a subsidiary of the Group, PT Pipit Mutiara Indah (“PMI”) increased its authorised and paid up ordinary share capital from RM11,731,000 (Rp 31,297,000,000) to RM26,566,000 (Rp 74,400,000,000) through the creation of 862,060 ordinary shares of RM17.21 (Rp 50,000) each. The equity interest held by the Group in the subsidiary remains unchanged.

Subsequently in February 2009, PMI increased its authorised and paid up ordinary share capital from RM26,523,000 (Rp 74,400,000,000) to RM41,111,000 (Rp 120,000,000,000) through the creation of 912,000 ordinary shares of RM16.00 (Rp 50,000) each. The equity interest held by the Group in the subsidiary remains unchanged.

**34.4** In May 2008, a subsidiary of the Group, QL Livestock Farming Sdn. Bhd. (“QLLF”) entered into Sales and Purchase Agreements (“SPA”) with A-Ahin Breeding Farm Sdn. Bhd. and Chong Foh Hin Industries Sdn. Bhd. to acquire the business and assets of the two companies for a consideration of RM7,500,000 and RM3,500,000 respectively.

The purchase was completed in November 2008.

**34.5** In May 2008, the shareholders of the Company had approved the share buyback scheme of the Company up to 10% of the Company’s issued and paid up capital through its appointed stockbrokers. Subsequently, in August 2008, the shareholders approved the renewal of the share buyback authority.

As at 31 March 2009, the Company repurchased 2,322,100 units of its own shares for a total cash consideration of RM5,753,000 from the open market.

**34.6** In June 2008, the Company completed its bonus issue of 110,000,000 new shares of RM0.50 each on the basis of one (1) new share for every two (2) existing shares.

**34.7** In July 2008, the Company completed the following corporate reorganisation:

- (i) the acquisition of 210,000 ordinary shares of RM1.00 each, representing 100% interest in QL Fishery Sdn. Bhd. (“QL Fishery”), a wholly owned subsidiary of QL Marine Products Sdn. Bhd. (“QLMP”) for a purchase consideration of RM1,876,000.
- (ii) the disposal of 40,000,000 ordinary shares of RM1.00 each, representing 100% interest in QLMP, a wholly owned subsidiary of the Company to QL Fishery for a sales consideration of RM47,500,000.

**34.8** In July 2008, the Group, via its wholly owned subsidiary, QL Palm Pellet Sdn. Bhd. (“QLPP”) (formerly known as Natural Oscar Sdn. Bhd.) entered into a Cooperation and Reseller Agreement with First American Scientific Corp. (M) Sdn. Bhd. (“FASCM”) to be their authorised reseller of KDS Micronex™ (“KDS”), a patented grinder-dryer in Malaysia, Thailand, Singapore and Indonesia. QLPP also entered into a Technical Collaboration Agreement with Ulimec Sdn. Bhd. (“Ulimec”) through its designated specialists in attendance, Neo Teck Siong (“Neo”) and Noel Wambeck @ Nurehsan bin Abdullah (“Noel”) (collectively referred to as “Consultants”) to engage their services to develop and market the “Palm Pelletising System” in Malaysia, Thailand, Singapore and Indonesia.

#### **34. Significant events during the year (continued)**

QLPP is required to pay the Consultants a collective fee equivalent to twenty percent (20%) of the audited net profits of QLPP ("Consultancy Fee") in equal proportions within one month from the date the audited financial statements of QLPP for the relevant financial year end.

An option over the unissued shares ("Option") of QLPP was also granted to the Consultants. The Option may be exercised by the Consultants at any time during the term of the Agreement and would constitute twenty percent (20%) of the then issued and paid-up capital of QLPP.

- 34.8** In November 2008, the Group, via its wholly owned subsidiary, QL Fishmeal Sdn. Bhd. ("QLFM") incorporated a subsidiary, PT QL Hasil Laut in the Indonesia. The amount invested in the subsidiary amounted to RM6,881,000 (approximately USD1,999,000). Its intended principal activity is the manufacturing of surimi and fishmeal.

The Group owns 99.95% equity interest in the subsidiary whereas the remaining 0.05% equity interest in PT QL Hasil Laut is owned by Mr. Lim Tanto Wijoyo.

- 34.9** In November 2008, the Group, via its subsidiary, QLLF entered in a Sales and Purchase Agreement to acquire a parcel of land described as Serian Occupation Ticket 4993 measuring more or less 5.4960 hectares from Dr. Ng Siew Thiam, a director of QLLF for a total consideration of RM687,000.

- 34.10** During the year, the Group also increased in its interest in certain subsidiaries via the acquisition of the minority interest's shares as disclosed in Note 36.2 to the financial statement.

#### **35. Significant events subsequent to balance sheet date**

The Company repurchased 765,100 units of its own shares for a total cash consideration of RM2,073,000 from the open market.

#### **36. Acquisition and disposal of subsidiary and minority interests**

##### **36.1 Business combination**

During the financial year, the Group via its wholly owned subsidiary, QLF acquired 100% equity interest of QL Ansan Poultry Farms Sdn. Bhd. (formerly known as Heap Loong Poultry Farm Sdn. Bhd.) ("QLAPF") in July 2008, for a cash consideration of RM5,719,000 satisfied by cash. In a separate sale and purchase agreement, the Group disposed a leasehold land to QLAPF's previous shareholders for a consideration of RM1,687,000 (see Note 15).

The principal activity of the subsidiary acquired is shown in Note 33 of the financial statements. During the year ended 31 March 2009, the subsidiary contributed profits of RM3,808,000. If the acquisition had occurred on 1 April 2008, management estimates that consolidated revenue and profit for the year would have been RM1,404,601,000 and RM94,810,000 respectively.

## Notes to the Financial Statements

### 36. Acquisition and disposal of subsidiary and minority interests (continued)

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	Note	Pre-acquisition carrying amounts		Fair value adjustments		Recognised values on acquisitions	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	4	17,492	10,594	2,886	-	20,378	10,594
Plantation development expenditure		-	5,018	-	-	-	5,018
Prepaid lease payments	7	1,687	1,817	-	19,749	1,687	21,566
Biological assets		3,115	-	-	-	3,115	-
Inventories		1,937	150	-	-	1,937	150
Receivables, deposits and prepayments		1,963	1,639	-	-	1,963	1,639
Cash and cash equivalents		196	3,210	-	-	196	3,210
Current tax assets		-	199	-	-	-	199
Loans and borrowings		(13,380)	(1,846)	-	-	(13,380)	(1,846)
Payables and accruals		(10,177)	(7,458)	-	-	(10,177)	(7,458)
Current tax liabilities		-	(164)	-	-	-	(164)
<b>Net identifiable assets and liabilities</b>		<b>2,833</b>	<b>13,159</b>	<b>2,886</b>	<b>19,749</b>	<b>5,719</b>	<b>32,908</b>
Share of net asset of subsidiaries						5,719	32,908
Minority interest						-	(1,936)
Goodwill on acquisition						-	398
Negative goodwill						-	(594)
Consideration paid, satisfied in cash						5,719	30,776
Cash acquired						(196)	(3,210)
<b>Net cash outflow</b>						<b>5,523</b>	<b>27,566</b>

The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair value of property, plant and equipment, the Group applied the replacement cost of the similar property, plant and equipment if acquired in the market.

#### 36.2 Acquisition of minority interests

During the financial year, the Group completed the acquisitions of the following minority interests:

**36.2.1** In June 2008, the Group via its wholly owned subsidiary, QLMP acquired the remaining 27.27% equity interest in Figo Foods Sdn. Bhd. ("Figo") for RM3,139,000 in cash, increasing its ownership from 72.73% interest to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM10,841,000.

Consequently, the effective interest of the Group in QL Fujiya Pastry Sdn. Bhd. and NFood Industry Pte. Ltd., the subsidiaries of Figo, had increased correspondingly.

### **36. Acquisition and disposal of subsidiary and minority interests (continued)**

**36.2.2** In September 2008, the Group via its wholly owned subsidiary, QL Fishery acquired an additional 0.73% equity interest in QL Endau Marine Products Sdn. Bhd. ("QLEMP") for RM445,000 in cash, increasing its ownership from 64.32% interest to 65.05%. The net assets in the consolidated financial statements on the date of acquisition was RM57,110,000.

Subsequently, in February 2009, the Group acquired an additional 0.84% equity interest in QLEMP for RM598,000 in cash, increasing its ownership from 65.05% interest to 65.89%. The net assets in the consolidated financial statements on the date of acquisition was RM66,340,000.

Consequently, the effective interest of the Group in QL Endau Deep Sea Fishing Sdn. Bhd., the subsidiary of QLEMP had increased correspondingly.

**36.2.3** In September 2008, the Group via its wholly owned subsidiary, QL Fishery acquired the remaining 2.41% equity interest in QL Foods Sdn. Bhd. ("QL Foods") for RM1,269,000 in cash, increasing its ownership from 97.59% interest to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM50,390,000.

**36.2.4** In September 2008, the Group via its wholly owned subsidiary, QL Fishery acquired the remaining 2.41% equity interest in QL Fishmeal Sdn. Bhd. ("QLFM") for RM684,000 in cash, increasing its ownership from 97.59% interest to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM25,599,000.

**36.2.5** In November 2008, the Group via its wholly owned subsidiary, QLF acquired the remaining 20% equity interest in QL Rawang Poultry Farm Sdn. Bhd. ("QLRPF") for RM1,512,000 in cash, increasing its ownership from 80% interest to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM7,368,000.

Subsequent to the purchase, QLRPF shares was transferred to QLAPF as a wholly owned subsidiary and 15% of equity interest in QLAPF was sold to a minority interest (Note 36.3).

**36.2.6** In November 2008, the Group via its wholly owned subsidiary, QL Oil Sdn. Bhd. ("QL Oil") acquired an additional 20% equity interest in QL NatureCo Sdn. Bhd. ("QLNA") via the capitalisation of amount owing by QLNA to QL Oil Sdn. Bhd. of RM1,000,000, increasing its ownership from 60% interest to 80%. The net assets in the consolidated financial statements on the date of acquisition were RM1,570,000.

**36.2.7** In December 2008, the Group via its wholly owned subsidiary, QL Fishery acquired the remaining 20% equity interest in QL Fresh Choice Seafood Sdn. Bhd. ("QLFCS") for RM1,800,000 in cash, increasing its ownership from 80% interest to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM5,430,000.

Consequently, the effective interest of the Group in QL Endau Fishmeal Sdn. Bhd. (formerly known as Incokaya Sdn. Bhd.) and Pasifik Raya Sdn. Bhd., the subsidiaries of QLFCS had increased correspondingly.

#### **36.3 Disposal to minority interest**

**36.3.1** In November 2008, the Group via its wholly owned subsidiary, QLF disposed off 15% equity interest in QLAPF for RM852,000 in cash, decreasing its ownership from 100% interest to 85% (Note 36.2.5). The net assets in the consolidated financial statements on the date of disposal was RM2,904,000.

The Group recognised goodwill of RM1,253,000, decrease in minority interest of RM9,434,000 and negative goodwill of RM164,000.

# 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 38 to 101 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Chia Song Kun**

**Chia Mak Hooi**

Shah Alam,

Date: 10 July 2009

# 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 38 to 101 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 10 July 2009.

**Chia Mak Hooi**

Before me:  
Goh Cheng Teak  
Commissioner for Oaths  
Klang, Selangor

# Independent Auditors' Report

to the members of QL Resources Berhad

## Report on the Financial Statements

We have audited the financial statements of QL Resources Berhad, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 101.

## Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 33 to the financial statements.
- c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor

Date: 10 July 2009

### **Ow Peng Li**

Approval Number: 2666/09/09(J)  
Chartered Accountant

# List of Properties

as at 31 March 2009

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)
QL Marine Products Sdn Bhd	CL045081687 CL045076042 Kampung Bolong, District of Tuaran, Sabah	(Dec 2002) (Sept 2003)
QL BioEnergy Sdn. Bhd.	Lot 13 & 13A, POIC Phase 1 Lahad Datu	(Aug 2006)
QL Plantation Sdn. Bhd.	Lot 13B, POIC Phase 1, Lahad Datu	(Sept 2007)
QL Plantation Sdn. Bhd.	CL 245321037 PL 246291092 PL 246291083 CL 245354170 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah	(July 2000)
QL Fishmeal Sdn. Bhd.	Lot 164, 2647, & 3314 GM1653, GM1416 & GM2415 Mukim of Hutan Melintang, District of Hilir Perak, Perak  Lot 2647, Jalan Tepi Sungai 36400 Hutan Melintang, Perak	(Nov 2003)
QL Plantation Sdn. Bhd.	CL105355977  Mile 42, alongside Tawau-Kunak Highway, District of Tawau, Sabah	Dec 1998
QL Plantation Sdn. Bhd.	CL 105336034 CL 105336025 CL 105339633 CL 105452033 Kalumpang, District of Tawau, Tawau, Sabah	(Feb 2000)
QL Foods Sdn Bhd	Lot 3398 held under GM3194 Mukim of Hutan Melintang, District of Hilir Perak, Perak  Lot 9120 & 9121, Jalan Tepi Sungai 36400 Hutan Melintang, Perak	(Nov 2003)
QL Ansan Poultry Farm Sdn. Bhd. (Formerly : Heap Loong Poultry Farm Sdn. Bhd.)	Lot 2051, Mukim Sidam Kanan Kulim, Kedah	(Feb 1992)
QL Feed Sdn Bhd	PT 17697, HSD 142752 & PT 17698, HSD 142753, Mukim Damansara, Selangor  No. 16 & 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor	(Dec 2002)

Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Leasehold to 27.4.2929 Leasehold to 20.11.2928	Surimi & Fishmeal Factory	26 acres 3 acres	11,114	5
Leasehold to: 31.12.2104	Industrial land	871,200 square feet	10,588	N/A
Leasehold to: 31.12.2104	Industrial land	871,200 square feet	10,528	N/A
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	9,350	9
Freehold	Fishmeal factory, warehouse cum office	Gross Build-up area of 7,544 square metre  4.365 ha	8,804	5
Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha	8,280	11
Leasehold to: 31.12.2071 31.12.2072 31.12.2071 31.12.2078	Oil Palm Estate with farm buildings	799.11 acres	7,056	9
Freehold	Surimi-based products factory	Gross Build-up area of 7,135 square metre  1.3506 ha	6,658	4
Freehold land	Poultry farm (Kulim)	265,133 square metres	5,700	17
Freehold	2 units of semi-detached factories of 3 storey use as corporate head office	6,611.26 square metres	5,661	3

# Shareholders' Analysis Report

as at 30 June 2009

Authorised share capital	:	RM200,000,000
Issued and paid-up capital	:	RM165,000,000
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	%
84	less than 100	3,130	0.00
306	100 to 1,000	191,203	0.06
1,741	1,001 to 10,000	8,161,563	2.50
764	10,001 to 100,000	23,097,465	7.06
179	100,001 to less than 5% of issued shares	96,257,681	29.43
2	5% and above of issued shares	199,321,758	60.95
3,076		327,032,800	100.00

Note:-

Based on adjusted issued share capital of 327,032,800 ordinary shares of RM0.50 each after deducting 2,967,200 treasury shares retained by the Company as per Record of Depositors.

## DIRECTORS' SHAREHOLDINGS

The direct and deemed interests of the Company's Directors are stated in Page 30 of the Annual Report.

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings	%
1 CBG Holdings Sdn. Bhd.	154,898,458	47.36
2 Farsathy Holdings Sdn. Bhd.	44,473,975	13.60

## LIST OF 30 LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1 CBG HOLDINGS SDN BHD	154,873,458	47.36
2 FARSATHY HOLDINGS SDN BHD	44,448,300	13.59
3 LEMBAGA TABUNG HAJI	15,881,200	4.86
4 AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	5,625,100	1.72
5 AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : SEKIM AMANAH SAHAM NASIONAL	2,500,000	0.76
6 LIU SIN	2,003,400	0.61
7 CHEAH YAW SONG	1,978,700	0.61
8 TAN SWEE KWONG	1,936,400	0.59
9 CHIA SIANG ENG	1,656,796	0.51
10 CHIA TEOW GUAN	1,617,000	0.49
11 SBB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD	1,510,600	0.46
12 CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	1,435,650	0.44
13 CHIA SONG PHUAN	1,400,050	0.43
14 CHIA BAK LANG	1,350,000	0.41
15 ATTRACTIVE FEATURES SDN. BHD.	1,250,000	0.38
16 KHOO NG HIONG	1,230,000	0.38
17 UNIVERSAL TRUSTEE (MALAYSIA) BERHAD BENEFICIARY : ALLIANCE FIRST FUND	1,200,000	0.37
18 JF APEX NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (STA 2)	1,188,501	0.36
19 KEE SIOK HIN	1,157,700	0.35
20 TAN THEAN HOCK	1,051,550	0.32
21 HLB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,000,000	0.31
22 MAYBAN NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	1,000,000	0.31
23 MAYBAN NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	1,000,000	0.31
24 HONG LEONG ASSURANCE BERHAD BENEFICIARY : AS BENEFICIAL OWNER (UNITLINKED GF)	930,000	0.28
25 LOW LEH KIAN	900,000	0.28
26 TAN HON @ TAN HO HOON	897,550	0.27
27 MALAYSIAN TRUSTEES BERHAD BENEFICIARY : PACIFIC MATUAL FUND BERHAD FOR GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR1)	879,300	0.27
28 LIU FUI MOY	840,500	0.26
29 PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIAU SU FAH (E-TWU)	752,600	0.23
30 TENGKU ZAINAL RASHID BIN TENGKU MAHMOOD	750,000	0.23

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 12th Annual General Meeting has been scheduled on Tuesday, 25 August 2009 at 10.00 a.m. to be held at Melati 6 & 7, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

## AGENDA

- 1 To receive and adopt the Financial Statements for the financial year ended 31 March 2009 together with the Directors' and Auditors' Report thereon. **Resolution 1**
- 2 To declare a final dividend of 7 sen per ordinary share of RM0.50 each single tier exempt dividend in respect of the financial year ended 31 March 2009. **Resolution 2**
- 3 To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:
 

Mr. Chia Seong Pow	<b>Resolution 3</b>
Mr. Chia Mak Hooi	<b>Resolution 4</b>
- 4 To re-elect Mr Chia Song Kun who retires in accordance with Article No. 131 of the Company's Articles of Association. **Resolution 5**
- 5 To re-appoint YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company. **Resolution 6**
- 6 To approve the Directors' fees for the financial year ended 31 March 2009. **Resolution 7**
- 7 To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

## 8 Special business

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

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Resolution 9**

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

## **Notice of Dividend Entitlement and Payment**

**NOTICE IS ALSO HEREBY GIVEN** that the final dividend, if approved, will be paid on 25 September 2009 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 September 2009.

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 8 September 2009 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**  
MAICSA 7013090  
Company Secretary

**Shah Alam, Selangor Darul Ehsan**  
**30 July 2009**

### **NOTES:**

1. A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two 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. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, 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 12th Annual General Meeting are available on Pages 12 to 14 of the Annual Report.
5. Explanatory Statement on Special Business

### **Resolution 9**

The ordinary resolution proposed, if passed will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

# Recurrent Related Party Transactions

of revenue or trading nature of QL Resources Berhad Group

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of our forthcoming AGM to the next AGM* RM	Actual Transacted value for financial year ended 31 March 2009 RM	Mandate Received from last year's AGM	Actual Transacted value for the period 27 August 2008 to 30 June 2009 RM
Purchase of animal feeds from QL Livestock Farming Sdn. Bhd. (Due to transfer of business from QL AgroResources Sdn. Bhd.)	Success Portfolio Sdn. Bhd.	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	4,200,000.00	2,905,492.00	6,000,000.00	3,749,810
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	14,000,000.00	9,714,450.00	14,000,000.00	7,449,551
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd.	Arena Dijaya Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	6,500,000.00	3,805,835.00	6,500,000.00	3,256,908
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	6,500,000.00	3,472,733.00	6,500,000.00	3,032,807

Notes:

\* The above estimated values of transactions are based on values transacted for the year ended 31 March 2009. However, the value of these transactions may be subjected to changes in the current financial year. The appropriate announcement will be made if the actual value exceeds the estimated value by 10% or more.

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

Chia Song Kun	Director	Shareholder	(16.88%)
Chia Song Kang	Director	Shareholder	(10.00%)
Chia Song Pou	Director	Shareholder	(8.00%)
Chia Song Swa	Director	Shareholder	(8.00%)
Chia Song Kooi	Director	Shareholder	(8.00%)
Cheah Yaw Song	Director	Shareholder	(12.50%)
Chia Song Phuan	Director	Shareholder	(10.00%)
Chia Teow Guan	Director	Shareholder	(12.50%)
Chia Mak Hooi	Director	Shareholder	(2.00%)
Chia Bak Lang	–	Shareholder	(4.13%)
Chia Cheong Soong	–	Shareholder	(8.00%)
Cheah Juw Teck	–	–	–

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

Chia Seong Pow	Director	Shareholder	(20.00%)
Chia Suan Hooi	Director	Shareholder	(11.00%)
Chia Seong Fatt	Director	Shareholder	(20.00%)
Chia Chong Lang	–	Shareholder	(2.00%)
Sim Ahi Yok	–	Shareholder	(11.00%)
Chia Chw Pew	–	Shareholder	(8.00%)
Koh Kwee Choo	–	Shareholder	(11.00%)
Chia Chew Seng	–	Shareholder	(7.00%)
Chia Chiew Yang	–	Shareholder	(5.00%)
Chia Chew Ngee	–	Shareholder	(5.00%)
Chia Bak Lang	–	–	–
Chia Chew Fon	–	–	–

## Classes of Related Parties

The Proposed RRPT Mandate will apply to the following Related Parties:

### **Success Portfolio Sdn. Bhd. (“SP”)**

SP is a company engaged in livestock farming which Dr Ng Siew Thiam has interest. Dr Ng Siew Thiam is a director and shareholder in QL AgroResources Sdn. Bhd., the holding company of QL Livestock Sdn. Bhd. QL AgroResources Sdn. Bhd. is the subsidiary of QL which in turn wholly owns QL Livestock Sdn. Bhd. SP is 75% owned by Ruby Technique Sdn. Bhd. (“RT”) which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. (“CBG”) and Farsathy Holdings Sdn. Bhd. (“Farsathy”) respectively. CBG and Farsathy are the major shareholders of QL.

Chia Song Kun is a Director and shareholder of QL and CBG.  
Chia Seong Pow is a Director and shareholder of QL and Farsathy.  
Chia Seong Fatt is a Director of QL, Farsathy, SP and shareholder of QL and Farsathy.  
Chia Song Kooi is a Director of QL, CBG, SP and shareholder of QL and CBG.

### **M.B. Agriculture (Sabah) Sdn. Bhd. (“MB (Sabah)”)**

MB (Sabah) is engaged in livestock farming and is wholly owned by RT which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. (“CBG”) and Farsathy Holdings Sdn. Bhd. (“Farsathy”) respectively. CBG and Farsathy are the major shareholders of QL.

Chia Song Kun is a Director and shareholder of QL and CBG.  
Chia Seong Pow is a Director and shareholder of QL and Farsathy.  
Chia Seong Fatt is a Director of QL, Farsathy, MB (Sabah) and shareholder of QL and Farsathy.  
Chia Song Kooi is a Director of QL, CBG, MB (Sabah) and shareholder of QL and CBG.

### **M.B. Agriculture (Sandakan) Sdn. Bhd. (“MB (Sandakan)”)**

MB (Sandakan) is engaged in livestock farming which Mr Liu Sin is a director and shareholder. He is also a director of QL Farm Sdn. Bhd. (“QL Farm”) and QL Tawau Feedmill Sdn. Bhd. QL Farm is wholly owned by QL which in turn wholly own QL Tawau Feedmill Sdn. Bhd. MB (Sandakan) is 90% owned by RT.

Chia Song Kun is a Director of QL and QL Farm and a shareholder of QL and CBG.  
Chia Seong Pow is a Director and shareholder of QL and Farsathy.  
Chia Seong Fatt is a Director of QL, Farsathy, MB (Sandakan), QL Farm and shareholder in QL and Farsathy.  
Chia Song Kooi is a Director of QL, CBG, MB (Sandakan), QL Farm and shareholder of QL and CBG.

### **Arena Dijaya Sdn. Bhd. (“Arena”)**

Arena is engaged in livestock farming and is 90% owned by RT. Mr Liu Sin is a director and shareholder of Arena.

Chia Song Kun is a Director of QL and QL Farm and a shareholder of QL and CBG.  
Chia Seong Pow is a Director and shareholder of QL and Farsathy.  
Chia Seong Fatt is a Director of QL, Farsathy, Arena and shareholder in QL and Farsathy.  
Chia Song Kooi is a Director of QL, CBG, Arena and shareholder of QL and CBG.

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# Form of Proxy



全利資源有限公司

Resources Berhad

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 12th Annual General Meeting of the Company, to be held at Melati 6 & 7, Sheraton Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 25th day of August 2009 at 10.00 a.m., or at any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		

Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast on the resolutions specified in the Notice of 12th 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 \_\_\_\_\_ 2009

Signature/ Seal

No. of shares held

**Notes:**

- A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two 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.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.
- 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.
- The details of the directors who are standing for re-election at the 12th Annual General Meeting are available on Pages 12 to 14 of the Annual Report.
- Explanatory Statement on Special Business  
**Resolution 9**  
 The ordinary resolution proposed, if passed will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

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stamp

**The Secretary,**

**QL Resources Berhad** (428915-X)

No. 16A, Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan, Malaysia

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全利資源有限公司

**QL Resources Berhad** (428915-x)

No. 16A, Jalan Astaka U8/83, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan.

Tel 03-7801 2288

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