

## FINANCIAL STATEMENTS



## DIRECTORS' REPORT

### For The Year Ended 31 March 2010

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 2010.

#### 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 34 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	106,914	57,444
Minority interest	8,166	-
	115,080	57,444

#### Reserves and provisions

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

#### Dividends

Since the end of the previous financial year, the Company paid a final dividend of 7.0 sen per ordinary share of RM0.50 each single tier dividend totalling RM22,838,000 in respect of the year ended 31 March 2009 on 25 September 2009.

The Directors recommend a final single tier dividend of 7.5 sen per ordinary share of RM0.50 each in respect of the year ended 31 March 2010 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 RM29,301,000.

#### Directors of the Company

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

Tengku Dato' Zainal Rashid bin Tengku Mahmood  
Chia Song Kun  
Chia Seong Pow  
Chia Seong Fatt  
Chia Song Kooi  
Chia Song Swa  
Chia Mak Hooi  
Chiang 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 1.4.2009	Bought	Sold	Bonus issue
Shareholdings in which Directors have direct interests in the Company				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	1,125,000	-	-	225,000
Chia Song Kun	187,500	-	-	37,500
Chia Seong Pow	475,000	100,000	-	115,000
Chia Seong Fatt	135,000	-	-	27,000
Chia Song Kooi	75,000	-	-	15,000
Chia Song Swa	75,000	-	-	15,000
Chia Mak Hooi	150,000	-	-	30,000
Shareholdings in which Directors have indirect interests in the Company				
Chia Song Kun	157,726,507	205,000	-	31,586,492
Chia Seong Pow	45,033,975	77,000	-	9,015,395
Chia Seong Fatt	44,573,975	110,000	-	8,936,795
Chia Song Kooi	155,576,458	-	-	31,115,483
Chia Song Swa	155,048,458	-	-	31,009,883
Chia Mak Hooi	156,507,958	138,000	-	31,329,383
Teh Kim Teh	-	85,000	-	6,000

By virtue of their interest in the shares of the Company, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa and Chia Mak Hooi are deemed to have interests in shares of all subsidiaries disclosed in Note 34 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 34.1 to the financial statements.

The other Director, Chieng Ing Huong, holding office at 31 March 2010 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 or the fixed salary of a full time employee 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 32 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

## Far The Year Ended 31 March 2010

### Issue of shares and debentures

During the financial year, the Company undertook a bonus issue of 65,172,080 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary of RM0.50 each for every five (5) existing ordinary shares held. The issuance of bonus shares totaling RM32,586,040 was capitalised from the share premium of RM200,000 and retained earnings of RM32,386,040 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.

### Share buy-back

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 25 August 2009, renewed the Company's plan to buy-back its own shares.

During the financial year, the Company purchased from the open market, 1,987,200 of its issued ordinary shares of RM0.50 each ("QL Shares") listed on the Main Market of Bursa Securities at an average buy-back price of RM3.09 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 of RM17,600, was RM6,140,000 and was financed by internally generated funds. The QL Shares bought back are held as treasury shares.

As at 31 March 2010, the Company held 4,309,300 QL Shares as treasury shares out of its total issued and paid-up share capital. As at 31 March 2010, the number of shares in issued and paid up, net of treasury shares is therefore 390,862,780 ordinary shares of RM0.50 each.

### Options granted over unissued shares

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

### Other statutory information

Before the 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.

## Other statutory information (continued)

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2010 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 35 to the financial statements.

## Significant events subsequent to balance sheet date

The significant events subsequent to balance sheet date are as disclosed in Note 36 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: 9 July 2010

## BALANCE SHEETS

at 31 March 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Assets</b>					
Property, plant and equipment	4	481,359	416,385	289	208
Intangible assets	5	1,578	759	-	-
Biological assets	6	57,900	39,987	-	-
Prepaid lease payments	7	97,040	94,198	-	-
Investment properties	8	6,924	7,115	-	-
Investment in subsidiaries	9	-	-	181,280	174,980
Investment in associates	10	3,073	3,118	-	-
Other investments	11	49	49	-	-
Deferred tax assets	12	1,335	2,445	-	-
Receivables	13	-	-	207,628	121,965
Goodwill		4,775	4,775	-	-
<b>Total non-current assets</b>		<b>654,033</b>	<b>568,831</b>	<b>389,197</b>	<b>297,153</b>
Inventories	14	131,479	128,028	-	-
Biological assets	6	34,231	28,719	-	-
Receivables, deposits and prepayments	13	174,829	154,003	30,438	17,220
Current tax assets		5,403	3,982	1,316	901
Asset held for sale	15	-	1,687	-	-
Cash and cash equivalents	16	106,145	68,275	13,559	2,794
<b>Total current assets</b>		<b>452,087</b>	<b>384,694</b>	<b>45,313</b>	<b>20,915</b>
<b>Total assets</b>		<b>1,106,120</b>	<b>953,525</b>	<b>434,510</b>	<b>318,068</b>
<b>Equity</b>					
Share capital		197,586	165,000	197,586	165,000
Treasury shares		(11,893)	(5,753)	(11,893)	(5,753)
Reserves		317,112	258,685	13,036	11,065
<b>Total equity attributable to shareholders of the Company</b>	17	<b>502,805</b>	<b>417,932</b>	<b>198,729</b>	<b>170,312</b>
<b>Minority shareholders' interests</b>		<b>55,799</b>	<b>47,423</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>558,604</b>	<b>465,355</b>	<b>198,729</b>	<b>170,312</b>
<b>Liabilities</b>					
Loans and borrowings	18	215,419	163,065	187,800	119,237
Deferred income	19	4,427	-	-	-
Payables	20	-	-	8,761	8,707
Deferred tax liabilities	12	35,139	29,342	-	-
<b>Total non-current liabilities</b>		<b>254,985</b>	<b>192,407</b>	<b>196,561</b>	<b>127,944</b>
Payables and accruals	20	91,196	77,462	17,410	4,111
Loans and borrowings	18	196,911	215,455	21,810	15,701
Current tax liabilities		4,424	2,846	-	-
<b>Total current liabilities</b>		<b>292,531</b>	<b>295,763</b>	<b>39,220</b>	<b>19,812</b>
<b>Total liabilities</b>		<b>547,516</b>	<b>488,170</b>	<b>235,781</b>	<b>147,756</b>
<b>Total equity and liabilities</b>		<b>1,106,120</b>	<b>953,525</b>	<b>434,510</b>	<b>318,068</b>

The notes on pages 47 to 101 are an integral part of these financial statements.



# INCOME STATEMENTS

for the year ended 31 March 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Revenue</b>	21	<b>1,476,396</b>	1,397,905	<b>65,058</b>	36,588
<b>Results from operating activities</b>	21	<b>148,454</b>	125,465	<b>59,019</b>	31,141
Interest expense	22	(13,732)	(17,048)	(7,411)	(3,814)
Interest income	23	800	1,035	7,853	4,393
Share of profits of an associate		493	445	-	-
<b>Profit before tax</b>		<b>136,015</b>	109,897	<b>59,461</b>	31,720
Tax expense	25	(20,935)	(13,220)	(2,017)	(1,086)
<b>Profit for the year</b>		<b>115,080</b>	96,677	<b>57,444</b>	30,634
<b>Attributable to:</b>					
Shareholders of the Company		106,914	89,330	57,444	30,634
Minority interest		8,166	7,347	-	-
<b>Profit for the year</b>		<b>115,080</b>	96,677	<b>57,444</b>	30,634
<b>Basic earnings per ordinary share (sen)</b>	26	<b>27</b>	23		

The notes on pages 47 to 101 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2010

Group	Note	Attributable to owners of the Company						
		Non-distributable				Distributable		Total equity
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000	
<b>At 1 April 2008</b>		110,000	-	40,346	(1,755)	212,205	360,796	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 gains 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)	-	- -
Treasury shares acquired		-	(5,753)	-	-	-	(5,753)	- (5,753)
Acquisition by minority interest		-	-	-	-	-	-	3,206 3,206
Dividends to shareholders - 2008 final	27	-	-	-	-	(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>(5,753)</b>	<b>249</b>	<b>(6,705)</b>	<b>265,141</b>	<b>417,932</b>	<b>47,423 465,355</b>
<b>At 1 April 2009</b>		165,000	(5,753)	249	(6,705)	265,141	417,932	47,423 465,355
Foreign exchange translation differences		-	-	-	6,986	-	6,986	- 6,986
Expenses not recognised in the income statement - Share issue expenses		-	-	(49)	-	-	(49)	- (49)
Net gains recognised directly in equity		-	-	(49)	6,986	-	6,937	- 6,937
Profit for the year		-	-	-	-	106,914	106,914	8,166 115,080
Total recognised income and expense for the year		-	-	(49)	6,986	106,914	113,851	8,166 122,017
Issuance of shares - Bonus issue		32,586	-	(200)	-	(32,386)	-	- -
Treasury shares acquired		-	(6,140)	-	-	-	(6,140)	- (6,140)
Acquisition by minority interest		-	-	-	-	-	-	2,638 2,638
Dividends to shareholders - 2009 final	27	-	-	-	-	(22,838)	(22,838)	- (22,838)
Dividends to minority interest		-	-	-	-	-	-	(2,428) (2,428)
<b>At 31 March 2010</b>		<b>197,586</b>	<b>(11,893)</b>	<b>-</b>	<b>281</b>	<b>316,831</b>	<b>502,805</b>	<b>55,799 558,604</b>

Note 17.1 Note 17.3

Note 17.2



Company	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained profits RM'000	
<b>At 1 April 2008</b>		110,000	-	40,346	16,576	166,922
Expenses not recognised in the income statement						
- Share issue expenses		-	-	(97)	-	(97)
Net loss recognised directly in equity		-	-	(97)	-	(97)
Profit for the year		-	-	-	30,634	30,634
Total recognised income and expense for the year		-	-	(97)	30,634	30,537
Dividends - 2008 final	27	-	-	-	(21,394)	(21,394)
Issuance of shares						
- Bonus issue		55,000	-	(40,000)	(15,000)	-
Treasury shares acquired		-	(5,753)	-	-	(5,753)
<b>At 31 March/1 April 2009</b>		165,000	(5,753)	249	10,816	170,312
Expenses not recognised in the income statement						
- Share issue expenses		-	-	(49)	-	(49)
Net loss recognised directly in equity		-	-	(49)	-	(49)
Profit for the year		-	-	-	57,444	57,444
Total recognised income and expense for the year		-	-	(49)	57,444	57,395
Dividends - 2009 final	27	-	-	-	(22,838)	(22,838)
Issuance of shares						
- Bonus issue		32,586	-	(200)	(32,386)	-
Treasury shares acquired		-	(6,140)	-	-	(6,140)
<b>At 31 March 2010</b>		<b>197,586</b>	<b>(11,893)</b>	<b>-</b>	<b>13,036</b>	<b>198,729</b>
		Note 17.1	Note 17.3		Note 17.4	

## CASH FLOW STATEMENTS

for the year ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>136,015</b>	109,897	<b>59,461</b>	31,720
Adjustments for:					
Amortisation of prepaid lease payments		<b>1,526</b>	1,440	-	-
Amortisation of intangible assets		<b>37</b>	-	-	-
Amortisation of investment properties		<b>256</b>	80	-	-
Depreciation		<b>37,626</b>	32,649	<b>47</b>	42
Dividends from subsidiaries		-	-	<b>(61,703)</b>	(34,080)
Dividends from highly liquid investments		<b>(338)</b>	-	<b>(94)</b>	-
Gain on foreign exchange - unrealised		<b>(140)</b>	(60)	-	-
Interest expense		<b>13,732</b>	17,048	<b>7,411</b>	3,814
Interest income		<b>(800)</b>	(1,035)	<b>(7,853)</b>	(4,393)
Impairment loss on plant and machinery		<b>300</b>	-	-	-
Impairment loss on investment properties		<b>154</b>	-	-	-
Inventories written down to net realisable value		-	1,417	-	-
Loss on disposal of property, plant and equipment		<b>688</b>	208	-	-
Loss on disposal of prepaid lease payments		<b>38</b>	-	-	-
Negative goodwill - acquisition of minority interest		-	(164)	-	-
Property, plant and equipment written off		<b>2,710</b>	88	<b>1</b>	-
Share of profits of an associate		<b>(493)</b>	(445)	-	-
Operating profit/(loss) before changes in working capital		<b>191,311</b>	161,123	<b>(2,730)</b>	(2,897)
Changes in working capital:					
Inventories		<b>(3,451)</b>	6,710	-	-
Biological assets		<b>(3,377)</b>	(6,818)	-	-
Receivables, deposits and prepayments		<b>(20,686)</b>	6,348	<b>34</b>	(50)
Payables and accruals		<b>20,720</b>	(20,263)	<b>77</b>	(153)
Bills payable		<b>4,098</b>	(50,460)	-	-
Cash generated from/(used in) operations		<b>188,615</b>	96,640	<b>(2,619)</b>	(3,100)
Income taxes (paid)/refund		<b>(13,871)</b>	(11,864)	-	38
Interest paid		<b>(3,925)</b>	(8,660)	<b>(575)</b>	(105)
Interest received		<b>800</b>	1,035	<b>7,853</b>	4,393
<b>Net cash generated from operating activities</b>		<b>171,619</b>	77,151	<b>4,659</b>	1,226

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from investing activities</b>					
Acquisition from minority interest		-	(10,523)	-	-
Acquisition of subsidiaries, net of cash acquired	37	-	(5,523)	-	-
Proceeds from disposal of asset held for sale		<b>1,687</b>	-	-	-
Proceeds from disposal of property, plant and equipment		<b>5,402</b>	3,297	-	-
Proceeds from disposal of prepaid lease rights		<b>116</b>	-	-	-
Purchase of biological assets		<b>(17,913)</b>	(13,027)	-	-
Purchase of investment property		<b>(219)</b>	-	-	-
Purchase of prepaid lease rights		<b>(3,872)</b>	(12,790)	-	-
Purchase of property, plant and equipment		<b>(114,485)</b>	(91,500)	<b>(129)</b>	(19)
Purchase of intangible assets		<b>(856)</b>	(322)	-	-
Dividend received from investments		<b>338</b>	-	<b>94</b>	-
Dividend received from subsidiaries		-	-	<b>59,271</b>	32,450
Dividend received from associates		<b>538</b>	448	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(129,264)</b>	(129,940)	<b>59,236</b>	32,431
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	<b>(91,939)</b>	(98,372)
Contribution from minority shareholders		<b>2,638</b>	12,640	-	-
Dividend paid to minority shareholders		<b>(2,428)</b>	(2,586)	-	-
Dividend paid to shareholders of the Company		<b>(22,838)</b>	(21,394)	<b>(22,838)</b>	(21,394)
Interest paid		<b>(9,807)</b>	(8,388)	<b>(6,836)</b>	(3,709)
Repayment of hire purchase and finance lease liabilities		<b>(1,624)</b>	(1,627)	-	-
Proceeds from Government grant		<b>4,427</b>	-	-	-
Proceeds from loans and other borrowings		<b>34,012</b>	105,995	<b>74,672</b>	98,049
Share issue expenses		<b>(49)</b>	(97)	<b>(49)</b>	(97)
Purchase of treasury shares		<b>(6,140)</b>	(5,753)	<b>(6,140)</b>	(5,753)
<b>Net cash generated (used in)/from financing activities</b>		<b>(1,809)</b>	78,790	<b>(53,130)</b>	(31,276)
Net increase in cash and cash equivalents		<b>40,546</b>	26,001	<b>10,765</b>	2,381
Cash and cash equivalents at beginning of year		<b>61,115</b>	35,114	<b>2,794</b>	413
<b>Cash and cash equivalents at end of year</b>	(ii)	<b>101,661</b>	61,115	<b>13,559</b>	2,794

# CASH FLOW STATEMENTS

for the year ended 31 March 2010 (continued)

## Note to the cash flow statements

### i) Non-cash transaction

#### Company

##### Investing activities

During the financial year, the investments in certain subsidiaries was increased through capitalisation of debts amounting to RM6,300,000 (2009 - RM43,566,000).

##### Financing activities

During the financial year, the Company undertook bonus issue of 65,172,080 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary share of RM0.50 each for every five (5) existing ordinary shares held. The issuance of bonus shares totalling RM32,586,040 was capitalised from share premium and retained earnings of RM200,000 and RM32,386,040 respectively.

In the prior 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.

### ii) Cash and cash equivalents

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	57,208	37,347	4,257	2,481
Deposits placed with licensed banks	10,862	30,928	433	313
Highly liquid investments	38,075	-	8,869	-
Bank overdrafts	(4,484)	(7,160)	-	-
	101,661	61,115	13,559	2,794

# 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 Market 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 of the Company as at and for the year ended 31 March 2010 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 2010 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 34 to the financial statements.

The financial statements were approved by the Board of Directors on 9 July 2010.

## **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 has 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 for the Group and the Company:

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009***

- FRS 8, *Operating Segments*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010***

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. Basis of preparation (continued)

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

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

The Group and the Company plans to apply the above mentioned standards, amendments and interpretations:

- from the annual period beginning 1 April 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 and 1 March 2010, except for FRS 4, Amendments to FRS 1, Amendments to FRS 2, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, FRS 1 (revised), IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

### (i) FRS 8, *Operating Segments*

FRS 8 replaces FRS 114<sub>2004</sub>, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 28). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosures requirements.



## 1. Basis of preparation (continued)

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

#### (ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendment that has material impact is:

##### **FRS 117, Leases**

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. The Directors are assessing the impact of the amendments and expect that this change in accounting policy will result in reclassification of lease of land amounting to RM56,830,000 (2009 - RM56,384,000) as at 31 March 2010 from prepaid lease payments to property, plant and equipment.

### (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 37 - business combinations

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

##### (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 unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). 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, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

##### (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.

## 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.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Significant accounting policies (continued)

#### (c) Derivative financial instruments

The Group holds derivative financial instruments, namely forward foreign exchange contracts, foreign exchange 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.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately 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.

## 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:

Buildings and improvements	4 - 50 years
Farm buildings	10 - 50 years
Fishing boat and equipment	5 - 20 years
Furniture, fittings and equipment	4 - 12.5 years
Plant and machinery	4 - 50 years
Office improvements and renovation	5 - 10 years
Motor vehicles	5 - 10 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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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 depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy 2(d).

Depreciation 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.

##### (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.



## 2. Significant accounting policies (continued)

### (g) Intangible assets (continued)

#### (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:

* capitalised development costs	10 years
* patents and trademarks	15 years

### (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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Significant accounting policies (continued)

#### (h) Biological assets (continued)

##### (ii) Livestock (continued)

###### 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.

#### (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.

## 2. Significant accounting policies (continued)

### (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 in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, 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.

### (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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Significant accounting policies (continued)

#### (p) Impairment of assets (continued)

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.

#### (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.

## 2. Significant accounting policies (continued)

### (s) Tax expense (continued)

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.

### (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.

#### (v) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

### (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.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Significant accounting policies (continued)

#### (u) Interest income and borrowing costs (continued)

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 ceases 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.

#### (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 foreign currency swaps, forward foreign currency exchange 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.



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

#### 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 the Company do not have any significant exposure to any individual counterparty. The Group and the Company have credit policy in place to ensure that transactions are conducted with creditworthy counter parties.

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

#### Interest rate risk

The Group and the Company 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 and the Company's borrowings.

The Group and the Company adopts an informal policy of managing this risk through the use of fixed and floating rates debts and financial instruments. The Group's and the Company's interests bearing assets are mainly placed in short term deposits / liquid investments 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 and Japanese Yen.

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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 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	-
At 31 March/1 April 2009	27,535	76,555	70,032	28,723
Additions	1,045	7,506	1,378	7,603
Disposals	-	(24)	-	(1,181)
Written off	-	(846)	-	-
Transfer in/(out)	-	19,269	6,653	2,365
Reclassification to prepaid lease payment	-	-	-	-
<b>At 31 March 2010</b>	<b>28,580</b>	<b>102,460</b>	<b>78,063</b>	<b>37,510</b>
<b>Depreciation and impairment loss</b>				
At 1 April 2008				
Accumulated depreciation	-	9,441	18,272	2,420
Accumulated impairment loss	-	-	-	-
	-	9,441	18,272	2,420
Depreciation for the year	-	2,281	3,960	1,538
Disposals	-	-	-	-
Written off	-	-	-	-
At 31 March/1 April 2009				
Accumulated depreciation	-	11,722	22,232	3,958
Accumulated impairment loss	-	-	-	-
	-	11,722	22,232	3,958
Depreciation for the year	-	2,802	4,486	1,712
Disposals	-	(1)	-	(604)
Written off	-	(194)	-	-
Impairment loss	-	-	-	-
At 31 March 2010				
Accumulated depreciation	-	14,329	26,718	5,066
Accumulated impairment loss	-	-	-	-
	-	14,329	26,718	5,066
<b>Carrying amounts</b>				
At 1 April 2008	18,417	60,410	37,854	22,829
At 31 March/1 April 2009	27,535	64,833	47,800	24,765
<b>At 31 March 2010</b>	<b>28,580</b>	<b>88,131</b>	<b>51,345</b>	<b>32,444</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
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
36,204	255,806	3,690	37,541	44,006	580,092
4,368	39,631	172	7,570	45,212	114,485
(820)	(8,481)	-	(2,512)	-	(13,018)
(897)	(9,051)	(149)	(251)	-	(11,194)
123	31,174	-	85	(59,669)	-
-	-	-	-	(650)	(650)
<b>38,978</b>	<b>309,079</b>	<b>3,713</b>	<b>42,433</b>	<b>28,899</b>	<b>669,715</b>
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>
3,404	22,751	387	4,219	-	39,761
(391)	(4,109)	-	(1,823)	-	(6,928)
(574)	(7,468)	(46)	(202)	-	(8,484)
-	300	-	-	-	300
17,077	101,206	1,750	21,841	-	187,987
-	369	-	-	-	369
17,077	101,575	1,750	21,841	-	188,356
13,323	148,423	2,260	16,553	21,766	341,835
21,566	165,705	2,281	17,894	44,006	416,385
<b>21,901</b>	<b>207,504</b>	<b>1,963</b>	<b>20,592</b>	<b>28,899</b>	<b>481,359</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

<b>Company</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 April 2008	33	234	267
Additions	19	-	19
At 31 March/1 April 2009	52	234	286
Additions	129	-	129
Written Off	(1)	-	(1)
<b>At 31 March 2010</b>	<b>180</b>	<b>234</b>	<b>414</b>
<b>Accumulated depreciation</b>			
At 1 April 2008	13	23	36
Charge for the year	7	35	42
At 31 March/1 April 2009	20	58	78
Charge for the year	12	35	47
<b>At 31 March 2010</b>	<b>32</b>	<b>93</b>	<b>125</b>
<b>Carrying amounts</b>			
At 1 April 2008	20	211	231
At 31 March/1 April 2009	32	176	208
<b>At 31 March 2010</b>	<b>148</b>	<b>141</b>	<b>289</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
Income statement (Note 21)	<b>37,626</b>	32,649	<b>47</b>	42
Biological assets (Note 6)	<b>2,135</b>	1,298	-	-
	<b>39,761</b>	33,947	<b>47</b>	42

#### 4.2 Security

In the prior year, the freehold land together with buildings of certain subsidiaries amounting to RM5,900,000 have been charged to banks to secure banking facilities granted to the respective subsidiaries. The security was discharged by the banks during the financial year.

#### 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	
	2010	2009
	RM'000	RM'000
Plant and machinery	4,315	4,847
Motor vehicles	940	2,128
	<b>5,255</b>	<b>6,975</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 in certain subsidiaries.

#### 5. Intangible assets

Group	Development costs	Patents and trademarks	Total
Cost	RM'000	RM'000	RM'000
At 1 April 2008	-	549	549
Additions	320	2	322
At 31 March/1 April 2009	320	551	871
Additions	856	-	856
<b>At 31 March 2010</b>	<b>1,176</b>	<b>551</b>	<b>1,727</b>
<b>Accumulated amortisation/impairment</b>			
At 1 April 2008/31 March 2009/1 April 2009			
- Accumulated amortisation	-	23	23
- Accumulated impairment loss	-	89	89
	-	112	112
Amortisation	-	37	37
At 31 March 2010	-	149	149
<b>Carrying amounts</b>			
At 1 April 2008	-	437	437
At 31 March/1 April 2009	320	439	759
<b>At 31 March 2010</b>	<b>1,176</b>	<b>402</b>	<b>1,578</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. Biological assets

	Group	
	2010	2009
	RM'000	RM'000
<b>Non-current</b>		
<b>At cost:</b>		
Plantation development expenditure	57,900	39,987
<b>Current</b>		
<b>At cost:</b>		
Livestock	34,231	28,719

Included in non-current biological assets is depreciation charged of RM2,135,000 (2009 - RM1,298,000) (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 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)
At 31 March/1 April 2009	41,111	59,237	100,348
Additions	3,231	641	3,872
Reclassification from property, plant and equipment	-	650	650
Disposals	-	(163)	(163)
<b>At 31 March 2010</b>	<b>44,342</b>	<b>60,365</b>	<b>104,707</b>
<b>Amortisation</b>			
At 1 April 2008	2,284	2,426	4,710
Amortisation for the year	994	446	1,440
Transfer in/(out)	19	(19)	-
At 31 March/1 April 2009	3,297	2,853	6,150
Amortisation for the year	835	691	1,526
Disposals	-	(9)	(9)
<b>At 31 March 2010</b>	<b>4,132</b>	<b>3,535</b>	<b>7,667</b>
<b>Carrying amounts</b>			
At 1 April 2008	30,629	52,431	83,060
At 31 March/1 April 2009	37,814	56,384	94,198
<b>At 31 March 2010</b>	<b>40,210</b>	<b>56,830</b>	<b>97,040</b>



## 7. Prepaid lease payments (continued)

Included in prepaid lease payments is an amount of RM19,638,000 (equivalent to USD6,000,000) which represent the valuation of the land use rights in respect of a subsidiary in Indonesia, as agreed in master joint venture agreement dated 16th August 2006. The land use rights represent the location permit, plantation license and the cultivation right title over the plantation land of approximately 20,000 hectares. In the last financial year, the cultivation right title is pending issuance from the relevant authorities.

During the financial year, the said cultivation right title was granted for land measuring in area of 14,177 hectares for a period of 35 years. The cultivation right title is extendable under Indonesian Land Ordinance.

As at balance sheet date, QL's Indonesian partners have taken active steps to obtain additional land for the remaining cultivation right. Subsequent to balance sheet date, two parcels of land have been identified and the issuances of these additional rights are pending clearance from relevant authorities.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This Scheme is a programme for the development of palm oil plantations for small landholders by developer of oil palm plantations. At balance sheet date, the development of the Plasma Scheme has yet to be finalised.

### Security

Certain leasehold land of the subsidiaries with a carrying amount of RM2,334,000 (2009 - RM2,532,000) have been charged to certain licensed banks for banking facilities granted to the subsidiaries as set out in Note 18.

## 8. Investment properties

	Group RM'000
<b>Cost</b>	
At 1 April 2008/31 March 2009/1 April 2009	8,416
Additions	219
At 31 March 2010	8,635
<b>Amortisation and impairment loss</b>	
At 1 April 2008	
- Accumulated amortisation	154
- Accumulated impairment loss	1,067
	1,221
Amortisation during the year	80
At 31 March/1 April 2009	
- Accumulated amortisation	234
- Accumulated impairment loss	1,067
	1,301
Amortisation during the year	256
Impairment loss during the year	154

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. Investment properties (continued)

	Group RM'000
<b>Amortisation and impairment loss (continued)</b>	
At 31 March 2010	
- Accumulated amortisation	490
- Accumulated impairment loss	1,221
	1,711
<b>Carrying amount</b>	
At 31 March/1 April 2008	7,195
At 31 March/1 April 2009	7,115
<b>At 31 March 2010</b>	<b>6,924</b>
<b>Fair value</b>	
At 31 March 2009	12,161
<b>At 31 March 2010</b>	<b>19,490</b>

### 9. Investment in subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	181,280	174,980

Details of the Company's subsidiaries are shown in Note 34.

### 10. Investment in associates

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	2,496	2,496
Share of post-acquisition reserves	577	622
	<b>3,073</b>	3,118

## 10. Investment in associates (continued)

Summary of financial information on associates:

2010	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
		2010 %	2009 %				
Indahgrains Logistics Sdn. Bhd. *	Malaysia	29.87	29.87	5,518	1,651	10,810	(812)
Pilihan Mahir Sdn. Bhd.	Malaysia	49.00	49.00	-	(10)	849	(858)
<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)

\* Equity accounted based on audited accounts for the year ended 30 June 2009/2008 and 9 months unaudited management accounts for the period ended 31 March 2010/2009.

## 11. Other investments

	Group	
	2010 RM'000	2009 RM'000
<b>At cost:</b>		
Quoted shares	4	4
Unquoted shares	45	45
	49	49
<b>Market values:</b>		
Quoted shares	4	4

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment	81	255	(33,811)	(27,227)	(33,730)	(26,972)
Biological assets	-	-	(1,996)	(3,058)	(1,996)	(3,058)
Provision	877	1,257	-	-	877	1,257
Revaluation	-	-	(1,425)	(2,029)	(1,425)	(2,029)
Tax loss carry-forwards	1,658	1,459	-	-	1,658	1,459
Unabsorbed capital allowance	838	398	-	-	838	398
Other temporary differences	13	2,050	(39)	(2)	(26)	2,048
Tax assets/(liabilities)	3,467	5,419	(37,271)	(32,316)	(33,804)	(26,897)
Set-off of tax	(2,132)	(2,974)	2,132	2,974	-	-
Net tax assets/(liabilities)	1,335	2,445	(35,139)	(29,342)	(33,804)	(26,897)

#### Movement in temporary differences during the year

Group	At 1.4.2008 RM'000	Recognised in income statements (Note 25) RM'000	At 31.3.2009 RM'000	Recognised in income statements (Note 25) RM'000	At 31.3.2010 RM'000
Property, plant and equipment	(23,911)	(3,061)	(26,972)	(6,758)	(33,730)
Biological assets	(3,048)	(10)	(3,058)	1,062	(1,996)
Provision	563	694	1,257	(380)	877
Revaluation	(1,616)	(413)	(2,029)	604	(1,425)
Tax loss carry-forwards	860	599	1,459	199	1,658
Unabsorbed capital allowance	1,523	(1,125)	398	440	838
Other temporary differences	13	2,035	2,048	(2,074)	(26)
	(25,616)	(1,281)	(26,897)	(6,907)	(33,804)

#### Unrecognised deferred tax

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

	Group	
	2010 RM'000	2009 RM'000
Property, plant and equipment	37,637	29,468
Tax loss carry-forwards	(426)	(796)
	37,211	28,672

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

### Unrecognised deferred tax (continued)

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.

The tax loss carry-forwards do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the tax loss carry-forwards because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

## 13. Receivables, deposits and prepayments

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Non current</b>					
Subsidiaries	13.1	-	-	207,628	121,965
<b>Current</b>					
<b>Trode</b>					
Trade receivables		136,549	120,378	-	-
Less: Allowance for doubtful debts		(8,536)	(13,052)	-	-
	13.2	128,013	107,326	-	-
<b>Non-trode</b>					
Other receivables		40,329	41,388	-	-
Less: Allowance for doubtful debts		(1,064)	(395)	-	-
	13.3	39,265	40,993	-	-
Subsidiaries	13.1	-	-	30,177	16,925
Deposits	13.4	4,869	3,267	199	152
Prepayment	13.5	2,682	2,417	62	143
		174,829	154,003	30,438	17,220

### 13.1 Subsidiaries

		Company	
		2010 RM'000	2009 RM'000
Non-current		207,628	121,965
Current		30,177	16,925
		237,805	138,890

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

#### 13.1 Subsidiaries (continued)

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

- i) RM1,591,331 (2009 - RM3,744,429) which is subject to interest of 5% - 6% (2009 - 2% to 5%) per annum with a fixed term of repayment of 3 to 4 years (2009 - 3 years); and
- ii) RM49,834,297 (2009 - RM22,800,000) which is subject to the Company's weighted cost of funds plus 0.50% (2009 - weighted cost of funds plus 0.50%) with fixed terms of repayment over a period of 5 years (2009 - 1 to 5 years); and
- iii) RM186,200,436 (2009 - RM108,491,000) which is subject to Company's weighted cost of funds plus 0.50% (2009 - weighted cost of funds plus 0.50%) and is not repayable within the next 12 months.

#### 13.2 Trade receivables

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

	2010 RM'000	Group 2009 RM'000
A person connected with a Director of a subsidiary	224	212
Companies in which certain Directors of the Company have interests	1,743	1,918
Companies in which Directors of certain subsidiaries have interests	-	1,051
	<b>1,967</b>	<b>3,181</b>

#### 13.3 Other receivables

Included in other receivables of the Group are:

- i) advances made to suppliers of certain subsidiaries amounting to RM26,186,000 (2009 - RM24,069,000) 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 RM1,172,000 (equivalent to SGD500,000) (2009 - RM1,188,000 (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 RM1,072,000 (2009 - RM748,000).
- ii) deposit paid for acquisition of leasehold land amounting to RM450,000 (2009 - Nil).
- iii) deposit paid for the purpose of entering into futures contracts and options amounting to RM390,000 (2009 - RM308,000).



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

#### 13.5 Prepayments

Included in prepayments of the Group are:

- i) advance payment made by a subsidiary for the construction of fishing boats amounting to Nil (2009 - RM400,000).
- ii) advance payment made by a subsidiary for the purchase of raw materials amounting to RM819,000 (2009 - Nil).

**13.6** During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM5,187,000 (2009 - RM5,868,000).

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	163,625	146,557	238,066	139,185
US Dollars	6,494	3,958	-	-
Singapore Dollars	3,616	2,967	-	-
Indonesian Rupiah	299	460	-	-
Japanese Yen	795	61	-	-
	174,829	154,003	238,066	139,185

### 14. Inventories

	Group	
	2010	2009
	RM'000	RM'000
<b>At cost:</b>		
Raw materials	34,293	30,903
Manufactured, trading and retail inventories	96,456	94,441
<b>At net realisable value:</b>		
Manufactured, trading and retail inventories	730	2,684
	131,479	128,028

### 15. Asset classified as held for sale

In the previous year, a leasehold land of a subsidiary was 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 was 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 was RM1,687,000.

The said approval was granted during the financial year and the disposal of leasehold land was completed.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	57,208	37,347	4,256	2,481
Deposits with licensed banks	10,862	30,928	434	313
Highly liquid investments	38,075	-	8,869	-
	106,145	68,275	13,559	2,794

### 17. Share capital and reserves

#### 17.1 Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2010	of shares	2009	of shares
	RM'000	2010	RM'000	2009
		'000		'000
Ordinary shares of RM0.50 each				
Authorised				
At 31 March 2010 / 2009				
1 April 2009 / 2008	200,000	400,000	200,000	400,000
Ordinary shares of RM0.50 each				
Issued and fully paid up At 1 April 2009 / 2008	165,000	330,000	110,000	220,000
Issued during the year pursuant to bonus issue	32,586	65,172	55,000	110,000
At 31 March	197,586	395,172	165,000	330,000

#### 17.2 Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

#### 17.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 25 August 2009, renewed the Company's plan to buy-back its own shares.

During the financial year, the Company purchased from the open market, 1,987,200 (2009 - 2,322,100) of its issued ordinary shares of RM0.50 each ("QL Shares") listed on the Main Market of Bursa Securities at an average buy-back price of RM3.09 (2009 - 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 of RM17,600 (2009 - RM16,000), was RM6,140,000 (2009 - RM5,753,000) and was financed by internally generated funds. The QL Shares bought back are held as treasury shares.

As at 31 March 2010, the Company held 4,309,300 (2009 - 2,322,100) QL Shares as treasury shares out of its total issued and paid-up share capital. As at 31 March 2010, the number of shares in issued and paid up, net of treasury shares is therefore 390,862,780 (2009 - 327,677,900) 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. Share capital and reserves (continued)

### 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 and exercise an irrevocable option not to deduct tax under Section 40. As such, the Company may distribute single tier exempt dividend to its shareholders out of its entire retained earnings.

## 18. Loans and borrowings

		Group		Company	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
<b>Non-current:</b>					
Term loans	- secured	1,123	1,260	-	-
	- unsecured	213,427	159,735	187,800	119,237
Hire purchase liabilities		869	2,070	-	-
		215,419	163,065	187,800	119,237
<b>Current:</b>					
Term loans	- secured	106	106	-	-
	- unsecured	37,414	35,626	21,810	15,701
Bank overdrafts	- secured	823	1,021	-	-
	- unsecured	3,661	6,139	-	-
Bills payable	- secured	546	4,132	-	-
	- unsecured	138,177	130,493	-	-
Revolving credit	- unsecured	14,913	36,244	-	-
Hire purchase liabilities		1,271	1,694	-	-
		196,911	215,455	21,810	15,701
		412,330	378,520	209,610	134,938

### Terms and debt repayment schedule

Group	Year	Carrying	Under	1 - 2	2 - 5	Over
2010	of maturity	amount	1 year	years	years	5 years
		RM'000	RM'000	RM'000	RM'000	RM'000
Term loans						
- Secured						
• SGD	2017	1,229	106	104	313	706
- Unsecured	2011 - 2014	250,841	37,414	49,563	163,864	-
Bank overdrafts						
- Secured	2011	823	823	-	-	-
- Unsecured	2011	3,661	3,661	-	-	-
Bills payable						
- Secured	2011	546	546	-	-	-
- Unsecured						
• USD	2011	53,272	53,272	-	-	-
• RM	2011	84,905	84,905	-	-	-
Revolving credit						
- Unsecured						
• USD	2011	14,913	14,913	-	-	-
Hire purchase liabilities	2011 - 2013	2,140	1,271	799	70	-
		412,330	196,911	50,466	164,247	706

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. Loans and borrowings (continued)

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

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						
- Unsecured						
• 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>
<b>Company 2010</b>						
Term loans - unsecured	2012-2014	209,610	21,810	34,562	153,238	-
<b>2009</b>						
Term loans - unsecured	2012-2013	134,938	15,701	30,560	88,677	-

The term loans for the Group are subject to interest at 4.00% to 7.30% (2009 - 3.00% to 7.14%), 3 months Effective Cost of Fund (ECOF) plus 1.75% and 1 month Cost of Fund (COF) plus 1.20% per annum (2009 - 3 months Effective Cost of Fund (ECOF) plus 1.75% and 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.78%).

The term loans for the Company are subject to interest at 5.50% to 5.75% (2009 - 5.50% to 5.75%), 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.78% (2009 - 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.78%), 3 months Effective Cost of Fund (ECOF) plus 1.75% (2009 - 3 months Effective Cost of Fund (ECOF) plus 1.75%) and 1 month Cost of Fund (COF) plus 1.20% per annum (2009 - Nil).

The term loans for the Group and Company are repayable in equal monthly instalments over periods ranging from 1 to 7 years (2009 - 2 to 8 years) and 2 to 4 years (2009 - 2 to 4 years) respectively.

The bank overdrafts are subject to interest ranging from 1.00% to 1.50% above Base Lending Rate (BLR) (2009 - 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% (2009 - USD Singapore Interbank Offered Rate (SIBOR) plus 0.90%) per annum.

The secured bills payable are subject to interest ranging from 5.95% to 6.00% (2009 - 5.95% to 6.00%) per annum.

The unsecured bills payable are subject to interest ranging from 0.25% to 1.50% above Cost of Fund (2009 - 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 2010 RM'000	Interest 2010 RM'000	Principal 2010 RM'000	Minimum lease payments 2009 RM'000	Interest 2009 RM'000	Principal 2009 RM'000
Less than one year	1,380	(109)	1,271	1,894	(200)	1,694
Between one and five years	926	(57)	869	2,233	(163)	2,070
	<b>2,306</b>	<b>(166)</b>	<b>2,140</b>	4,127	(363)	3,764

Hire purchase liabilities bear interest rates at 4.79% to 9.08% (2009 - 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 guarantee 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 guarantee 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 (continued)

### 18. Loans and borrowings (continued)

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

- i) dividends paid shall not exceed current net profit after tax of certain subsidiaries,
- ii) maximum gearing of 1.5 - 2.5 times of the Group at all times; and
- iii) 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. Deferred income

	Group	
	2010	2009
	RM'000	RM'000
<b>Non-current</b>		
Government grant	4,427	-
At 31 March	4,427	-

In April 2009, a subsidiary of the Group was granted the approval of a government grant under the "Technofund" Scheme from the Ministry of Science, Technology and Innovation of Malaysia. The grant amounted to RM4,660,000 was in relation to the "Palm Pelletising System (PPS)" project undertaken and the grant is to be utilised by April 2010.

As at the date of this report, the subsidiary has received RM4,427,000 of the total grant amount.



## 20. Payables and accruals

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Non-current</b>					
Subsidiaries	20.1	-	-	8,761	8,707
<b>Current</b>					
Trade payables	20.2	55,204	40,864	-	-
Other payables	20.3	24,408	26,133	202	125
Accrued expenses		11,584	10,465	-	-
Subsidiaries	20.1	-	-	17,208	3,986
		91,196	77,462	17,410	4,111
		91,196	77,462	26,171	12,818

**20.1** The amount due to subsidiaries is non-trade in nature, subject to an interest of Company's weighted cost of funds plus 0.50% (2009 - weighted cost of funds plus 0.50%) per annum, unsecured and repayable on demand, except for RM8,761,000 (2009 - RM8,707,000) which is not repayable within the next 12 months.

**20.2** Included in trade payables of the Group are:

	Group	
	2010 RM'000	2009 RM'000
Associate	400	497
A firm in which certain Directors of a subsidiary has interest	1,192	80
	1,592	577

**20.3** Included in other payables of the Group are:

Companies in which certain Directors have interests	657	106
Amount due to shareholders of subsidiaries	11,346	8,697
	12,003	8,803

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	76,936	64,221	26,171	12,818
US Dollars	12,872	12,225	-	-
Singapore Dollars	1,388	866	-	-
Sterling Pound	-	150	-	-
	91,196	77,462	26,171	12,818

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. Results from operating activities

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
- sale of goods	1,476,396	1,397,905	-	-
- dividends from subsidiaries	-	-	61,702	34,080
- management fee	-	-	1,712	1,205
- administrative charges	-	-	1,644	1,303
	1,476,396	1,397,905	65,058	36,588
Cost of sales	(1,232,979)	(1,197,556)	-	-
<b>Gross profit</b>	<b>243,417</b>	<b>200,349</b>	<b>65,058</b>	<b>36,588</b>
Distribution costs	(23,438)	(21,058)	-	-
Administration expenses	(71,709)	(54,685)	(6,133)	(5,447)
Other operating expenses	(11,503)	(8,780)	-	-
Other operating income	11,687	9,475	94	-
Negative goodwill	-	-	-	-
- Acquisition of minority interest	-	164	-	-
<b>Results from operating activities</b>	<b>148,454</b>	<b>125,465</b>	<b>59,019</b>	<b>31,141</b>

#### Operating activities is arrived at after crediting

Bad debts recovered	6	12	-	-
Dividends from subsidiaries				
- gross	-	-	9,726	6,521
- tax exempt	-	-	51,976	27,559
Dividends from liquid investment	338	-	94	-
Gain on foreign exchange				
- realised	1,602	2,000	-	-
- unrealised	140	60	-	-
Rental of equipment	35	191	-	-
Rental of premises	332	215	-	-
Reversal of allowance for doubtful debts	-	2,458	-	-
Reversal of inventories written down	423	-	-	-

#### and after charging:

Auditors' remuneration				
- Audit services				
Auditors of the Company				
- current	556	477	48	48
- under/(over) provision in prior years	65	55	(8)	3
Other auditors	91	69	-	-
- Other services by auditors of the Company	79	70	79	70
Amortisation of investment properties	256	80	-	-
Amortisation of intangible assets	37	-	-	-
Amortisation of prepaid lease payments	1,526	1,440	-	-
Allowance for doubtful debts	1,340	-	-	-
Bad debts written off	385	129	-	-
Depreciation of property, plant and equipment	37,626	32,649	47	42
Hire of plant and machinery	44	47	-	-
Loss on disposal of property, plant and equipment	688	208	-	-
Loss on disposal of prepaid lease payments	38	-	-	-
Inventories written down to net realisable value	-	1,417	-	-

## 21. Results from operating activities (continued)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>and after charging (continued) :</b>				
Inventories written off	100	29	-	-
Impairment losses on property, plant and machinery	300	-	-	-
Impairment losses on investment properties	154	-	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	69,845	59,853	1,529	1,133
- contribution to EPF	4,862	4,462	182	131
Property, plant and equipment written off	2,710	88	-	-
Rental of land and buildings and office premises	2,323	1,748	224	240
Rental of plant, machinery, equipment and motor vehicle	46	162	68	68

## 22. Interest expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Term loans	9,524	7,723	6,836	3,709
Bank overdrafts	501	834	-	-
Bills payable	3,310	7,724	-	-
Hire purchase and finance lease liabilities	205	339	-	-
Revolving credit	78	326	-	-
Subsidiaries	-	-	575	105
Others	114	102	-	-
	13,732	17,048	7,411	3,814

## 23. Interest income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	421	649	55	83
Subsidiaries	-	-	7,798	4,310
Others	379	386	-	-
	800	1,035	7,853	4,393

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	763	777	450	450
- Remuneration	4,909	5,071	2,307	2,250
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	84	90	43	45
	<b>5,756</b>	5,938	<b>2,800</b>	2,745
Directors of subsidiaries				
- Fees	353	351	-	-
- Remuneration	5,586	4,887	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	49	47	-	-
	<b>5,988</b>	5,285	-	-
Other key management personnel				
- Remuneration	1,288	906	1,288	906
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	10	15	10	15
	<b>1,298</b>	921	<b>1,298</b>	921
	<b>13,042</b>	12,144	4,098	3,666

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 directly or indirectly.

## 25. Tax expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax expense on operations	20,935	13,220	2,017	1,086
Share of tax of equity accounted associates	165	148	-	-
Total tax expense	21,100	13,368	2,017	1,086
<b>Current tax expense</b>				
- current year	14,570	12,389	1,995	1,165
- (over)/under provision in prior year	(542)	(450)	22	(79)
	14,028	11,939	2,017	1,086
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	5,999	2,823	-	-
- under/(over) provision in prior year	908	(1,542)	-	-
	6,907	1,281	-	-
Tax expense on share of profits of an associate	165	148	-	-
Total tax expense	21,100	13,368	2,017	1,086
<b>Reconciliation of effective tax expense</b>				
Profit for the year	115,080	96,677	57,444	30,634
Total tax expense	21,100	13,368	2,017	1,086
Profit before taxation	136,180	110,045	59,461	31,720
Income tax using Malaysian tax rates of 25%	34,045	27,512	14,865	7,930
Effect of changes in tax rates*	-	59	-	-
Difference in tax rate for foreign subsidiary	(5)	51	-	-
Non-deductible expenses	1,932	1,992	165	125
Tax exempt income	(2,328)	(2,813)	(13,035)	(6,890)
Tax incentives	(11,680)	(11,294)	-	-
Effect of temporary differences not recognised	(710)	(217)	-	-
Crystallisation of revaluation reserve	(604)	-	-	-
Others	84	-	-	-
	20,734	15,290	1,995	1,165
Under/(over) provision in prior year	366	(1,922)	22	(79)
Tax expense	21,100	13,368	2,017	1,086

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 26. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit for the year of RM106,914,000 (2009 - RM89,330,000) and the weighted average number of ordinary shares in issue during the year (2009 - adjusted for bonus issue in 2010 of 65,172,080 shares).

	2010 '000	2009 '000
Issued ordinary shares at beginning of the year	330,000	220,000
Effect of bonus issue	-	110,000
- 2009		
- 2010	65,172	65,172
Effect of treasury shares held	(3,676)	(1,200)
Weighted average number of ordinary shares	391,496	393,972
Basic earnings per ordinary share	sen 27	sen 23

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

### 27. Dividends

	Sen per Share (net of tax)	Total amount RM'000	Date of payment
<b>2010</b>			
Final 2009	7.00	22,838	25 September 2009
<b>2009</b>			
Final 2008	6.50	21,394	26 September 2008

At the forthcoming general meeting, a final single tier dividend of 7.5 sen per ordinary share of RM0.50 each amounting to RM29,301,000 in respect of the year ended 31 March 2010 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. The said dividend will be recognised in subsequent financial reports upon approval by the shareholders.



## 28. 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.

### **Geographical segments**

The Group's business operates in three principal geographical areas, Malaysia, Indonesia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers, segment assets are based on the geographical location of the assets.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28. Segmental information (continued)

	Marine-products manufacturing		Palm oil activities	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Business segments</b>				
Revenue from external customers	356,923	326,789	269,381	266,509
Inter-segment revenue	-	-	3,307	1,798
Total revenue	356,923	326,789	272,688	268,307
Segment result	62,983	51,679	10,654	13,196
Unallocated expenses				
Results from operating activities				
Finance costs				
Interest income				
Share of profits of equity accounted associate				
Profit before taxation				
Tax expense				
Profit for the year				
<b>Segment assets</b>	327,278	303,956	195,222	152,846
Share of net assets in an associate				
Unallocated assets				
<b>Total assets</b>				
<b>Segment liabilities</b>	22,895	18,800	41,214	29,470
Unallocated liabilities				
<b>Total liabilities</b>				
Capital and plantation development expenditure	49,374	56,684	37,355	21,090
Unallocated capital expenditure				
Total capital expenditure				
Depreciation and amortisation	18,199	15,012	6,478	5,170
Unallocated depreciation and amortisation				
Total depreciation				
Non-cash expenses other than depreciation, amortisation and impairment	3,699	1,092	477	-

Integrated livestock farming		Eliminations		Consolidated	
2010	2009	2010	2009	2010	2009
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
850,092	804,607	-	-	1,476,396	1,397,905
1,132	2,545	(4,439)	(4,343)	-	-
851,224	807,152	(4,439)	(4,343)	1,476,396	1,397,905
80,950	66,037	-	-	154,587	130,912
				(6,133)	(5,447)
				148,454	125,465
				(13,732)	(17,048)
				800	1,035
				493	445
				136,015	109,897
				(20,935)	(13,220)
				115,080	96,677
462,290	413,576	-	-	984,790	870,378
				3,073	3,118
				118,257	80,029
				1,106,120	953,525
31,312	29,067	-	-	95,421	77,337
				452,095	410,833
				547,516	488,170
49,631	40,822	-	-	136,360	118,596
				129	19
				136,489	118,615
16,819	13,945	-	-	41,496	34,127
				47	42
				41,543	34,169
1,539	(2,415)	-	-	5,715	(1,323)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28. Segmental information (continued)

	Malaysia		Singapore		Indonesia		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical segments</b>								
Revenue from external customers	<b>1,468,372</b>	1,387,976	<b>8,024</b>	9,929	-	-	<b>1,476,396</b>	1,397,905
Segment assets	<b>1,005,222</b>	881,840	<b>5,741</b>	9,777	<b>95,157</b>	61,908	<b>1,106,120</b>	953,525
Capital expenditure	<b>113,066</b>	99,072	<b>180</b>	2,156	<b>23,243</b>	17,387	<b>136,489</b>	118,615

### 29. Contingent liabilities - unsecured

	Company	
	2010	2009
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	<b>557,999</b>	562,050

### 30. Commitments

	Group	
	2010	2009
	RM'000	RM'000
<b>Capital commitments:</b>		
<i>Plantation development expenditure</i>		
Authorised but not contracted for	<b>25,000</b>	25,000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	<b>130,877</b>	91,671
Contracted but not provided for in the financial statements	<b>22,288</b>	5,299
<i>Investment</i>		
Contracted but not provided for in the financial statements	-	142
	<b>178,165</b>	122,112
<b>Other commitments:</b>		
Commodity future sales contract on crude palm oil	<b>1,044</b>	1,312

### 31. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2010 RM'000	2009 RM'000
Less than one year	490	456
Between one and five years	324	909
More than five years	359	-
	<b>1,173</b>	<b>1,365</b>

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 16 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.

### 32. 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 24, are as follows:-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 32. Related parties (continued)

#### Identity of related parties (continued)

	Group	
	2010	2009
	RM'000	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	(3,849)	(4,680)
Fusipim Sdn. Bhd.:		
Sales	(1,164)	(1,773)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(2,818)	(3,473)
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(8,038)	(9,714)
Arena Dijaya Sdn. Bhd.:		
Sales	(2,548)	(3,805)
Keang Huat Trading Sdn. Bhd.:		
Purchases	2,997	1,692
Sin Teow Fatt Trading Co.:		
Purchases	647	1,037
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	982	1,284
Green Breeder Sdn. Bhd.:		
Sales	(2,108)	-
Timurikan Terengganu Sdn. Bhd.:		
Sales	(767)	(715)
Purchase	1,196	815
With a person connected to Cheah Yaw Song & Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang	(2,094)	(1,744)
Associates		
Net dividend received	(538)	(448)
Warehousing services	4,559	3,806
	Company	
	2010	2009
	RM'000	RM'000
Subsidiaries		
Net dividend received	(59,271)	(32,450)
Management fee income	(1,712)	(1,205)
Administrative charges	(1,644)	(1,303)
Interest income	(7,798)	(4,310)
Interest expense	575	105



### 32. Related parties (continued)

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

	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
<b>Group 2010</b>				
Included in:				
- receivables, deposits and prepayments Related parties	1,967	-	1,967	-
- payables and accruals Associates	(400)	-	(400)	-
Related parties	(13,195)	-	(13,195)	-
<b>Group 2009</b>				
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>Company 2010</b>				
Included in:				
- receivables, deposits and prepayments Subsidiaries	237,805	-	237,805	-
- payables and accruals Subsidiaries	(25,969)	-	(25,969)	-
<b>2009</b>				
Included in:				
- receivables, deposits and prepayments Subsidiaries	138,890	-	138,890	-
- payables and accruals Subsidiaries	(12,693)	-	(12,693)	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. 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 %	2010			Average effective interest rate %	2009		
		Total RM'000	Less than 1 year RM'000	1 - 5 years RM'000		Total RM'000	Less than 1 year RM'000	1 - 5 years RM'000
<b>Financial assets</b>								
Deposits placed with licensed banks	2.05	10,862	10,862	-	2.38	30,928	30,928	-
<b>Financial liabilities</b>								
Secured variable rate term loans								
• SGD	4.30	(1,229)	(1,229)	-	4.50	(1,366)	(1,366)	-
Unsecured fixed rate term loans	5.30	(49,952)	(23,585)	(26,367)	5.02	(76,426)	(27,212)	(49,214)
Unsecured variable rate term loans	4.06	(200,889)	(200,889)	-	3.79	(118,935)	(118,935)	-
Secured bank overdrafts	6.34	(823)	(823)	-	6.64	(1,021)	(1,021)	-
Unsecured bank overdrafts	7.03	(3,661)	(3,661)	-	6.93	(6,139)	(6,139)	-
Secured bills payables	6.00	(546)	(546)	-	4.11	(4,132)	(4,132)	-
Unsecured bills payables								
• USD	0.88	(53,272)	(53,272)	-	3.43	(16,002)	(16,002)	-
• RM	2.79	(84,905)	(84,905)	-	3.54	(114,491)	(114,491)	-
Unsecured variable revolving credit	1.75	(14,913)	(14,913)	-	1.87	(36,244)	(36,244)	-
Hire purchase and finance lease liabilities	4.94	(2,140)	(1,271)	(869)	3.91	(3,764)	(1,694)	(2,070)
		(412,330)	(385,094)	(27,236)		(378,520)	(327,236)	(51,284)
<b>Company</b>								
<b>Financial assets</b>								
Advances to subsidiaries								
• Fixed rate	5.95	1,591	1,091	500	3.76	3,744	1,723	2,021
• Variable rate	4.52	49,834	49,834	-	2.75	22,800	22,800	-
Deposits placed with licensed banks	2.81	433	433	-	1.90	313	313	-
		51,858	51,358	500		26,857	24,836	2,021
<b>Financial liabilities</b>								
Unsecured term loan								
• Fixed rate	3.54	(15,352)	(9,500)	(5,852)	4.06	(26,120)	(10,750)	(15,370)
• Variable rate	4.01	(194,259)	(194,259)	-	3.58	(108,818)	(108,818)	-
		(209,611)	(203,759)	(5,852)		(134,938)	(119,568)	(15,370)

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

### 33. Financial instruments (continued)

#### Fair values

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

In respect of non-current amounts due from/(to) subsidiaries, a reasonable estimate of fair value could not be made as the financial instrument has an unspecified period of repayment.

The carrying amount of variable rate long term loans and advances to subsidiaries approximate fair value as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at balance sheet dates.

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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market price and the inability to estimate fair value without incurring excessive costs.

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

Group	2010 Carrying amount RM'000	2010 Fair value RM'000	2009 Carrying amount RM'000	2009 Fair value RM'000
<b>Financial assets</b>				
Highly liquid investments	38,075	38,705	-	-
Quoted shares	4	4	4	4
<b>Financial liabilities</b>				
Unsecured fixed rate term loans	(49,954)	(46,498)	(76,424)	(66,573)
<b>Company</b>				
<b>Financial assets</b>				
Advances to subsidiaries	1,591	1,489	3,744	3,691
Highly liquid investments	8,869	8,869	-	-
<b>Financial liabilities</b>				
Unsecured fixed rate term loan	(15,352)	(13,410)	(26,120)	(25,761)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 33. Financial instruments

#### Fair values (continued)

Group	2010 Nominal value RM'000	2010 Carrying amount RM'000	2010 Fair value RM'000	2009 Nominal value RM'000	2009 Carrying amount RM'000	2009 Fair value RM'000
<b>Derivatives</b>						
Commodity options						
- Put options	3,451	189	11	7,491	623	(61)
- Call options	-	-	-	9,938	755	(134)
Currency options						
- Put options	-	-	-	2,366	31	2
- Call options	24,314	104	41	-	-	-
Commodity futures	1,044	-	(17)	1,312	308	105
Forward exchange contracts	80,892	-	(1,840)	63,554	-	216
Cross currency swap	93,914	-	(1,069)	98,772	-	8,621
Interest rate swap	117,195	-	408	-	-	-
	2010 Nominal value RM'000	2010 Carrying amount RM'000	2010 Fair value RM'000	2009 Nominal value RM'000	2009 Carrying amount RM'000	2009 Fair value RM'000
<b>Company</b>						
<b>Derivatives</b>						
Cross currency swap	93,914	-	(1,069)	98,772	-	8,621
Interest rate swap	117,195	-	408	-	-	-

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

The fair values of quoted financial assets / investments are their quoted closing market prices at balance sheet date.

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 5.00% to 5.80% (2009 - 3.00% to 6.45%).

### 34. 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 (%)	
		2010	2009
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.	Investment 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
Maxincome Resources Sdn. Bhd.	Distribution of lubricants oil	100.00	100.00
Chingsan Development Sdn. Bhd.	Property holding	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. and its subsidiary	Distribution of animal feed raw materials and food grain	100.00	100.00
Hybrid Figures Sdn. Bhd. <sup>^</sup>	Dormant	100.00	-
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	100.00

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 34. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2010	2009
QL Farms Sdn.Bhd. and its subsidiaries	Layer and broiler farming, wholesale of frozen chicken parts and investment holding	100.00	100.00
QL Green Resources Sdn. Bhd. (f.k.a.Tong Her Marine Products Sdn.Bhd.)	Dormant	100.00	100.00
Adequate Triumph Sdn. Bhd.	Property holding	100.00	100.00
QL Inter-Food Sdn. Bhd.	Manufacture and selling of meehoon and noodle	100.00	100.00
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sales of animal feed and providing chicken parts processing services	100.00	100.00
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming and cultivation of oil palm	100.00	100.00
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiary	Investment holding and poultry farming	85.00	85.00
QL Rawang Poultry Farm Sdn. Bhd.	Dormant	85.00	85.00
QL Vietnam AgroResources Liability Limited Company***	Dormant	100.00	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
QL Plantation Sdn. Bhd.	Oil palm cultivation and marketing of palm oil products	100.00	100.00
QL Biomass Sdn. Bhd. (f.k.a. Tophill Corporation Sdn. Bhd.)	Dormant	100.00	100.00
QL BioEnergy Sdn. Bhd.	Dormant	100.00	100.00
QL NatureCo Sdn. Bhd. and its subsidiaries	Investment holding	80.00	80.00
QL Palm Pellet Sdn. Bhd.	Development and marketing of "Palm Pelletising System"	80.00	80.00
QL ZeroPoint Green Energy Sdn. Bhd.	Dormant	80.00	80.00
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

### 34. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2010	2009
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. and its subsidiary	Manufacturing of surimi and surimi-based products	100.00	100.00
QL Aquaculture Sdn. Bhd. (f.k.a. Glamour Harmony Sdn. Bhd.)	Dormant	100.00	-
QL Fishmeal Sdn. Bhd. and its subsidiary	Manufacturing and trading of fishmeal	100.00	100.00
PT QL Hasil Laut**	Dormant	99.95	99.95
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Manufacturing of fishmeal and surimi	65.89	65.89
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	65.89	65.89
QL Endau Fishmeal Sdn. Bhd.	Manufacturing of fishmeal	65.89	65.89
Figo Foods Sdn. Bhd. and its subsidiaries	Manufacturing and sales of frozen "halal" foodstuff	100.00	100.00
QL Fujiya Pastry Sdn. Bhd.	Manufacturing and sales of frozen "halal" foodstuff	60.00	60.00
QL Lian Hoe (S) Pte. Ltd.* (f.k.a. NFood Industry Pte. Ltd.)	Manufacturing and processing of frozen fish products	100.00	100.00
QL Fresh Choice Seafood Sdn. Bhd. and its subsidiary	Investment holding, processing and sale of frozen seafood	100.00	100.00
QL Green Energy Sdn. Bhd. (f.k.a. Pasifik Raya Sdn. Bhd.)	Coastal trawling and wholesale of marine products	100.00	100.00
QL Lian Hoe Sdn. Bhd. (f.k.a. Riteshop Sdn. Bhd.)	Manufacturing of surimi, processing and sale of frozen fish products	82.00	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 2009 as it has not commenced operations as at 31 March 2010. The results were consolidated based on management accounts as at 31 March 2010.

^ Consolidated using management accounts as at 31 March 2010.

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 34. Subsidiaries (continued)

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

	Number of ordinary shares of RM1 each			
	At 1.4.2009	Bought	Sold	At 31.3.2010
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	8,480,000	-	-	8,480,000
QL Livestock Farming Sdn. Bhd.	20,000,000	-	-	20,000,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiary	17,000,000	-	-	17,000,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	-	-	4,400,000
QL Agrobio Sdn. Bhd.	510,000	-	-	510,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL NatureCo Sdn. Bhd. and its subsidiaries	1,599,999	-	-	1,599,999
QL Palm Pellet Sdn. Bhd.	403,666	600,000	-	1,003,666
QL ZeroPoint Green Energy Sdn. Bhd.	250,000	-	-	250,000
QL Mutiara (S) Pte. Ltd. ## and its subsidiary	8,939,996	-	-	8,939,996
PT Pipit Mutiara Indah @	2,280,000	703,000	-	2,983,000
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
PT QL Hasil Laut ##	1,999,999	-	-	1,999,999
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	3,137,980	-	-	3,137,980
QL Endau Deep Sea Fishing Sdn. Bhd.	28,200,000	5,600,000	-	33,800,000
QL Endau Fishmeal Sdn. Bhd.	100,000	-	-	100,000
QL Fujiya Pastry Sdn. Bhd.	1,499,999	-	-	1,499,999
QL Lian Hoe Sdn. Bhd. (f.k.a Riteshop Sdn. Bhd.)	8	8,199,992	-	8,200,000

## Ordinary shares of USD1.00 each

@ Ordinary shares of RP50,000 each

### 35. Significant events during the year

35.1 In May 2009, QL Palm Pellet Sdn. Bhd. ("QLPP") entered into a Technofund Agreement with the Government of Malaysia represented by the Ministry of Science, Technology and Innovation of Malaysia ("MOSTI") and subsequently a supplemental agreement in March 2010, where a grant amounting to RM4,660,000 will be given to the Company for the technological development of the "Palm Pelletising System". At balance sheet date, QLPP has received RM4,427,000 of the said grant.

35.2 In August 2009, a subsidiary of the Group QL Fishery Sdn. Bhd. ("QL Fishery") acquired 80% interest of QL Lian Hoe Sdn. Bhd. (f.k.a. Riteshop Sdn. Bhd.) from QL Feedingstuffs Sdn. Bhd. ("QLFS") and the remaining 20% from the minority interest.

Subsequently in December 2009, QL Lian Hoe Sdn. Bhd. (f.k.a. Riteshop Sdn. Bhd.) increased its paid up share capital by RM9,999,990 to RM10,000,000 where QL Fishery acquired 8,199,990 ordinary shares of RM1.00 each representing 81.90%, decreasing its ownership from 100% to 82%. The remaining 1,800,000 shares of RM1.00 each representing 18% was acquired by a minority interest. (Note 37.2)

35.3 In November 2009, the Group, via its wholly owned subsidiary, QL Foods Sdn. Bhd. ("QL Foods") acquired two (2) ordinary shares of RM1.00 each of Glamour Harmony Sdn. Bhd. ("GH"), representing the entire issued and paid up capital of GH for a consideration of RM2.00. GH subsequently changed its name to "QL Aquaculture Sdn. Bhd." to reflect its intended principal activity of prawn breeding.

35.4 In January 2010, the Group, via its wholly owned subsidiary, QL Feed Sdn. Bhd. ("QLF") acquired two (2) ordinary shares of RM1.00 each of Hybrid Figures Sdn. Bhd. ("HF"), representing the entire issued and paid up capital of HF for a consideration of RM2.00. The intended activity of HF is poultry farming.

35.5 In January 2010, the Company completed its bonus issue of 65,172,080 new ordinary shares of RM0.50 each on the basis of one (1) new ordinary of RM0.50 each for every five (5) existing ordinary shares held.

35.6 In March 2010, QLPP entered into a Memorandum of Understanding (MOU) with Amandus Kahl GmbH & Co. KG to establish and confirm the understanding and mutual intention of the parties concerning the proposed cooperation and collaboration on the palm biomass technology and manufacturing pellet mills/plants.

### 36. Significant events subsequent to balance sheet date

36.1 In April 2010, the Group, via its wholly owned subsidiary, QL Palm Pellet Sdn. Bhd. ("QLPP") acquired two (2) ordinary shares of RM1.00 each of Artisan Intelek Sdn. Bhd. ("AI"), representing the entire issued and paid up capital of AI for a consideration of RM2.00. The intended principal activity is dealing with the palm palletising system. AI subsequently changed its name to "QL Palm Pellet System Sdn. Bhd."

36.2 In April 2010, the Group, via its wholly owned subsidiary, QL Plantation Sdn. Bhd. ("QLP") acquired two (2) ordinary shares of RM1.00 each of Utusan Ceria Sdn. Bhd. ("UC") and Rentak Prisma Sdn. Bhd. ("RP"), representing the entire issued and paid up capital of the respective companies for a consideration of RM2.00 each. UC and RP subsequently changed its names to "QL Tawau Biogas Sdn. Bhd." and "QL Tawau Palm Pellet Sdn. Bhd." respectively.

36.3 In April 2010, the Group, via its wholly owned subsidiary, QL Realty Sdn. Bhd. ("QLRT") received approval from the relevant authorities in Indonesia for the incorporation of an 80% subsidiary known as PT. QL Trimitra ("PT QLT") in Indonesia. The intended activity of PT QLT is integrated poultry farming.

36.4 In May 2010, the Group, via its wholly owned subsidiaries, QL Feedingstuffs Sdn. Bhd. ("QLFS") received approval from the relevant authorities in Indonesia for the incorporation of a wholly owned subsidiary known as PT. QL Agrofood ("PT QLA") in Indonesia. The intended principal activities are layer farming and feedmilling.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 36. Significant events subsequent to balance sheet date (continued)

36.5 In June 2010, PT. QL Trimitra ("PT. QLT") entered into a Sales and Purchase Agreement to acquire the assets used in forming part of the business and includes without limitation to goodwill, business networking and know how, land and equipment from CV Trimitra Group and drh Cecep Mochamad at a total consideration of RM2,209,052 (USD675,000).

36.6 In June 2010, the Group via its wholly owned subsidiary, QL Fishery Sdn. Bhd. ("QL Fishery") acquired an additional 4.7% equity interest in QL Endau Marine Products ("QLEMP") for RM3,584,000, increasing its ownership from 65.89% to 70.59%.

Consequently, the effective interest of the Group in QL Endau Deep Sea Fishing Sdn. Bhd. and QL Endau Fishmeal Sdn. Bhd. (formerly known as Incokaya Sdn. Bhd.), the subsidiaries of QLEMP has increased correspondingly.

36.7 The Company sold 300,000 units of its treasury shares for a total cash consideration of RM1,206,921 to the open market.

### 37. Acquisition and disposal of subsidiaries and minority interest

#### 37.1 Business combination

In the prior year, the Group via its wholly owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLFS") acquired 100% equity interest of QL Ansan Poultry Farms 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 34 of the financial statements. In the prior year, 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 ended 31 March 2009 would have been RM1,404,601,000 and RM94,810,000 respectively.

The acquisitions 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	
		2010	2009	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	4	-	17,492	-	2,886	-	20,378
Prepaid lease payments	7	-	1,687	-	-	-	1,687
Biological assets		-	3,115	-	-	-	3,115
Inventories		-	1,937	-	-	-	1,937
Receivables, deposits and prepayments		-	1,963	-	-	-	1,963
Cash and cash equivalents		-	196	-	-	-	196
Loans and borrowings		-	(13,380)	-	-	-	(13,380)
Payables and accruals		-	(10,177)	-	-	-	(10,177)
Net identifiable assets and liabilities		-	2,833	-	2,886	-	5,719
Share of net asset of subsidiaries						-	5,719
Consideration paid, satisfied in cash						-	5,719
Cash acquired						-	(196)
Net cash outflow						-	5,523

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.

## 37. Acquisition and disposal of subsidiaries and minority interest (continued)

### 37.2 Acquisition of minority interest

In August 2009, the Group, via its wholly owned subsidiary, QL Fishery Sdn. Bhd. ("QL Fishery") acquired the remaining 20% equity interest in QL Lian Hoe Sdn. Bhd. (f.k.a. Riteshop Sdn. Bhd.) for RM119 in cash, increasing its ownership from 80% to 100%. The net assets in the consolidated financial statements on the date of acquisition was RM1,085.

Subsequently in December 2009, QL Lian Hoe Sdn. Bhd. (f.k.a. Riteshop Sdn. Bhd.) increased its paid up share capital by RM9,999,990 to RM10,000,000 where QL Fishery acquired 8,199,990 ordinary shares of RM1.00 each representing 81.90%, decreasing its ownership from 100% to 82%. The remaining 1,800,000 shares of RM1.00 each representing 18% was acquired by a minority interest. (Note 35.2)

In the prior year, the Group completed the acquisitions of the following minority interest:

37.2.1 In June 2008, the Group via its wholly owned subsidiary, QL Marine Products Sdn. Bhd. ("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.

37.2.2 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.

37.2.3 In September 2008, the Group via its wholly owned subsidiary, QL Fishery acquired the remaining 2.41% equity interest in 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.

37.2.4 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.

37.2.5 In November 2008, the Group via its wholly owned subsidiary, QLFS 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).

37.2.6 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 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.

37.2.7 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. and QL Green Energy Sdn. Bhd., the subsidiaries of QLFCS had increased correspondingly.

### 37.3 Disposal to minority interest

37.3.1 In November 2008, the Group via its wholly owned subsidiary, QLFS disposed off 15% equity interest in QLAPF for RM852,000 in cash, decreasing its ownership from 100% interest to 85% (Note 37.2.5). The net assets in the consolidated financial statements on the date of disposal was RM2,904,000.

In the prior year, 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 40 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 2010 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: 9 July 2010

# 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 40 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 9 July 2010.

**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 2010 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 40 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 2010 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 34 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: 9 July 2010

### Lim Hun Soon @ David Lim

Approval Number: 1514/05/12(J)  
Chartered Accountant

## LIST OF PROPERTIES AS AT 31 MARCH 2010

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)
PT Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)
QL Marine Products Sdn Bhd	CL0450B16B7 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 Endau Marine Products Sdn. Bhd.	H.S.(M) 1763, PTD 4159 Jalan Tg. Merit, Mukim Padang Endau, District of Mersing Johor	(Nov 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
Chingsan Development Sdn. Bhd.	HS (D) 116843, PT54926 HS (D) 116B45, PT5492B Mukim Kapar, Daerah Klang, Negeri Selangor	(Dec 2009)
Chingsan Development Sdn. Bhd.	PT 17697, HSD 142752 & PT 1769B, HSD 142753, Mukim Damansara, Selangor  No. 16 & 16A, Jalan Astaka UB/83, Bukit Jelutong, 40150 Shah Alam, Selangor	(Dec 2009)

<b>Tenure</b>	<b>Existing use</b>	<b>Land &amp; Build-up area</b>	<b>Net Book Value (RM'000)</b>	<b>Age of building (year)</b>
Leasehold to: 30.12.2044	Oil Palm Estate	14,177 Ha	65,029	1
Leasehold to 27.4.2929 Leasehold to 20.11.2928	Surimi & Fishmeal Factory	26 acres 3 acres Build up area 227,300 square feet	15,843	6
Leasehold to: 31.12.2104	Industrial Land	871,200 square feet	10,477	N/A
Leasehold to: 31.12.2104	Industrial Land	871,200 square feet	10,418	N/A
Leasehold to: 25.11.2061	Vacant Industrial land	1.3152 ha	8,842	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 Build up area 19.80 ha	8,814	10
Freehold	Fishmeal factory, warehouse cum office	Gross Build-up area of 7,544 square metre  4.365 ha	8,539	6
Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha Build up area 31.00 ha	8,101	12
Freehold	Vacant Industrial land	11.26 acres	8,000	N/A
Freehold	2 units of semi-detached factories of 3 storey use as corporate head office	Gross build up area 3,459.89 square metres 3,150.10 square metres	7,965	4

# SHAREHOLDERS' ANALYSIS REPORT

Authorised share capital	RM200,000,000
Issued and paid up capital	: RM197,586,040
Type of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per ordinary share

## Shareholders By Size Of Holdings, Directors' Shareholdings, Substantial Shareholders

No. of Holders	Holdings	Total Holdings	%
99	less than 100	4,173	0.00
379	100 to 1,000	242,487	0.06
2,298	1,001 to 10,000	10,789,946	2.76
1,086	10,001 to 100,000	32,597,268	8.34
224	100,001 to less than 5% of issued shares	106,470,505	27.26
2	5% and above of issued shares	240,531,301	61.57
4,088		390,635,680	100.00

Note:-

Based on adjusted issued share capital of 390,635,680 ordinary shares of RM0.50 each after deducting 4,536,400 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 31 of the Annual Report.

## Substantial Shareholders

Name of Shareholders	Shareholdings	%
1. CBG Holding Sdn. Bhd.	186,293,341	47.69
2. Farsathy Holding Sdn. Bhd.	53,668,770	13.74

## Substantial Shareholders

Name of Shareholders	Shareholdings	%
1 CBG HOLDINGS SDN BHD	186,893,341	47.84
2 FARSATHY HOLDINGS SDN BHD	53,637,960	13.73
3 AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	6,351,340	1.63
4 LIU SIN	2,404,080	0.62
5 CHEAH YAW SONG	2,403,040	0.62
6 CHIA TEOW GUAN	2,098,000	0.54
7 HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : NOMURA ASSET MGMT MALAYSIA FOR EMPLOYEES PROVIDENT FUND	2,000,000	0.51
8 TAN SWEE KWONG	1,988,200	0.51
9 CHIA SIANG ENG	1,988,155	0.51
10 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	1,858,100	0.48
11 CHIA SONG PHUAN	1,684,260	0.43
12 CHIA BAK LANG 1,620,000	0.41	
13 CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	1,568,160	0.40
14 SBB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	1,524,900	0.39
15 ATTRACTIVE FEATURES SDN. BHD.	1,500,000	0.38
16 KHOO NG HIONG	1,480,000	0.38
17 KEE SIOK HIN	1,438,000	0.37
18 JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (STA 2)	1,409,901	0.36
19 LIU FUI MOY	1,306,600	0.33
20 TAN THEAN HOCK	1,245,660	0.32
21 HLB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,200,000	0.31
22 MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	1,200,000	0.31
23 AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LOW LEH KIAN	1,000,000	0.26
24 MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	996,000	0.25
25 PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIAU SU FAH (E-TWU)	973,120	0.25
26 LAU SAM SIONG	950,000	0.24
27 MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	945,600	0.24
28 LIU SIN	903,600	0.23
29 HONG LEONG ASSURANCE BERHAD BENEFICIARY : AS BENEFICIAL OWNER (UNITLINKED GF)	900,000	0.23
30 TENGKU ZAINAL RASHID BIN TENGKU MAHMOOD	900,000	0.23

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 13th Annual General Meeting has been scheduled on Tuesday, 24 August 2010 at 10.00 a.m. to be held at Topas Room, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

## Agenda

- (1) To receive and adopt the Financial Statements for the financial year ended 31 March 2010 together with the Directors' and Auditors' Report thereon. **Resolution 1**
- (2) To declare a final dividend of 7.5 sen per ordinary share of RM0.50 each single tier exempt dividend in respect of the financial year ended 31 March 2010. **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 Fatt **Resolution 3**  
Mr. Chia Song Kooi **Resolution 4**  
Mr. Teh Kim Teh **Resolution 5**
- (4) 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**
- (5) To approve the Directors' fees for the financial year ended 31 March 2010. **Resolution 7**
- (6) To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

## (7) 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**

- (8) 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 30 September 2010 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 September 2010.

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 2010 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 2010**

### 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 13th Annual General Meeting are available on Pages 14 to 18 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.

As at date of notice, 65,172,080 new shares were allotted on 28 January 2010 pursuant to the bonus issue of 1 new share for every 5 existing shares.



## RECURRENT RELATED PARTY TRANSACTIONS

Of Revenue Or Trading Nature Of QL Resources Berhad Group

### Existing RRPT

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of our forthcoming AGM to the next AGM*	Actual Transacted value for financial year ended 31 March 2010	Mandate Received from last year's AGM	Actual Transacted value for the period 25 August 2009 to 30 June 2010
			RM	RM	RM	RM
Purchase of animal feeds from QL Livestock Farming Sdn. Bhd.	Success Portfolio Sdn. Bhd.	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd. (1) Farsathy Holdings Sdn. Bhd. (2)	4,200,000.00	3,848,885.00	4,200,000.00	3,842,813.00
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	CBG Holdings Sdn. Bhd. (1) Farsathy Holdings Sdn. Bhd. (2)	14,000,000.00	8,038,217.00	14,000,000.00	7,482,276.00
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd.	Arena Dijaya Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. (1) Farsathy Holdings Sdn. Bhd. (2)	4,500,000.00	2,547,626.00	6,500,000.00	2,390,823.00
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. (1) Farsathy Holdings Sdn. Bhd. (2)	4,500,000.00	2,817,834.00	6,500,000.00	2,566,741.00

### Additional RRPT

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of our forthcoming AGM to the next AGM*
			RM
Purchase of animal feeds from QL Livestock Farming Sdn. Bhd.	Green Breeder Sdn. Bhd.	Dr Ng Siew Thiam	3,000,000.00
Purchase of eggs, broiler and surimi based products from QL Agroventures Sdn. Bhd.	C Care Enterprise Sdn. Bhd.	Chia Soon Hooi Chia Mak Hooi	2,000,000.00
Purchase of surimi from QL Foods Sdn. Bhd. (QLF)	Fusipim Sdn. Bhd.	Chia family Eng Seng Poo	1,500,000.00
Purchase of surimi-based products from QLF	Mr Cheah Joo Keang	Cheah Yaw Song Cheah Juw Teck	2,500,000.00

## Additional RRPT

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of our forthcoming AGM to the next AGM*
			RM
Sale of fish to QLF	Sin Teow Fatt Trading Co.	Chia family Cheah Juw Teck Chia Mak Hooi	800,000.00
Purchase of spare parts by QL Endau Deep Sea Fishing Sdn. Bhd. (QLEDSF)	Keang Huat Trading Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Chua Lee Guan	3,000,000.00
Purchase of spare parts by QL Endau Fishmeal Sdn. Bhd. (QLEF)	Keang Huat Trading Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Chua Lee Guan	150,000.00
Purchase of spare parts by QL Endau Marine Products Sdn. Bhd. (QLEMP)	Keang Huat Trading Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Chua Lee Guan	150,000.00
Sale of fish by QLEDSF	Perikanan Sri Tanjung Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	250,000.00
Sale of fish by QLEDSF	Timurikan Trengganu Marine Products Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	800,000.00
Sale of fish by QLEF	Timurikan Trengganu Marine Products Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	200,000.00
Purchase of fish by QLEMP	Timurikan Trengganu Marine Products Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	800,000.00
Purchase of fish by QLEMP	Perikanan Sri Tanjung Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	1,000,000.00
Sale of fish by QLEF	Perikanan Sri Tanjung Sdn. Bhd.	Lim Kwan Cheang Sim Chin Swee Heng Hup Peng	200,000.00
Sale of fresh fruit bunch to QL Plantation Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd.(1) Farsathy Holdings Sdn. Bhd.(2)	5,000,000.00

# RECURRENT RELATED PARTY TRANSACTIONS

Of Revenue Or Trading Nature Of QL Resources Berhad Group

Notes:

\* The above estimated values of transactions are based on values transacted for the year ended 31 March 2010. 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:

- **Green Breeder Sdn. Bhd.** is a company involved in livestock breeding. The directors are Dr Ng Siew Thiam and spouse. The major shareholders is May Hoo Trading Sdn. Bhd. owned by Dr Ng Siew Thiam and spouse.
- **C Care Enterprise Sdn. Bhd.** ("C Care") is a retail shop owned by Mr. Chia Soon Hooi and spouse. They are also directors of C Care. Mr Chia Soon Hooi is the brother of Mr. Chia Mak Hooi, a director of QL Agroventures Sdn. Bhd.
- **Fusipim** is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr Eng Seng Poo. Madam Chia Kah Chuan is the sister of Mr Cheah Yaw Song, a director of QL Foods Sdn. Bhd. ("QL Foods") and family member of the Chia family.
- **Cheah Joo Kiang** is the son of Mr Cheah Yaw Song who is a director of QL Foods.
- **Sin Teow Fatt Trading Co.** is a partnership involved in fish wholesale and it is owned by Mr Chia Teow Guan, Mr Chia Song Pou, Mr Cheah Yaw Song and Mr Chia Song Phuan. The directors of QL Foods are Mr Chia Song Kun, Mr Chia Seong Pow, Mr Cheah Yaw Song, Mr Chia Teow Guan, Mr Chia Song Phuan and Mr Cheah Juw Teck. QL Foods is wholly owned subsidiary of QL Fishery Sdn. Bhd.

• **Keang Huat Trading Sdn. Bhd. ("KH")** is a trading company of all kinds of hardware, marine engines and fishing equipment. Mr Lim Kwan Cheang, Mr Sim Chin Swee and Mr Chua Lee Guan are directors and substantial shareholders of KH. KH is also a major shareholder of QL Endau Marine Products Sdn. Bhd. ("QLEMP").

• **Perikanan Sri Tanjung Sdn. Bhd. ("ST")** is into deep sea fishing operation. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of ST. They are also shareholders of QLEMP. Mr Lim Kwan Cheang, Mr Sim Chin Swee and Mr Heng Hup Peng are directors of QLEMP and QL Endau Fishmeal Sdn. Bhd. ("QLEF").

• **Timurikan Trengganu Marine Products Sdn. Bhd. ("TTM")** is a company trading in edible fish. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of TTM. They are also shareholders of QLEMP. Mr Lim Kwan Cheang, Mr Sim Chin Swee and Mr Heng Hup Peng are directors of QLEMP & QLEF.

• **Success Portfolio Sdn. Bhd. ("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)")** 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)")** 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")** 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.





# FORM OF PROXY

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 13th Annual General Meeting of the Company, to be held at Topas Room, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 24th day of August 2010 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 13th 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 \_\_\_\_\_ 2010

\_\_\_\_\_  
Signature/ Seal

\_\_\_\_\_  
No. of shares held

## 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 13th Annual General Meeting are available on Pages 14 to 18 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.

As at date of notice, 65,172,080 new shares were allotted on 28 January 2010 pursuant to the bonus issue of 1 new share for every 5 existing shares.

*fold here*

**Stamp**

**The Secretary,**

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

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

*fold here*



全利資源有限公司  
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