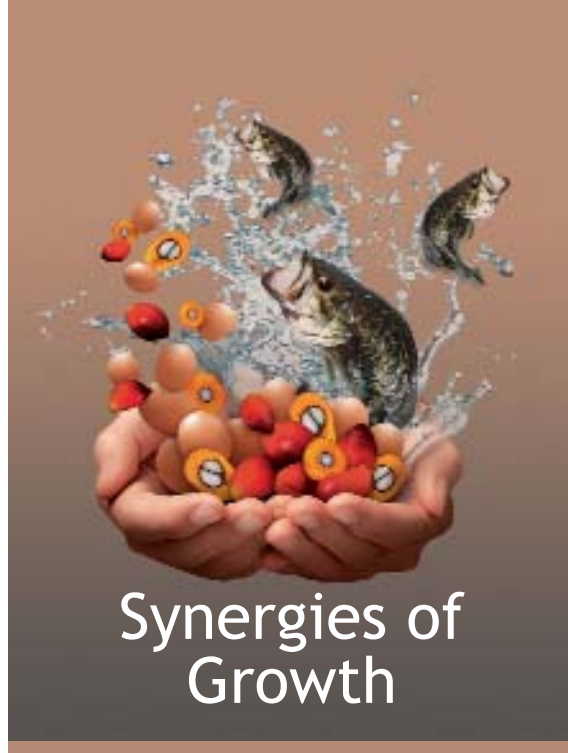




Synergies of Growth

2008  
annual report



This year's annual report cover represents synergies of core business activities that QL Resources harnesses to enhance corporate productivity and growth.

We create nourishing products  
from agro resources, leading to  
benefit for all parties.

To be the preferred global agro based  
enterprise.

# Mission Vision Values Personality

Integrity, Win-win,  
Team Work and Innovative.

Progressive, Trustworthy,  
Initiative and Humility.



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A large school of fish, possibly sardines or anchovies, swimming in clear blue water. The fish are seen from above, creating a dense, textured pattern of dark shapes against the lighter blue background. The school is moving in a coordinated fashion, with many fish pointing in the same direction.

# Marine Products Manufacturing



QL is Asia's largest producer of semi-processed raw fish paste (surimi) and the largest producer of fishmeal and surimi-based products in Malaysia. Our Marine Products Division is a fully-integrated manufacturing operation that processes surimi, fishmeal, and other surimi-based products. It also operates a deep-sea fishing fleet that is one of the largest in Malaysia.





# Integrated Livestock Farming





QL is a key player in agricultural-based food production and processing, with major assets in egg farming and animal feed raw material distribution. We are one of the country's largest poultry egg producers, with over 6 farms throughout Peninsular and East Malaysia producing over 2 million eggs daily. The Company is also a leading local distributor of corn and soyabean meal for commercial animal feed products.





# Palm Oil Activities





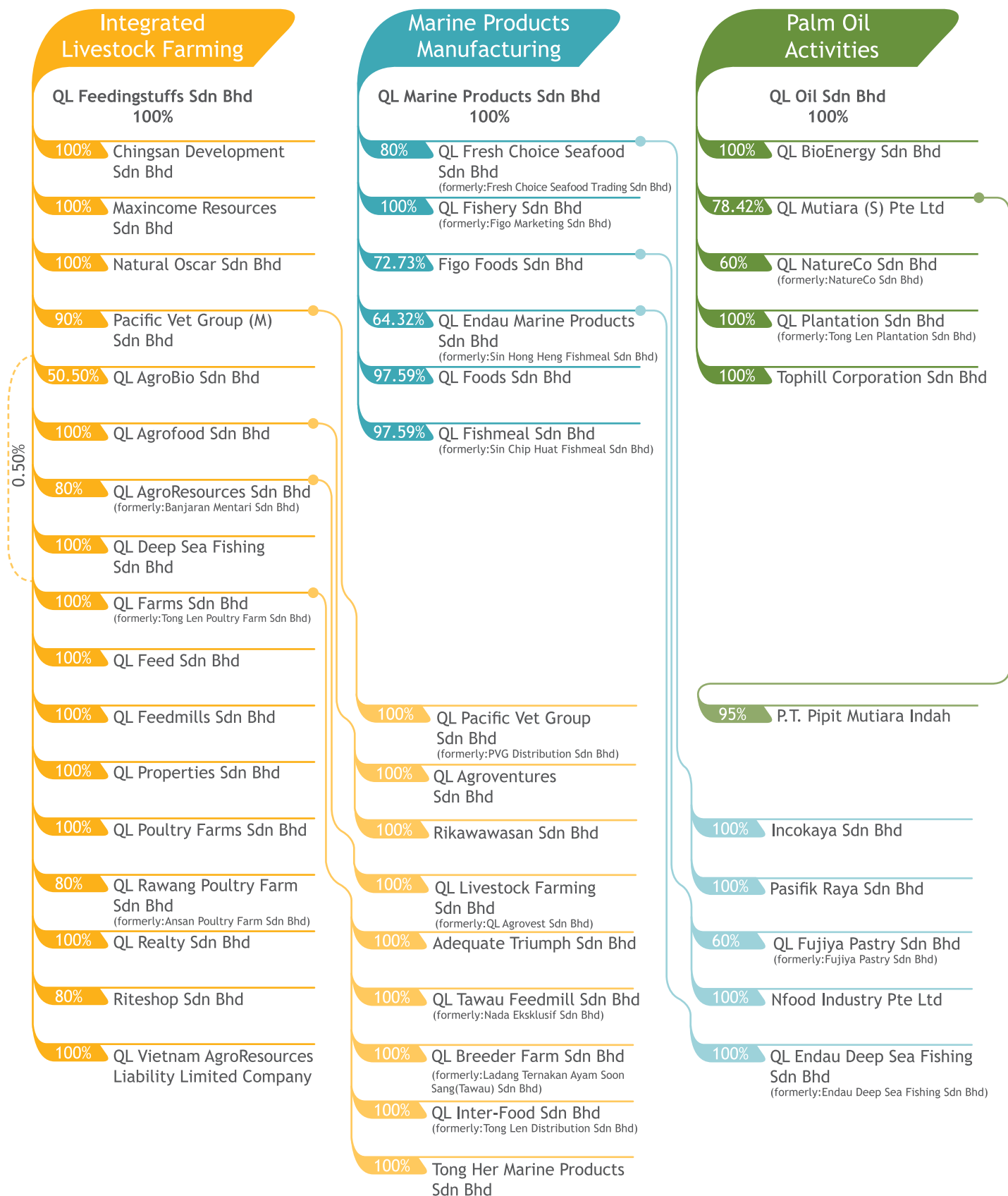
Crude palm oil (CPO) milling and oil plantation development are an important and growing component of the QL portfolio. The Company owns and operates 2 CPO mills located near Tawau and Kunak in Sabah, East Malaysia, as well as 3,000 acres of mature acreage in the state. It also has 20,000 hectares under oil palm development in Eastern Kalimantan, Indonesia.



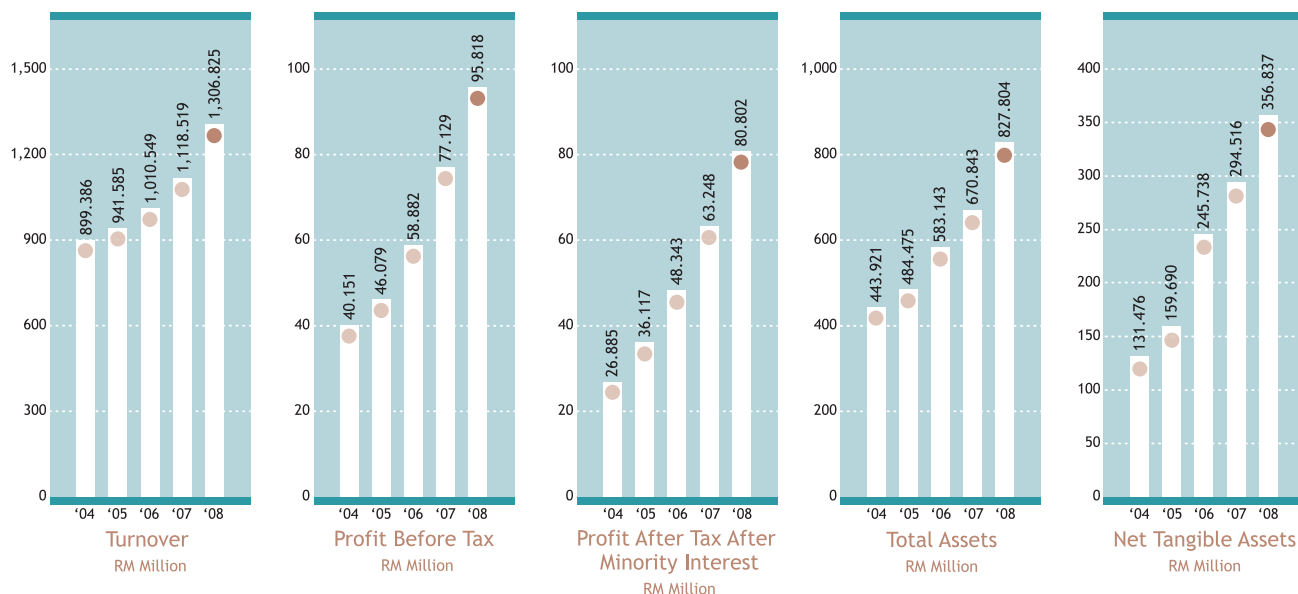


# QL Group's Corporate Structure

as at 30 June 2008



# Five Years Financial Summary



	2004 RM MIL	2005 RM MIL	2006 RM MIL Restated	2007 RM MIL	2008 RM MIL
Turnover	899.386	941.585	1,010.549	1,118.519	1,306.825
Profit Before Tax	40.151	46.079	58.882 **	77.129	95.818
Profit After Tax After Minority Interest	26.885	36.117	48.343	63.248	80.802
Total Assets	443.921	484.475	583.143	670.843	827.804
Net Tangible Assets	131.476	159.690	245.738	294.516	356.837
Profit as % of Turnover					
- Before Tax	4.46	4.89	5.84	6.90	7.33
- After Tax	2.99	3.83	4.78	5.65	6.18
Earnings Per Share (sen) - Basic #	9	12	15 ^	19	24
Net Tangible Assets Per Share (sen)	219.13	106.46	111.70	133.87	162.20
Paid-up Share Capital	60.000	75.000	110.000	110.000	110.000
No. of Share in Issue	60.000	150.000	220.000	220.000	220.000

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

^ Adjusted for share placements in 2006.

\*\* Restated to comply with FRS.

# Corporate Information

## Board of Directors

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

**Mr. Chia Song Kun**  
*Managing Director*

**Mr. Chia Seong Pow**  
*Executive Director*

**Mr. Chia Seong Fatt**  
*Executive Director*

**Mr. Chia Song Kooi**  
*Executive Director*

**Mr. Chia Song Swa**  
*Executive Director*

**Mr. Chia Mak Hooi**  
*Executive Director*

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

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

## Company Secretary

**Ms. Ng Geok Ping**  
(MAICSA 7013090)

## Auditors

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

## Audit Committee

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

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

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

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

## Remuneration Committee

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

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

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



#### Nomination Committee

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

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

#### Registered Office

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

#### Principal Bankers

CIMB Bank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
Bank Muamalat Malaysia Berhad

#### Registrars

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

#### Stock Exchange Listing

Main Board of Bursa Malaysia  
Securities Berhad

#### Investor Relation

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

QL RESOURCES BERHAD

# Board of Directors



01

02

03

04

05

06

07

08

09

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





# Directors' Profile

**YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood**  
age 69, Malaysian,

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

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

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

In addition to maritime bodies, Yang Mulia Tengku is also an active participant in the affairs of Chambers of Commerce. He is past President of the Malaysian International Chamber of Commerce and Industry (MICCI) and a Vice-President of the National Chamber of Commerce and Industry of Malaysia (NCCIM). At the Asean level, he is Malaysia Chairman of the Asean Chambers of Commerce and Industry. Yang Mulia Tengku was also on the board of MIDA, a Council Member of the Malaysia-India Business Council and the Malaysian Norway Business Council and a Director of Port Klang Free Zone Sdn. Bhd., a GLC.

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

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

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

**Mr Chia Song Kun**  
age 58, Malaysian,

is the Managing Director of the Company since 3 January 2000.

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

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

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

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

Together with the help of his family members, he has successfully nurtured, developed and transformed the QL Group into a diversified agricultural based group with an annual turnover of more than RM1 billion.

He is also a founder member and a non-executive director of Inti Universal Holdings Berhad, a company listed on the Bursa Malaysia Securities Berhad. The Company is one of the leading private colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia.

He is also a non-executive director of Eita Holdings Sdn. Bhd., a group of companies which is involved in the trading of electrical, information technology and business automation products.

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

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

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

**Mr Chia Seong Pow**  
age 52, Malaysian,

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

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

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd., a substantial shareholder of QL, as Marketing Director in 1984. He has more than 23 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

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

A majority of the Group's new expansion programmes were initiated by him.

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

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

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

**Mr Chia Seong Fatt**  
age 52, Malaysian,

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

He obtained his B.Sc. Honours degree in chemistry from University of London in 1979. He practised as an industrial chemist for 3 years before he pursued further studies in University Malaya.

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

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

In 1991, he was appointed as Managing Director of QL Farms Sdn. Bhd. (Formerly known as Tong Len Poultry Farm Sdn. Bhd.) a subsidiary of QL to take charge of its operations in Tawau. In January 1996 he was appointed an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and CPO milling operations. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd., however he is still in charge of layer, broiler farm and CPO milling operations in Tawau.

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

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

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

**Mr Chia Song Kooi**  
age 48, Malaysian,

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

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

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

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has 19 years experience in farm management and in trading of raw materials for farm use. He is currently the Deputy Chairman of Sabah Livestock Poultry Association. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd. He is overall in charge of the group's Kota Kinabalu operations.

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

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

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

# Directors' Profile

**Mr Chia Song Swa**  
age 48, Malaysian,

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

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

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

In 1987 he joined QL Feedingstuffs Sdn. Bhd. as a sales executive and was appointed as a director of QL Feedingstuffs Sdn. Bhd. in 22 June 1987. In line with the transfer of business from QL Feedingstuffs Sdn. Bhd. to QL Feed Sdn. Bhd., he was appointed as the director in charge of sales and trading function at QL Feed Sdn. Bhd. As a result of his vast experience in feed raw material distribution, he has helped the Company to establish a very strong distribution network.

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

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

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

**Mr Chia Mak Hooi**  
age 43, Malaysian,

is an Executive Director of the Company.

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

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

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

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

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

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



**Mr Chieng Ing Huong, Eddy**  
age 50, Malaysian,

is a Senior Independent and Non-Executive Director of the Company since 24 December 2001. He is a member of Audit, Nomination and Remuneration Committees.

Mr Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He is qualified as a Chartered Accountant in 1981 and he is a member of the Institute of Chartered Accountants, Australia. He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

He has extensive senior management and working experience in both Malaysia and Australia. He was the Founder/Director and substantial shareholder of Nationwide Express Courier Services Berhad, a company listed on the Main Board of the Bursa Malaysia Securities Berhad.

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

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

He does not have any family relationship with any director and/or major shareholder of the Company. Mr Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.

**Mr Teh Kim Teh**  
age 54, Malaysian,

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

He completed his ICSA course in Tuanku Abdul Rahman College and was admitted as an Associate of the Institute of Chartered Secretaries and Administrators, England in 1980. He worked as a company secretary cum management consultant before studying law in England.

He graduated from the University of The West of England and obtained LL.B (Hons) in 1986 and obtained his Certificate For Legal Practice, Malaysia in 1990 and he was called to the Malaysian Bar in 1991.

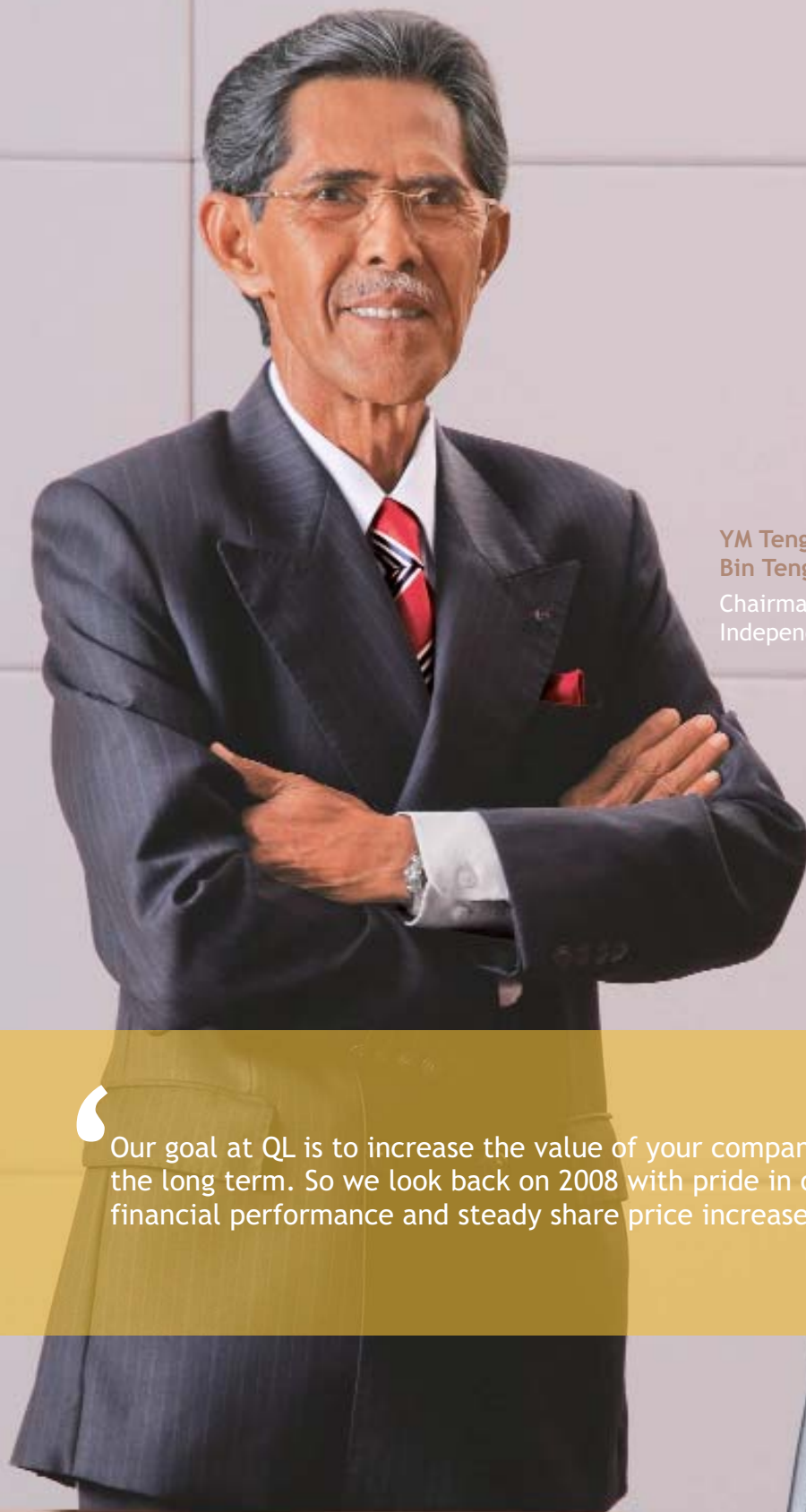
Mr. Teh was a law lecturer in various colleges prior to practising as an advocate and solicitor. He is presently the principal partner of Messrs. Teh Kim Teh, Salina & Co., a legal firm in Klang, Selangor.

He was an independent director of Audrey International (M) Berhad from 1999 to 2001.

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

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

# Chairman's Statement



YM Tengku Dato' Zainal Rashid  
Bin Tengku Mahmood

Chairman,  
Independent Non-Executive Director

‘ Our goal at QL is to increase the value of your company for the long term. So we look back on 2008 with pride in our financial performance and steady share price increases. ’



## Results

I am very pleased to report on a further set of impressive results.

### **Sales:**

RM1.307 Billion (2007: RM1.119 Billion) Up 17%

### **Group Profit before Tax:**

RM95.818 Million (2007: RM77.129 Million) Up 24%

### **Basic Earning Per Share:**

24 Sen (2007: 19 sen) Up 26%

## Dividends

These excellent results allow QL to continue the progressive dividend payout policy adopted over recent years and recommend a final dividend of 6.5 sen (single-tier exempt) per 50 sen share (2007: 4.87 sen (net) per 50 sen share).

## Share Buyback

At the last Extraordinary General Meeting (22.5.08) shareholders gave authority for purchase of QL shares for up to 10% of the issued share capital.

## Bonus Issues

QL have a respectable track record in respect of bonus issues since listing in March 2000.

### 1. November 2001

Bonus issue of 20 million new ordinary shares of RM1.00 each, on the basis of One new ordinary share for every Two existing ordinary shares.

### 2. March 2004

Bonus issue of 15 million new ordinary shares of RM1.00 each, on the basis of One new ordinary share for every Four existing ordinary shares.

### 3. August 2005

Bonus issue of 50 million new ordinary shares of RM0.50 each, on the basis of One new ordinary shares for every Three existing ordinary shares.

### 4. June 2008

Bonus issue of up to 110,000,000 new ordinary shares of RM0.50 each on the basis of One new ordinary Share for every Two existing ordinary shares.

QL hope to continue with this excellent track record.

## Employees

On behalf of QL, I express my sincere thanks to all the Group's employees for their contribution towards achieving yet another excellent performance, and I look forward to another outstanding results for year 2009.

## Making A Difference

As part of our Corporate social responsibility, QL have donated RM50,000 each for the Earthquake Victims in China & Cyclone victims in Myanmar. I would also like to thank all QL staff who have personally contributed to these disaster relief fund and continue to make a difference to people who have been affected by these tragic disasters.

## Congratulation


I would also like to congratulate our Group Managing Director, Mr Chia Song Kun on the conferment of an honorary Doctorate by the University of Hertfordshire (UK) in July 2008, in recognition of his outstanding contribution to the development of business and education in Malaysia.

## Goals

Our goal at QL is to increase the value of your company for the long term. So we look back on 2008 with pride in our financial performance and steady share price increases. These are remarkable results and all the more so because these were achieved against the headwind of world wide inflationary pressure and economic slowdown.

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

# Group Managing Director's Report



“Our continuing growth stories tell you that our strategy is working. The results mean more than one good year, a sustainable trend with consistent upward growth.”

Mr. Chia Song Kun  
Managing Director

I am proud of our 2008 performance. Our continuing growth stories tell you that our strategy is working. The results mean more than one good year, a sustainable trend with consistent upward growth.

Our last 8 years since our debut on Bursa Malaysia on 30th March 2000, make the point:

1. Earnings after tax's CAGR of 26%.
2. Average yearly dividend payout ratio of 25%.
3. Average yearly ROE of 22%.
4. Average share investment returns' CAGR of 30%.

I hope the consistency is reassuring to you. We have a few goals in mind and among them are to make QL financial performance continue to be sustainable; a company with proven growth capabilities; and a leader and innovator in its markets. We have made great progress toward those goals. Let me highlight our 2008 performance and outlook going forward.

#### **Outlook for Marine Product Manufacturing Activities (MPM)**

MPM operations achieved a higher profit of RM39 million (up 16%) against revenue of RM273 million (up 11%). The improvements are mainly due to higher contribution from surimi-based products and higher surimi prices.

In order to further improve our earnings and operational efficiency, we are allocating about RM100 million over the next two years mainly to upgrade factory operations, conversion to biomass plant, and building deep sea vessels. We have also put in place plan for expansion into nearby regional countries.

The recent increase in diesel prices has increased the cost of doing business but with rebates, the industry remains competitive compared to our neighbouring countries and we are confident of maintaining our margins.'



#### Outlook for Integrated Livestock Farming (ILF)

ILF operations achieved a profit of RM47 million (up 37%) against revenue of RM732 million (up 11%). The improvements are mainly due to better margins from farm produced and raw material trade.

In the midst of escalating cost, this division has proved its resilience by passing on costs and maintaining its margin and it also shows its growth potential.

In these challenging times, we view the current economic climate as opportunity rather than threat especially so with many weaker players facing working capital constraints and inefficiencies. The industry is currently ripe for consolidation and rationalisation. There are many opportunities for acquisition.

We have recently acquired Heap Loong Poultry Farm Sdn Bhd (based in Kulim, Kedah), a poultry egg producer with output of 330,000 eggs per day. With this acquisition, total group egg production is about 2 million eggs per day.

For the next two years, we have budgeted capital expenditures of RM120 million for ILF activities. We are looking at increasing our production capacity in integrated farming involving breeder farm, feedmilling and broiler farming in East Malaysia.

Our integrated farming project in Tay Ninh, near Ho Chi Minh, Vietnam has also received clearance from relevant authorities. We are working forwards duplicating our ILF activities in Vietnam.

#### Outlook for Palm Oil Activities (POA)

POA Activities achieved a profit of RM10 million (up 6%) against revenue of RM 302 million (up 40%). 2008 has not been a good year due to milling margins continuing to be squeezed by lower OER (Oil Extraction Rate) due to exceptionally high rainfall in East Malaysia as well as competition for FFB supplies.

With only two CPO mills and 3,000 acres (of various maturity) all these years, the contribution is mainly from CPO milling. However, on the brighter side, going forward, the 3,000 acres of our own plantation should be fully mature and expect to give significant contribution in 2009 given the current high price of CPO.

Our Indonesia Oil Palm plantation is currently developing very smoothly. We have already planted 7,000 acres as at 30th June 2008 and our current planting program is about 10,000 acres per year and by 31st March 2011, we should have completed planting 35,000 acres of plantable areas. With this planting program, we see significant contribution from this division in financial year ending 31st March 2012.

Also in this division, we are looking actively on how to unlock and create further value in the area of palm biomass.

#### Challenges

We are in the midst of an agricultural commodity up-cycle which is basically triggered by soaring population growth, rising income and demand for better quality food, severe supply constraint and increasing urbanisation. In this type of environment, QL's business model has been proven to be able to continue to deliver sustainable results.

The strength and capability of management, staff and our culture has also enable us to focus on delivering results year after year. We are mindful of the risks associated with expected slowdown in the world economy but we are confident we will deliver further shareholder value in 2009.

But, I am very excited about the way going forward and our plans for further value creation for the shareholders of QL. In closing, I would like to express my thanks to all QL employees, business partners and shareholders for their strong support. As always, I look forward to seeing as many of you as possible at our annual shareholders' meeting.



# Audit Committee Report

## Membership

The present members of the Audit Committee comprise:-

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

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

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

Mr Teh Kim Teh  
**Member/Independent Non-Executive Director**

## Attendance at Meetings

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

Name of member	Number of meetings attended
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	4
Mr. Chia Song Kun	4
Mr. Chieng Ing Huong, Eddy	4
Mr Teh Kim Teh	4

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

## Summary of Activities during the Financial Year

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and the audit plans for the year prior to the commencement of audit.
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- Reviewed the internal audit department's resources requirements, programme and plan for the financial year under review.

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

## Internal audit function

The Company has outsourced its internal audit function to an independent professional consulting firm. Together with the Risk Management Manager, which is tasked with the aim of providing assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management in the Company. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices. Total costs incurred for the internal audit function amounted to RM119,000 for the financial year ended 31 March 2008.

## Terms Of Reference

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

### 1. Memberships

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

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

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

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

### 2. Authority

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

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

### 3. Functions of the Committee:

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

# Audit Committee Report

## 4. Attendance at Meetings

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

The company secretary shall be the secretary of the Committee.

## 5. Procedure Of The Committee:

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

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

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

## 6. Quorum

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

## 7. Frequency of Meetings

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



# Corporate Governance Statement

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

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

## A. BOARD OF DIRECTORS

### (a) Board responsibilities

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

- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed.
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Maintaining shareholder and investor relations for the Company.
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### (b) Board Meetings

During the financial year ended 31 March 2008, the Board met on four (4) occasions and 49 circular resolutions were passed; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

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

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

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

# Corporate Governance Statement

## **(c) Board balance**

As at the date of this statement, the Board consists of nine members; comprising one Independent and Non-Executive Chairman, six Executive Directors and two Independent and Non-executive Directors. The size and composition of the Board is optimum and well balanced. A brief profile of each Director is presented on pages 16 to 19 of this annual report. The Directors have wide ranging experience and all have occupied or currently occupying senior positions both in the public and private sectors. The Board has appointed Mr Chieng Ing Huong, Eddy as the Senior Independent and Non-executive Director to whom concerns may be conveyed.

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

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

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

## **(d) Supply of Information**

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

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

## **(e) Appointments to the Board**

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

The Executive Committee of the Company was established on December 2004 interlia, deliberate on issues relating to any proposed capital investments, business ventures and other policy matters related to the Group's business, for recommendation to the Board for their approval.

The Audit Committee of the Board has been in place since January 1999. It presently comprises three Independent Non-Executive Directors and the Managing Director. Its terms of reference of the Audit Committee have been amended pursuant to the amendments to the Bursa's Listing requirements and have been approved by the Board on 21 February 2008. A summary of its activities are set out on page 24 to 26 of this Annual Report.

The Nomination Committee comprised the following members during the year:

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

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

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

The Nomination Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations as to the appointment of new Directors and review the contribution of each individual Director on an annual basis. The Committee also keeps under review the Board structure, size and composition as well as considering the Board succession planning. This Committee has reviewed the annual assessment of the Directors' performance as a whole and individually and will recommend to the Board its findings for further action.

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

The Directors undergoes training to equip themselves to effectively discharge its duties as a Director and for that purpose he ensures that he attends such training programmes. All the Directors have completed the Mandatory Accreditation Programme as specified by Bursa Securities. For the year under review, the Directors have undergone continuous training which they deem relevant to keep abreast on issues facing the changing business environment.

Training Programmes, Seminar and Briefings attended by Directors in 2007/2008.

Seminar/Course	Organiser
1 Improving Board of Directors' Performance, Leadership and Governance	Knowledge Group Consulting
2 Crucial Update on New Corporate Governance Requirements in Malaysia	Columbus Circle Governance Sdn. Bhd.
3 Biomass to Liquid Fuels : Sharing Experience	Malaysian Palm Oil Board
4 1st Asian Entrepreneurs Business Exchange	Persatuan Usahawan Muda Malaysia
5 National Entrepreneurs Convention	Mastery Development
6 Malaysia - The New Arena	CPA Malaysia & Bursa Malaysia
7 Contract Law	Vizier Meridian
8 Tax Strategies for Overseas Projects & Investments - Venturing into Indonesia	Deloitte Tax Academy
9 Preparing for the Single-Tier Tax System	Deloitte Tax Academy
10 Annual Executive Tax Briefing 2007	KPMG Tax Services Sdn. Bhd.
11 2007 International Conference on BioFuel	Malaysia Palm Oil Board
12 Annual Palm & Lauric Oils Conderence & Exhibition : Price Outlook 2008/2009	Bursa Malaysia
13 Global Market Forces/Globalisation Its Impact on Bursa Malaysia	Hwang-DBS Securities Berhad
14 Sectoral Analysis on Bursa Malaysia	Hwang-DBS Securities Berhad

#### (f) Re-election

The Articles of Association of the Company provide that one third of the Board members are required to retire at every Annual General Meeting and be subject to re-election by shareholders. Newly appointed directors shall hold

# Corporate Governance Statement

office until the next annual general meeting and shall be subject to re-election by the shareholders. The Articles of Association provided that all Directors shall retire once every three years.

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

## B. DIRECTORS' REMUNERATION

### (a) Remuneration Committee

The members of the Remuneration Committee during the year were:

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

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

Mr Chia Song Kun  
- Managing Director

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

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

### (b) Details of the Directors' remuneration

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

Subject Aggregate Remuneration	Executive Directors RM	Non-Executive Directors RM
• Directors' fees	558,000	174,000
• Salaries	1,847,130	-
• Allowance	13,200	-
• Bonuses	2,391,265	-
• Benefits in kind based on an estimated money value	92,558	-
Total	4,902,153	174,000

Band (RM)	No. of Directors	No. of Directors
50,000 and below		1
50,001 - 100,000		2
450,001 - 500,000	1	
650,001 - 700,000	2	
750,001 - 800,000	1	
850,001 - 900,000	1	
1,000,001 - 1,500,000	1	

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



## C. SHAREHOLDERS

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

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

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

## D. ACCOUNTABILITY AND AUDIT

### (a) Financial reporting

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

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

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

Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 33 of this annual report.

### (b) Internal controls

The Statement on Internal Control furnished on pages 34 to 35 of the annual report provides an overview of the state of internal controls within the Group.

### (c) Relationship with the Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operation the external auditors have highlighted to the Audit Committee and the Board, matters that requires the Board's attention. The external auditors provide statutory audit function to the Group.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 24 to 26 of the annual report.

### (d) Corporate Social Responsibility

The Report on Corporate Social Responsibility of the Group is furnished on pages 36 to 37 of the annual report.

# Corporate Governance Statement

## E. OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 21 August 2007.

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

### (b) Share Buy Back

The Shareholders of the Company approved the proposed Share Buy Back during its EGM held on 22 May 2008.

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

### (c) Non-audit fee

The amount of non-audit fees charged for the financial year ended 31 March 2008 is RM59,000.00

Signed on behalf of the Board of Directors, in accordance with the Board of Directors' resolution dated 12 July 2008.

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

**Chia Song Kun**  
*Managing Director*

## ADDITIONAL COMPLIANCE INFORMATION

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

During the financial year under review, there were no:

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

# Statement of Directors' Responsibilities

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

In preparing those financial statements, the Directors have:

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

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

## Director's Shareholdings (as at 30 June 2008)

Name of directors	Direct	No. of shares held		Indirect	% ^
		% ^			
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	1,125,000	0.34	-	-	-
Chia Song Kun	187,500	0.06	156,949,458 *	47.60	
Chia Seong Pow	475,000	0.14	44,773,975 #	13.58	
Chia Song Kooi	75,000	0.02	155,395,458 **	47.12	
Chia Seong Fatt	135,000	0.04	44,473,975 ##	13.49	
Chia Song Swa	75,000	0.02	154,867,458 **	46.96	
Chia Mak Hooi	150,000	0.05	156,326,958 @	47.41	
Chieng Ing Huong	-	-	-	-	-
Teh Kim Teh	-	-	-	-	-

### Notes:

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

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

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

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

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

^ Based on the Issued and paid-up share capital of the Company comprising 329,756,800 ordinary shares and after deduction of 243,200 treasury shares retained by the Company as per Record of Depositors.



# Statement on Internal Control

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, the Board of Directors of QL Resources Berhad is pleased to provide the following statement on internal control on the state of internal control of the Group comprising QL Resources Berhad and its subsidiaries for the financial year ended 31 March 2008, which has been prepared in accordance with the “Statement on Internal Control - Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Malaysia.

The Statement on Internal Control outlines the nature and scope of internal control of the Group during the year.

## Board Responsibility

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

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

However, the Board recognises that reviewing of the Group’s system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. In striving for continuous improvement, the Board will put in place appropriate action plans, when necessary, to further enhance the Group’s system of internal controls.

## Internal Control

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

- **Organisational structure and accountability levels**

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

- **Strategic business planning processes**

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

- **Reporting and review**

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

- **Control procedures**

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

#### **Internal Audit**

Internal audits are carried out by an independent professional services firm to review the adequacy and integrity of the internal control systems of certain business units during the financial year ended 31 March 2008. The internal audit team had completed the review of certain internal controls for selected subsidiaries in the Group and had highlighted to the executive and operational management on areas for improvement. The reports are submitted to the Audit Committee, which reviews the findings with management at the Audit Committee Meeting. In assessing the adequacy and effectiveness of the system of internal controls of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

#### **Risk Management**

The Board have formalised a Risk Management framework that projects the Group's desire to identify, evaluate and manage significant business risks. The Risk Management Committee had carried out its duties in accordance with the Group's Risk Management Policies and Procedures.

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

The Group's risk management framework ensures that significant risks are continuously identified and that instituted controls are appropriate and effectively applied by the Management to achieve acceptable exposures consistent with the Group's risk management practices.

#### **Associated company**

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

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2008. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

# Report on Corporate Social Responsibilities

QL's CSR activities are usually centred on the following areas:

1. Environment.
2. Communities
3. Work Place

Below are highlights of our 2008 CSR activities:

## ENVIRONMENT

Reducing our carbon footprint and improving energy efficiency

As mentioned in last report, we strive to reduce waste and improve our operations and at the same time benefiting the environment. QL's drive for improved energy efficiency has a direct positive impact on our greenhouse gas (GHG) emissions. Additional reduction of GHG emissions is achieved through a number of our factories switching to biomass fuels such as risk husks, sawdust and palm empty fruit bunch.

### Marine Products Manufacturing Activities

During the year under review, our fishmeal plants in Hutan Melintang (Perak) and Endau (East Johore) have completed conversion into using renewable bio-fuel (dried padi husk) instead of fossil fuel in our steam drying production process.

Our fishmeal plant in Kota Kinabalu (Sabah) is currently undergoing conversion and should start using renewable bio-fuel process by December 2008.

### Palm Oil Activities

In order to further reduce our carbon footprint, we have made progress in our Palm Oil Activities. We have carried out in-depth study on how to further tap the value chain of CPO mills waste and we are looking into areas involving Palm Oil Mill Effluent (POME) bio-gas, EFB (Empty Fruit Bunch) pellet, solvent extraction of mesocarp oil as well as associated carbon credit scheme.

### Integrated Livestock Activities

Our poultry farms carry out risk management in terms of bio-securities as well as compliance with veterinary requirements. We have completed converting our Nilai Farm to totally closed house. The construction of poultry closed house in Kuching is near completion. Over the next few years, our farms at various locations will intensify the effort to convert open-house poultry operations into closed-house. The conversion will address the bio-securities risk associated with various poultry viruses.



## COMMUNITIES

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

QL works to encourage and earn the support of the community. If we are to continue to be welcome and to carry on business successfully in the societies in which we function, each of our operations must be a good neighbour and a responsible corporate citizen.

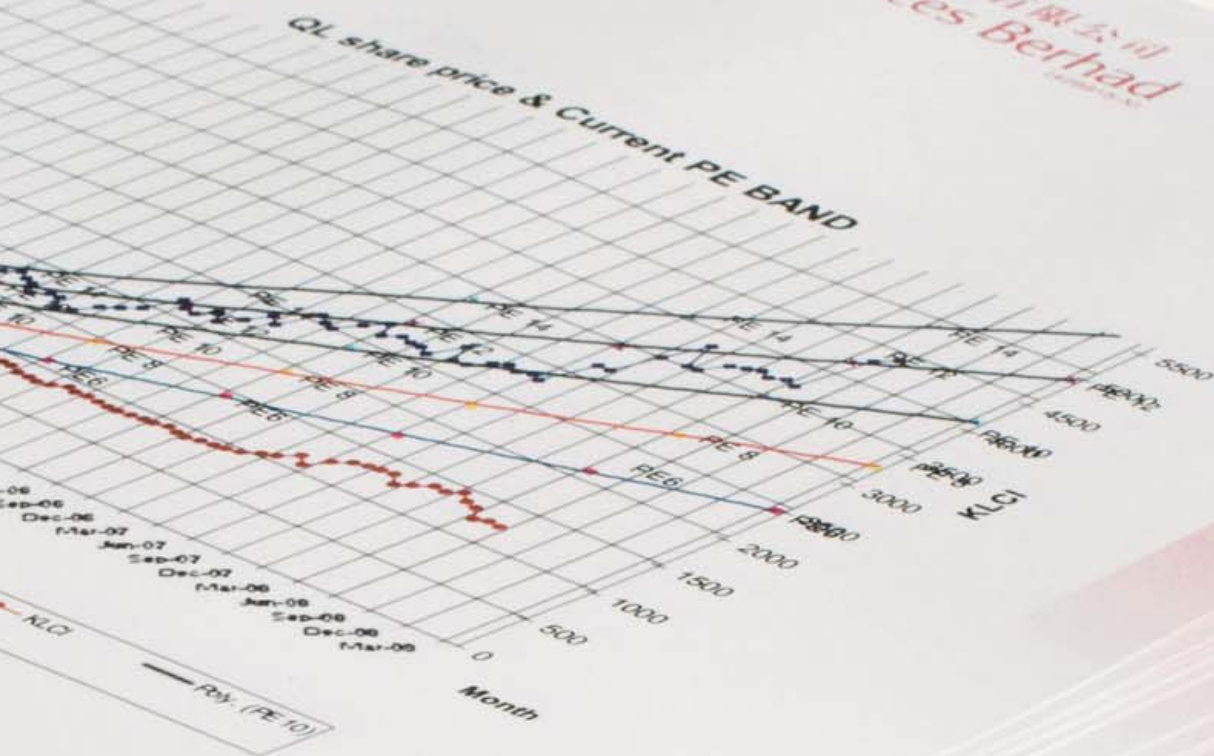
Part of our CSR activities include donating RM50,000 each for the Earthquake Victims in China & Cyclone victims in Myanmar. QL's staffs have personally contributed to these disaster relief funds and continue to make a difference to people who have been affected by these tragic disaster

## WORKPLACE

QL has put in place various training programmes throughout the year to enhance personal and professional development of employees. We also encourage healthy activities in the work place such as:

1. Weight 2 Watch program.
2. Monthly assemblies to encourage more interaction between employees. The activities in the assembly may include simple exercises, sharing of news and encouraging staff do simple power point presentation.
3. Encouraging recycling in the work place.





# Financial Statements

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# Directors' Report

## for the year ended 31 March 2008

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 2008.

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

### Results

	Group RM'000	Company RM'000
Net profit for the year		
Attributable to:		
Shareholders of the Company	80,802	31,863
Minority interest	5,791	-
	86,593	31,863

### Reserves and provisions

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

### Dividends

Since the end of the previous financial year, the Company paid a final dividend of 10 sen per ordinary share of RM0.50 each less tax totalling RM16,060,000 in respect of the year ended 31 March 2007 on 25 September 2007.

The Directors recommend a final dividend of 6.5 sen per ordinary share of RM0.50 each single tier exempt dividend totalling RM21,450,000 in respect of the year ended 31 March 2008.

### Directors of the Company

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

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

## Directors' interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (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 1.4.2007	Bought	Sold	At 31.3.2008
<b>Shareholdings in which Directors have direct interests in the Company</b>				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	750,000	-	-	750,000
Chia Song Kun	125,000	-	-	125,000
Chia Seong Pow	250,000	-	-	250,000
Chia Seong Fatt	90,000	-	-	90,000
Chia Song Kooi	50,000	-	-	50,000
Chia Song Swa	50,000	-	-	50,000
Chia Mak Hooi	100,000	-	-	100,000

## Shareholdings in which Directors have indirect interests in the Company

Chia Song Kun	104,184,814	448,000	-	104,632,814
Chia Seong Pow	29,749,317	100,000	-	29,849,317
Chia Seong Fatt	29,649,317	-	-	29,649,317
Chia Song Kooi	103,596,814	-	-	103,596,814
Chia Song Swa	103,244,814	-	-	103,244,814
Chia Mak Hooi	104,197,814	20,000	-	104,217,814

By virtue of their interest in the shares of the Company, the above Directors are deemed to have interests in shares of all subsidiaries disclosed in Note 32 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 32.1 to the financial statements.

The other Directors, Chieng Ing Huong and Teh Kim Teh, holding office at 31 March 2008 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit by virtue of certain trading transactions in the ordinary course of business between related companies and firms as well as companies in which certain Directors have interest and persons connected to Directors as disclosed in Note 30 to the financial statements.

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

# Directors' Report

## for the year ended 31 March 2008

### Issue of shares and debentures

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

There were no debentures issued during the financial year.

### Options granted over unissued shares

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

### Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group's and in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2008 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 33 to the financial statements.

**Significant events subsequent to balance sheet date**

The significant events subsequent to balance sheet date are as disclosed in Note 34 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: 11 July 2008

# 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 48 to 113 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2008 and of the results of their operations and cash flows for the year ended on that date.

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: 11 July 2008

# 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 48 to 113 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 11 July 2008.

**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 2008 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 48 to 113.

### ***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 2008 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 32 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

**Ow Peng Li**  
Partner  
Approval Number: 2666/09/09(J)  
Chartered Accountant

Date: 11 July 2008

Petaling Jaya, Selangor

# Balance Sheets

at 31 March 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Assets</b>					
Property, plant and equipment	4	341,835	286,162	231	15
Intangible assets	5	437	427	-	-
Biological assets	6	25,662	14,578	-	-
Prepaid lease payments	7	83,060	49,662	-	-
Investment properties	8	7,195	8,903	-	-
Investment in subsidiaries	9	-	-	131,414	131,414
Investment in associates	10	3,121	3,449	-	-
Other investments	11	49	103	-	-
Deferred tax assets	12	564	61	-	-
Receivables	13	-	-	44,174	23,746
Goodwill		3,522	2,855	-	-
<b>Total non-current assets</b>		<b>465,445</b>	<b>366,200</b>	<b>175,819</b>	<b>155,175</b>
Receivables, deposits and prepayments	13	158,328	137,530	27,763	14,583
Inventories	14	134,218	120,139	-	-
Biological assets	6	18,786	15,615	-	-
Current tax assets		2,938	3,047	395	75
Cash and cash equivalents	15	48,089	28,312	413	311
<b>Total current assets</b>		<b>362,359</b>	<b>304,643</b>	<b>28,571</b>	<b>14,969</b>
<b>Total assets</b>		<b>827,804</b>	<b>670,843</b>	<b>204,390</b>	<b>170,144</b>
<b>Equity</b>					
Share capital		110,000	110,000	110,000	110,000
Reserves		250,796	187,798	56,922	41,119
<b>Total equity attributable to shareholders of the Company</b>	16	<b>360,796</b>	<b>297,798</b>	<b>166,922</b>	<b>151,119</b>
<b>Minority shareholders' interests</b>		<b>39,456</b>	<b>25,501</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>400,252</b>	<b>323,299</b>	<b>166,922</b>	<b>151,119</b>

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Liabilities</b>					
Loans and borrowings	17	82,970	61,624	26,139	13,750
Deferred tax liabilities	12	26,180	26,151	-	-
<b>Total non-current liabilities</b>		<b>109,150</b>	<b>87,775</b>	<b>26,139</b>	<b>13,750</b>
Payables and accruals	18	82,598	55,427	579	275
Loans and borrowings	17	234,077	203,203	10,750	5,000
Current tax liabilities		1,727	1,139	-	-
<b>Total current liabilities</b>		<b>318,402</b>	<b>259,769</b>	<b>11,329</b>	<b>5,275</b>
<b>Total liabilities</b>		<b>427,552</b>	<b>347,544</b>	<b>37,468</b>	<b>19,025</b>
<b>Total equity and liabilities</b>		<b>827,804</b>	<b>670,843</b>	<b>204,390</b>	<b>170,144</b>

The notes on pages 56 to 113 are an integral part of these financial statements.

# Income Statements

for the year ended 31 March 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Revenue</b>	19	<b>1,306,825</b>	<b>1,118,519</b>	<b>41,735</b>	<b>19,616</b>
<b>Results from operating activities</b>	19	<b>109,736</b>	<b>88,192</b>	<b>35,936</b>	<b>17,437</b>
Interest expense	20	(14,944)	(11,862)	(1,452)	(855)
Interest income	21	651	343	1,952	1,112
Share of profits of an associate		375	456	-	-
<b>Profit before tax</b>		<b>95,818</b>	<b>77,129</b>	<b>36,436</b>	<b>17,694</b>
Tax expense	23	(9,225)	(8,545)	(4,573)	(3,811)
<b>Profit for the year</b>		<b>86,593</b>	<b>68,584</b>	<b>31,863</b>	<b>13,883</b>
<b>Attributable to:</b>					
Shareholders of the Company		80,802	63,248		
Minority interest		5,791	5,336		
<b>Profit for the year</b>		<b>86,593</b>	<b>68,584</b>		
<b>Basic earnings per ordinary share (sen)</b>	24	<b>24</b>	<b>19</b>		

The notes on pages 56 to 113 are an integral part of these financial statements.



# Statements of Changes in Equity

for the year ended 31 March 2008

Group	Note	Share capital RM'000	<i>Non-distributable</i>		<i>Distributable</i>		Minority interest RM'000	Total RM'000
			Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Sub- Total RM'000		
<b>At 1 April 2006</b>		110,000	40,346	-	98,471	248,817	20,746	269,563
Foreign translation reserve		-	-	(11)	-	(11)	-	(11)
Profit for the year		-	-	-	63,248	63,248	5,336	68,584
Acquisition of minority interest		-	-	-	-	-	(581)	(581)
Dividends - 2006 final	25	-	-	-	(14,256)	(14,256)	-	(14,256)
<b>At 31 March 2007/ 1 April 2007</b>		110,000	40,346	(11)	147,463	297,798	25,501	323,299
Foreign exchange translation differences		-	-	(1,744)	-	(1,744)	-	(1,744)
Profit for the year		-	-	-	80,802	80,802	5,791	86,593
Acquisition by minority interest		-	-	-	-	-	9,403	9,403
Dividends to shareholders- 2007 final	25	-	-	-	(16,060)	(16,060)	-	(16,060)
Dividends to minority interest		-	-	-	-	-	(1,239)	(1,239)
<b>At 31 March 2008</b>		<b>110,000</b>	<b>40,346</b>	<b>(1,755)</b>	<b>212,205</b>	<b>360,796</b>	<b>39,456</b>	<b>400,252</b>
		Note 16.1		Note 16.2				

# Statements of Changes in Equity

for the year ended 31 March 2008

Company	Note	Share capital RM'000	<i>Non- distributable</i> Share premium RM'000	<i>Distributable</i> Retained profits RM'000	Sub- Total RM'000	Total RM'000
<b>At 1 April 2006</b>		110,000	40,346	1,146	41,492	151,492
Profit for the year		-	-	13,883	13,883	13,883
Dividends - 2006 final	25	-	-	(14,256)	(14,256)	(14,256)
<b>At 31 March 2007</b>		110,000	40,346	773	41,119	151,119
Profit for the year		-	-	31,863	31,863	31,863
Dividends - 2007 final	25	-	-	(16,060)	(16,060)	(16,060)
<b>At 31 March 2008</b>		<b>110,000</b>	<b>40,346</b>	<b>16,576</b>	<b>56,922</b>	<b>166,922</b>
		Note 16.1		Note 16.3		

The notes on pages 56 to 113 are an integral part of these financial statements.

# Cash Flow Statements

for the year ended 31 March 2008

	Group		Company	
Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	95,818	77,129	36,436	17,694
Adjustments for:				
Amortisation of investment properties	-	53	-	-
Amortisation of prepaid lease payments	761	620	-	-
Amortisation of trademarks	-	4	-	-
Depreciation	27,460	24,039	27	2
Dividend income	(9)	-	(38,914)	(18,012)
Gain on disposal of investments	(62)	-	-	-
Gain on disposal of investment properties	(62)	(229)	-	-
Gain on disposal of prepaid lease rights	(17)	-	-	-
Gain on disposal of property, plant and equipment	(1,445)	(34)	-	-
Interest expense	14,944	11,862	1,452	855
Interest income	(651)	(343)	(1,952)	(1,112)
Impairment loss on intangible assets	-	89	-	-
Impairment loss on investment properties	175	183	-	-
(Reversal)/Impairment losses on property, plant and equipment	(516)	557	-	-
Negative goodwill - acquisition of subsidiaries	(594)	-	-	-
- acquisition of minority interest	(335)	-	-	-
Inventories written down to net realisable value	360	921	-	-
Loss on foreign exchange - unrealised	1,216	61	-	-
Property, plant and equipment written off	1,389	986	-	-
Share of profits of an associate	(375)	(456)	-	-
Operating profit/(loss) before changes in working capital	138,057	115,442	(2,951)	(573)
(Increase)/Decrease in working capital:				
Inventories	(14,289)	(10,266)	-	-
Biological assets	(3,171)	(2,893)	-	-
Receivables, deposits and prepayments	(22,119)	(17,761)	275	(490)
Payables and accruals	19,714	(5,091)	304	(13,336)
Bills payable	15,671	34,017	-	-
Cash generated from/(used in) operations	133,863	113,448	(2,372)	(14,399)
Income taxes (paid)/refund	(8,967)	(6,634)	22	(57)
Interest paid	(8,998)	(11,448)	(1,452)	(855)
Interest received	651	343	1,952	1,112
<b>Net cash generated from/(used in) operating activities</b>	<b>116,549</b>	<b>95,709</b>	<b>(1,850)</b>	<b>(14,199)</b>

# Cash Flow Statements

for the year ended 31 March 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from investing activities</b>					
Acquisition from minority interest		(2,323)	(130)	-	-
Acquisition of subsidiaries, net of cash acquired	35	(27,566)	(384)	-	-
Proceeds from disposal of investments		116	-	-	-
Proceeds from disposal of investment properties		1,165	650	-	-
Proceeds from disposal of property, plant and equipment		4,518	2,309	-	-
Proceeds from disposal of prepaid lease rights		721	632	-	-
Purchase of biological assets		(6,066)	(1,474)	-	-
Purchase of investment properties		-	(4,844)	-	-
Purchase of prepaid lease rights		(12,674)	(14,447)	-	-
Purchase of property, plant and equipment	(i)	(75,089)	(62,956)	(243)	(13)
Purchase of intangible assets		(10)	(24)	-	-
Dividend received from investments		9	-	-	-
Dividend received from subsidiaries		-	-	33,999	14,256
Dividend received from associates		703	769	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(116,496)</b>	<b>(79,899)</b>	<b>33,756</b>	<b>14,243</b>
<b>Cash flows from financing activities</b>					
(Advances to)/Repayment from subsidiaries		-	-	(33,883)	5,418
Contribution from minority shareholders		9,855	200	-	-
Dividend paid to minority shareholders		(1,239)	(651)	-	-
Dividend paid to shareholders of the Company		(16,060)	(14,256)	(16,060)	(14,256)
Interest paid		(5,597)	(414)	-	-
Repayment of hire purchase and finance lease liabilities		(2,557)	(2,814)	-	-
Proceeds from loans and other borrowings		33,097	997	18,139	8,750
<b>Net cash generated from/(used in) financing activities</b>		<b>17,499</b>	<b>(16,938)</b>	<b>(31,804)</b>	<b>(88)</b>



		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net increase/(decrease) in cash and cash equivalents		17,552	(1,128)	102	(44)
Cash and cash equivalents at beginning of year		17,562	18,690	311	355
<b>Cash and cash equivalents at end of year</b>	(ii)	<b>35,114</b>	<b>17,562</b>	<b>413</b>	<b>311</b>

*Note to the cash flow statements*

*i) Purchase of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM76,678,000 (2007 - RM64,634,000) of which RM1,589,000 (2007 - RM1,678,000) was acquired by means of hire purchases.

*ii) Cash and cash equivalents*

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	34,054	25,152	413	311
Deposits placed with licensed banks	14,035	3,160	-	-
Bank overdrafts	(12,975)	(10,750)	-	-
	<b>35,114</b>	<b>17,562</b>	<b>413</b>	<b>311</b>

The notes on pages 56 to 113 are an integral part of these financial statements.

# Notes to the Financial Statements

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

**Registered office/Principal place of business**

No. 16A Jalan Astaka U8/83

Bukit Jelutong

40150 Shah Alam

Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 March 2008 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 2008 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 32 to the financial statements.

The financial statements were approved by the Board of Directors on 11 July 2008.

## 1. Basis of preparation

### (a) Statement of compliance

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the adoption of the new and revised FRSs issued by the MASB that are effective for the financial period beginning on 1 January 2007, FRS 124: Related Party Disclosures.

Other than the expanded disclosure requirements as shown in notes to the financial statements, the adoption of FRS 124 does not have any significant impact on the financial statements of the Group and of the Company.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 April 2008 and that have not been applied in preparing these financial statements.

FRSs / Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

## 1. Basis of preparation (continued)

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

FRSs / Interpretations	Effective date
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 April 2008 except for FRS 111, Construction Contracts, FRS 120, Accounting for Government Grants and Disclosure of Government Assistance, IC Interpretation 1, 2, 5, 6, 7, 8 which are not applicable and FRS 139 Financial Instruments: Recognition and measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

### (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 trade receivables
Note 35.1	- business combination

# Notes to the Financial Statements

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all 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 Company has the ability to exercise its powers to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

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

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

#### (ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments 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 Company's balance sheet at cost less any impairment losses.

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

When Group purchases a subsidiary's equity shares for 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.

#### (iv) *Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets/net assets (excluding goodwill) 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.



## 2. Significant accounting policies (continued)

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

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

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

### (b) Foreign currency

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

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value 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 arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, 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

## 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 construction 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.

## 2. Significant accounting policies (continued)

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

#### *(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 those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### *(iv) Depreciation*

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

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

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

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

### (e) Leased assets

#### *(i) Finance lease*

Leases in terms of which the Group assumes 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.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (e) Leased assets (continued)

#### (ii) *Operating lease*

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

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.

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.

### (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.

## 2. Significant accounting policies (continued)

### (g) Intangible assets

#### (i) Goodwill

Goodwill arises on acquisition of subsidiaries, associates and joint ventures.

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.

With the adoption of FRS 3 beginning 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 (negative goodwill) is recognised immediately in income statements.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associate. The entire carrying amount of the investment is tested for impairment when there is an objective evidence of impairment.

#### (ii) Other intangible assets

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

#### (iii) 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.

#### (iv) 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 at par. Other intangible assets are amortised on a straight line basis over the estimated useful life of intangible assets.



# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (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*

Livestock comprises pullets and layers and is valued at the lower of amortised cost and net realisable value. Cost includes cost of the pullet plus all attributable costs including relevant overheads in nursing the pullet to the point of lay. Thereafter the cost is amortised over its estimated economic life of the layers of approximately 58 weeks. Net realisable value is defined as the aggregate income expected to be generated from total eggs to be produced per layer and sales proceeds from the disposal of the ex-layer less expenses expected to be incurred to maintain the layer.

### (i) Investments in equity securities

Investments in 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:

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

## 2. Significant accounting policies (continued)

### (j) Inventories

Inventories comprise raw materials, manufactured inventories, trading inventories and spares and consumables 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 a subsidiary where trading inventories' cost is based on standard cost being the main basis for costs adjusted for variances which approximate actual cost on the first-in-first-out basis.

The cost of raw materials and trading inventories comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. For manufactured inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads based on normal operating capacity and other incidental costs.

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

### (k) Receivables

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

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

Receivables are not held for the purpose of trading.

### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (m) 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.

### (n) 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.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (o) Impairment of assets

The carrying amounts of assets other than deferred tax assets, inventories, biological assets 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 at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### (p) Share capital

#### *Share issue expenses*

Incremental costs directly attributable to issue of shares and share option classified as equity are recognised as deduction from equity.

### (q) 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.

### (r) 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.

## 2. Significant accounting policies (continued)

### (r) Tax expense (continued)

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

Deferred tax liability is recognised for all taxable temporary differences.

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

### (s) 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.

### (t) 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

## 2. Significant accounting policies (continued)

### (t) 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.

### (u) Earnings per ordinary share

The Group presents basic and diluted earnings per ordinary 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.

### (v) 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.

### (w) 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 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. The notional amounts of derivatives in the notes to the financial statements do not represent amount exchanged by the parties and thus are not a measurement of the Group's exposure for its use of derivative financial instruments.



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

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

#### Interest rate risk

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

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

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

#### Foreign currency risk

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

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

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

#### Liquidity risk

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

# Notes to the Financial Statements

## 4. Property, plant and equipment

Group	Freehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000
<b>Cost</b>				
At 1 April 2006, restated	19,329	61,601	35,092	9,663
Transfer to investment property	(759)	(1,084)	-	-
Additions	-	1,520	9,424	3,625
Disposals	(180)	-	-	-
Written off	-	-	-	-
Transfer in/(out)	-	69	1,831	1,859
Acquisition of subsidiary	101	-	-	-
At 31 March/1 April 2007	18,491	62,106	46,347	15,147
Transfer to investment property	(74)	(139)	-	-
Additions	-	6,129	3,307	5,177
Disposals	-	(2,353)	-	-
Written off	-	-	-	-
Transfer in/(out)	-	3,906	6,472	4,925
Acquisition of subsidiaries	-	202	-	-
<b>At 31 March 2008</b>	<b>18,417</b>	<b>69,851</b>	<b>56,126</b>	<b>25,249</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
24,948	153,381	2,808	26,415	7,958	341,195
-	-	-	-	-	(1,843)
1,516	20,646	766	3,180	23,957	64,634
(727)	(1,633)	(21)	(1,151)	(13)	(3,725)
(362)	(1,356)	(614)	-	-	(2,332)
1,035	9,240	-	-	(14,034)	-
-	-	-	-	-	101
26,410	180,278	2,939	28,444	17,868	398,030
-	-	-	-	-	(213)
2,134	25,957	761	5,384	27,829	76,678
(2,147)	(2,715)	(250)	(1,803)	(6)	(9,274)
(1,755)	(1,115)	(552)	-	-	(3,422)
32	8,590	-	-	(23,925)	-
433	9,651	542	1,536	-	12,364
25,107	220,646	3,440	33,561	21,766	474,163

# Notes to the Financial Statements

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

Group	Freehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000
<b>Depreciation and impairment loss</b>				
At 1 April 2006, restated				
Accumulated depreciation	-	6,690	12,745	580
Accumulated impairment loss	-	-	-	-
	-	6,690	12,745	580
Transfer to investment property	-	(130)	-	-
Depreciation for the year	-	1,959	2,563	813
Disposals	-	-	-	-
Written off	-	-	-	-
Transfer in/(out)	-	9	-	-
Impairment loss	-	-	-	-
At 31 March/1 April 2007, restated				
Accumulated depreciation	-	8,528	15,308	1,393
Accumulated impairment loss	-	-	-	-
	-	8,528	15,308	1,393
Depreciation for the year	-	2,175	2,964	1,027
Disposals	-	(1,242)	-	-
Written off	-	-	-	-
Reversal of Impairment loss	-	-	-	-
Impairment loss	-	-	-	-
Transfer to investment property	-	(20)	-	-
Acquisition of subsidiaries	-	-	-	-
At 31 March 2008				
Accumulated depreciation	-	9,441	18,272	2,420
Accumulated impairment loss	-	-	-	-
	-	9,441	18,272	2,420
<b>Carrying amounts</b>				
At 1 April 2006, restated	19,329	54,911	22,347	9,083
At 31 March/1 April 2007	18,491	53,578	31,039	13,754
At 31 March/1 April 2008	18,417	60,410	37,854	22,829

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
9,170	46,246	1,128	13,611	-	90,170
-	-	28	-	-	28
9,170	46,246	1,156	13,611	-	90,198
-	-	-	-	-	(130)
2,709	13,194	294	2,507	-	24,039
(294)	(291)	(11)	(854)	-	(1,450)
(120)	(933)	(293)	-	-	(1,346)
-	(9)	-	-	-	-
402	36	119	-	-	557
11,465	58,207	1,118	15,264	-	111,283
402	36	147	-	-	585
11,867	58,243	1,265	15,264	-	111,868
2,567	15,554	359	2,814	-	27,460
(1,474)	(1,897)	(122)	(1,466)	-	(6,201)
(938)	(652)	(443)	-	-	(2,033)
(402)	(36)	(147)	-	-	(585)
-	69	-	-	-	69
-	-	-	-	-	(20)
164	942	268	396	-	1,770
11,784	72,154	1,180	17,008	-	132,259
-	69	-	-	-	69
11,784	72,223	1,180	17,008	-	132,328
15,778	107,135	1,652	12,804	7,958	250,997
14,543	122,035	1,674	13,180	17,868	286,162
13,323	148,423	2,260	16,553	21,766	341,835



# Notes to the Financial Statements

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

Company	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 April 2006	11	-	11
Additions	13	-	13
At 31 March/1 April 2007	24	-	24
Additions	9	234	243
<b>At 31 March 2008</b>	<b>33</b>	<b>234</b>	<b>267</b>
<b>Accumulated depreciation</b>			
At 1 April 2006	7	-	7
Charge for the year	2	-	2
At 31 March/1 April 2007	9	-	9
Charge for the year	4	23	27
<b>At 31 March 2008</b>	<b>13</b>	<b>23</b>	<b>36</b>
<b>Carrying amount</b>			
At 1 April 2006	4	-	4
At 31 March/1 April 2007	15	-	15
<b>At 31 March 2008</b>	<b>20</b>	<b>211</b>	<b>231</b>

### 4.1 Security

The freehold land together with buildings of certain subsidiaries with total cost of RM6,995,000 (2007 - RM9,084,000) have been charged to banks to secure banking facilities granted to the respective subsidiaries.

### 4.2 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	Group	
	2008 RM'000	2007 RM'000
Plant and machinery	5,546	5,329
Motor vehicles	2,871	3,345
Furniture & fittings	846	-
	<b>9,263</b>	<b>8,674</b>

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

##### 4.3 Assets under finance lease

Included in plant and equipment of the Group are furniture, fittings and equipment acquired under finance lease with net book value of Nil (2007 - RM424,000).

##### 4.4 Capital work-in-progress

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

#### 5. Intangible assets

	Group RM'000
Trademarks	
<b>Cost</b>	
At 1 April 2006	515
Additions	24
At 31 March/1 April 2007	539
Additions	10
<b>At 31 March 2008</b>	<b>549</b>
<b>Accumulated amortisation/impairment</b>	
At 1 April 2006, Accumulated amortisation	19
Amortisation charge for the year	4
Impairment loss on intangible assets	89
<b>At 31 March/1 April 2007/31 March 2008</b>	
- Accumulated amortisation	23
- Accumulated impairment loss	89
	112
<b>Carrying amount</b>	
At 1 April 2006	496
At 31 March/1 April 2007	427
<b>At 31 March 2008</b>	<b>437</b>

# Notes to the Financial Statements

## 6. Biological assets

	Group	
	2008 RM'000	2007 RM'000
<b>Non-current</b>		
Plantation development expenditure, at cost	25,662	14,578
<b>Current</b>		
Livestock, at cost	18,786	15,615

## 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 2006	7,196	32,099	39,295
Additions	10,822	3,625	14,447
Disposal	-	(632)	(632)
Transfer in/(out)	356	(356)	-
At 31 March/1 April 2007	18,374	34,736	53,110
Additions	1,543	11,131	12,674
Disposal	(730)	-	(730)
Transfer in/(out)	(8,364)	8,364	-
Transfer from investment properties	-	626	626
Acquisition of subsidiaries	22,090	-	22,090
<b>At 31 March 2008</b>	<b>32,913</b>	<b>54,857</b>	<b>87,770</b>
<b>Amortisation</b>			
At 1 April 2006	1,170	1,658	2,828
Charge for the year	232	388	620
At 31 March/1 April 2007	1,402	2,046	3,448
Charge for the year	384	377	761
Disposal	(26)	-	(26)
Transfer from investment properties	-	3	3
Acquisition of subsidiaries	524	-	524
<b>At 31 March 2008</b>	<b>2,284</b>	<b>2,426</b>	<b>4,710</b>
<b>Carrying amounts</b>			
At 1 April 2006	6,026	30,441	36,467
At 31 March/1 April 2007	16,972	32,690	49,662
<b>At 31 March 2008</b>	<b>30,629</b>	<b>52,431</b>	<b>83,060</b>

## 7. Prepaid lease payments (continued)

### Security

Certain leasehold land of the Group with a carrying amount of RM2,838,000 (2007 - RM1,853,000) in subsidiaries have been charged to certain licensed banks for bank facilities granted to the subsidiaries as set out in Note 17.

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

- (i) amounts of RM1,045,000 (2007 - RM8,364,000) which represents progress payments made to the developer (see Note 33.6);
- (ii) amounts of RM19,749,000 (equivalent to USD6,000,000) (2007 - Nil) which represent the land use rights in respect of a subsidiary in Indonesia. The land use right represents the location permit, plantation license and the cultivation right title over the plantation land. At balance sheet date, the cultivation right title is pending issuance from the relevant authorities.

## 8. Investment properties

	Note	Group RM'000
<b>Cost</b>		
At 31 March/1 April 2006		-
Transfer from property, plant and equipment		1,843
Transfer from other receivables		3,918
Additions		4,844
Disposal		(470)
At 31 March/1 April 2007		10,135
Transfer from property, plant and equipment		213
Disposal		(1,306)
Transfer to prepaid lease payments		(626)
<b>At 31 March 2008</b>		<b>8,416</b>
<b>Amortisation and impairment loss</b>		
At 31 March/1 April 2006		-
Transfer from property, plant and equipment		
- Amortisation		130
Transfer from other receivables		
- Impairment loss		915
Amortisation during the year		53
Impairment loss during the year		183
Disposal		(49)
At 31 March/1 April 2007		
- Accumulated amortisation		134
- Accumulated impairment loss		1,098
		1,232
Transfer from property, plant and equipment		20
Impairment loss during the year		175
Disposal		(203)
Transfer to prepaid lease payments		(3)

# Notes to the Financial Statements

## 8. Investment properties (continued)

	Note	Group RM'000
<b>Amortisation and impairment loss</b>		
At 31 March 2008		
- Accumulated amortisation		154
- Accumulated impairment loss		1,067
		1,221
<b>Carrying amount</b>		
At 31 March/1 April 2006		-
At 31 March/1 April 2007		8,903
At 31 March 2008		7,195
<b>Fair value</b>		
At 31 March 2007		12,869
At 31 March 2008		15,357

## 9. Investment in subsidiaries

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	131,414	131,414

Details of the Company's subsidiaries are shown in Note 32.

## 10. Investment in associates

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	2,496	2,496
Share of post-acquisition reserves	625	953
	3,121	3,449



## 10. Investment in associates (continued)

### Summary of financial information on associates:

2008	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
		2008 %	2007 %				
Indahgrains Logistics Sdn. Bhd.	Malaysia	29.87	29.87	5,464	1,257	11,368	(1,039)
Pilihan Mahir Sdn. Bhd.	Malaysia	49.00	49.00	-	(4)	4	(2)
<b>2007</b>							
Indahgrains Logistics Sdn. Bhd.	Malaysia	29.87	29.87	6,491	1,540	11,584	(224)
Pilihan Mahir Sdn. Bhd.	Malaysia	49.00	49.00	-	(8)	10	(8)

## 11. Other investments

	Group	
	2008 RM'000	2007 RM'000
<b>Non current</b>		
<i>At cost:</i>		
Quoted shares	4	58
Unquoted shares	45	45
	<b>49</b>	<b>103</b>
<i>Market values of quoted investments</i>		
Quoted shares	4	58

# Notes to the Financial Statements

## 12. Deferred taxation

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	940	-	(24,851)	(21,158)	(23,911)	(21,158)
Biological assets	-	-	(3,048)	(3,160)	(3,048)	(3,160)
Provision	563	410	-	-	563	410
Revaluation	-	-	(1,616)	(2,003)	(1,616)	(2,003)
Tax loss carry-forwards	860	883	-	-	860	883
Unabsorbed capital allowance	1,523	1,533	-	-	1,523	1,533
Other temporary differences	13	22	-	(2,617)	13	(2,595)
Tax assets/(liabilities)	3,899	2,848	(29,515)	(28,938)	(25,616)	(26,090)
Set-off of tax	(3,335)	(2,787)	3,335	2,787	-	-
Net tax assets/(liabilities)	564	61	(26,180)	(26,151)	(25,616)	(26,090)

### Unrecognised deferred tax

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

	Note	Group	
		2008 RM'000	2007 RM'000
Property, plant and equipment		1,567	15,745
Provisions		5,251	-
Taxable temporary differences		(545)	(182)
Tax loss carry-forwards		3,832	21,540
		10,105	37,103

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

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

### 13. Receivables, deposits and prepayments

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non current</b>					
Subsidiaries	13.1	-	-	44,174	23,746
<b>Current:</b>					
<b>Trade</b>					
Trade receivables		129,903	104,540	4	1
Less: Allowance for doubtful debts		(21,400)	(11,463)	-	-
	13.2	108,503	93,077	4	1
<b>Non-trade</b>					
Other receivables		34,254	36,713	-	380
Less: Allowance for doubtful debts		(373)	(346)	-	-
	13.3	33,881	36,367	-	380
Subsidiaries	13.1	-	-	27,518	14,063
Deposits	13.4	10,603	3,787	152	2
Prepayment	13.5	5,341	4,299	89	137
		158,328	137,530	27,763	14,583

#### 13.1 Subsidiaries

	Company	
	2008 RM'000	2007 RM'000
Non-current	44,174	23,746
Current	27,518	14,063
	71,692	37,809

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

- RM31,859,000 (2007 - RM23,235,000) which is subject to interest of 5% - 6% per annum with a fixed term of repayment of 3-5 years; and
- RM8,500,000 (2007 - RM9,375,000) which is subject to interest of 5.75% per annum and repayable on demand.

# Notes to the Financial Statements

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

### 13.2 Trade receivables

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

	Group	
	2008	2007
	RM'000	RM'000
A person connected with a Director of a subsidiary	124	225
Companies in which certain Directors of the Company have interests	3,487	961
Companies in which Directors of certain subsidiaries have interests	1,365	1,552
	<b>4,976</b>	<b>2,738</b>

	Company	
	2008	2007
	RM'000	RM'000
Companies in which certain Directors of the Company have interests	4	1

### 13.3 Other receivables

Included in other receivables of the Group are:

- i) trade advances made to suppliers of certain subsidiaries amounting to RM20,763,000 (2007 - RM19,255,000) 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 Nil (2007 - RM11,954,000) paid to acquire equity interest in a company (see Note 33.5).
- iii) an amount of RM1,172,000 (equivalent to SGD500,000) (2007 - Nil) being commitment sum paid upon signing a memorandum of understanding ("MOU") as to facilitate the development of a working Tocopherol Recovery Project. (see Note 33.10).

### 13.4 Deposits

Included in deposits of the Group are:

- (i) deposits paid for purchase of property, plant and equipment amounting to Nil (2007 - RM1,819,000).

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

#### 13.4 Deposits (continued)

- (ii) deposit paid to persons connected to a Director of the Company for acquisition of land amounting to RM159,000 (2007 - Nil).
- (iii) deposit paid for the purpose of trading in futures contracts and options amounting to RM8,028,000 (2007: RM180,000).

#### 13.5 Prepayments

Included in prepayments of the Group is advance payment made for the construction of fishing boats amounting to Nil (2007 - RM658,000).

**13.6 During the year, doubtful debts written off against allowance for doubtful debts made previously in the Group amounted to RM195,000 (2007 - RM5,518,000).**

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		
Ringgit Malaysia	137,669	117,486	71,937	38,329
US Dollars	13,938	18,717	-	-
Singapore Dollars	3,623	575	-	-
Indonesian Rupiah	2,030	-	-	-
Japanese Yen	554	455	-	-
Brunei Dollar	-	16	-	-
Sterling Pound	485	281	-	-
Hong Kong Dollar	29	-	-	-
	<b>158,328</b>	<b>137,530</b>	<b>71,937</b>	<b>38,329</b>

### 14. Inventories

	Group	
	2008	2007
	RM'000	RM'000
At cost:		
Raw materials	33,250	21,541
Manufactured, trading and retail inventories	98,734	98,598
At net realisable value:		
Manufactured, trading and retail inventories	2,234	-
	<b>134,218</b>	<b>120,139</b>

# Notes to the Financial Statements

## 15. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	34,054	25,152	413	311
Deposits placed with licensed banks	14,035	3,160	-	-
	48,089	28,312	413	311

## 16. Capital and reserves

### 16.1 Share capital

	Group		Company	
	Amount	Number of shares	Amount	Number of shares
	2008	2008	2007	2007
	RM'000	'000	RM'000	'000
Ordinary shares of RM0.50 each Authorised	200,000	400,000	200,000	400,000
Ordinary shares of RM0.50 each Issued and fully paid up	110,000	220,000	110,000	220,000

### 16.2 Translation reserve

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

### 16.3 Retained profits

Pursuant to Section 50 of the Savings and Transitional Provisions Income Tax Act, 1967, the Company has elected the irrevocable option to disregard the Section 108 balance at 31 March 2008 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.



## 17. Loans and borrowings

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>Non-current:</b>				
Term loans				
- Secured	1,256	1,126	-	-
- Unsecured	78,189	56,333	26,139	13,750
Hire purchase liabilities	3,525	4,165	-	-
	82,970	61,624	26,139	13,750
<b>Current:</b>				
Term loans				
- Secured	157	695	-	-
- Unsecured	33,994	22,300	10,750	5,000
Bank overdrafts				
- Secured	480	2,493	-	-
- Unsecured	12,495	8,257	-	-
Bills payable				
- Secured	2,211	3,437	-	-
- Unsecured	182,874	164,176	-	-
Hire purchase and finance lease liabilities	1,866	1,845	-	-
	234,077	203,203	10,750	5,000
	317,047	264,827	36,889	18,750

### Terms and debt repayment schedule

Group	Financial	Total	Under	1 - 2	2 - 5	After
2008	year	RM'000	1 year	years	years	5 years
	of maturity		RM'000	RM'000	RM'000	RM'000
Term loans						
- Secured						
• SGD	2017	1,413	157	157	470	629
- Unsecured	2009 - 2013	112,183	33,994	30,705	47,484	-
Bank overdrafts						
- Secured	2009	480	480	-	-	-
- Unsecured	2009	12,495	12,495	-	-	-
Bills payable						
- Secured	2009	2,211	2,211	-	-	-
- Unsecured						
• USD	2009	125,072	125,072	-	-	-
• RM	2009	57,802	57,802	-	-	-
Hire purchase and finance lease liabilities	2009-2011	5,391	1,866	1,794	1,731	-
		317,047	234,077	32,656	49,685	629

# Notes to the Financial Statements

## 17. Loans and borrowings (continued)

### Terms and debt repayment schedule

Group 2007	Financial year of maturity	Total 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	2010	1,821	695	980	146	-
- Unsecured	2008 - 2012	78,633	22,300	20,581	34,919	833
Bank overdrafts						
- Secured	2008	2,493	2,493	-	-	-
- Unsecured	2008	8,257	8,257	-	-	-
Bills payable						
- Secured	2008	3,437	3,437	-	-	-
- Unsecured						
• USD	2008	89,236	89,236	-	-	-
• RM	2008	74,940	74,940	-	-	-
Hire purchase and finance lease liabilities	2008 - 2012	6,010	1,845	1,402	2,763	-
		264,827	203,203	22,963	37,828	833
<b>Company 2008</b>						
Term loans - unsecured	2012	36,889	10,750	10,750	15,389	-
<b>2007</b>						
Term loans - unsecured	2010	18,750	5,000	5,000	8,750	-

The term loans for the Group and Company are subject to interest at 3.00% to 8.00% (2007-4.65% to 8.00%) and 5.50% to 5.75% (2007-5.75%) respectively per annum. The term loans for the Group and Company are repayable in equal monthly instalments over periods ranging from 2 years to 9 years (2007-2 years to 5 years) and 2 years to 5 years (2007-2 years to 5 years) respectively.

The bank overdrafts are subject to interest ranging from 1.00% to 1.50% above Base Lending Rate (BLR) (2007-1.00% to 1.50% above BLR) per annum.

The bills payable are subject to interest ranging from 0.25% to 1.50% above Cost of Fund (2007-0.25% to 1.50% above Cost of Fund) per annum.

## 17. Loans and borrowings (continued)

### *Hire purchase liabilities*

Hire purchase liabilities are payable as follows:

Group	Minimum lease payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000	Minimum lease payments 2007 RM'000	Interest 2007 RM'000	Principal 2007 RM'000
Less than one year	2,166	(300)	1,866	2,047	(300)	1,747
Between one and five years	3,881	(356)	3,525	4,669	(504)	4,165
	<b>6,047</b>	<b>(656)</b>	<b>5,391</b>	<b>6,716</b>	<b>(804)</b>	<b>5,912</b>

Hire purchase liabilities bear interest rates at 2.62% to 12.00% (2007 - 2.62% to 12.00%) per annum.

### *Finance lease liabilities*

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000	Minimum lease payments 2007 RM'000	Interest 2007 RM'000	Principal 2007 RM'000
Less than one year	-	-	-	113	(15)	98

Finance lease liabilities bear interest rates at Nil (2007 - 4.80%) 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.

# Notes to the Financial Statements

## 17. Loan and borrowings (continued)

### *Unsecured*

The term loans are supported by way of:

- i) corporate guarantee 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 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.

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

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

## 17. Loan and borrowings (continued)

### *Security*

### *Company*

### *Term loans*

### *Unsecured*

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

## 18. Payables and accruals

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	18.1	51,535	37,994	-	-
Other payables	18.2	21,022	9,441	48	-
Accrued expenses		10,041	7,992	230	169
Subsidiaries	18.3	-	-	301	106
		<b>82,598</b>	<b>55,427</b>	<b>579</b>	<b>275</b>

18.1 Included in trade payables of the Group are:

	Group	
	2008 RM'000	2007 RM'000
Associate	593	260
A firm in which certain Directors of a subsidiary has interest	114	407
Companies in which Directors of certain subsidiaries have interests	6	22
	<b>713</b>	<b>689</b>

18.2 Included in other payables of the Group are:

	Group	
	2008 RM'000	2007 RM'000
Companies in which certain Directors have interests	759	321
Amount due to shareholders of subsidiaries	10,569	243
	<b>11,328</b>	<b>564</b>

18.3 The amount due to subsidiaries is non-trade in nature, interest free, unsecured and repayable on demand.

# Notes to the Financial Statements

## 18. Payables and accruals (continued)

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	69,222	53,387	579	275
US Dollars	12,725	1,687	-	-
Singapore Dollars	96	96	-	-
Australian Dollars	10	14	-	-
Sterling Pound	545	243	-	-
	<b>82,598</b>	<b>55,427</b>	<b>579</b>	<b>275</b>

## 19. Results from operating activities

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b> - sale of goods	1,306,825	1,118,519	-	-
- dividends	-	-	38,914	18,012
- management fee	-	-	1,518	838
- administrative charges	-	-	1,303	766
	<b>1,306,825</b>	<b>1,118,519</b>	<b>41,735</b>	<b>19,616</b>
<b>Cost of sales</b>	<b>(1,123,505)</b>	<b>(956,388)</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>	<b>183,320</b>	<b>162,131</b>	<b>41,735</b>	<b>19,616</b>
Distribution costs	(14,486)	(18,313)	-	-
Administration expenses	(62,220)	(58,583)	(5,799)	(2,179)
Other operating expenses	(3,740)	(3,699)	-	-
Other operating income	5,933	6,656	-	-
Negative goodwill				
- Acquisition of subsidiaries	594	-	-	-
- Acquisition of minority interest	335	-	-	-
<b>Results from operating activities</b>	<b>109,736</b>	<b>88,192</b>	<b>35,936</b>	<b>17,437</b>



## 19. Results from operating activities (continued)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>Results from operating activities is arrived at after crediting:</b>				
Bad debts recovered	-	5	-	-
Dividend from subsidiaries				
- gross	-	-	18,904	13,910
- tax exempt	-	-	20,010	4,102
Dividend from quoted shares				
- gross	9	-	-	-
Gain on disposal of property, plant and equipment	1,445	34	-	-
Gain on disposal of investments	62	-	-	-
Gain on disposal of prepaid lease rights	17	-	-	-
Gain on foreign exchange - realised	4,108	347	-	-
Gain on disposal of investment properties	62	229	-	-
Rental of equipment	18	12	-	-
Rental of premises	142	386	-	-
Reversal of impairment loss on property, plant and equipment	516	-	-	-
<b>and after charging:</b>				
Auditors' remuneration				
- Audit services				
Auditors of the Company				
- current	361	329	31	18
- under provision in prior years	25	27	17	8
Other auditors	38	3	-	-
- Other services by auditors of the Company	59	4	59	4
Amortisation of investment properties	-	53	-	-
Amortisation of prepaid lease rights	761	620	-	-
Amortisation of intangible asset	-	4	-	-
Allowance for doubtful debts	10,159	4,569	-	-
Bad debts written off	38	150	-	-
Depreciation of property, plant and equipment	27,460	24,039	27	2
Hire of plant and machinery	340	16	-	-
Impairment loss on intangible assets	-	89	-	-
Impairment of investment properties	175	183	-	-

# Notes to the Financial Statements

## 19. Results from operating activities (continued)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>and after charging (continued):</b>				
Impairment losses on property, plant and equipment	-	557	-	-
Inventories written down to net realisable value	360	921	-	-
Loss on foreign exchange - unrealised	1,216	61	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	51,499	51,677	905	-
- contribution to EPF	3,576	3,710	108	-
Property, plant and equipment written off	1,389	986	-	-
Rental of land and buildings and office premises	2,205	2,235	180	-
Rental of plant, machinery, equipment and motor vehicle	447	104	51	-

## 20. Interest expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Term loans	5,597	4,970	1,452	855
Bank overdrafts	756	423	-	-
Bills payable	8,206	5,998	-	-
Hire purchase and finance lease liabilities	349	460	-	-
Others	36	11	-	-
	14,944	11,862	1,452	855

## 21. Interest income

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	344	343	-	-
Subsidiaries	-	-	1,952	1,112
Others	307	-	-	-
	651	343	1,952	1,112

## 22. Key management personnel

The key management personnel compensation are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Remuneration	4,687	3,694	1,967	4
- Fees	732	681	444	306
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	93	105	23	-
	5,512	4,480	2,434	310
Directors of subsidiaries				
- Remuneration	4,668	4,881	-	-
- Fees	467	361	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	64	80	-	-
	5,199	5,322	-	-
Other key management personnel				
- Remuneration	567	-	567	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	69	-	69	-
	636	-	636	-
	11,347	9,802	3,070	310

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

# Notes to the Financial Statements

## 23. Tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense on operations	9,225	8,545	4,573	3,811
Share of tax of equity accounted associates	132	168	-	-
<b>Total tax expense</b>	<b>9,357</b>	<b>8,713</b>	<b>4,573</b>	<b>3,811</b>
Current tax expense				
- current year	9,272	7,371	4,576	3,770
- (over)/under provision in prior year	427	(219)	(3)	41
- real property gains tax	-	48	-	-
	<b>9,699</b>	<b>7,200</b>	<b>4,573</b>	<b>3,811</b>
Deferred tax expense				
- origination and reversal of temporary differences	575	1,345	-	-
- over provision in prior year	(1,049)	-	-	-
Tax expense on share of profits of an associate	132	168	-	-
	<b>(342)</b>	<b>1,513</b>	<b>-</b>	<b>-</b>
<b>Total tax expense</b>	<b>9,357</b>	<b>8,713</b>	<b>4,573</b>	<b>3,811</b>
<b>Reconciliation of effective tax expense</b>				
Profit for the year	86,593	68,584	31,863	13,883
Total tax expense	9,357	8,713	4,573	3,811
<b>Profit before taxation</b>	<b>95,950</b>	<b>77,297</b>	<b>36,436</b>	<b>17,694</b>
Income tax using Malaysian tax rates of 26% (2007 - 27%)	24,947	20,870	9,473	4,777
Effect of changes in tax rates*	(965)	(240)	-	-
Difference in tax rate for foreign subsidiary	17	-	-	-
Non-deductible expenses	2,204	4,585	306	100
Tax exempt income	(216)	(302)	(5,203)	(1,107)
Tax incentives	(9,181)	(12,628)	-	-
Effect of temporary differences not recognised	(6,827)	(3,147)	-	-
Other items	-	(254)	-	-
	<b>9,979</b>	<b>8,884</b>	<b>4,576</b>	<b>3,770</b>
(Over)/under provision in prior year	(622)	(219)	(3)	41
Real property gains tax	-	48	-	-
<b>Tax expense</b>	<b>9,357</b>	<b>8,713</b>	<b>4,573</b>	<b>3,811</b>

\* With effect from year of assessment 2008, corporate tax rate is at 26%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 25% in 2009. Consequently deferred tax assets and liabilities are measured using these tax rates.

## 24. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit for the year of RM80,802,000 (2007 - RM63,248,000) and the weighted average number of ordinary shares in issue during the year, adjusted for bonus issue completed subsequent to year end of 330,000,000 (2007-adjusted for bonus issue: 330,000,000).

The basic earnings per ordinary share for 2007 has been restated and adjusted to incorporate the effect of the bonus issue completed subsequent to year end in June 2008.

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

## 25. Dividends

	Sen per Share (net of tax)	Total amount RM'000	Date of payment
<b>2008</b>			
Final 2007	7.30	16,060	25 September 2007
<b>2007</b>			
Final 2006	6.48	14,256	27 September 2006

After the balance sheet date, the Directors proposed a final dividend of 6.5 sen per ordinary share of RM0.50 each single tier exempt dividend totalling RM21,450,000 in respect of the year ended 31 March 2008. It will be recognised in the financial statements upon approval by shareholders at the forthcoming Annual General Meeting.

## 26. 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 poultry farming.

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

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

# Notes to the Financial Statements

## 26. Segmental information (continued)

	Marine-products manufacturing		Palm oil activities	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Business segments</b>				
Revenue from external customers	273,062	245,369	301,632	215,954
Inter-segment revenue	-	-	1,149	679
Total revenue	273,062	245,369	302,781	216,633
Segment result	43,319	37,306	11,169	9,670
Unallocated expenses				
Operating profit				
Interest expense				
Interest income				
Share of profits after tax of an associate				
Profit before taxation				
Tax expense				
Profit for the year				
<b>Segment assets</b>	244,473	221,320	147,830	91,821
Share of net assets in an associate				
Unallocated assets				
<b>Total assets</b>				
Segment liabilities	18,411	14,759	36,872	14,763
Unallocated liabilities				
<b>Total liabilities</b>				
Capital expenditure	39,639	25,493	14,653	10,904
Unallocated capital expenditure				
Total capital expenditure				
Depreciation and amortisation	13,276	11,315	3,936	3,960
Unallocated depreciation and amortisation				
Total depreciation				
Impairment loss	69	-	-	-
Non-cash expenses other than depreciation, amortisation and impairment	651	391	-	-



Integrated livestock farming		Eliminations		Consolidated	
2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
732,131	657,196	-	-	1,306,825	1,118,519
2,332	981	(3,481)	(1,660)	-	-
734,463	658,177	(3,481)	(1,660)	1,306,825	1,118,519
61,047	42,192	-	-	115,535	89,168
				(5,799)	(976)
				109,736	88,192
				(14,944)	(11,862)
				651	343
				375	456
				95,818	77,129
				(9,225)	(8,545)
				86,593	68,584
380,264	319,355	-	-	772,567	632,496
				3,121	3,449
				52,116	34,898
				827,804	670,843
27,037	25,736	-	-	82,320	55,258
				345,232	292,286
				427,552	347,544
34,817	47,552	-	-	89,109	83,949
				243	-
				89,352	83,949
10,982	9,441	-	-	28,194	24,716
				27	-
				28,221	24,716
175	829	-	-	244	829
12,510	6,960	-	-	13,161	7,351

# Notes to the Financial Statements

## 27. Contingent liabilities - unsecured

	Company	
	2008	2007
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	565,149	531,516

## 28. Commitments

	Group	
	2008	2007
	RM'000	RM'000
Capital commitments:		
<i>Property, plant and equipment</i>		
Authorised but not contracted for	18,873	3,000
Contracted but not provided for in the financial statements	22,766	14,326
<i>Prepaid lease payments</i>		
Contracted but not provided for in the financial statements	-	2,090
<i>Investment</i>		
Contracted but not provided for in the financial statements	-	4,000
	41,639	23,416
Other commitments:		
Commodity future sales contract on crude palm oil	9,642	109

## 29. Operating leases

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

	Group	
	2008	2007
	RM'000	RM'000
Less than one year	490	200
Between one and five years	156	412
	646	612

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

### 30. Related parties

#### *Identity of related parties*

The Group has a controlling related party relationship with its subsidiaries (Note 32) and the substantial shareholders of the Company.

The Group also has a related party relationship with its Directors and close members of their families.

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

	Group	
	2008	2007
	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	(4,459)	(4,314)
Fusipim Sdn. Bhd.:		
Sales	(2,001)	(1,823)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(4,860)	-
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(10,251)	(8,458)
Keang Huat Trading Sdn. Bhd.:		
Purchases	2,095	1,348
	<hr/>	
	Company	
	2008	2007
	RM'000	RM'000
Subsidiaries		
Net dividend received	(33,999)	(14,256)
Management fee income	(1,518)	(838)
Administrative Charges	(1,303)	(766)
Interest income	(1,952)	(1,112)

# Notes to the Financial Statements

## 30. Related parties (continued)

	Group	
	2008	2007
	RM'000	RM'000
Associates		
Net dividend received	(702)	(769)
Warehousing services	4,728	4,792

As of 31 March 2008, 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 2008</b>				
Included in:				
- receivables, deposits and prepayments				
Related parties	4,976	-	4,976	-
- payables and accruals				
Associates	(593)	-	(593)	-
Related parties	(11,448)	-	( 11,448)	-
<b>2007</b>				
Included in:				
- receivables, deposits and prepayments				
Related parties	2,738	-	2,738	-
- payables and accruals				
Associates	(260)	-	(260)	-
Related parties	(993)	-	(993)	-

### 30. Related parties (continued)

	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>Company 2008</b>				
Included in:				
- receivables, deposits and prepayments				
Subsidiaries	71,692	-	71,692	-
Related parties	4	-	4	-
- payables and accruals				
Subsidiaries	(301)	-	(301)	-
<b>Company 2007</b>				
Included in:				
- receivables, deposits and prepayments				
Subsidiaries	37,809	-	37,809	-
Related parties	1	-	1	-
- payables and accruals				
Subsidiaries	(106)	-	(106)	-

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

# Notes to the Financial Statements

## 31. Financial instruments

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

Group	Effective interest rate per annum %	2008		
		Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
<b>Financial assets</b>				
Deposits placed with licensed banks	3.30	14,035	14,035	-
<b>Financial liabilities</b>				
Secured variable rate term loans				
• RM	-	-	-	-
• SGD	3.00	(1,413)	(1,413)	-
Unsecured fixed rate term loans	5.46	(103,412)	(31,010)	(72,402)
Unsecured variable rate term loans	6.11	(8,771)	(8,771)	-
Secured bank overdrafts	7.75	(480)	(480)	-
Unsecured bank overdrafts	7.82	(12,495)	(12,495)	-
Secured bills payables	4.72	(2,211)	(2,211)	-
Unsecured bills payables				
• USD	4.14	(125,072)	(125,072)	-
• RM	4.24	(57,802)	(57,802)	-
		(311,656)	(239,254)	(72,402)

Company	Effective interest rate per annum %	2008		
		Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
<b>Financial assets</b>				
Advances to subsidiaries	5.50	31,859	19,018	12,841
<b>Financial liabilities</b>				
Unsecured fixed rate term loan	5.63	36,889	10,750	26,139

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



2007					
After 5 years RM'000	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
-	3.10	3,160	3,160	-	-
-	7.68	(1,821)	(1,821)	-	-
-	-	-	-	-	-
-	5.49	(65,746)	(17,042)	(47,871)	(833)
-	5.52	(12,887)	(12,887)	-	-
-	8.27	(2,493)	(2,493)	-	-
-	7.72	(8,257)	(8,257)	-	-
-	4.72	(3,437)	(3,437)	-	-
-	5.75	(89,236)	(89,236)	-	-
-	4.20	(74,940)	(74,940)	-	-
-		(258,817)	(210,113)	(47,871)	(833)

2007			
Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
5.21	23,235	10,047	13,188
5.41	18,750	5,000	13,750

# Notes to the Financial Statements

## 31. Financial instruments (continued)

### Fair values

At balance sheet date, the carrying amounts of cash and cash equivalent, receivables, deposits, prepayment, accruals and payables and short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

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

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

Group	2008 Carrying amount RM'000	2008 Fair value RM'000	2007 Carrying amount RM'000	2007 Fair value RM'000
<b>Financial assets</b>				
Commodity options				
- Put options	144	49	-	(123)
- Call options	2,084	378	-	-
Currency options				
- Call options	-	12	-	(88)
Commodity futures	5,541	4,502	-	-
<b>Financial liabilities</b>				
Unsecured fixed rate term loans	(103,412)	(96,759)	(65,746)	(61,705)
Forward exchange contracts	-	(553)	-	(97)
<b>Company</b>				
<b>Financial assets</b>				
Advances to subsidiaries	31,859	29,564	23,235	21,163
<b>Financial liabilities</b>				
Unsecured fixed rate term loan	(36,889)	(35,978)	(18,750)	(16,248)

### 31. Financial instruments (continued)

#### Fair values (continued)

The nominal value of derivatives is as follows:

Group	2008 RM'000	2007 RM'000
Forward exchange contracts	38,005	56,006
Commodity options		
- Put options	2,869	4,954
- Call options	22,352	3,660
Currency options		
- Put options	17,681	27,884
- Call options	48,598	40,498
Commodity futures	9,642	-

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

Forward exchange contracts and currency and commodity options and futures are based on listed market prices or by discounting the contractual forward price and deducting the current spot rate.

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

The interest rate used to discount estimated cash flows for the loans are 3.00% to 6.45% (2007-3.30% to 6.33%).

### 32. 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 (%)	
		2008	2007
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, distribution of animal feed raw materials and food grain	100.00	100.00
QL Agrofood Sdn. Bhd. and its subsidiaries	Layer farming, processing, sale of animal feed, animal feed raw materials, lubricants and foodstuffs	100.00	100.00
Rikawawasan Sdn. Bhd.	Deep sea fishing	100.00	100.00
QL Agroventures Sdn. Bhd.	Layer farming	100.00	100.00
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	51.00	51.00
QL Feedmills Sdn. Bhd.	Property holding	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Layer farming	100.00	100.00
QL Properties Sdn. Bhd.	Property holding	100.00	100.00
QL Realty Sdn. Bhd.	Property holding	100.00	100.00

# Notes to the Financial Statements

## 32. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2008	2007
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90.00	51.00
QL Pacific Vet Group Sdn. Bhd. (formerly known as PVG Distribution Sdn. Bhd.)	Distributors of feed, supplements, animal health products, agricultural products and retailing of pets and pet supplies	90.00	51.00
Maxincome Resources Sdn. Bhd.	Distribution of lubricants oil	100.00	100.00
Chingsan Development Sdn. Bhd.	Dormant	100.00	100.00
Natural Oscar Sdn. Bhd.	Dormant	100.00	100.00
QL AgroResources Sdn. Bhd. (formerly known as Banjaran Mentari Sdn. Bhd.) and its subsidiary	Layer farming, feed milling and distribution of animal feed raw materials	80.00	80.00
QL Livestock Farming Sdn. Bhd. (formerly known as QL Agrovest Sdn. Bhd.)	Dormant	80.00	100.00
QL Feed Sdn. Bhd.	Marketing and distribution of "FMCG" products, foreign products and animal feed raw material and feed grain	100.00	70.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	100.00
Riteshop Sdn. Bhd.	Dormant	80.00	80.00
QL Farms Sdn. Bhd. (formerly known as Tong Len Poultry Farm Sdn. Bhd.) and its subsidiaries	Distribution of animal feed raw materials, layer and broiler farming, wholesale of frozen chicken parts and investment holding	100.00	100.00
Tong Her Marine Products Sdn. Bhd.	Property holding	100.00	100.00
Adequate Triumph Sdn. Bhd.	Property holding	100.00	100.00
QL Inter-Food Sdn. Bhd. (formerly known as Tong Len Distribution Sdn. Bhd.)	General trading and manufacture and selling of meehoon, noodle and ice	100.00	100.00
QL Tawau Feedmill Sdn. Bhd. (formerly known as Nada Eksklusif Sdn. Bhd.)	Manufacture and sales of animal feed	100.00	100.00
QL Breeder Farm Sdn. Bhd. (formerly known as Ladang Ternakan Ayam Soon Sang (Tawau) Sdn. Bhd.)	Poultry breeding and farming and sundry provisions	100.00	100.00
QL Rawang Poultry Farm Sdn. Bhd. (formerly known as Ansan Poultry Farm Sdn. Bhd.)	Layer farming	80.00	80.00
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. (formerly known as Tong Len Plantation Sdn. Bhd.)	Oil palm cultivation and marketing of palm oil products	100.00	100.00

### 32. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%)	
		2008	2007
Tophill Corporation Sdn. Bhd.	Oil palm cultivation and sale of fresh fruit bunches	100.00	100.00
QL BioEnergy Sdn. Bhd.	Oil palm cultivation and sale of fresh fruit bunches	100.00	100.00
QL Natureco Sdn. Bhd. (formerly known as Natureco Sdn. Bhd.)	Dormant	60.00	-
QL Mutiara (S) Pte. Ltd.* and its subsidiary	Investment holding	78.42	100.00
PT Pipit Mutiara Indah **	Oil palm cultivation	74.50	-
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100.00	100.00
QL Foods Sdn. Bhd.	Manufacturing of surimi and surimi-based products	97.59	97.59
QL Fishmeal Sdn. Bhd (formerly known as Sin Chip Huat Fishmeal Sdn. Bhd.)	Manufacturing of fishmeal	97.59	97.59
QL Endau Marine Products Sdn. Bhd. (formerly known as Sin Hong Heng Fishmeal Sdn. Bhd.) and its subsidiary	Manufacturing of fishmeal and surimi	64.32	64.32
QL Endau Deep Sea Fishing Sdn. Bhd. (formerly known as Endau Deep Sea Fishing Sdn. Bhd.)	Deep sea fishing	64.32	64.32
Figo Foods Sdn. Bhd. and its subsidiary	Manufacturing and sales of frozen “halal” foodstuff	72.73	72.73
QL Fujiya Pastry Sdn. Bhd. (formerly known as Fujiya Pastry Sdn. Bhd.)	Manufacturing and sales of frozen “halal” foodstuff	43.64	43.64
NFood Industry Pte. Ltd.*	Manufacturing and processing of frozen fish products	72.73	-
QL Fishery Sdn. Bhd. (formerly known as Figo Marketing Sdn. Bhd.)	Dormant	100.00	100.00
QL Fresh Choice Seafood Sdn. Bhd. (formerly known as Fresh Choice Seafood Trading Sdn. Bhd.)	Investment holding, processing and sale of frozen seafood	80.00	80.00
Incokaya Sdn. Bhd.	Dormant	80.00	80.00
Pasifik Raya Sdn. Bhd.	Coastal trawling and wholesale of marine products	80.00	80.00

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

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

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

# Notes to the Financial Statements

## 32. Subsidiaries (continued)

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

	Number of ordinary shares of RM1 each			
	At 1.4.2007	Bought	Sold	At 31.3.2008
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary QL Pacific Vet Group Sdn. Bhd. (formerly known as PVG Distribution Sdn. Bhd.)	1,550,400	1,185,600	-	2,736,000
QL Feed Sdn. Bhd.	2,000,000	-	-	2,000,000
QL AgroResources Sdn. Bhd. (Formerly known as Banjaran Mentari Sdn. Bhd.)	4,200,000	21,800,000	-	26,000,000
and its subsidiary QL Livestock Farming Sdn. Bhd. (formerly known as QL Agrovest Sdn. Bhd.)	3,680,000	-	-	3,680,000
QL Rawang Poultry Farm Sdn. Bhd. (Formerly known as Ansan Poultry Farm Sdn. Bhd.)	-	100,000	-	100,000
QL Agrobio Sdn. Bhd.	3,520,000	-	-	3,520,000
Riteshop Sdn. Bhd.	510,000	-	-	510,000
	8	-	-	8
Interest in non-wholly owned subsidiaries via QL Marine Products Sdn. Bhd.				
QL Foods Sdn. Bhd.	9,759,940	-	-	9,759,940
QL Fishmeal Sdn. Bhd. (formerly known as Sin Chip Huat Fishmeal Sdn. Bhd.)	5,855,970	-	-	5,855,970
QL Endau Marine Products Sdn. Bhd. (formerly known as Sin Hong Heng Fishmeal Sdn. Bhd.)	2,553,000	-	-	2,553,000
and its subsidiary QL Endau Deep Sea Fishing Sdn. Bhd. (formerly known as Endau Deep Sea Fishing Sdn. Bhd.)	15,000,000	8,000,000	-	23,000,000

## 32. Subsidiaries (continued)

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

	Number of ordinary shares of RM1 each			At 31.3.2008
	At 1.4.2007	Bought	Sold	
Interest in non-wholly owned subsidiaries via QL Marine Products Sdn. Bhd. (continued)				
Figo Foods Sdn. Bhd. and its subsidiaries	2,020,000	-	-	2,020,000
QL Fujiya Pastry Sdn. Bhd. (formerly known as Fujiya Pastry Sdn. Bhd.)	299,999	-	-	299,999
QL Fresh Choice Seafood Sdn. Bhd. (formerly known as Fresh Choice Seafood Trading Sdn. Bhd.) and its subsidiaries	1,600,000	-	-	1,600,000
Incokaya Sdn. Bhd.	100,000	-	-	100,000
Pasifik Raya Sdn. Bhd.	250,000	-	-	250,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL Natureco Sdn. Bhd. (Formerly known as Natureco Sdn. Bhd.)	599,999	-	-	599,999
	Number of ordinary shares			At 31.3.2008
	At 1.4.2007	Bought	Sold	
Interest in non-wholly owned subsidiary via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. #	-	5,959,996	-	5,959,996
Interest in non-wholly owned subsidiary via QL Mutiara (S) Pte. Ltd.				
PT Pipit Mutiara Indah @	-	594,643	-	594,643
Interest in non-wholly owned subsidiary via Figo Foods Sdn. Bhd.				
Nfood Industry Pte. Ltd. ^	-	600,002	-	600,002

^ Ordinary shares of SGD 1.00 each

# Ordinary shares of USD 1.00 each

@ Ordinary shares of RP50,000 each



# Notes to the Financial Statements

## 33. Significant events during the year

- 33.1 In April 2007, QL Feed Sdn. Bhd. (“QL Feed”) entered into an Assets Sale and Purchase Agreement with Pok Brothers Sdn. Bhd. (“PB”) to dispose certain stocks, various equipments, furniture and fixtures and other items to PB for a total consideration of RM3,154,000.
- 33.2 In April 2007, the Company signed a memorandum of understanding (“MOU”) with Sojitz Corporation of Japan (“Sojitz”) to signify their mutual intent to enter into a joint venture agreement upon the terms to be agreed by the parties (“Proposed JV”). In December 2007, the MOU was mutually terminated as it was no longer viable to proceed with the bio-diesel project due to the high Crude Palm Oil (“CPO”) price.
- 33.3 In June 2007, QL Mutiara (S) Pte. Ltd. (“QLM”) increased its paid-up capital by RM11,350,000 (USD3,230,000) of which QL Oil Sdn. Bhd. (“QLO”) has subscribed 78.4% in QLM.
- 33.4 In July 2007, QL Agroventures Sdn. Bhd. (“QLA”) entered into a related party transaction with M.B. Agriculture (Sabah) Sdn. Bhd. to take over its leasehold land for a total consideration of RM1,147,000.
- 33.5 In July 2007, QLM subscribed to 95% equity interest of PT Pipit Mutiara Indah (“PMI”) for cash consideration of RM11,346,000 (USD3,400,000) pursuant to the Master Joint Agreement.
- 33.6 In September 2007, QL Plantation Sdn. Bhd. (formerly known as Tong Len Plantation Sdn. Bhd.) (“QLP”) entered into a Sale and Purchase Agreement (“SPA”) with POIC Sabah Sdn. Bhd. for the acquisition of 1 (one) lot of land held under Lot 13B, District of Lahad Datu, Sabah measuring approximately 871,200 square feet for a cash consideration of RM10,454,000.

As at balance sheet date, an amount of RM9,409,000 has been paid as progress payments for the acquisition of the Land (see Note 7).

- 33.7 In September 2007, QL Fresh Choice Seafood Sdn. Bhd. (formerly known as Fresh Choice Seafood Trading Sdn. Bhd.) (“QLFC”) entered into a Sale and Purchase Agreement with Far East Seafood Centre Sdn. Bhd. to dispose a parcel of land described as Country Lease No. 015385887 together with a two storey semi-detached office cum warehouse for total consideration of RM800,000.
- 33.8 In October 2007, QLO acquired 60% of the share capital of QL Natureco Sdn. Bhd. (formerly known as Natureco Sdn. Bhd.) for cash consideration of RM396,000. The subsidiary increased its authorised and paid-up capital by another RM990,000 immediately after the acquisition with no changes in the equity held by QLO. Its intended principal activity is development of cellulosic bio fuel and other palm related downstream activities.
- 33.9 In October 2007, Figo Foods Sdn. Bhd. (“Figo”) acquired 70% equity interest of NFood Industry Pte. Ltd. (“NFood”) for cash consideration of SGD105,000 (approximately RM259,000). Subsequently in January 2008, Figo acquired the remaining 30% equity interest in NFood for SGD45,000 (approximately RM103,000), increasing its ownership from 70% to 100%.
- 33.10 In December 2007, the Company signed a MOU with Sulzer Chemtech Pte. Ltd. (“Sulzer”) as to facilitate the development of a working Tocopherol Recovery Project.

As at balance sheet date, an amount of RM1,172,000 (equivalent to SGD500,000) being commitment sum paid upon signing the MOU.

- 33.11 In March 2008, QL Foods Sdn. Bhd. (“QL Foods”) has entered into a Sale and Purchase Agreement (“SPA”) with related parties Chia Cheong Soong and Chia Song Pou (“Vendor”) to acquire 2 (two) parcels of land described as Lot No. 3300 & 3301 in Mukim Hutan Melintang, District of Hilir Perak, Perak measuring 1.0927 hectares and 1.1685 hectares respectively for a total cash consideration of RM1,585,000.

As at balance sheet date, an amount of RM159,000 has been paid as a deposit for the acquisition of the land.

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

- 34.1 In June 2008, the Company completed its bonus issue of 110,000,000 new shares of RM0.50 each on the basis of one (1) new share for every two (2) existing shares.
- 34.2 In May 2008, the shareholders of the Company had approved the share buyback scheme of the Company up to 10% of the Company's issued and paid up capital through its appointed stockbrokers. Subsequently, the Company repurchased 490,000 units of its own shares for a total cash consideration of RM1,296,000 from the open market.
- 34.3 In May 2008, the Group via its wholly owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLF") have received an Investment Certificate from Tay Ninh People's Committee of the Socialist Republic of Vietnam for the incorporation of a new wholly-owned subsidiary, QL Vietnam AgroResources Liability Limited Company ("QLVA"), in Vietnam.
- 34.4 In May 2008, the Group via its wholly owned subsidiary, QLF entered into a Share Acquisition Agreement ("SAA") with Tan Soo Pheng and Tan Peng Tee ("the Vendors"), owners of Heap Loong Poultry Farm Sdn. Bhd. ("HLPF") to acquire 100% equity interest of HLPF for a total consideration of RM6,680,000 ("Proposed Acquisition").

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

- 34.5 In May 2008, a subsidiary of the Group, PT Pipit Mutiara Indah increased its authorised and paid up ordinary share capital from RM11,731,000 (Rp 31,297,000,000) to RM26,566,000 (Rp 74,400,000,000) through the creation of 862,060 ordinary shares of RM17.21 (Rp 50,000) each. The equity interest held by the Group in the subsidiary remains unchanged.
- 34.6 In May 2008, a subsidiary of the Group, QL Livestock Farming Sdn. Bhd. (formerly known as QL Agrovest Sdn. Bhd.) ("QLLF") entered into Sales and Purchase Agreements ("SPA") with A-Ahin Breeding Farm Sdn. Bhd. and Chong Foh Hin Industries Sdn. Bhd. to acquire the business and assets of the two companies for a consideration of RM7,500,000 and RM3,500,000 respectively.

#### 35. Acquisition of subsidiaries and minority interest

##### 35.1 Business combination

During the financial year, the Group completed the acquisitions of the following companies:

- i) effective 50.91% equity interest of NFood Industry Pte. Ltd. ("NFood") in October 2007, for a cash consideration of RM259,000 (SGD105,000) satisfied by cash.
- ii) effective 60% equity interest of QL Natureco Sdn. Bhd. (formerly known as Natureco Sdn. Bhd.) ("QLNA") in October 2007, for cash consideration of RM396,000 satisfied by cash.
- iii) effective 74.5% equity interest of PT Pipit Mutiara Indah ("PMI") in July 2007 for cash consideration of RM11,359,000 satisfied by cash.

The principal activities of the subsidiaries acquired are shown in Note 32 of the financial statements. During the year ended 31 March 2008, these subsidiaries contributed losses of RM147,000, RM221,000 and RM185,000 respectively. If the acquisition had occurred on 1 April 2007, management estimates that consolidated revenue and profit for the year would have been RM1,309,161,000 and RM86,610,000.

# Notes to the Financial Statements

## 35. Acquisition of subsidiaries and minority interest (continued)

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	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	4	10,594	101	-	-	10,594	101
Plantation development expenditure		5,018	-	-	-	5,018	-
Prepaid lease payments	7	1,817	-	19,749	-	21,566	-
Inventories		150	-	-	-	150	-
Receivables, deposits and prepayments		1,639	19	-	-	1,639	19
Cash and cash equivalents		3,210	-	-	-	3,210	-
Current tax assets		199	-	-	-	199	-
Loans and borrowings		(1,846)	-	-	-	(1,846)	-
Payables and accruals		(7,458)	(8)	-	-	(7,458)	(8)
Current tax liabilities		(164)	-	-	-	(164)	-
Net identifiable assets and liabilities		13,159	112	19,749	-	32,908	112
Share of net asset of subsidiaries						32,908	112
Minority interest						(1,936)	-
Goodwill on acquisition						398	272
Negative goodwill						(594)	-
Consideration paid, satisfied in cash						30,776	384
Cash acquired						(3,210)	-
Net cash outflow						27,566	384

The values of assets and liabilities recognised on acquisition are their estimated fair values.

## 35. Acquisition of subsidiaries and minority interest (continued)

### 35.2 Acquisition of minority interest

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

35.2.1 In April 2007, the Group acquired the remaining 30% equity interest in QL Feed Sdn. Bhd. ("QL Feed") for RM270,000 in cash, increasing its ownership from 70% interest to 100%.

35.2.2 In April 2007, the Group acquired an additional 39% equity interest in Pacific Vet Group (M) Sdn. Bhd. ("PVG") for RM2,046,000 in cash, increasing its ownership from 51% interest to 90%.

35.2.3 In January 2008, the Group acquired the remaining 21.81% equity interest in NFood Industry Pte. Ltd. ("NFood") in January 2008 for SGD45,000 (approximately RM103,000), increasing its ownership from 50.91% interest to 72.73%.

The carrying amount of QL Feed net liabilities and PVG and NFood net assets in the consolidated financial statements on the date of the acquisition was RM18,252,000, RM5,246,000 and RM853,000 respectively. The Group recognised a goodwill of RM269,000, decrease in minority interest of RM2,070,000 and negative goodwill of RM335,000.

# List of Properties

as at 31 March 2008

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)
QL Marine Products Sdn Bhd	CL045081687 CL045076042 Kampung Bolong, District of Tuaran, Sabah	(27.12.2002) (19.09.2003)
QL Plantation Sdn. Bhd. (Formerly: Tong Len Plantation Sdn Bhd).	CL 245321037 PL 246291092 PL 246291083 CL 245354170 Tingkeyu, Lahad Datu-Kunak Highway, District of Kunak, Sabah	(11.07.2000)
QL Plantation Sdn. Bhd. (Formerly: Tong Len Plantation Sdn. Bhd.)	Lot 13B, POIC Phase 1, Lahad Datu	(18.09.2007)
QL BioEnergy Sdn. Bhd.	Lot 13 & 13A POIC Phase 1, Lahad Datu	(28.08.2006)
QL Plantation Sdn. Bhd. (Formerly: Tong Len Plantation Sdn Bhd)	CL105355977  Mile 42, alongside Tawau-Kunak Highway, District of Tawau, Sabah	Dec 1998
QL Plantation Sdn. Bhd. (Formerly: Tong Len Plantation Sdn Bhd)	CL 105336034 CL 105336025 CL 105339633 CL 105452033  Kalumpang, District of Tawau, Tawau, Sabah	(20.02.2000)
QL Fishmeal Sdn. Bhd. (Formerly: Sin Chip Huat 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 Feedingstuffs Sdn Bhd	PT 17697, HSD 142752 & PT 17698, HSD 142753, Mukim Damansara, Selangor  No. 16 & 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor	(3.12.2002)
QL Endau Marine Products Sdn. Bhd. (Formerly: Sin Hong Heng Fishmeal Sdn Bhd)	Lot 275, Geran Mukim 237, Mukim of Padang Endau & TLO 117, HS(D) 506, Township of Endau, District of Mersing Johor  11, Jalan Merlimau, 86900 Endau, Johor	Dec 1998
QL Feedingstuffs Sdn. Bhd.	Parcel 3 & 5, Geran 24082, Lot 48, Mukim Kapar, Daerah Klang, Selangor	(Nov 2006)

Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Leasehold to: 27.4.2929 Leasehold to: 20.11.2928	Surimi & Fishmeal Factory	26 acres 3 acres	11,318	4
Leasehold to: 31.12.2072 Leasehold to: 31.12.2073 Leasehold to: 31.12.2073 Leasehold to: 31.12.2078	Oil Palm Estate together with palm oil mill & building thereon	76.53 ha	9,886	8
Leasehold to: 31.12.2104	Industrial land	20 acres	9,410	N/A
Leasehold to: 31.12.2104	Industrial land	20 acres	9,410	N/A
Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with palm oil mill & building thereon	81.06 ha	8,785	10
Leasehold to: 31.12.2071 Leasehold to: 31.12.2072 Leasehold to: 31.12.2071 Leasehold to: 31.12.2078	Oil palm estate with farm buildings	799.11 acres	7,100	8
Freehold	Fishmeal factory, warehouse cum office	Gross build-up area of 7,544 square metre  4.365 ha	6,869	4
Freehold	2 units of semi-detached factories of 3 storey use as corporate head office	6,611.26 square metres	5,735	2
Lot 275: Freehold  TLO 117: Leasehold expiring 28.2.2036	Fishmeal factory Surimi factory, Warehouse, Office	Lot 275: 1.6212 ha  TLO 117: 0.1626 ha	5,246	15 7 6 1
Freehold	Vacant industrial land	11.26 acres	4,806	N/A

# Shareholders' Analysis Report

as at 30 June 2008

Authorised share capital : RM200,000,000  
 Issued and paid-up capital : RM165,000,000  
 Type of shares : Ordinary shares of RM0.50 each  
 Voting Rights : One vote per ordinary share

## SHAREHOLDERS BY SIZE OF HOLDINGS

No. of Holders	Holdings	Total Holdings	%
65	less than 100	2,458	0.00
176	100 to 1,000	74,948	0.02
1,484	1,001 to 10,000	6,861,104	2.08
714	10,001 to 100,000	21,223,866	6.44
176	10,001 to less than 5% of issued shares	102,402,991	31.05
2	5% and above of issued shares	199,191,433	60.41
2,617		329,756,800	100.00

Note:-

Based on adjusted issued share capital of 329,756,800 ordinary shares of RM0.50 each after deducting 243,200 treasury shares retained by the Company as per Record of Depositors.

## DIRECTORS' SHAREHOLDINGS

The direct and deemed interests of the Company's Directors are stated in Page 33 of the Annual Report.

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings	%
1 CBG Holdings Sdn. Bhd.	154,717,458	46.92
2 Farsathy Holdings Sdn. Bhd.	44,473,975	13.48



## LIST OF 30 LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1 CBG HOLDINGS SDN BHD	154,692,458	46.91
2 FARSATHY HOLDINGS SDN BHD	44,448,300	13.48
3 LEMBAGA TABUNG HAJI	14,833,000	4.50
4 AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	5,014,200	1.52
5 CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	3,778,950	1.15
6 AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : SEKIM AMANAH SAHAM NASIONAL	2,406,150	0.73
7 HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)	2,324,550	0.70
8 TAN SWEE KWONG	2,312,700	0.70
9 LIU SIN	2,003,400	0.61
10 CHEAH YAW SONG	1,895,700	0.57
11 UNIVERSAL TRUSTEE (MALAYSIA) BERHAD BENEFICIARY : CIMB-PRINCIPAL SMALL CAP FUND 2	1,749,750	0.53
12 CHIA SIANG ENG	1,656,796	0.50
13 TAN HON @ TAN HO HOON	1,586,650	0.48
14 CHIA TEOW GUAN	1,527,000	0.46
15 UNIVERSAL TRUSTEE (MALAYSIA) BERHAD BENEFICIARY : ALLIANCE FIRST FUND	1,500,000	0.45
16 MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (NON-PAR FUND)	1,386,450	0.42
17 MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN LIFE ASSURANCE BERHAD (PAR FUND)	1,380,000	0.42
18 CHIA SONG PHUAN	1,370,050	0.42
19 CHIA BAK LANG	1,350,000	0.41
20 KHOO NG HIONG	1,225,000	0.37
21 JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (STA 2)	1,176,501	0.36
22 TAN THEAN HOCK	1,151,050	0.35
23 KEE SIOK HIN	1,108,500	0.34
24 UNIVERSAL TRUSTEE (MALAYSIA) BERHAD BENEFICIARY : CIMB ISLAMIC SMALL CAP FUND	1,088,800	0.33
25 LOW LEH KIAN	1,080,000	0.33
26 HLB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	1,000,000	0.30
27 MALAYSIAN TRUSTEES BERHAD BENEFICIARY : PACIFICMAS ASSET MANAGEMENT SDN BHD FOR GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	921,000	0.28
28 NGEAM CHONG KWAI	888,000	0.27
29 LIU FUI MOY	884,500	0.27
30 SJ SEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ARIFF FIRDAUS BIN ZABIR (SJ8)	830,601	0.25

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 11th Annual General Meeting has been scheduled on Wednesday, 27 August 2008 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 2008 together with the Directors' and Auditors' Report thereon. **Resolution 1**
- (2) To declare a final dividend of 6.5 sen per ordinary share of RM0.50 each single tier exempt dividend in respect of the financial year ended 31 March 2008. **Resolution 2**
- (3) To re-elect the following Directors who retire in accordance with Article No. 98 of the Company's Articles of Association:  
  
YM Tengku Dato Zainal Rashid Bin Tengku Mahmood **Resolution 3**  
Mr. Chieng Ing Huong, Eddy **Resolution 4**  
Mr. Chia Song Swa **Resolution 5**
- (4) To approve the Directors' fees for the financial year ended 31 March 2008. **Resolution 6**
- (5) To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**
- (6) Special business

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

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the 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 8**

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

## Notice of Dividend Entitlement and Payment

**NOTICE IS ALSO HEREBY GIVEN** that the final dividend, if approved, will be paid on 26 September 2008 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 September 2008.

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 2008 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 2008**

## 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 11th Annual General Meeting are available on Pages 16 to 19 of the Annual Report.
- 5. Explanatory Statement on Special Business

## Resolution 8

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

# Recurrent Related Party Transactions

of revenue or trading nature of QL Resources Berhad Group  
as at 31 March 2008

Nature of Transaction	Related Parties	Interested Directors and/or major Shareholders	Estimated Value from date of our forthcoming AGM to the next AGM* RM	Transacted value for financial year ended 31 March 2008 RM	Transacted value for the period 1 April 2008 to 31 May 2008 RM
Purchase of animal feeds from QL AgroResources Sdn. Bhd. (formerly known as Banjaran Mentari Sdn. Bhd.)	Success Portfolio Sdn. Bhd.	Dr Ng Siew Thiam CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	6,000,000.00	4,458,834.00	682,704.00
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	14,000,000.00	10,230,940.00	1,886,636.00
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd. (formerly known as Nada Eksklusif Sdn. Bhd.)	Arena Dijaya Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	6,500,000.00	1,906,186.42	551,570.00
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd. (formerly known as Nada Eksklusif Sdn. Bhd.)	M.B. Agriculture (Sandakan) Sdn. Bhd.	Liu Sin CBG Holdings Sdn. Bhd. <sup>(1)</sup> Farsathy Holdings Sdn. Bhd. <sup>(2)</sup>	6,500,000.00	4,750,094.28	554,060.00

## Notes:

\* The above estimated values of transactions are based on values transacted for the year ended 31 March 2008. However, the value of these transactions may be subjected to changes in the current financial year.

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

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

## Classes of Related Parties

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

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

SP is a company engaged in livestock farming which Dr Ng Siew Thiam has interest. Dr Ng Siew Thiam is a director and shareholder in QL AgroResources Sdn. Bhd. (formerly known as Banjaran Mentari 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.

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

MB (Sabah) is engaged in livestock farming and is wholly owned by RT.

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

MB (Sandakan) is engaged in livestock farming which Mr Liu Sin is a director and shareholder. He is also a director of QL Farm Sdn. Bhd. (formerly known as Tong Len Poultry Farm Sdn. Bhd.) (“QL Farm”) and QL Tawau Feedmill Sdn. Bhd. (formerly known as Nada Eksklusif Sdn. Bhd.). MB (Sandakan) is 90% owned by RT.

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

Arena is engaged in livestock farming and is 90% owned by RT. Mr Chia Seong Fatt and Mr Chia Song Kooi are directors of Arena. Mr Liu Sin is a director and shareholder of Arena.

### 2.2.5 Common Directors

Chia Song Kun is a Director of QL and QL Farm.  
Chia Seong Pow is a Director of QL.  
Chia Seong Fatt is a Director of QL, SP, MB (Sabah), MB (Sandakan), QL Farm and Arena.  
Chia Song Kooi is a Director of QL, SP, MB (Sabah), MB (Sandakan), QL Farm and Arena.  
Dr Ng Siew Thiam is a Director of SP.  
Liu Sin is a Director of MB (Sandakan), QL Farm and Arena.

Other than as disclosed above, there are no common Directors in QL, SP, MB (Sabah), MB (Sandakan), QL Farm and Arena.

### 2.2.6 Common Shareholders

Chia Song Kun is a shareholder in QL and CBG.  
Chia Seong Pow is a shareholder in QL and Farsathy.  
Chia Seong Fatt is a shareholder in QL and Farsathy.  
Chia Song Kooi is a shareholder in QL and CBG.  
Dr Ng Siew Thiam is a shareholder in SP.  
Liu Sin is a shareholder in MB (Sandakan) and Arena.

Other than as disclosed above, there are no common shareholders in QL, SP, MB (Sabah), MB (Sandakan), QL Farm and Arena.

# Form of Proxy



I/We, (Full Name In Block Letters)

I.C. or Company No. (New and Old I.C. Nos. or Company No.)

CDS Account No.

of (Full Address)

being a member/members of **QL RESOURCES BERHAD** (the “Company”), hereby appoint (Full Name In Block Letters)

I.C. No. (New and Old I.C. Nos.)

of (Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf, at the 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 Wednesday, 27 August 2008 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

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

Please indicate with an “X” or “J” in the space provided as to how you wish your votes to be cast on the resolution specified in the Notice of 11th Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his /her discretion.

Dated this                      day of                      2008

Signature of Shareholder

No. of ordinary shares held

## Notes:

- A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, 40150 Shah Alam,, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.
- In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- The details of the directors who are standing for re-election at the 11th Annual General Meeting are available on Pages 16 to 19 of the Annual Report.
- Explanatory Statement on Special Business

## Resolution 8

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

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Stamp

The Secretary,  
**QL Resources Berhad** (428915-X)  
No. 16A, Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan, Malaysia

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金利資源有限公司

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

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

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