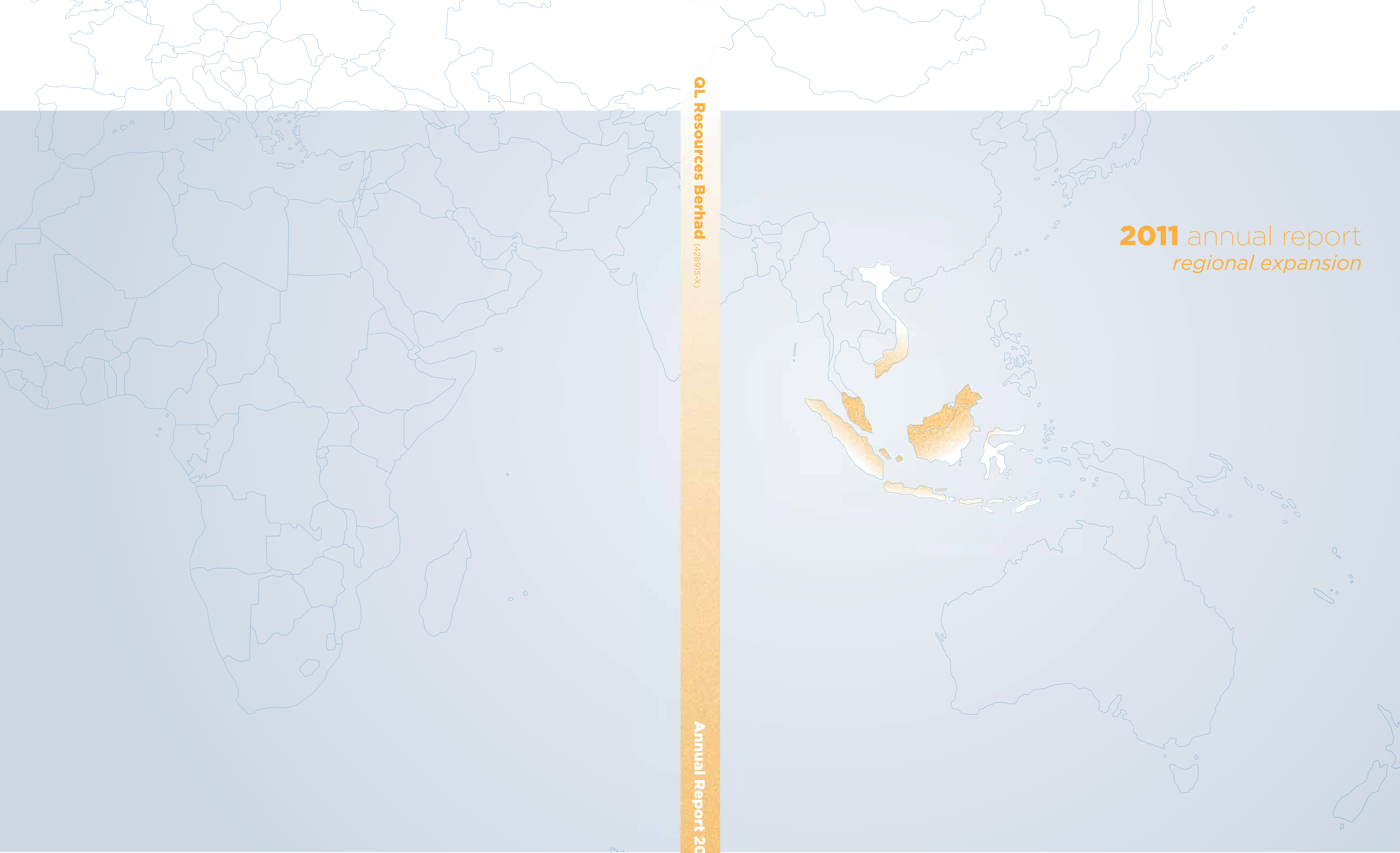


2011 annual report
regional expansion

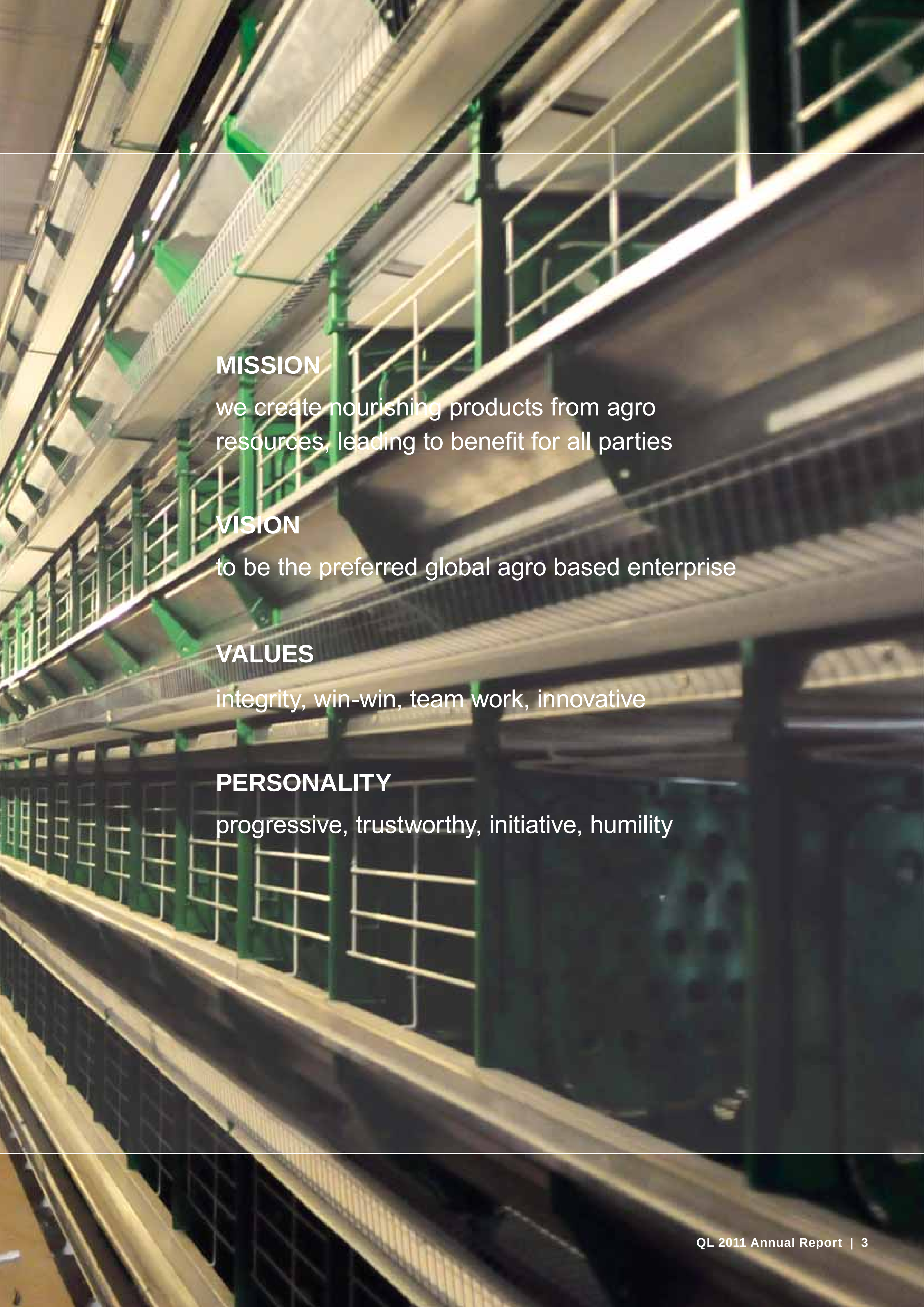
QL Resources Berhad (428915-X)

Annual Report 2011

QL Resources Berhad

Regional Expansion

Harnessing the capabilities and resources we have developed in Malaysia over the past three decades, we embark on a voyage of regional expansion to reach the next level of growth. 2011 marks the year we build a regional expansion platform across all our three core businesses. This platform will provide us a quantum leap forward in market base and opportunities for growth.



MISSION

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

VISION

to be the preferred global agro based enterprise

VALUES

integrity, win-win, team work, innovative

PERSONALITY

progressive, trustworthy, initiative, humility


JHF 6935T
JHF 6935T

Principal Activities

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

Marine Products Manufacturing Activities (MPM)

Our Marine Products Manufacturing arm consists of full upstream & downstream activities including fishmeal, surimi, surimi-based products manufacturing and deep sea fishing.

The group's commitment to quality and affordability has made QL the largest fishmeal manufacturer in Malaysia, the largest producer of surimi in Asia and a leading producer of surimi-based products in Malaysia.

Integrated Livestock Activities (ILF)

A varied portfolio of products and a strong value commitment to our customers has seen QL rise to become one of the country's leading operators in animal feed raw materials and poultry farming.

QL is among Malaysia's leading poultry egg producers with a production rate of approximately 3.0 million eggs per day, while our animal feed raw materials are distributed throughout the nation.

Palm Oil Activities (POA)

QL has expanded its capabilities in palm oil from milling to estate ownership and management. Further expansion along the value chain is expected in order to better serve our shareholders and increase the value of the sector's returns.

QL has two independent Crude Palm Oil (CPO) mills servicing small and medium sized estates in the Tawau and Kunak regions of Sabah, East Malaysia. Each CPO mill has the capacity to process 40 metric tonnes of fresh fruit bunches of oil palm per hour. We own a 3,000 acre palm oil estate in Sabah, as well as 40,000 acre plantation (currently under development) in Eastern Kalimantan, Indonesia. We target to complete planting in Eastern Kalimantan by year 2014.

Group Corporate Structure

as at 30 June 2011

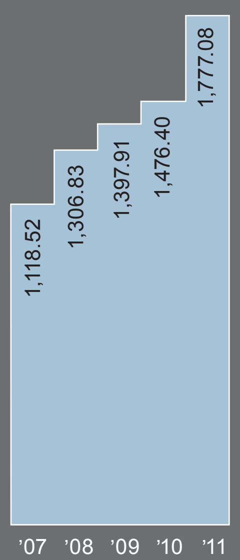
Integrated Livestock Farming
QL Feedingstuffs Sdn. Bhd. 100%

- 100% Chingsan Development Sdn. Bhd.
- 100% Maxincome Resources Sdn. Bhd.
- 100% QL Agrofood Sdn. Bhd.
  - 100% Rikawawasan Sdn. Bhd.
- 90% Pacific Vet Group (M) Sdn. Bhd.
  - 100% QL Pacific Vet Group Sdn. Bhd.
- 50.50% QL AgroBio Sdn. Bhd.
- 100% QL Agroventures Sdn. Bhd.
- 100% QL Feed Sdn. Bhd.
- 80% QL AgroResources Sdn. Bhd.
  - 100% QL Livestock Farming Sdn. Bhd.
- 100% QL Deep Sea Fishing Sdn. Bhd.
- 100% QL Realty Sdn. Bhd.
  - 80% PT QL Trimitra
  - 99% PT QL Agrofood
- 1%
- 100% QL Tawau Feedmill Sdn. Bhd.
- 100% QL Feedmills Sdn. Bhd.
- 100% QL Poultry Farms Sdn. Bhd.
- 100% QL Farms Sdn. Bhd.
  - 100% Adequate Triumph Sdn. Bhd.
  - 100% QL Breeder Farm Sdn. Bhd.
  - 100% QL Inter-Food Sdn. Bhd.
- 0.5%
- 85% QL Ansan Poultry Farm Sdn. Bhd.
  - 100% QL Rawang Poultry Farm Sdn. Bhd.
  - 100% Hybrid Figures Sdn. Bhd.
- 100% QL Vietnam AgroResources Liability Ltd Co

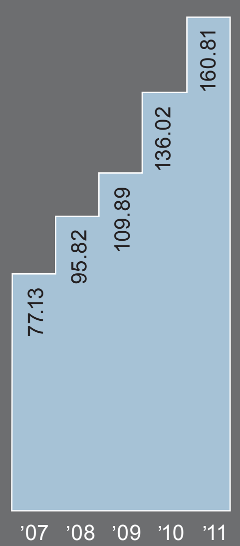
Marine Products Manufacturing
QL Fishery Sdn. Bhd. 100%

- 100% Figo Foods Sdn. Bhd.
  - 60% QL Fujiya Pastry Sdn. Bhd.
- 100% QL Marine Products Sdn. Bhd.
- 100% QL Fresh Choice Seafood Sdn. Bhd.
- 70.59% QL Endau Marine Products Sdn. Bhd.
  - 100% QL Endau Deep Sea Fishing Sdn. Bhd.
  - 100% QL Endau Fishmeal Sdn. Bhd.
  - 100% Pilihan Mahir Sdn. Bhd.
- 100% QL Foods Sdn. Bhd.
  - 100% QL Aquaculture Sdn. Bhd.
- 100% QL Fishmeal Sdn. Bhd.
  - 99.97% PT QL Hasil Laut
  - 100% Ambang Spektrum Sdn. Bhd.
- 82% QL Lian Hoe Sdn. Bhd.
  - 100% QL Lian Hoe (S) Pte Ltd

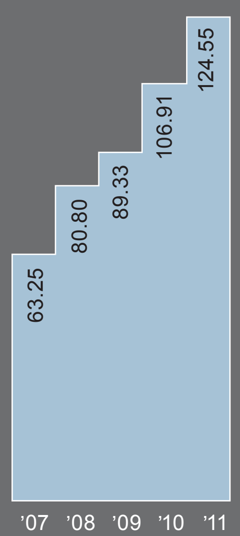
Five years financial summary



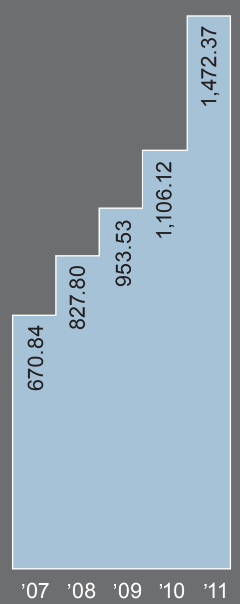
Turnover
RM Million



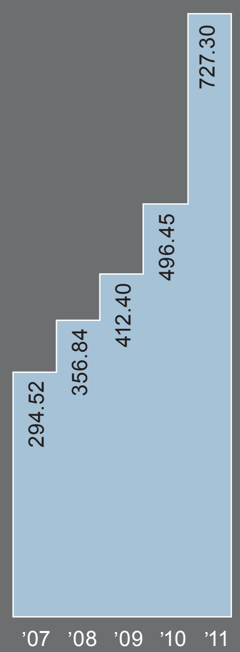
Profit Before Tax
RM Million



Profit After Tax After
Minority Interest
RM Million



Total Assets
RM Million



Net Tangible Assets
RM Million

Crude Palm Oil Milling
QL Oil Sdn. Bhd. 100%

100% QL BioEnergy Sdn. Bhd.

78.42% QL Mutiara (S) Pte. Ltd.
95% PT Pipit Mutiara Indah

80% QL NatureCo Sdn. Bhd.
100% QL Palm Pellet Sdn. Bhd.
100% QL Palm Pellet System Sdn. Bhd.
100% QL ZeroPoint Green Energy Sdn. Bhd.

100% QL Plantation Sdn. Bhd.
100% QL Tawau Palm Pellet Sdn. Bhd.
100% QL Tawau Biogas Sdn. Bhd.

Palm Pellet Business
QL Green Resources Sdn. Bhd. 100%

100% QL Green Energy Sdn. Bhd.

100% QL Biomass Sdn. Bhd.

	2007 RM MIL	2008 RM MIL	2009 RM MIL	2010 RM MIL	2011 RM MIL
Turnover	1,118.52	1,306.83	1,397.91	1,476.40	1,777.08
Profit Before Tax	77.13	95.82	109.89	136.02	160.81
Profit After Tax After Minority Interest	63.25	80.80	89.33	106.91	124.55
Total Assets	670.84	827.80	953.53	1,106.12	1,472.37
Net Tangible Assets	294.52	356.84	412.40	496.45	727.30
Profit as % of Turnover					
Before Tax	6.90	7.33	7.86	9.21	9.05
After Tax	5.65	6.18	6.39	7.24	7.01
Earnings Per Share (sen) - Basic #	8	10	11	14	16 ^
Net Tangible Assets Per Share (sen)	133.87	162.20	125.85	127.01	87.42
Paid-up share Capital	110.00	110.00	165.00	197.59	208.00
No. of share in Issue	220.00	220.00	327.68 **	390.86 **	832.00

 # Adjusted for share split in 2011 and bonus issue in 2008 and January 2010
^ Adjusted for share placements in 2011
*** Adjusted for treasury shares*

Corporate Information

Board of Directors

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

Chia Song Kun
Managing Director

Chia Seong Pow
Executive Director

Chia Seong Fatt
Executive Director

Chia Song Kooi
Executive Director

Chia Song Swa
Executive Director

Chia Mak Hooi
Executive Director

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Teh Kim Teh
Independent Non-Executive Director

Tan Bun Poo, Robert
Independent Non-Executive Director

Cheah Juw Teck
Executive Director

Company Secretary

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

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Teh Kim Teh
Independent Non-Executive Director

Remuneration Committee

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

Chia Song Kun
Non-Independent Executive Director

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Nomination Committee

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

Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Registered Office

No 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan
Tel: 03-7801 2288
Fax: 03-7801 2228
http://www.ql.com.my

Principal Bankers

Alliance Bank Berhad

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

AmBank(M) Berhad

CIMB Bank Berhad

Deutsche Bank (Malaysia) Berhad

Hong Leong Bank Berhad

HSBC Amanah Malaysia Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Rabobank

RHB Bank Berhad

RHB Investment Bank Berhad

Standard Chartered Bank Malaysia

Registrars

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

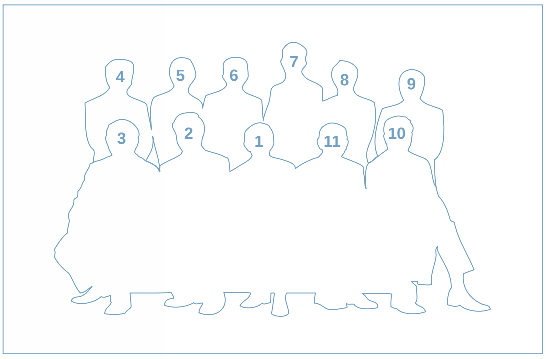
Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Investor Relation

Mr. Freddie Yap
Tel: 03-7801 2288
Fax: 03-7801 2222
E-mail: freddieyap@ql.com.my

Board of Directors



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

2 Mr. Chia Song Kun
Managing Director

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

4 Mr. Chia Mak Hooi
Executive Director

5 Mr. Teh Kim Teh
Independent Non-Executive Director

6 Mr. Chia Song Swa
Executive Director

7 Mr. Cheah Juw Teck *(Appointed on 1 June 2011)*
Executive Director

8 Mr. Chia Seong Pow
Executive Director

9 Mr. Tan Bun Poo, Robert *(Appointed on 1 June 2011)*
Independent Non-Executive Director

10 Mr. Chia Song Kooi
Executive Director

11 Mr. Chia Seong Fatt
Executive Director

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, age 72, Malaysian, is the Chairman and 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, he is 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 the past president of I.C.H.C.A. Malaysian chapter. He also sat on the Boards of Klang and Kuantan Port Authorities for more than a decade.

In addition to maritime bodies, Yang Mulia Tengku is also an active participant in the affairs of Chambers of Commerce. He is the 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 was the 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 Hononary Consul of Norway.

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

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

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

Mr Chia Song Kun, age 61, 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 RM1.7 billion.

He is a founder member of Inti Universal Holdings Berhad. The Company is one of the leading private colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia. He is also the chairman of Boilermech Holdings Berhad, a company listed in the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011.

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., a 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 Chieng Ing Huong, Eddy, age 53, Malaysian, is a Senior Independent 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. Other than being the Executive Chairman of his private group of companies, Mr Chieng is also the Executive Chairman of Esthetics International Group Berhad, Chairman of Selangor Dredging Berhad and Non-Executive Director of OrotonGroup Limited; listed on the Australian Stock Exchange. He was previously the Non-Executive Director of Nationwide Express Courier Services Berhad, Ancom Berhad, Nylex (Malaysia) Berhad and 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 Chia Mak Hooi, age 46, 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 started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liaised with bankers for banking facilities. In 1996, he was appointed Finance Director of QL Feedingstuffs Sdn. Bhd., and was involved in the proposed listing of the Company on the Second Board of Bursa Malaysia.

Currently, he is actively involved in group corporate activities and strategic business planning and also group integrated livestock business expansion programs both locally and overseas.

Mr. Chia is the director of EITA Resources Berhad. EITA group of companies is involved in the distribution and manufacturing of electrical related products.

He is also a director of Lay Hong Berhad, an associate company of the Company and the Group.

He is the nephew to Mr Chia Song Kun, Mr Chia Song Swa and Mr Chia Song Kooi. He has indirect interest in QL 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 Teh Kim Teh, age 57, Malaysian, is an Independent Non-Executive Director of the Company since 4 December, 2003.

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

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

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

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

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

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

Mr Teh 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 conviction for any offences within the past ten years.

Mr Chia Song Swa, age 51, 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. on 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 in QL 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 Cheah Juw Teck, age 42, Malaysian, is appointed as an Executive Director of the Company on 1 June 2011.

He holds a degree in Food Technology from University Putra Malaysia (1993).

Prior to joining QL Group in 1994, he was involved in quality control in S & P Foods Bhd as quality control executive. In 1994, he joined QL Group as operations manager to set up the surimi and surimi-based products business and subsequently was appointed as a Director of QL Foods Sdn. Bhd. in 1997. He is also the director in charge of the surimi and surimi-based products in QL Group.

Mr Cheah Juw Teck is the nephew to Mr Chia Song Kun, Mr Chia Song Swa and Mr Chia Song Kooi. He is the cousin of Mr Chia Mak Hooi.

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 55, 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 25 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 layer farming, regional merchanting trade in food grains as well as new business developments.

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 beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

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

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

Mr Tan Bun Poo, Robert, age 61, Malaysian, is appointed as an Independent Non-Executive Director of the Company on 1 June 2011.

He graduated in Bachelor of Commerce from University of Newcastle, Australia. He is a member of The Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants, The Institute of Chartered Accountants in Australia and The Malaysian Institute of Taxation.

Mr Tan Bun Poo has just retired as a Senior Partner with Deloitte KassimChan with more than 35 years of experience in the audits of both private and public companies, including banking and financial services, manufacturing, food and distribution industry. His other experiences include reporting accountants work relating to Initial Public Offerings and other corporate exercises, leading assignments in corporate acquisition and overseeing the provision of risk management and internal audit services.

Mr Tan 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 conviction for any offences within the past ten years.

Mr Chia Song Kooi, age 51, 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 Market of the Bursa Malaysia Securities Berhad, as a Marketing Executive for agro-chemical products and eventually headed the Product and Market Development Division in 1987.

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has 20 years experience in farm management and in trading of raw materials for farm use. He is currently the Deputy Chairman of Sabah Livestock Poultry Association. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd. He is overall in charge of the group's operations in Kota Kinabalu.

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

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

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

Mr Chia Seong Fatt, age 55, 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 of 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 Main Market of the Bursa Malaysia Securities Berhad.

In 1991, he was appointed as Managing Director of QL Farms Sdn. Bhd., a subsidiary of QL overseeing its operations in Tawau. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and Crude Palm Oil (“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 is the director and beneficial shareholder of 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.

Chairman's Statement

Dear Shareholders,

It gives me satisfaction to announce that QL Resources' performance during FY2011 has continued to be positive. The Group has performed well, though naturally we have been helped by Malaysia's and the region's improved economic landscape. GDP growth has been generally positive inspite of some occasional hiccups, we were afforded a stable platform upon which to achieve a respectable set of results.

One of the Group's strategic objectives is to increase shareholder value. In the long term, sustained growth in earnings will be the most reliable way to achieve this objective. I want to highlight some of the year's corporate developments that demonstrate our effort to increasing shareholder value.

1. Results

QL has achieved another good set of results. In fact, in the first 10 years since being listed, our growth story has been compelling. Over the last year, we achieved 10 years average ROE, earnings after tax and share price CAGR of more than 20% respectively.

FY2011 is the first year in the next 10 years leading up to FY2020. On this new and bigger platform, QL's management team is still committed to growing our business with double digit CAGR. In FY2011, sales were up 20% to RM1.77 billion and earnings after tax were up 16% to RM124 million. Once again, we have demonstrated that even with a bigger base, we continue to achieve a respectable performance.

2. Acquisitions

Momentum was maintained in our acquisition strategy. In August 2010, we acquired 23.29% of Lay Hong Berhad, a poultry food company similar in nature to our own. Lay Hong is listed on the Main Market of Bursa Malaysia and is one of the leading poultry players in Malaysia. By taking a significant stake, we hope to achieve a cohesive synergy with the management of Lay Hong and collaborate in areas such as feed raw material sourcing, supply chain networks and operations efficiency.

In October 2010, we acquired a 40.51% equity stake in Boilermech Sdn Bhd. Boilermech was successfully listed on the ACE Market in May 2011. This investment complements QL's strategy to expand its value chain in biomass renewable energy. Through this investment, we acquired technology and know-how in agricultural biomass power and heat generation.

3. Shareholder Appreciation

The Group's shareholders were rewarded for their loyalty and commitment through a share split and issuance of free warrants in February 2011. In addition, the Board has recommended a single tier dividend of 4.25 sen (up from 3.75 sen per share last year).

To promote effective investor relations, we held many meetings, conference calls, company visits and road-shows over the last year, thereby signaling an increase of confidence in QL by foreign and domestic investing communities. Of course, an appreciating share price also helped us to improve QL's position in the FTSE-Bursa Top 100 index in terms of market capitalisation to No. 75th, as at 30th June 2011. We believe the jump in market capitalisation is due to the investment communities' continued appreciation of QL's strong management, resilient business nature and respectable earnings track record.

4. Equity Capital

The Group has broadened its equity capital base with a 5% share placement in February 2011. This will further strengthen our balance sheet and lower our overall gearing level. The 5% private placement was well taken up by domestic and foreign investors.

5. Corporate Responsibility (CR)

QL recognises that good corporate governance involves good CR initiatives in the workplace, market place and environment as part of a social obligation to stakeholder communities.

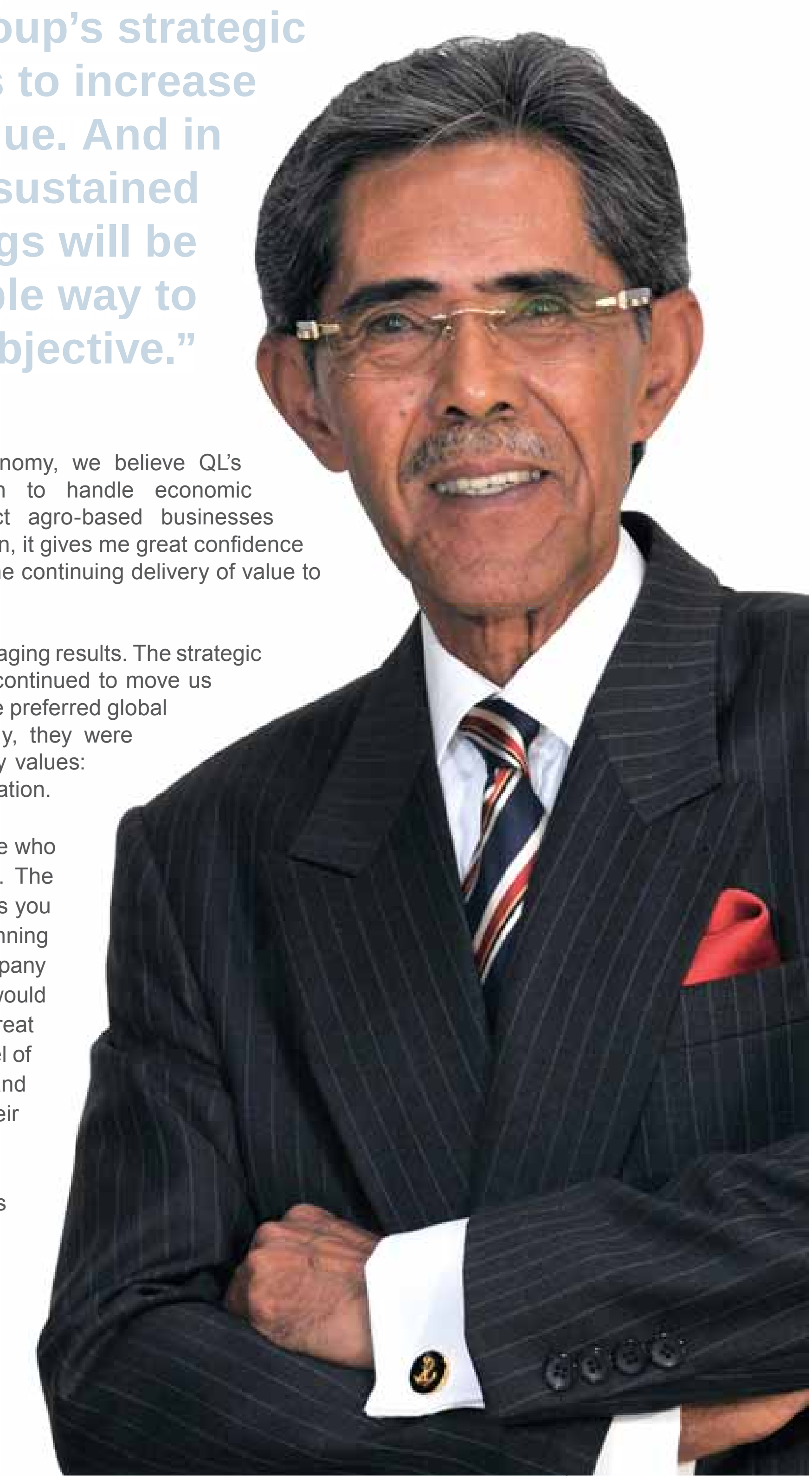
During FY2011, we were proud to commence building our new biogas renewable energy project. The Group now has a technology in place that will lower our carbon footprint while also generating electricity for use with our plants.

In addition, QL Renewable Energy Technology in Pellet Biofuel project will be commercialised in July 2011.

6. New Board Members

I am delighted to welcome Mr Cheah Juw Teck and Mr Tan Bun Poo, both of whom were appointed to the Board on 1st June 2011. With these appointments, the Board will comprise seven executive directors and four independent non-executive directors. The Board considers the current composition an appropriate balance that meets the present needs of the Group. The addition of Mr Tan Bun Poo will also provide a stronger independent element to the Board.

"One of the Group's strategic objectives is to increase shareholder value. And in the long term, sustained growth in earnings will be the most reliable way to achieve this objective."



Despite uncertainty in the world economy, we believe QL's business model is resilient enough to handle economic uncertainties. With our three distinct agro-based businesses coupled with our robust financial position, it gives me great confidence in our long term future prospects and the continuing delivery of value to shareholders.

The year in review has produced encouraging results. The strategic initiatives undertaken in FY2011 have continued to move us closer toward our vision of becoming the preferred global agro-based enterprise. And importantly, they were undertaken in the spirit of our company values: Integrity, Win-win, Teamwork and Innovation.

In closing, I would like to thank everyone who works at the QL Group of Companies. The personal and professional achievements you have made have culminated in QL winning The Edge Billion Ringgit Club 2011 Company of the Year award. This proud moment would not have been possible without the great team effort and leadership, at every level of the Group, shown throughout the year, and for that I congratulate everyone for their part in making this happen.

As always, I look forward to seeing as many of you as possible at our annual shareholders' meeting.

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman

Group Managing Director's Report

Fellow Shareholders,

It gives me pleasure to present the first annual report on the start of our second decade since our listing in the year 2000. The year in review began positively for Malaysia. The country's GDP grew 7.2% in 2010, versus a contraction of 1.9% in 2009, bringing improvements in the standard of living and higher levels of consumer spending. Growth was attributed to a rebound in the manufacturing and services sectors as well as brisk exports and imports.

Looking back over the 2011 financial year, the management team at QL is pleased and thankful for a respectable performance.

Total revenues climbed from RM1.48 billion at the end of FY2010 to RM1.78 billion by end of FY2011, which equates to a 20%, RM300 million rise. Profit before tax rose to RM160 million, an 18% increase on the previous year.

These positive numbers come despite the Group's palm division suffering a 45% contraction in growth, due mainly to 'La Nina', a weather phenomenon that brought unusually heavy rainfalls to Malaysia and Indonesia. FY2011's positive results are mainly attributed to the other two agro-based sectors in which we operate. The Group benefited from exceptionally good fish catches in Sabah, which resulted in a 19% growth in our fisheries division, as well as an upward trend of commodities prices and higher unit values of raw materials, leading to a 25% growth in our livestock division. These two exceptional events enabled the Group to achieve a better than expected performance.

The results reflect the quality of our people, from senior management to our teams in various operating units. On behalf of the Board, I would like to thank all of my QL colleagues for their contribution to FY2011's respectable results.

Looking to the future, there is cause for both optimism and concern. We see growing signs of economic weakness at home and abroad due to concerns with government spending cuts, interest rate rises, upward pressures on inflation and rising commodity prices. The Group's fortunes may be impacted by the Malaysian government's policy to reduce the number of subsidies given to organisations operating within our sector. In FY2011, the 'La Nina' effect not only reduced yields of palm oil plantations, it may have a post-effect which reduces catch from deep sea fishing activities.

However, the Group recent investments will contribute significantly to medium term growth and the strengthening of our upstream-downstream portfolio. The following points present a synopsis of these.

- In 2007, a 20,000 hectares tract of land was acquired in Eastern Kalimantan, Indonesia, for the development of an oil palm plantation. As of May 2011, about 9,000 hectares have been planted and the Group should see financial contributions from this in FY2013.
- The construction of a new marine processing plant in Surabaya, Indonesia, began in April 2010 and commenced operations in May 2011. The new plant specialises in the processing of surimi and fishmeal. It will start to contribute by the second quarter of FY2012.
- Poultry layer activities (eggs) are scheduled to increase due to new poultry farms being built in Vietnam. Construction began in June 2010 and initial contributions are expected to be made by April 2012.
- Integrated poultry activities will also see a rise via new egg and breeder centres currently under development in Indonesia. Construction began in August 2010 and contributions are expected to be made by September 2011.

Despite the fact that our operating base is getting bigger and the business environment is not getting any less challenging, we will strive to deliver another positive performance, albeit at a likely lower rate. This year is a new beginning of our next platform for growth. In FY2012, we will just begin to see some small contributions from our fishery and livestock operation in Indonesia. As mentioned above, we have invested heavily over the last two to three years. We are optimistic that in FY2013, we are likely to see significant contributions from our regional expansion.

In closing, the QL team will continue to strike a balance between financial prudence and aggressive growth strategy. We will continue to invest aggressively along our three core activities to fuel our growth either organically or through acquisition. We hope with this strategy we can continue to deliver double digit CAGR (Compounded Annual Growth Rate) in the second decade since listing.

"We are optimistic that in FY2013, we are likely to see significant contributions from our regional expansion... the QL team will continue to strike a balance between financial prudence and aggressive growth strategy. We will continue to invest aggressively along our three core activities to fuel our growth either organically or through acquisition."

I would like to extend a heartfelt thank you to all shareholders for your continued confidence. With this, we are confident that we will continue to receive higher PE ratings from the investment community and continue to create sustainable shareholder value.

Chia Song Kun,
Group Managing Director

Audit Committee Report

Membership

The present members of the Audit Committee comprise:-

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman/Independent Non-Executive Director
Mr. Chieng Ing Huong, Eddy	Member/Independent Non-Executive Director
Mr. Teh Kim Teh	Member/Independent Non-Executive Director

Term of reference

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

Attendance at meetings

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

Name of member	Number of meetings attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3
Mr. Chieng Ing Huong, Eddy	4
Mr. Teh Kim Teh	4

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

Summary of activities during the financial year

The main activities undertaken by the Committee were as follows:

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

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

Internal audit function

The Company has outsourced its internal audit function to an independent professional consulting firm together with the Risk Management Manager, which is tasked with the aim of providing assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management in the Company. This function also acts as a source to assist the Audit Committee and the Broad to strengthen and improve current management and operating style in pursuit of best practices. During the financial year, the major areas of work performed by the Internal Audit are as follows:-

- Carried out reviews on the system of internal controls as well as the level of compliance with the Company policies and procedures;
- Reviewed and commented on the effectiveness and adequacy of the existing control and procedures and perform compliance testing to ensure that the intended controls are in place and operating effectively;
- Issued audit report to the Audit Committee in detailing the findings from the performance of the procedures, recommendations for improvements, and management responses to the findings and recommendations;
- Identified, understand and managed risked embedded in the processes and activities that could negatively impact the achievement of the Company's objectives;
- Assessed the risk profile of the Group by carrying out risk identification and assessment of strategic risks, business risks and operational risk; and
- Conducted follow up in previous recommendations made to ensure that appropriate corrective actions were implemented on a timely basis.

During the financial year, the total cost incurred for the internal audit function is RM218,000.

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 maintain high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code on Corporate Governance.

A. BOARD OF DIRECTORS

(a) Board responsibilities

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

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

(b) Board Meetings

During the financial year ended 31 March 2011, the Board met on four (4) occasions and 40 circular resolutions were passed; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

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

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

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

Mr. Chieng Ing Huong, Eddy	Senior Independent and Non-Executive Director	4/4
Mr. Teh Kim Teh	Independent and Non-Executive	4/4
Mr. Cheah Juw Teck *(Appointed on 1 June 2011)*	Non-Independent and Executive Director	N/A
Mr. Tan Bun Poo, Robert *(Appointed on 1 June 2011)*	Independent and Non-Executive	N/A

(c) Board balance

As at the date of this statement, the Board consists of eleven members; comprising one Independent and Non-Executive Chairman, seven Executive Directors and three 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 14 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. Mr Tan Bun Poo, Robert, and Mr Cheah Juw Teck are the newly appointed independent director and executive director of the Company respectively.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in Section 1.01 of the Main Market Listing Requirement of the Bursa Malaysia ("Listing Requirement"). 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 to deliberate on issues relating to any proposed capital investments, business ventures and other policy matters related to the Group's business, for recommendation to the Board for their approval.

The Audit Committee of the Board has been in place since January 1999. It presently comprises three Independent Non-Executive Directors. Its terms of reference and a summary of its activities are set out on page 24 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 and Non-Executive Director

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

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

The Risk Management Committee which were established on April 2002 is primarily responsible for the adequacy and integrity of systems of internal control in accordance with the Malaysian Code on 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 except for the newly appointed Directors have completed the Mandatory Accreditation Programme as specified by Bursa Malaysia. 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 the Directors during the financial year ended 31 March 2011:-

	Seminar/Course	Organiser
1	The 7 Habits of Highly Effective People	QL by Franklin Covey Organization Services
2	Bursa Malaysia and Dalian Commodity Exchange	Bursa Malaysia and Dalian Commodity Exchange

	Seminar/Course	Organiser
3	Bursa Malaysia Derivatives Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2011/2012	Bursa Malaysia
4	Real Property Gains Tax	SDB Group of Companies

(f) Re-election

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

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

B. DIRECTORS' REMUNERATION

(a) Remuneration Committee

The members of the Remuneration Committee during the year were:

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	Executive Directors	Non-Executive Directors
	Aggregate Remuneration	RM	RM
•	Directors' fees	578,000	174,000
•	Salaries	2,084,673	-
•	Allowance	16,800	7,000
•	Bonuses	3,095,333	-
•	Benefits in kind based on an estimated money value	91,274	-
	Total	5,866,080	181,000

Band (RM)	No. of Directors	No. of Directors
	Executive	Non-Executive
50,000 and below	-	1
50,001 – 100,000	-	2
550,001 – 600,000	1	-
700,001 – 750,000	1	-
750,001 – 800,000	1	-
850,001 – 900,000	1	-
1,050,001 – 1,100,000	1	-
1,850,001 – 1,900,000	1	-

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

C. SHAREHOLDERS

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

QL was invited to participate in Invest Malaysia 2010 & 2011 road shows organized by Bursa Malaysia. The Company also responded to fund managers, institutional investors and investment analysts and members of the media upon request, to brief them on key events of the Company. Investors' and analysts' feedback is sought to ensure principal issues are being effectively communicated and shareholders' objectives are known.

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

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 Financial Reporting 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 page 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 page 24 to 25 of this annual report.

(d) Corporate Social Responsibility

The Report on Corporate Social Responsibility of the Group is furnished on page 36 to 38 of this annual report.

E. OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 24 August 2010.

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

(b) Share Buy Back

The Shareholders of the Company approved the Renewal of Share Buy Back Authority during its EGM held on 24 August 2010.

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 2011 is RM130,000.

Signed on behalf of the Board of Directors, in accordance with the Board of Directors' resolution dated 12 July 2011.

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) options, warrants or convertible securities exercised;

ii) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;

iii) sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;

iv) material variance between the results for the financial year and the unaudited results previously announced;

v) profit guarantees given by the Company;

vi) material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests, except as those disclose on RRPT transactions;

vii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests;

viii) revaluation policy on landed properties.

Statement of Directors' Responsibility

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 of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable;
- 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 of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Shareholdings (as at 30 June 2011)

	No. of shares held			
Name of directors	**Direct**	**%^**	**Indirect**	**%^**
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	2,700,000	0.32	-	-
Chia Song Kun	450,000	0.05	383,221,998 *	46.06
Chia Seong Pow	1,880,000	0.23	110,832,740 #	13.32
Chia Song Kooi	180,000	0.02	377,453,882 **	45.37
Chia Seong Fatt	324,000	0.04	109,821,540 ##	13.20
Chia Song Swa	378,000	0.05	376,186,682 **	45.21
Chia Mak Hooi	365,000	0.04	380,270,682 @	45.71
Cheah Juw Teck	1,320,000	0.16	4,939,800 +	0.59
Chieng Ing Huong	-	-	-	-
Teh Kim Teh	-	-	55,000++	0.01
Tan Bun Poo	-	-	-	-

Notes:

* Deemed interest via his and his spouse's interest in CBG Holdings Sdn. Bhd. ("CBG"), Attractive Features Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's, children's and their spouse's shares in QL.

** Deemed interest via his interest in CBG and indirect interest in RT and his spouse's shares in QL.

Deemed interest via his and his spouse's beneficial shareholding in Farsathy Holdings Sdn. Bhd. ("FH"), his and his spouse's indirect interest in RT, his spouse's and children's shares in QL.

Deemed interest via his and his spouse's beneficial shareholding in FH, his and his spouse's indirect interest in RT and his children's shares in QL.

@ Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in RT and his father's and spouse's shares in QL.

+ Deemed interest via his spouse's and his parent's shares in QL.
++ Deemed interest via his spouse's shares in QL.
^ Based on the issued and paid-up share capital of the Company comprising 832,001,608 ordinary shares.

Directors' Warrant Holdings (as at 30 June 2011)

	No. of warrants held			
Name of directors	**Direct**	**%^**	**Indirect**	**%^**
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	135,000	0.32	-	-
Chia Song Kun	22,500	0.05	19,010,905 *	45.70
Chia Seong Pow	36,000	0.09	5,494,137 #	13.21
Chia Song Kooi	9,000	0.02	18,885,200 **	45.40
Chia Seong Fatt	16,200	0.04	5,503,577 ##	13.23
Chia Song Swa	18,900	0.05	18,821,840 **	45.25
Chia Mak Hooi	18,000	0.04	18,916,540 @	45.47
Cheah Juw Teck	66,000	0.16	154,400 +	0.37
Chieng Ing Huong	-	-	-	-
Teh Kim Teh	-	-	-	-
Tan Bun Poo	-	-	-	-

Notes:

* Deemed interest via his and his spouse's interest in CBG Holdings Sdn. Bhd. ("CBG"), Attractive Features Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his children's and their spouse's warrants in QL.
** Deemed interest via his interest in CBG and his indirect interest in RT and his spouse's warrants in QL.
# Deemed interest via his and his spouse's beneficial interest in Farsathy Holdings Sdn. Bhd. ("FH"), his and his spouse's indirect interest in RT and his children's warrants in QL.
Deemed interest via his and his spouse's beneficial interest in FH, his and his spouse's indirect interest in RT and his children's warrants in QL.
@ Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in RT and his father's and spouse's warrants in QL.
+ Deemed interest via his parent's warrants in QL.
^ Based on 41,598,392 unconverted warrants 2011/2013 of the Company.

Statement on Internal Control

Board's Responsibilities

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investments and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system. 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.

Control Environment

The key elements of the Group's control environment are summarized as follows:

- ***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 the 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 then formulate action plans to address any areas of concern.

- ***Control procedures***
  Operating companies in the Group maintains policies and procedures for sales, procurement and cash management processes to establish accountabilities and standard controls procedures. These policies and procedures are revised as needed to meet changing business needs.

Internal Audit

Internal audits are carried out by an independent professional services firm to review the effectiveness and adequacy of the internal control systems of certain business units during the financial year ended 31 March 2011. 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.

Conclusion

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 2011. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Group's system of internal control applies to QL Resources Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them.

Corporate Social Responsibility at QL

QL Resources is amongst Malaysia's leading agro-based food companies, employing more than 4,500 people across Malaysia, Singapore, Indonesia and Vietnam. As such, we bear a strong responsibility to our stakeholder community.

In FY2011, QL invested around RM200 million in capital expenditure to improve areas within the community, workplace, environment and market place.

We have embedded corporate social responsibility (CSR) as part of QL's day-to-day operations. This report sets out some of our CSR activities, both new and on-going.

Environment

Project Name: Biogas Renewable Energy, part of the QL Zero-waste Renewable Energy Oil Mill

Project Period: Started in 2010 and on-going.

Project Objectives: To reduce our carbon footprint and to minimize local environmental impact, and to generate renewable energy for our own use.

Project Budget: The overall project investment is around RM13 million.

Project Description: QL has developed the first zero-waste renewable energy oil mill which achieves zero-waste discharge while maximizes energy efficiency and renewable energy production. Management of oil palm industrial waste remains a formidable environmental challenge for palm millers. The traditional pond system for treatment of POME (Palm Oil Mill Effluent) emits high levels of biogas, containing methane, into the atmosphere. Since methane is one of the major contributors to greenhouse gases (GHG), there is an urgent need for controls of emissions from the treatment POME into the atmosphere.

The project aims to generate and capture biogas and to utilise it for electricity power generation. The plant has the capacity to treat 45 metric tonnes (MT) of POME per hour and the potential power generation of up to 2.0 megawatts (MW). The electricity generated can be utilised by our own palm downstream projects and supplied to public utilities. This project will be commissioned in July 2011.

Benefits of Biogas Capture:

- Reduces GHG emissions by approximately 40,000 MT carbon emission reduction (CER) per year
- Qualifies for United Nations Framework Convention on Climate Change's Clean Development Mechanism (CDM) project
- Provides renewable power for downstream activities, such as the palm empty fruit bunch (EFB) pelletizing project
- Enables QL's palm oil mill to achieve zero-waste palm oil mill status which maximizes renewable energy generation and biomass fuel production
- Reduces global and local environmental impact

Community

Project Name: Fishermen's Financial Assistance Scheme

Project Period: On-going since 1987

Project objectives: To develop the local fishing industry and community through private financing.

Project budget: QL has provided interest-free advances to fishermen in rural villages for the last 24 years. These advances have grown annually by about 5%. To date, we have provided advances to approximately 700 fishermen, amounting to more than RM25 million.

Project Description: The Fishermen's Financial Assistance Scheme ("FFAS") was created to help fishermen and communities who have been largely ignored by financial institutions, which deem them too risky for investment. Beginning early in the company's history, QL has established suitable and sustainable funding for some of the most underprivileged of these fishing communities to support them in their endeavours. This support has a number of objectives: to ensure better working conditions and decent pay for fishermen, to develop their environmental understanding and to provide a source of capital with which to build, upgrade and modernise their fishing fleets.

With a stringent lending-management practice and in-depth understanding of the risk factors, QL minimises its exposure to defaults. Similar to microfinance, pioneered by Grameen Bank in Bangladesh, we believe that access to capital empowers fishermen and allows them to improve their livelihoods. This initiative is a successful win-win project in which QL secures its long-term supply of marine catch while also creating a far-reaching, socio-economic impact in rural fishing communities.

Benefits and outcomes of QL's FFAS project are as follows:

- Advances the fishing industry in rural fishing villages through the modernisation of fleets, facilities and modern environmental practices
- Secures long-term supplies of marine catch
- Develops fishing village communities through the creation of local economic activities and multiplier effects

Workplace

Project Name: Plantation Worker Community Development

Project Period: On-going since 2006

Project Objectives: To improve the quality of life of our employees and their families by developing a self-sufficient village infrastructure for the settlement of 600 plantation worker families.

Project Budget: QL has invested more than RM15 million in this project.

Project Description: QL started its palm oil plantation development in Eastern Kalimantan, Indonesia in 2006. Approximately 1,000 workers are required to develop the 20,000 hectares of palm plantation and the development phase is expected to take up to six years to complete. The scale of the project has called for the mobilisation and resettlement of workers and their families. To streamline this process and to ensure the welfare of the workers and their families, and with special consideration toward their children, QL has been constructing a self-sufficient resettlement community which houses medical, religious and educational facilities, alongside family homes. The initial development phase resulted in the construction of more than 600 worker quarters, a surau, chapel, school, child care centre, medical clinic, and mini football stadium.

This development project is the first of its kind for QL. And it is another win-win initiative: a happy workforce carrying out their duties with efficiency and dedication safe in the knowledge that their families are well-provided for. The Plantation Worker Community Development project has been a significant investment for the Group and its success is a harbinger for similar projects in the future.

Market Place

Project Name: Palm biomass pellet biofuel project, part of the QL Zero-waste Renewable Energy Oil Mill

Project Period: Started in April 2009 and on-going.

Project Objectives: To eliminate palm processing biomass waste and convert them into fuel sources of renewable energy.

Project Budget: QL has developed the first zero-waste renewable energy oil mill which achieves zero-waste discharge while maximizes energy efficiency and renewable energy production. QL has invested more than RM12 million in the Renewable Energy Technology in Pellet Biofuel project, which involves the development and commercialization of a proprietary technology, with patent pending, to process palm empty fruit bunch into palm pellets.

Project description: Palm oil activity is still the smallest of the Group's three core activities, but its potential for growth is significant. While we continue to invest in palm plantation and food production, we have also identified palm biomass technology development as one of its potential development areas. Palm biomass is one of the most abundant feedstock for renewable energy fuel and chemicals in the world. Palm biomass technologies are the key to converting such palm processing residue into sustainable, higher value products. So in 2008, the Group carried out downstream research and development of palm biomass-related renewable energy technologies.

One of QL's proprietary biomass technology, with patent pending, converts palm oil mill by-products such as empty fruit bunches (EFB) into a high quality burning fuel called palm pellet biofuel. Palm pellet biofuel can substitute for coal as a burning fuel in power plants, and for industrial purposes. For every metric tonne of coal substituted palm pellet biofuel, more than 1 MT of CO_2 emissions are reduced. In addition, the real-time treatment of EFB in palm oil mills into every MT of palm pellet biofuel also reduces our EFB landfill GHG emission by an average of 1 MT of CO_2-equivalent.

QL is active in the field of biomass renewable energy. As part of the Group's effort to develop more biomass energy applications, QL acquired a 40% equity stake in Boilermech Group in October 2010. Boilermech is one of the region's leading biomass renewable energy companies with strong engineering and technology capability in agricultural biomass power and heat generation. With this investment, QL will make a bigger contribution towards Malaysia's renewable energy development.

Benefits of palm biomass pellet biofuel project:

- Reduces GHG emissions, on average, by approximately 30,000 MT carbon emission reduction (CER) per year
- Qualifies for United Nations Framework Convention on Climate Change's Clean Development Mechanism (CDM) project
- Provides renewable energy fuel sources for power plant and industrial energy generation
- Enables QL's palm oil mill to achieve zero-waste palm oil mill status which maximizes renewable energy generation and biomass fuel production
- Reduces global and local environmental impact

Financial Statements

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 2011.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 34 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	124,552	26,327
Minority interest	9,246	-
	133,798	26,327

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 7.50 sen per ordinary share of RM0.50 each single tier dividend totalling RM29,503,566 in respect of the year ended 31 March 2010 on 30 September 2010.

The Directors recommend a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each in respect of the year ended 31 March 2011 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid up capital of the Company as at the date of this report, the final dividend would amount to RM35,360,000.

Directors of the Company

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

Tengku Dato' Zainal Rashid bin Tengku Mahmood
Chia Song Kun
Chia Seong Pow
Chia Seong Fatt
Chia Song Kooi
Chia Song Swa
Chia Mak Hooi
Chieng Ing Huong
Teh Kim Teh
Cheah Juw Teck (appointed on 1 June 2011)
Tan Bun Poo (appointed on 1 June 2011)

Directors' interests

The interests and deemed interests in the ordinary shares and warrants 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 RM0.25# each				
	At 1.4.2010	Bought	Sold	Share split	At 31.3.2011
Shareholdings in which Directors have direct interests in the Company					
Tengku Dato' Zainal Rashid bin Tengku Mahmood	1,350,000	-	-	1,350,000	2,700,000
Chia Song Kun	225,000	-	-	225,000	450,000
Chia Seong Pow	690,000	300,000	(50,000)	940,000	1,880,000
Chia Seong Fatt	162,000	-	-	162,000	324,000
Chia Song Kooi	90,000	-	-	90,000	180,000
Chia Song Swa	90,000	99,000	-	189,000	378,000
Chia Mak Hooi	180,000	5,000	-	180,000	365,000
Shareholdings in which Directors have indirect interests in the Company					
Chia Song Kun	189,517,999	2,211,000	-	191,728,999	383,457,998
Chia Seong Pow	54,126,370	1,415,000	-	55,541,370	111,082,740
Chia Seong Fatt	53,620,770	1,415,000	-	55,035,770	110,071,540
Chia Song Kooi	186,691,941	2,160,000	-	188,851,941	377,703,882
Chia Song Swa	186,058,341	2,160,000	-	188,218,341	376,436,682
Chia Mak Hooi	187,975,341	2,310,000	-	190,235,341	380,520,682
Teh Kim Teh	91,000	50,000	(91,000)	-	50,000

\# The ordinary shares of RM0.50 each were sub-divided into RM0.25 per ordinary share each during the current financial year.

Directors' interests (continued)

	Warrants in the Company				
	At 16.2.2011	Bought	Sold	Exercised	At 31.3.2011
Warrant holdings in which Directors have direct interests in the Company					
Tengku Dato' Zainal Rashid bin Tengku Mahmood	135,000	-	-	-	135,000
Chia Song Kun	22,500	-	-	-	22,500
Chia Seong Pow	94,000	-	-	-	94,000
Chia Seong Fatt	16,200	-	-	-	16,200
Chia Song Kooi	9,000	-	-	-	9,000
Chia Song Swa	18,900	-	-	-	18,900
Chia Mak Hooi	18,000	-	-	-	18,000
Warrant holdings in which Directors have indirect interests in the Company					
Chia Song Kun	19,172,905	-	-	-	19,172,905
Chia Seong Pow	5,554,137	-	-	-	5,554,137
Chia Seong Fatt	5,503,577	-	-	-	5,503,577
Chia Song Kooi	18,885,200	-	-	-	18,885,200
Chia Song Swa	18,821,840	-	-	-	18,821,840
Chia Mak Hooi	19,023,540	-	(107,000)	-	18,916,540

By virtue of their interest in the shares of the Company, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa and Chia Mak Hooi are deemed to have interests in shares of all subsidiaries disclosed in Note 34 to the financial statements to the extent that the Company has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 34.1 to the financial statements.

The other Director, Chieng Ing Huong, holding office at 31 March 2011 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company and its related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit by virtue of certain trading transactions in the ordinary course of business between related companies and firms as well as companies in which certain Directors have interest and persons connected to Directors as disclosed in Note 33 to the financial statements.

Directors' benefits (continued)

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 apart from the issue of the warrants by the Company.

Issue of shares and debentures

During the financial year, the Company:

a) increased its authorised share capital from RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each to RM500,000,000 by the creation of an additional 600,000,000 new ordinary shares of RM0.50 each.

b) issued 20,827,920 new ordinary shares of RM0.50 each via a private placement to eligible investors for a total cash consideration of RM116,636,352.

c) undertook a share split involving the subdivision of every one (1) existing ordinary shares of RM0.50 each into two (2) ordinary shares of RM0.25 each. Subsequent to the share split exercise, the Company's authorised share capital of RM500,000,000 now comprise of 2,000,000,000 ordinary shares of RM0.25 each.

These ordinary shares issued rank pari passu in all respect with the existing shares of the Company.

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

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of warrants during the financial year.

In February 2011, the Company issued 41,600,000 free warrants on the basis of one (1) free Warrant for every twenty (20) existing ordinary shares of RM0.25 each, held after accounting for the Private Placement and Share Split. The Warrants are constituted by a Deed Poll dated 8 February 2011 and were listed on Bursa Malaysia Securities Berhad.

The main features of the Warrants are as follows:

a) each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM3.30 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

b) the warrants may be exercised at any time on or after 16 February 2011 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of two (2) years. The Warrants not exercised during the exercise period shall thereafter lapse and cease to be valid.

Options granted over unissued shares (continued)

c) the new ordinary shares of RM0.25 each to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of RM0.25 each of the Company, save and except that the new ordinary shares of RM0.25 each will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares of RM0.25 each arising from the exercise of the Warrants.

There were no warrants exercised during the financial year. As at the date of this report, the Company completed the conversion of 1,608 warrants into 1,608 ordinary shares of RM0.25 each.

Share buy-back

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 24 August 2010, renewed the Company's plan to buy-back its own shares.

During the financial year, the Company purchased from the open market, 477,100 of its issued ordinary shares of RM0.50 each ("QL Shares") listed on the Main Market of Bursa Securities at an average buy-back price of approximately RM3.52 per ordinary share. The total consideration paid for the share buy-back of QL Shares by the Company during the financial year, including transaction costs of RM5,190 was RM1,683,705 and was financed by internally generated funds. The QL Shares bought back are held as treasury shares.

During the financial year, the Company resale its entire 4,786,400 treasury shares held in the open market. The average resale price of the treasury shares was approximately RM4.72 per share.

Other statutory information

Before the statements of comprehensive income and statements of financial position 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 which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group's and in the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

The significant events during the year are as disclosed in Note 35 to the financial statements.

Subsequent events

The significant subsequent events are as disclosed in Note 36 to the financial statements.

Auditors

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

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

Chia Song Kun

Chia Mak Hooi

Shah Alam,

Date: 8 July 2011

Statements of Financial Position

as at 31 March 2011

	Note	Group 31.3.2011 RM'000	Group 31.3.2010 RM'000 restated	Group 1.4.2009 RM'000 restated	Company 31.3.2011 RM'000	Company 31.3.2010 RM'000
Assets						
Property, plant and equipment	3	680,597	533,843	468,142	626	289
Intangible assets	4	8,624	6,353	5,534	-	-
Biological assets	5	82,465	57,900	39,987	-	-
Investment properties	6	7,195	6,924	7,115	-	-
Prepaid lease payments	7	53,275	44,556	42,441	-	-
Investment in subsidiaries	8	-	-	-	273,479	181,280
Investment in associates	9	35,319	3,073	3,118	-	-
Other investments, including derivatives	10	18,635	49	49	18,590	-
Deferred tax assets	11	1,397	1,335	2,445	-	-
Other receivables	12	-	-	-	43,260	207,628
Total non-current assets		887,507	654,033	568,831	335,955	389,197
Inventories	13	170,013	131,479	128,028	-	-
Biological assets	5	40,197	34,231	28,719	-	-
Other investment	10	887	-	-	434	-
Trade and other receivables	12	204,232	167,278	148,319	286,148	30,177
Prepayments and other assets	14	37,373	7,551	5,684	572	261
Current tax asset		9,867	5,403	3,982	1,398	1,316
Asset held for resale		236	-	1,687	-	-
Cash and cash equivalents	15	122,057	106,145	68,275	26,408	13,559
Total current assets		584,862	452,087	384,694	314,960	45,313
Total assets		1,472,369	1,106,120	953,525	650,915	434,510

	Note	Group 31.3.2011 RM'000	Group 31.3.2010 RM'000 restated	Group 1.4.2009 RM'000 restated	Company 31.3.2011 RM'000	Company 31.3.2010 RM'000
Equity						
Share capital		208,000	197,586	165,000	208,000	197,586
Share premium		113,561	-	249	113,561	-
Treasury shares		-	(11,893)	(5,753)	-	(11,893)
Reserves		414,360	317,112	258,436	16,900	13,036
Total equity attributable to owners of the Company	16	735,921	502,805	417,932	338,461	198,729
Minority interests		63,431	55,799	47,423	-	-
Total equity		799,352	558,604	465,355	338,461	198,729
Liabilities						
Loans and borrowings	17	230,666	215,419	163,065	214,906	187,800
Deferred income	18	-	4,427	-	-	-
Other payables	19	-	-	-	-	8,761
Deferred tax liabilities	11	43,422	35,139	29,342	-	-
Total non-current liabilities		274,088	254,985	192,407	214,906	196,561
Trade and other payables, including derivatives	19	126,452	91,196	77,462	33,732	17,410
Loans and borrowings	17	267,726	196,911	215,455	63,816	21,810
Current tax liabilities		4,751	4,424	2,846	-	-
Total current liabilities		398,929	292,531	295,763	97,548	39,220
Total liabilities		673,017	547,516	488,170	312,454	235,781
Total equity and liabilities		1,472,369	1,106,120	953,525	650,915	434,510

The notes on pages 57 to 141 are an integral part of these financial statements.

Statements of Comprehensive Income

For the year ended 31 March 2011

		Note	Group		Company	
			2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000
Revenue	- sale of goods		1,776,751	1,476,396	-	-
	- dividend income		330	-	32,197	61,702
	- management fee		-	-	2,564	1,712
	- administrative charges		-	-	1,770	1,644
			1,777,081	1,476,396	36,531	65,058
Cost of sales			(1,489,586)	(1,232,979)	-	-
Gross profit			287,495	243,417	36,531	65,058
Distribution costs			(25,694)	(23,438)	-	-
Administration expenses			(83,939)	(71,709)	(7,697)	(6,133)
Other operating expenses			(12,512)	(11,503)	-	-
Other operating income			9,256	11,687	132	94
Results from operating activities		20	174,606	148,454	28,966	59,019
Finance costs		21	(18,442)	(13,732)	(12,733)	(7,411)
Interest income		22	1,098	800	11,863	7,853
Share of profits of associates			3,546	493	-	-
Profit before tax			160,808	136,015	28,096	59,461
Tax expense		24	(27,010)	(20,935)	(1,769)	(2,017)
Profit for the year			133,798	115,080	26,327	57,444

	Note	Group 2011 RM'000	Group 2010 RM'000 Restated	Company 2011 RM'000	Company 2010 RM'000
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(4,623)	6,986	-	-
Fair value of available-for-sale financial assets		7,022	-	7,022	-
Total other comprehensive income for the year		2,399	6,986	7,022	-
Total comprehensive income for the year		136,197	122,066	33,349	57,444
Profit attributable to:					
Owners of the Company		124,552	106,914	26,327	57,444
Minority interests		9,246	8,166	-	-
Profit for the year		133,798	115,080	26,327	57,444
Total comprehensive income attributable to:					
Owners of the Company		126,951	113,900	33,349	57,444
Minority interests		9,246	8,166	-	-
Total comprehensive income for the year		136,197	122,066	33,349	57,444
Basic earnings per ordinary share (sen)	25	16	14		

The notes on pages 57 to 141 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

Group	Note	Attributable to owners of the Company — Non-distributable: Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserve RM'000	Available for sale reserve RM'000	Distributable: Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 April 2009		165,000	(5,753)	249	(6,705)	-	265,141	417,932	47,423	465,355
Total comprehensive income for the year		-	-	-	6,986	-	106,914	113,900	8,166	122,066
Issuance of shares - Bonus issue		32,586	-	(200)	-	-	(32,386)	-	-	-
Share issue expenses		-	-	(49)	-	-	-	(49)	-	(49)
Treasury shares acquired		-	(6,140)	-	-	-	-	(6,140)	-	(6,140)
Acquisition by minority interest		-	-	-	-	-	-	-	2,638	2,638
Dividends to shareholders - 2009 final	26	-	-	-	-	-	(22,838)	(22,838)	-	(22,838)
Dividends to minority interest		-	-	-	-	-	-	-	(2,428)	(2,428)
At 31 March 2010		197,586	(11,893)	-	281	-	316,831	502,805	55,799	558,604
		Note 16.1	Note 16.2		Note 16.3	Note 16.4				

		Attributable to owners of the Company								
		Non-distributable				Distributable				
Group	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Translation reserve RM'000	Available for sale reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 April 2010										
- *As previously stated*		197,586	(11,893)	-	281	-	316,831	502,805	55,799	558,604
- *Effect of adopting FRS 139*		-	-	-	-	-	(200)	(200)	-	(200)
At 1 April 2010, *restated*		197,586	(11,893)	-	281	-	316,631	502,605	55,799	558,404
Total comprehensive income for the year		-	-	-	(4,623)	7,022	124,552	126,951	9,246	136,197
Issuance of shares – Private Placement		10,414	-	106,222	-	-	-	116,636	-	116,636
Share issue expenses		-	-	(1,611)	-	-	-	(1,611)	-	(1,611)
Treasury shares acquired		-	(1,684)	-	-	-	-	(1,684)	-	(1,684)
Resale of treasury shares		-	13,577	8,950	-	-	-	22,527	-	22,527
Acquisition by minority interest		-	-	-	-	-	-	-	757	757
Dividends to shareholders - 2010 final	26	-	-	-	-	-	(29,503)	(29,503)	-	(29,503)
Dividends to minority interest		-	-	-	-	-	-	-	(2,371)	(2,371)
At 31 March 2011		208,000	-	113,561	(4,342)	7,022	411,680	735,921	63,431	799,352
		Note 16.1	Note 16.2		Note 16.3	Note 16.4				

Statement of Changes in Equity

For the year ended 31 March 2011

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Company	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Share premium RM'000**	**Available for sale reserve RM'000**	**Retained profits RM'000**	**Total equity RM'000**
At 31 March/1 April 2009		165,000	(5,753)	249	-	10,816	170,312
Total comprehensive income for the year		-	-	-	-	57,444	57,444
Issuance of shares							
- Bonus issue		32,586	-	(200)	-	(32,386)	-
Share issue expenses		-	-	(49)	-	-	(49)
Treasury shares acquired		-	(6,140)	-	-	-	(6,140)
Dividends - 2009 final	26	-	-	-	-	(22,838)	(22,838)
At 31 March/At 1 April 2010							
- As previously stated		197,586	(11,893)	-	-	13,036	198,729
- Effect of adopting FRS 139		-	-	-	-	18	18
At 1 April 2010, *restated*		197,586	(11,893)	-	-	13,054	198,747
Total comprehensive income for the year		-	-	-	7,022	26,327	33,349
Issuance of shares							
- Private Placement		10,414	-	106,222	-	-	116,636
Share issue expenses		-	-	(1,611)	-	-	(1,611)
Treasury shares acquired		-	(1,684)	-	-	-	(1,684)
Resale of treasury shares		-	13,577	8,950	-	-	22,527
Dividends - 2010 final	26	-	-	-	-	(29,503)	(29,503)
At 31 March 2011		208,000	-	113,561	7,022	9,878	338,461
		Note 16.1	Note 16.2		Note 16.4	Note 16.5	

The notes on pages 57 to 141 are an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from operating activities					
Profit before tax		160,808	136,015	28,096	59,461
Adjustments for:					
Amortisation of prepaid lease payments		976	1,526	-	-
Amortisation of intangible assets		42	37	-	-
Amortisation of investment properties		540	256	-	-
Depreciation		45,950	37,626	111	47
Derivative loss		7,107	-	7,350	-
Dividends from subsidiaries		-	-	(31,867)	(61,703)
Dividends from liquid investments		(343)	(338)	(132)	(94)
Dividends from available-for-sale investments		(330)	-	(330)	-
Gain on disposal of investment		(72)	-	-	-
Gain on foreign exchange – unrealised		(7,715)	(140)	(7,231)	-
Interest expense		18,442	13,732	12,733	7,411
Interest income		(1,098)	(800)	(11,863)	(7,853)
Impairment loss on plant and machinery		-	300	-	-
Impairment loss on investment properties		-	154	-	-
Loss on disposal of property, plant and equipment		405	688	-	-
(Gain)/loss on disposal of prepaid lease payments		(121)	38	-	-
Property, plant and equipment written off		357	2,710	-	1
Share of profits of equity accounted investees, net of tax		(3,546)	(493)	-	-
Operating profit/(loss) before changes in working capital		221,402	191,311	(3,133)	(2,730)
Changes in working capital:					
Inventories		(38,534)	(3,451)	-	-
Biological assets		(28,026)	(21,290)	-	-
Trade and other receivables and other financial assets		(67,868)	(20,686)	293	34
Trade and other payables		22,639	20,720	(223)	77
Bills payable		48,151	4,098	-	-
Cash generated from/(used in) operations		157,764	170,702	(3,063)	(2,619)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income taxes (paid)/refund		(22,926)	(13,871)	436	-
Interest paid		(5,090)	(3,925)	(1,418)	(575)
Interest received		1,098	800	11,863	7,853
Net cash generated from operating activities		130,846	153,706	7,818	4,659
Cash flows from investing activities					
Acquisition of subsidiary, net of cash	37.1	(498)	-	-	-
Acquisition of business	37.2	(2,209)	-	-	-
Acquisition of associate	35.8	(29,506)	-	-	-
Proceeds from disposal of investment		276	-	-	-
Proceeds from disposal of asset held for sale		-	1,687	-	-
Proceeds from disposal of property, plant and equipment		2,710	5,402	63	-
Proceeds from disposal of prepaid lease rights		300	116	-	-
Purchase of investment property		(811)	(219)	-	-
Purchase of prepaid lease rights		(9,874)	(3,872)	-	-
Purchase of property, plant and equipment		(201,409)	(114,485)	(511)	(129)
Purchase of intangible assets		(598)	(856)	-	-
Dividend received from investments		673	338	380	94
Dividend received from subsidiaries		-	-	29,662	59,271
Dividend received from associates		806	538	-	-
Investment in quoted shares		(11,568)	-	(11,568)	-
Net cash (used in)/generated from investing activities		(251,708)	(111,351)	18,026	59,236
Cash flows from financing activities					
Advances to subsidiaries		-	-	(184,388)	(91,939)
Contribution from minority shareholders		757	2,638	-	-
Dividend paid to minority shareholders		(2,371)	(2,428)	-	-
Dividend paid to shareholders of the Company		(29,503)	(22,838)	(29,503)	(22,838)
Interest paid		(13,352)	(9,807)	(11,315)	(6,836)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from financing activities (continued)					
Repayment of finance lease liabilities		(1,268)	(1,624)	-	-
Proceeds from Government grant		233	4,427	-	-
Proceeds from loans and other borrowings		46,042	34,012	76,343	74,672
Share issue expenses		(1,611)	(49)	(1,611)	(49)
Purchase of treasury shares		(1,684)	(6,140)	(1,684)	(6,140)
Resale of treasury shares		22,527	-	22,527	-
Proceeds from share private placement		116,636	-	116,636	-
Net cash generated from/(used in) financing activities		136,406	(1,809)	(12,995)	(53,130)
Net increase in cash and cash equivalents		15,544	40,546	12,849	10,765
Cash and cash equivalents at beginning of year		101,661	61,115	13,559	2,794
Cash and cash equivalents at end of year	(ii)	117,205	101,661	26,408	13,559

Note to the cash flow statements

i) Non- cash transaction

Company

Investing activities

During the financial year, the investments in certain subsidiaries was increased through capitalisation of debts amounting to RM92,199,000 (2010: RM6,300,000).

Financing activities

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

Note to the cash flow statements (continued)

ii) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following statement of financial position amounts:

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash and bank balances		80,177	57,208	4,984	4,257
Deposits placed with licensed banks		7,513	10,862	540	433
Liquid investments		34,367	38,075	20,884	8,869
	15	122,057	106,145	26,408	13,559
Bank overdrafts	17	(4,852)	(4,484)	-	-
		117,205	101,661	26,408	13,559

The notes on pages 57 to 141 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 Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follow:

Registered office/Principal place of business
No. 16A Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2011 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 2011 do not include other entities.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 34 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 July 2011.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

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

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

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

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011 (continued)

- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

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

- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for FRS 1 (revised), Amendments to FRS 1, Amendments to FRS 2, IC Interpretation 12, IC Interpretation 17 and IC Interpretation 18 which are not applicable to the Group and the Company.
- from the annual period beginning 1 April 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for Amendments to IC Interpretation 14 and IC Interpretation 15 which are not applicable to the Group and the Company.

Following the announcement by the MASB on 1 August 2008, the Group and the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 April 2012.

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

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company other than expected changes in accounting policies as discussed below.

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

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

(i) **FRS 3 (revised), *Business Combination***

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operation:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group's 2012 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2012 consolidated financial statements.

(ii) **FRS 127 (2010), *Consolidated and Separate Financial Statements***

- The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. Currently, changes in group composition are accounted for in accordance with the accounting policies as described in note 2 (a)(iii).

- The amendments to FRS 127 require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policies as described in note 2 (a)(iv).

The above changes in accounting policies are not expected to have material impacts to the Group.

(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.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 3 - measurement of the residual value and useful lives
- Note 11 - recognition of unutilised tax losses and capital allowances
- Note 12 - valuation of receivables

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power 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 statement of financial position at cost less any impairment losses, unless the investment is held for sale.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

Investments in associates are stated in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sales.

(iii) Changes in Group composition

The Group treats all changes in group composition as equity transactions between the Group and its minority interests holders. 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 interests

Minority interests at the end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group is presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(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 end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. 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 other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

2. Significant accounting policies (continued)

(c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 April 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 April 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 38.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as an effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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

(c) **Financial instruments (continued)**

(ii) **Financial instrument categories and subsequent measurement (continued)**

Financial assets (continued)

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(p)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract designated as an effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent costs

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

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

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

Depreciation methods, useful lives and residual values are reassessed at the end of the reporting period.

(e) Leased assets

(i) Finance lease

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

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

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

The Group has adopted the amendment made to FRS 117, Leases in 2011 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

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 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 profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

2. Significant accounting policies (continued)

(f) Investment property (continued)

(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.

(iii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

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.

2. Significant accounting policies (continued)

(g) Intangible assets (continued)

(i) Goodwill (continued)

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

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

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment lossess.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(g) Intangible assets (continued)

(v) Amortisation

Goodwill and other intangible assets with indefinite useful lives are not amortised but 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 recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

• Development costs	10 years
• Patents and trademarks	15 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(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 recognised in profit or loss. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

Net income from scout harvesting prior to maturity is offset against plantation development expenditure.

Replanting expenditure is written off during the period in which it is incurred.

(ii) Livestock

Layer farms

Pullets and layers are valued at the lower of amortised cost and net realisable value. Cost includes cost of the pullet plus all attributable costs including relevant overheads in nursing the pullet to the point of lay. Thereafter the cost is amortised over its estimated economic life of the layers of approximately 60 weeks.

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

2. Significant accounting policies (continued)

(h) Biological assets (continued)

(ii) Livestock (continued)

Breeder farms

Breeders and hatching eggs are stated at the lower of amortised cost and net realisable value. Cost of breeders includes cost of parent stock plus all attributable cost including relevant overheads in breeding the parent stock and is amortised over its estimated economic useful lives of approximately 40 weeks. Cost of hatching eggs includes cost of raw materials, direct labour and all other attributable cost including relevant overheads.

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

Broiler farms

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

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

(i) Investments in equity securities

Prior to adoption of FRS 139, investments in equity securities are recognised initially at fair value plus attributable transaction costs.

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

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

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

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

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

Following the adoption of FRS 139, investment in equity securities are categorised and measured as available-for-sale financial assets in accordance with note 2(c).

2. Significant accounting policies (continued)

(j) Receivables

Prior to 1 April 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(k) Non-current assets held for sale

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(l) Inventories

Inventories comprise raw materials, manufactured inventories, trading inventories and retail inventories which are measured at the lower of cost and net realisable value. The cost of inventories is based on first-in-first-out principle, except for certain subsidiaries where trading inventories' cost is based on standard cost being the main basis for costs adjusted for variances which approximate actual cost on the first-in-first-out basis.

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

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

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy note 2(c).

2. Significant accounting policies (continued)

(n) Payables

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

Following the adoption of FRS 139, trade and other payables are categorised and measured as financial liabilities in accordance with note 2(c).

(o) Employee benefits

Short term employee benefits

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

A liability 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 profit or loss in the year to which they relate. Once the contributions have been paid, the Group have no further payment obligations.

(p) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

2. Significant accounting policies (continued)

(p) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

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 profit or loss. 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.

2. Significant accounting policies (continued)

(p) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(q) Equity instruments

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

(i) Share issue expenses

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

(ii) Repurchase of share capital

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

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

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

(r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (continued)

(r) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(s) Revenue and other income

(i) Goods sold

Revenue from the 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 in the profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Management fee and administrative charges

Management fee and administrative charges are recognised on an accrual basis.

(iv) Rental income

Rental income from investment property is recognised in the profit or loss 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.

2. Significant accounting policies (continued)

(s) Revenue recognition (continued)

(v) Government grants

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

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

Grants that compensate the Group for the cost of an asset is deducted in arriving at the carrying amount of the asset.

(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 profit or loss 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 a qualifying asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Earnings per share

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

2. Significant accounting policies (continued)

(v) Operating segments

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

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(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. Property, plant and equipment

Group	Freehold land RM'000	Long term lease-hold land RM'000	Build-ings and improve-ments RM'000	Farm buildings RM'000	Fishing boat and equip-ment RM'000	Furni-ture, fit-tings and equip-ment RM'000	Plant and machin-ery RM'000	Office improve-ments and reno-vation RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost											
At 1 April 2009 (restated)	27,535	54,412	76,555	70,032	28,723	36,204	255,806	3,690	37,541	44,006	634,504
Additions	1,045	793	7,506	1,378	7,603	4,368	39,631	172	7,570	45,212	115,278
Disposals	-	(163)	(24)	-	(1,181)	(820)	(8,481)	-	(2,512)	-	(13,181)
Written off	-	-	(846)	-	-	(897)	(9,051)	(149)	(251)	-	(11,194)
Transfer in/(out)	-	650	19,269	6,653	2,365	123	31,174	-	85	(60,319)	-
At 31 March/1 April 2010 (restated)	28,580	55,692	102,460	78,063	37,510	38,978	309,079	3,713	42,433	28,899	725,407
Additions	11,856	630	9,385	11,415	2,617	5,383	39,868	131	10,202	109,922	201,409
Disposals	-	(145)	-	(585)	-	(1,108)	(1,692)	(789)	(1,834)	(218)	(6,371)
Written off	-	-	-	-	-	(3,491)	(389)	-	(181)	-	(4,061)
Transfer in/(out)	-	-	9,193	9,106	316	3,549	20,262	-	-	(42,426)	-
Acquisition of subsidiary and business	226	881	-	-	-	68	-	-	97	793	2,065
Transfer to asset held for sale	-	-	-	-	-	-	(1,277)	-	-	-	(1,277)
Government grant	-	-	-	-	-	-	-	-	-	(4,557)	(4,557)
At 31 March 2011	**40,662**	**57,058**	**121,038**	**97,999**	**40,443**	**43,379**	**365,851**	**3,055**	**50,717**	**92,413**	**912,615**

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term lease-hold land RM'000	Build-ings and improve-ments RM'000	Farm buildings RM'000	Fishing boat and equip-ment RM'000	Furni-ture, fit-tings and equip-ment RM'000	Plant and machin-ery RM'000	Office improve-ments and reno-vation RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss											
At 1 April 2009 (restated)											
Accumulated depreciation	-	2,655	11,722	22,232	3,958	14,638	90,032	1,409	19,647	-	166,293
Accumulated impairment loss	-	-	-	-	-	-	69	-	-	-	69
	-	2,655	11,722	22,232	3,958	14,638	90,101	1,409	19,647	-	166,362
Depreciation for the year	-	562	2,802	4,486	1,712	3,404	22,751	387	4,219	-	40,323
Disposals	-	(9)	(1)	-	(604)	(391)	(4,109)	-	(1,823)	-	(6,937)
Written off	-	-	(194)	-	-	(574)	(7,468)	(46)	(202)	-	(8,484)
Impairment loss	-	-	-	-	-	-	300	-	-	-	300
At 31 March/1 April 2010 (restated)											
Accumulated depreciation	-	3,208	14,329	26,718	5,066	17,077	101,206	1,750	21,841	-	191,195
Accumulated impairment loss	-	-	-	-	-	-	369	-	-	-	369
	-	3,208	14,329	26,718	5,066	17,077	101,575	1,750	21,841	-	191,564
Depreciation for the year	-	1,603	3,603	5,140	2,087	3,812	26,017	761	5,432	-	48,455
Disposals	-	(30)	-	(217)	-	(826)	(538)	(493)	(1,152)	-	(3,256)
Written off	-	-	-	-	-	(3,238)	(285)	-	(181)	-	(3,704)
Transfer to asset held for sale	-	-	-	-	-	-	(1,041)	-	-	-	(1,041)
At 31 March 2011											
Accumulated depreciation	**-**	**4,781**	**17,932**	**31,641**	**7,153**	**16,825**	**125,359**	**2,018**	**25,940**	**-**	**231,649**
Accumulated impairment loss	**-**	**-**	**-**	**-**	**-**	**-**	**369**	**-**	**-**	**-**	**369**
	-	**4,781**	**17,932**	**31,641**	**7,153**	**16,825**	**125,728**	**2,018**	**25,940**	**-**	**232,018**

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term lease-hold land RM'000	Build-ings and improve-ments RM'000	Farm buildings RM'000	Fishing boat and equip-ment RM'000	Furni-ture, fit-tings and equip-ment RM'000	Plant and machin-ery RM'000	Office improve-ments and reno-vation RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Carrying amounts											
At 1 April 2009	27,535	51,757	64,833	47,800	24,765	21,566	165,705	2,281	17,894	44,006	468,142
At 31 March/1 April 2010	28,580	52,484	88,131	51,345	32,444	21,901	207,504	1,963	20,592	28,899	533,843
At 31 March 2011	**40,662**	**52,277**	**103,106**	**66,358**	**33,290**	**26,554**	**240,123**	**1,037**	**24,777**	**92,413**	**680,597**

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 April 2009	52	234	286
Additions	129	-	129
Written off	(1)	-	(1)
At 31 March/1 April 2010	180	234	414
Additions	20	491	511
Disposals	-	(109)	(109)
At 31 March 2011	200	616	816
Accumulated depreciation			
At 1 April 2009	20	58	78
Charge for the year	12	35	47
At 31 March/1 April 2010	32	93	125
Charge for the year	35	76	111
Disposals	-	(46)	(46)
At 31 March 2011	67	123	190
Carrying amounts			
At 1 April 2009	32	176	208
At 31 March/1 April 2010	148	141	289
At 31 March 2011	133	493	626

3. Property, plant and equipment (continued)

3.1 Depreciation charge for the year is allocated as follows:

	Group		Company	
	2011 RM'000	2010 RM'000 restated	2011 RM'000	2010 RM'000
Income statement (Note 20)	45,950	38,188	111	47
Biological assets (Note 5)	2,505	2,135	-	-
	48,455	40,323	111	47

3.2 Assets under finance lease

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

	Group	
	2011 RM'000	2010 RM'000
Plant and machinery	-	4,315
Motor vehicles	26	940
	26	5,255

3.3 Capital work-in-progress

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

4. Intangible assets

Group	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Total RM'000
Cost				
At 1 April 2009	4,775	320	551	5,646
Additions	-	856	-	856
At 31 March/1 April 2010	4,775	1,176	551	6,502
Additions	1,818	595	3	2,416
Government grants	-	(103)	-	(103)
At 31 March 2011	6,593	1,668	554	8,815
Accumulated amortisation/impairment				
At 1 April 2009				
- Accumulated amortisation	-	-	23	23
- Accumulated impairment loss	-	-	89	89
	-	-	112	112
Amortisation	-	-	37	37
At 31 March 2010				
- Accumulated amortisation	-	-	60	60
- Accumulated impairment loss	-	-	89	89
	-	-	149	149
Amortisation	-	12	30	42
At 31 March 2011				
- Accumulated amortisation	-	12	90	102
- Accumulated impairment loss	-	-	89	89
	-	12	179	191
Carrying amounts				
At 1 April 2009	4,775	320	439	5,534
At 31 March/1 April 2010	4,775	1,176	402	6,353
At 31 March 2011	6,593	1,656	375	8,624

The goodwill recognised on acquisition is attributable mainly to the synergies expected to be achieved from integrating the companies into the Group's existing operations.

For the purpose of the impairment testing, goodwill is allocated to the lowest level within the Group of which the goodwill is monitored for internal management purposes.

The recoverable amounts of the cash-generating units were based on value in use calculation. These calculation use pre-tax cash flow projections based on financial budget approved by management.

5. Biological assets

	Group 2011 RM'000	Group 2010 RM'000
Non-current		
At cost:		
Plantation development expenditure	82,465	57,900
Current		
At cost:		
Livestock	40,197	34,231
	122,662	92,131

Included in non-current biological assets is depreciation charged of RM2,505,000 (2010: RM2,135,000) (Note 3.1).

6. Investment properties

	Group RM'000
Cost	
At 1 April 2009	8,416
Additions	219
At 31 March 2010	8,635
Additions	811
At 31 March 2011	9,446
Amortisation and impairment loss	
At 1 April 2009	
- Accumulated amortisation	234
- Accumulated impairment loss	1,067
	1,301
Amortisation during the year	256
Impairment loss during the year	154
At 31 March/1 April 2010	
- Accumulated amortisation	490
- Accumulated impairment loss	1,221
	1,711
Amortisation during the year	540
At 31 March 2011	
- Accumulated amortisation	1,030
- Accumulated impairment loss	1,221
	2,251
Carrying amount	
At 31 March/1 April 2009	7,115
At 31 March/1 April 2010	6,924
At 31 March 2011	7,195
Fair value	
At 31 March/1 April 2009	12,161
At 31 March 2010	19,490
At 31 March 2011	30,588

7. Prepaid lease payments

Group	Unexpired period less than 50 years RM'000
Cost	
At 1 April 2009	45,766
Additions	3,231
At 31 March/1 April 2010	48,997
Additions	9,874
Disposals	(186)
At 31 March 2011	58,685
Amortisation	
At 1 April 2009	3,325
Amortisation for the year	1,116
At 31 March/1 April 2010	4,441
Amortisation for the year	976
Disposals	(7)
At 31 March 2011	5,410
Carrying amounts	
At 1 April 2009	42,441
At 31 March/1 April 2010	44,556
At 31 March 2011	53,275

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

The cultivation right title for land measuring in area of 14,177 hectares was granted in 2010 for a period of 35 years. The cultivation right title is extendable under Indonesian Land Ordinance. During the financial year, two parcels of land measuring 1,300 hectares have been identified and the issuances of cultivation rights are pending clearance from relevant authorities. QL's Indonesian partners have taken steps to obtain additional land for the remaining cultivation right as agreed in the master joint venture agreement.

7. Prepaid lease payments (continued)

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

Security

Certain leasehold land of a subsidiary with a carrying amount of RM1,578,492 (2010: RM2,334,000) have been charged to certain licensed banks for banking facilities granted to the subsidiaries as set out in Note 17.

8. Investment in subsidiaries

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	273,479	181,280

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

9. Investment in associates

	Group	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	32,002	2,496
Share of post-acquisition reserves	3,317	577
	35,319	3,073

Summary of financial information on associates:

2011	Country of incorporation	Effective ownership interest 2011 %	Effective ownership interest 2010 %	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Indahgrains Logistics Sdn. Bhd. *	Malaysia	29.87	29.87	5,295	2,324	10,934	(1,420)
Boilermech Holdings Berhad *	Malaysia	45.01	-	106,387	12,890	97,059	(66,343)

9. Investment in associates (continued)

Summary of financial information on associates (continued):

2010	Country of incorporation	Effective ownership interest 2011 %	Effective ownership interest 2010 %	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Indahgrains Logistics Sdn. Bhd. *	Malaysia	29.87	29.87	5,518	1,651	10,810	(812)
Pilihan Mahir Sdn. Bhd. #	Malaysia	49.00	49.00	-	(10)	849	(858)

* Equity accounted based on management accounts.

During the financial year, the equity interest of the Group in Pilihan Mahir Sdn. Bhd. increased from 49% to 100%. Hence the entity has been classified as investment in subsidiaries.

10. Other investments, including derivatives

Group	Note	Total RM'000	Shares Unquoted RM'000	Shares Quoted in Malaysia RM'000	Derivatives RM'000
2011					
Non-current					
Available-for-sale financial assets	10.1	18,635	45	18,590	-
Current					
Financial assets at fair value through profit or loss:					
- Held for trading, including derivatives	10.2	887	-	-	887
		19,522	45	18,590	887
Representing items:					
At cost/amortised cost		45	45	-	-
At fair value		19,477	-	18,590	887
		19,522	45	18,590	887

10. Other investments, including derivatives (continued)

Group 2010	Note	Total RM'000	Shares Unquoted RM'000	Quoted in Malaysia RM'000
Non-current				
At cost		49	45	4
Market value of quoted shares		4	-	4

Company 2011	Note	Total RM'000	Shares Quoted in Malaysia RM'000	Derivatives RM'000
Non-current				
Available-for-sale financial assets	10.1	18,590	18,590	-
Current				
Financial assets at fair value through profit or loss:				
- Held for trading, including derivatives	10.3	434	-	434
		19,024	18,590	434
Representing items:				
At fair value		19,024	18,590	434

10.1 The available-for-sale financial assets at the end of the reporting period comprises the Group's and the Company's equity interest of 22.55% in Lay Hong Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The Group and the Company do not regard the investment as an associate because the Group and the Company do not have significant influence over the policy making processes of the investee.

In July 2011, a Director of the Group and the Company was appointed as an Non-independent and Non-executive Director in Lay Hong Berhad, hence the investment in Lay Hong Berhad will be reclassified as an associate subsequent to the appointment of the Director because the Group and the Company now can exercise significant influence over the policy making processes of the investee.

10.2 Included in derivatives held for trading are commodity options and interest rate swap.

10.3 Included in derivatives held for trading is interest rate swap.

The comparative figures as at 31 March 2010 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

11. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	3	81	(41,802)	(33,811)	(41,799)	(33,730)
Biological assets	-	-	(1,999)	(1,996)	(1,999)	(1,996)
Provision	699	877	-	-	699	877
Revaluation	-	-	(1,261)	(1,425)	(1,261)	(1,425)
Tax loss carry-forwards	898	1,658	-	-	898	1,658
Unabsorbed capital allowance	1,430	838	-	-	1,430	838
Other temporary differences	10	13	(3)	(39)	7	(26)
Tax assets/(liabilities)	3,040	3,467	(45,065)	(37,271)	(42,025)	(33,804)
Set-off of tax	(1,643)	(2,132)	1,643	2,132	-	-
Net tax assets/ (liabilities)	1,397	1,335	(43,422)	(35,139)	(42,025)	(33,804)

Movement in temporary differences during the year

Group	At 1.4.2009 RM'000	Recognised in income statements (Note 24) RM'000	At 31.3.2010 RM'000	Recognised in income statements (Note 24) RM'000	At 31.3.2011 RM'000
Property, plant and equipment	(26,972)	(6,758)	(33,730)	(8,069)	(41,799)
Biological assets	(3,058)	1,062	(1,996)	(3)	(1,999)
Provision	1,257	(380)	877	(178)	699
Revaluation	(2,029)	604	(1,425)	164	(1,261)
Tax loss carry-forwards	1,459	199	1,658	(760)	898
Unabsorbed capital allowance	398	440	838	592	1,430
Other temporary differences	2,048	(2,074)	(26)	33	7
	(26,897)	(6,907)	(33,804)	(8,221)	(42,025)

11. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax

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

	Group	
	2011	2010
	RM'000	RM'000
Property, plant and equipment	18,910	37,637
Tax loss carry-forwards	(2,516)	(426)
	16,394	37,211

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 crystalised during the tax incentive period.

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

12. Trade and other receivables

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Non current					
Subsidiaries	12.1	-	-	43,260	207,628
Current					
Trade					
Trade receivables		175,871	136,549	-	-
Less: Allowance for doubtful debts		(9,844)	(8,536)	-	-
	12.2	166,027	128,013	-	-
Non-trade					
Other receivables		39,830	40,329	-	-
Less: Allowance for doubtful debts		(1,637)	(1,064)	-	-
	12.3	38,193	39,265	-	-

12. Trade and other receivables (continued)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-trade (continued)					
Subsidiaries	12.1	-	-	286,136	30,177
Associates	12.1	12	-	12	-
		204,232	167,278	286,148	30,177

12.1 Subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Non-current	43,260	207,628
Current	286,136	30,177
	329,396	237,805

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

i) RM506,000 (2010: RM1,591,331) which is subject to interest of 6% (2010: 5% to 6%) per annum with a fixed term of repayment of 4 years (2010: 3 years);

ii) RM65,902,926 (2010: RM49,834,297) which is subject to the Company's weighted cost of funds plus 0.50% (2010: weighted cost of funds plus 0.50%) with fixed terms of repayment over a period of 1 to 5 years (2010: 5 years);

iii) RM262,362,840 which is subject to Company's weighted cost of funds plus 0.50% and is repayable on demand; and

iv) Nil (2010: RM186,200,436 which was subjected to Company's weighted cost of funds plus 0.50% and was not repayable within the next 12 months).

Associates

The amount due from associates is unsecured, interest free and repayable on demand.

12. Trade and other receivables (continued)

12.2 Trade receivables

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

	Group 2011 RM'000	Group 2010 RM'000
A person connected with a Director of a subsidiary	240	224
Companies in which certain Directors of the Company have interests	5,105	1,743
	5,345	1,967

12.3 Other receivables

Included in other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM27,128,000 (2010: RM26,186,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment for doubtful debts, unsecured, interest free and repayment is substantially made through the supply of raw materials.

12.4 During the year, doubtful debts for trade receivables written off against impairment for doubtful debts made previously in the Group amounted to RM125,000 (2010: RM5,187,000) while doubtful debts for other receivables written off against impairment for doubtful debts made previously in the Group amounted to RM106,000 (2010: Nil).

13. Inventories

	Group 2011 RM'000	Group 2010 RM'000
At cost:		
Raw materials	51,449	34,293
Manufactured, trading and retail inventories	118,564	96,456
At net realisable value:		
Manufactured, trading and retail inventories	-	730
	170,013	131,479

14. Prepayment and other assets

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current					
Deposits	14.1	32,950	4,869	324	199
Prepayment		4,423	2,682	248	62
		37,373	7,551	572	261

14.1 Deposits

Included in deposits of the Group are:

i) deposits paid for purchase of property, plant and equipment amounting to RM26,218,000 (2010: RM1,072,000);

ii) deposit paid for the purpose of entering into futures contracts and options amounting to RM440,000 (2010: RM390,000); and

iii) deposit paid for acquisition of leasehold land amounting to RM450,000 in the prior year.

15. Cash and cash equivalents

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash and bank balances	80,177	57,208	4,984	4,256
Deposits with licensed banks	7,513	10,862	540	434
Liquid investments	34,367	38,075	20,884	8,869
	122,057	106,145	26,408	13,559

16. Share capital and reserves

16.1 Share capital

	Group and Company			
	Amount 2011 RM'000	Number of shares 2011 '000	Amount 2010 RM'000	Number of shares 2010 '000
Authorised:				
Ordinary shares of RM0.25# (2010: RM0.50) each				
At 1 April 2010/2009	200,000	400,000	200,000	400,000
Created during the year	300,000	600,000	-	-
Share split	-	1,000,000	-	-
As at 31 March	500,000	2,000,000	200,000	400,000
Issued and fully paid up:				
Ordinary shares of RM0.25# (2010: RM0.50) each				
At 1 April 2010/2009	197,586	395,172	165,000	330,000
Issued during the year				
- Bonus issue	-	-	32,586	65,172
- Private placement	10,414	20,828	-	-
Share split	-	416,000	-	-
At 31 March	208,000	832,000	197,586	395,172

The ordinary shares of RM0.50 each were sub-divided into RM0.25 per ordinary share each during the current financial year.

16.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 24 August 2010, renewed the Company's plan to buy-back its own shares.

16. Share capital and reserves (continued)

16.2 Treasury shares (continued)

During the financial year, the Company purchased from the open market, 477,100 (2010: 1,987,200) of its issued ordinary shares of RM0.50 each ("QL Shares") listed on the Main Market of Bursa Securities at an average buy-back price of approximately RM3.52 (2010: RM3.09) per ordinary share. The total consideration paid for the share buy-back of QL Shares by the Company during the financial year, including transaction costs of RM5,190 (2010: RM17,600), was RM1,683,705 (2010: RM6,140,000) and was financed by internally generated funds. The QL Shares bought back are held as treasury shares.

During the financial year, the Company resale its entire 4,786,400 treasury shares held in the open market. The average resale price of the treasury shares was approximately RM4.72 per share. As at 31 March 2011, the Company does not hold any treasury shares.

Details of the resale of treasury shares were as follows:

	Average resale price RM	Highest resale price RM	Lowest resale price RM	Number of treasury share resold	Total consideration received RM'000
2011	4.72	5.98	3.88	4,786,400	22,527

16.3 Translation reserve

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

16.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

16.5 Retained earnings

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

16.6 Warrants

There were no warrants exercised since its issuance. The number of warrants unexercised at the end of the reporting period was 41,600,000 (2010: Nil).

17. Loans and borrowings

		Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current:					
Term loans	- secured	1,014	1,123	-	-
	- unsecured	229,568	213,427	214,906	187,800
Finance lease liabilities		84	869	-	-
		230,666	215,419	214,906	187,800
Current:					
Term loans	- secured	107	106	-	-
	- unsecured	71,097	37,414	59,808	21,810
Bank overdrafts	- secured	180	823	-	-
	- unsecured	4,672	3,661	-	-
Bills payable	- secured	767	546	-	-
	- unsecured	186,107	138,177	-	-
Revolving credit	- unsecured	4,008	14,913	4,008	-
Finance lease liabilities		788	1,271	-	-
		267,726	196,911	63,816	21,810
		498,392	412,330	278,722	209,610

Term loans

The term loans for the Group are subject to the following interest:

i) At an interest ranging from 4.50% to 6.45% (2010: 4.00% to 7.30%) per annum;

ii) 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.75% - 0.78% (2010: 3 months Kuala Lumpur Interbank Offered Rate plus 0.78%) per annum;

iii) 3 months Effective Cost of Fund (ECOF) plus 1.75% (2010: 3 months Effective Cost of Fund (ECOF) plus 1.75%) per annum;

iv) 1 month Cost of Fund (COF) plus 1.20% (2010: 1 month Cost of Fund (COF) plus 1.20%) per annum; and

v) 3 months LIBOR plus 1.10% (2010: Nil) per annum.

The term loans for the Company are subject to the following interest:

i) At an interest ranging from 5.50% to 5.60% (2010: 5.50% to 5.75%) per annum;

ii) 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.75% - 0.78% (2010: 3 months Kuala Lumpur Interbank Offered Rate (KLIBOR) plus 0.78%) per annum;

17. **Loans and borrowings (continued)**

iii) 3 months Effective Cost of Fund (ECOF) plus 1.75% (2010: 3 months Effective Cost of Fund (ECOF) plus 1.75%) per annum;

iv) 1 month Cost of Fund (COF) plus 1.20% (2010: 1 month Cost of Fund (COF) plus 1.20%) per annum; and

v) 3 months LIBOR plus 1.10% (2010: Nil) per annum.

The term loans for the Group and Company are repayable in equal monthly instalments over periods ranging from 1 to 6 years (2010: 1 to 7 years) and 2 to 4 years (2010: 2 to 4 years) respectively.

Bank overdrafts

The bank overdrafts are subject to interest ranging from 1.00% to 1.50% above Base Lending Rate (BLR) (2010: 1.00% to 1.50% above BLR) per annum.

Revolving credit

The revolving credit is subject to interest on monthly Cost of Fund (COF) plus 0.85% (2010: USD Singapore Interbank Offered Rate (SIBOR) plus 0.90%) per annum.

Bills payable

The secured bills payable are subject to interest ranging from 5.95% to 6.00% (2010: 5.95% to 6.00%) per annum.

The unsecured bills payable are subject to interest ranging from 0.25% to 1.25% above Cost of Fund (2010: 0.25% to 1.5% above Cost of Fund) per annum.

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2011 RM'000	Interest 2011 RM'000	Principal 2011 RM'000	Minimum lease payments 2010 RM'000	Interest 2010 RM'000	Principal 2010 RM'000
Less than one year	841	(53)	788	1,380	(109)	1,271
Between one and five years	88	(4)	84	926	(57)	869
	929	(57)	872	2,306	(166)	2,140

Finance lease liabilities bear interest rates at 3.30% to 7.33% (2010: 4.79% to 9.08%) per annum.

17. Loans and borrowings (continued)

Security

Group

Term loans

Secured

The term loans are secured by way of:

i) charges on a subsidiary's properties;

ii) fixed and floating charges over assets of a subsidiary; and

iii) corporate guarantee by certain subsidiaries and the Company.

Unsecured

The term loans are supported by way of:

i) corporate guarantees by certain subsidiaries and the Company; and

ii) a negative pledge on all assets of certain subsidiaries and the Company.

Bank overdrafts

Secured

The bank overdrafts are secured by way of:

i) charges on a subsidiary's properties;

ii) fixed and floating charges over assets of a subsidiary; 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) dividends paid shall not exceed current net profit after tax of certain subsidiaries;

ii) maximum gearing of 1 time of the Group at all times; and

iii) minimum interest cover ratio of 2 times at all times.

17. Loans and borrowings (continued)

Bills payable

Secured

Bills payable are secured by way of:

i) fixed and floating charges over assets of a subsidiary; and
ii) corporate guarantee by the Company.

Unsecured

Bills payable are supported by way of:

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

Revolving credit

Unsecured

Revolving credit is supported by way of a negative pledge on all assets of certain subsidiaries and the Company.

Security

Company

Term loans

Unsecured

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

18. Deferred income

	Group	
	2011	2010
	RM'000	RM'000
Non-current		
Government grant	-	4,427
At 31 March	-	4,427

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

During the financial year, the subsidiary has received the entire amount of RM4,660,000 and has offset the grant against expenses claimed from MOSTI.

19. Trade and other payables, including derivatives

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Non current					
Subsidiaries	19.1	-	-	-	8,761
Current					
Subsidiaries	19.1	-	-	25,401	17,208
Trade payables	19.2	72,173	55,204	-	-
Other payables	19.3	30,854	24,408	160	202
Accrued expenses		15,247	11,584	203	-
Financial liabilities at fair value through profit or loss:					
- Held for trading, including derivatives	19.4	8,178	-	7,968	-
		126,452	91,196	33,732	17,410
		126,452	91,196	33,732	26,171

19. Trade and other payables, including derivatives (continued)

19.1 In the prior year, the amount due to subsidiaries was non-trade in nature, subject to an interest of Company's weighted cost of funds plus 0.50% per annum, unsecured and repayable on demand, except for RM8,761,000 which was not repayable within the next 12 months.

19.2 Included in trade payables of the Group are:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Associate	-	400
A firm in which certain Directors of a subsidiary has interest	873	1,192
Companies in which certain subsidiaries have interest	650	-
	1,523	1,592

19.3 Included in other payables of the Group are:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Companies in which certain Directors have interests	874	657
Amount due to shareholders of subsidiaries	14,326	11,346
	15,200	12,003

19.4 Included in derivatives held for trading are fair value forward exchange contracts and cross currency swap.

20. Results from operating activities

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities is arrived at after crediting				
Bad debts recovered	168	6	-	-
Dividends from subsidiaries				
- gross	-	-	8,819	9,726
- tax exempt	-	-	23,048	51,976
Dividends from liquid investment	343	338	132	94
Dividends from available- for- sale investment	330	-	330	-
Gain on foreign exchange				
- realised	1,774	1,602	-	-
- unrealised	7,715	140	7,231	-
Rental of equipment	71	35	-	-
Rental of premises	748	332	-	-
Reversal of inventories written down	123	423	-	-
Gain on disposal of quoted investment	72	-	-	-
Gain on disposal of prepaid lease payment	121	-	-	-
and after charging:				
Auditors' remuneration				
- Audit services				
Company's auditors				
- current	600	556	54	48
- under/(over) provision in prior years	44	65	2	(8)
Affiliates of Company's auditors				
- current	34	-	-	-
Other auditors	114	91	-	-
- Other services by auditors of the Company	130	79	130	79
Amortisation of investment properties	540	256	-	-
Amortisation of intangible assets	42	37	-	-
Amortisation of prepaid lease payments	976	1,116	-	-
Impairment for doubtful debts, net				
- trade receivables	1,433	671	-	-
- other receivables	679	669	-	-
Bad debts written off	125	385	-	-
Derivative loss	7,107	-	7,350	-
Depreciation of property, plant and equipment	45,950	38,188	111	47
Hire of plant and machinery	35	44	-	-

20. Results from operating activities (continued)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
and after charging (continued):				
Loss on disposal of property, plant and equipment	405	688	-	-
Loss on disposal of prepaid lease payments	-	38	-	-
Loss on foreign exchange				
- realised	-	-	27	-
Inventories written off	9	100	-	-
Impairment losses on property, plant and machinery	-	300	-	-
Impairment losses on investment properties	-	154	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	75,268	69,845	2,142	1,529
- contribution to EPF	5,439	4,862	248	182
Property, plant and equipment written off	357	2,710	-	-
Rental of land and buildings and office premises	2,441	2,323	191	224
Rental of plant, machinery, equipment and motor vehicle	86	46	68	68

21. Finance costs

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- loans	12,653	9,524	10,792	6,836
- overdrafts	415	501	-	-
- bills payable	4,615	3,310	-	-
- finance lease	111	205	-	-
- revolving credit	588	78	523	-
- subsidiaries	-	-	1,418	575
	18,382	13,618	12,733	7,411
Other finance costs	60	114	-	-
	18,442	13,732	12,733	7,411

22. Interest income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits placed with licensed banks	247	421	172	55
Subsidiaries	-	-	11,649	7,798
Others	851	379	42	-
	1,098	800	11,863	7,853

23. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
- Fees	758	763	450	450
- Remuneration	5,684	4,909	2,925	2,307
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	91	84	51	43
	6,533	5,756	3,426	2,800
Directors of subsidiaries				
- Fees	422	353	-	-
- Remuneration	6,451	5,586	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	48	49	-	-
	6,921	5,988	-	-
Other key management personnel				
- Remuneration	1,848	1,288	1,848	1,288
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	8	10	8	10
	1,856	1,298	1,856	1,298
	15,310	13,042	5,282	4,098

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

24. Tax expense

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Tax expense on operations	27,010	20,935	1,769	2,017
Share of tax of equity accounted associates	995	165	-	-
Total tax expense	28,005	21,100	1,769	2,017
Current tax expense				
- current year	18,571	14,570	1,778	1,995
- under/(over) provision in prior year	218	(542)	(9)	22
	18,789	14,028	1,769	2,017
Deferred tax expense				
- origination and reversal of temporary differences	8,562	5,999	-	-
- (over)/under provision in prior year	(341)	908	-	-
	8,221	6,907	-	-
Share of tax of equity accounted associates	995	165	-	-
Total tax expense	28,005	21,100	1,769	2,017
Reconciliation of effective tax expense				
Profit for the year	133,798	115,080	26,327	57,444
Total tax expense	28,005	21,100	1,769	2,017
Profit before taxation	161,803	136,180	28,096	59,461
Income tax using Malaysian tax rates of 25%	40,451	34,045	7,024	14,865
Difference in tax rate for foreign subsidiary	53	(5)	-	-
Non-deductible expenses	3,543	1,932	485	165
Tax exempt income	(2,026)	(2,328)	(5,731)	(13,035)
Tax incentives	(14,891)	(11,680)	-	-
Effect of temporary differences not recognised	1,054	(710)	-	-
Crystalisation of deferred tax liabilities arising from revaluation reserve	(164)	(604)	-	-
Others	108	84	-	-
	28,128	20,734	1,778	1,995
(Over)/under provision in prior year	(123)	366	(9)	22
Tax expense	28,005	21,100	1,769	2,017

25. **Earnings per ordinary share**

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM124,552,000 (2010: RM106,914,000) and the weighted average number of ordinary shares in issue during the year (2010: adjusted for share split in 2011)

	2011 '000	2010 '000
Issued ordinary shares at beginning of the year	395,172	330,000
Effect of bonus issue - 2010	-	65,172
Effect of private placement	3,471	-
Effect of treasury shares held	(2,119)	(3,676)
	396,524	391,496
Share split	396,524	391,496
Weighted average number of ordinary shares	793,048	782,992
	sen	**sen**
Basic earnings per ordinary share	16	14

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2011 as the fair value of the ordinary shares for the year ended 31 March 2011 is lower than the exercise price of the Warrants. Therefore, no consideration for adjustment in the form of an increase in the number of shares has been used in calculating potential dilution of its earnings per ordinary share.

26. **Dividends**

	Sen per Share (net of tax)	Total amount RM'000	Date of payment
2011			
Final 2010	7.50	29,503	30 September 2010
2010			
Final 2009	7.00	22,838	25 September 2009

At the forthcoming general meeting, a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each amounting to RM35,360,000 in respect of the year ended 31 March 2011 will be proposed for approval by the shareholders of the Company. The proposed final dividend is payable in respect of all ordinary shares in issue at the date of entitlement, excluding those ordinary shares held as treasury shares under the share buy-back. The said dividend will be recognised in subsequent financial reports upon approval by the shareholders.

27. Operating segments

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Maker (CODM) whom is also the Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation 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. The Company's expenses are allocated to the respective business segments based on a pre-agreed percentage allocation, while the Company's assets and liabilities are absorbed into integrated livestock farming segment.

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

Business segments

The Group comprises the following main business segments:

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

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

Geographical segments

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

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

27. Operating segments (continued)

	Marine-products manufacturing		Palm oil activities		Integrated livestock farming		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Business segments								
Revenue from external customers	457,350	356,923	328,702	269,381	991,029	850,092	1,777,081	1,476,396
Segment profit before taxation	65,839	55,399	4,396	8,011	90,573	72,605	160,808	136,015
Included in the measurement of segment profit before taxation are:								
Inter-segment revenue	89,507	78,355	3,618	3,307	8,281	1,132	101,406	82,794
Finance costs	(5,001)	(4,194)	(3,046)	(2,402)	(10,395)	(7,136)	(18,442)	(13,732)
Interest income	81	146	141	47	876	607	1,098	800
Depreciation and amortisation	(21,221)	(18,213)	(4,543)	(4,503)	(21,744)	(16,881)	(47,508)	(39,597)
Share of profit of associates	-	-	2,848	-	698	493	3,546	493
Impairment of property, plant and equipment	-	-	-	(300)	-	-	-	(300)
Not included in the measurement of segment profit before taxation but provided to Managing Director:								
Income tax expense	(7,306)	(4,837)	(593)	(1,088)	(19,111)	(15,010)	(27,010)	(20,935)

27. Operating segments (continued)

	Marine-products manufacturing		Palm oil activities		Integrated livestock farming		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Segment assets	431,770	357,762	312,109	205,862	728,490	542,496	1,472,369	1,106,120
Segment liabilities	68,530	63,915	91,313	73,973	513,174	409,628	673,017	547,516
Included in the measurement of segment assets are:								
Investment in associates	-	-	32,359	-	2,960	3,073	35,319	3,073
Additions to non-current assets other than financial instruments and deferred tax assets	73,615	49,374	60,605	37,355	104,855	49,760	239,075	136,489

	Malaysia		Singapore		Indonesia		Vietnam		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Geographical segments										
Revenue from external customers	1,739,928	1,468,372	8,890	8,024	28,263	-	-	-	1,777,081	1,476,396
Non-current assets other than financial instruments and deferred tax asset	697,086	584,304	3,581	4,565	156,248	63,780	10,560	-	867,475	652,649

28. Financial instruments

Certain comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL):
  - Held for trading (HFT);
(c) Available-for-sale financial assets (AFS); and
(d) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R RM'000	FVTPL -HFT RM'000	AFS RM'000
2011				
Financial assets				
Group				
Other investments, including derivatives	19,522	-	887	18,635
Trade and other receivables	204,232	204,232	-	-
Cash and cash equivalents	122,057	122,057	-	-
	345,811	326,289	887	18,635
Company				
Other investments, including derivatives	19,024	-	434	18,590
Trade and other receivables	329,408	329,408	-	-
Cash and cash equivalents	26,408	26,408	-	-
	374,840	355,816	434	18,590

	Carrying amount RM'000	OL RM'000	FVTPL - HFT RM'000
2011			
Financial liabilities			
Group			
Loans and borrowings	498,392	498,392	-
Trade and other payables, including derivatives	126,452	118,274	8,178
	624,844	616,666	8,178

28. Financial instruments (continued)

28.1 Categories of financial instruments (continued)

	Carrying amount RM'000	OL RM'000	FVTPL - HFT RM'000
Company			
Loans and borrowings	278,722	278,722	-
Trade and other payables, including derivatives	33,732	25,764	7,968
	312,454	304,486	7,968

28.2 Net gains and losses arising from financial instruments

	Group 2011 RM'000	Company 2011 RM'000
Net gains/(losses) arising on:		
Fair value through profit or loss:		
- Held for trading	(7,107)	(7,350)
Available-for-sale financial assets		
- recognised in other comprehensive income	7,022	7,022
Loans and receivable	220	11,863
Financial liabilities measured at amortised cost	(10,114)	(5,529)
	(9,979)	6,006

28.3 Financial risk management

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 and do not engage in speculative transactions.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28. Financial instruments (continued)

28.4 Credit risk

Receivables

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Risk management objectives, policies and processes for managing the risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and the Company do not have any significant exposure to any individual counterparty. The Group and the Company have credit policy in place to ensure that transactions are conducted with creditworthy counter parties.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2011			
Not past due	118,377	(1)	118,376
Past due 0-120 days	49,969	(3,716)	46,253
Past due more than 120 days	7,525	(6,127)	1,398
	175,871	(9,844)	166,027

28. Financial instruments (continued)

28.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2011 RM'000
At 1 April 2010	8,536
Impairment loss recognised	2,371
Impairment loss reversed	(938)
Impairment loss written off	(125)
At 31 March	9,844

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, non-current loans to subsidiaries are not overdue and the remaining advances are repayable on demand.

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

Group 2011	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	> 5 years RM'000
Non-derivative financial liabilities							
Revolving credit	4,008	3.85%	4,008	4,008	-	-	-
Bank overdraft	4,852	7.30% - 7.80%	4,852	4,852	-	-	-
Bills payable	186,874	2.00% - 6.00%	186,874	186,874	-	-	-
Term loans	301,786	3.00% - 6.45%	332,322	86,483	85,773	159,386	680
Finance lease liabilities	872	3.30% - 7.33%	929	841	88	-	-
Trade and other payables, excluding derivatives	118,274	-	118,274	118,274	-	-	-
	616,666		647,259	401,332	85,861	159,386	680
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	67		61,678	61,678	-	-	-
Inflow	-		(61,611)	(61,611)	-	-	-
Commodity options	(310)		(310)	(310)	-	-	-
Cross currency swap	7,968		7,968	7,968	-	-	-
Interest rate swap	(434)		(434)	(434)	-	-	-
	623,957		654,550	408,623	85,861	159,386	680

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

Company 2011	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Non-derivative financial liabilities						
Revolving credit	4,008	3.85%	4,008	4,008	-	-
Term loans	274,714	3.00% - 5.60%	303,066	73,644	74,554	154,868
Trade and other payables, excluding derivatives	25,764	-	25,764	25,764	-	-
	304,486		332,838	103,416	74,554	154,868
Derivative financial liabilities						
Cross currency swap	7,968		7,968	7,968	-	-
Interest rate swap	(434)		(434)	(434)	-	-
	312,020		340,372	110,950	74,554	154,868

28. Financial instruments (continued)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk arising from transactions in foreign currencies. The currencies giving rise to this risk are primarily in US Dollars, Indonesian Rupiah and Singapore Dollars.

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.

Risk management objectives, policies and processes for managing the risk

The Group's foreign exchange management policies are to minimise exposures arising from currency movements. The Group monitors currency movements closely and may enter into foreign currency swaps, forward foreign currency contracts and options to limit its exposure when the needs arise.

Exposure to foreign currency risk

The Group's main exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on the carrying amounts as at the end of the reporting period was:

	Denominated in *USD* RM'000
Group	
2011	
Trade receivables	5,388
Unsecured bank loans	(69,971)
Trade payables	(734)
Forward exchange contracts	40,577
Cash and cash equivalents	1,857
Net exposure	(22,883)

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.1 Currency risk (continued)

	Denominated in *USD* RM'000
Company	
2011	
Unsecured bank loans	(15,130)
Net exposure	(15,130)

Currency risk sensitivity analysis

A 1.50% strengthening of RM against USD at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss) RM'000
Group	
2011	
USD	257
Company	
2011	
USD	170

A 1.50% weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group Treasury on a regular basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group 2011 RM'000	Company 2011 RM'000
Fixed rate instruments		
Financial liabilities	(156,234)	(133,799)
Financial assets	-	506
	(156,234)	(133,293)
Floating rate instruments		
Financial liabilities	(342,158)	(144,923)
Financial assets	7,513	328,806
	(334,645)	183,883

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or (loss)	
	50 bp increase	50 bp decrease
Group	**RM'000**	**RM'000**
2011		
Floating rate instruments	(1,254)	1,254
Company		
2011		
Floating rate instruments	629	(629)

28.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Investments are managed on an individual basis and all buy and sell decisions are approved by the Executive Committee of the Group.

Equity price risk sensitivity analysis

The exposure to equity price risk of Group is not material and hence, sensitivity analysis is not presented.

28. Financial instruments (continued)

28.7 Fair value of financial instruments

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

The carrying amount of variable long term advances to subsidiaries approximate fair value as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

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

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

	2011		2010	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Quoted shares	18,590	18,590	4	4
Commodity options				
- Put options	310	310	189	11
Currency options				
- Call options	-	-	104	41
Interest rate swap	434	434	-	408
Forward exchange contracts	143	143	-	-
Financial liabilities				
Unsecured fixed rate term loans	(155,362)	(155,302)	(49,954)	(46,498)
Finance lease liabilities	(872)	(872)	(2,140)	(2,140)
Commodity futures	-	-	-	(17)
Forward exchange contracts	(210)	(210)	-	(1,840)
Cross currency swap	(7,968)	(7,968)	-	(1,069)
Company				
Financial assets				
Interest rate swap	434	434	-	408
Financial liabilities				
Unsecured fixed rate term loan	(133,799)	(131,540)	(15,352)	(13,410)
Cross currency swap	(7,968)	(7,968)	-	-

28. Financial instruments (continued)

28.7 Fair value of financial instruments (continued)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. The fair value of other derivatives are based on broker quotes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2011	2010
Loans and borrowings	5.60%	5.00%
Finance lease liabilities	6.90%	6.90%

29. Contingent liabilities - unsecured

	Company	
	2011 RM'000	2010 RM'000
Guarantees and contingencies relating to borrowings of:		
- subsidiaries	572,452	557,999

30. Commitments

	Group	
	2011	2010
Capital commitments:	RM'000	RM'000
Plantation development expenditure		
Authorised but not contracted for	18,750	25,000
Property, plant and equipment		
Authorised but not contracted for	110,033	130,877
Contracted but not provided for in the financial statements	107,470	22,288
	236,253	178,165
Other commitments:		
Commodity future sales contract on crude palm oil	265	1,044

31. Capital management

The Group defines capital as the total equity and debt. The objective of the Group's capital management is to maintain an optimal capital structure and ensuring funds availability to support business operations and maximises shareholders value. The Group monitors debts to equity ratio to ensure compliance with management policies as well as maintaining shareholders' confidence in the management.

32. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Less than one year	155	490
Between one and five years	192	324
More than five years	279	359
	626	1,173

The subsidiary leases land, retail outlets and equipment under operating lease. For the land under operating leases, the lease typically run for a period ranging from 16 to 25 years, with an option to renew the lease after that date. None of the operating leases for land includes contingent rentals. For the retail outlets and equipment, the leases typically run for an initial period of three years with an option to renew the leases after the expiry date for another three years.

33. Related parties

Identity of related parties

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

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

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

	Group	
	2011	**2010**
	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	(5,157)	(3,849)
Fusipim Sdn. Bhd.:		
Sales	(1,816)	(1,164)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(3,354)	(2,818)
Purchases	13,069	-
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(8,941)	(8,038)
Arena Dijaya Sdn. Bhd.:		
Sales	(3,057)	(2,548)
Keang Huat Trading Sdn. Bhd.:		
Purchases	2,517	2,997
Sin Teow Fatt Trading Co.:		
Purchases	696	647
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	1,243	982

33. Related parties (continued)

	Group 2011 RM'000	Group 2010 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 (continued)		
Green Breeder Sdn. Bhd.:		
Sales	(3,632)	(2,108)
Timurikan Terengganu Sdn. Bhd.:		
Sales	(895)	(767)
Purchases	1,781	1,196
C Care Enterprise Sdn. Bhd.:		
Sales	(1,608)	(1,826)
With a person connected to Cheah Yaw Song & Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang	(2,195)	(2,094)
Associates		
Net dividend received	(806)	(538)
Warehousing services	5,073	4,559

	Company 2011 RM'000	Company 2010 RM'000
Subsidiaries		
Net dividend received	(29,662)	(59,271)
Management fee income	(2,564)	(1,712)
Administrative charges	(1,770)	(1,644)
Interest income	(11,649)	(7,798)
Interest expense	1,418	575

33. Related parties (continued)

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

Group 2011	Gross balance outstanding at 31 March RM'000	Net balance outstanding at 31 March RM'000
Included in:		
- Trade and other receivables		
Related parties	5,345	5,345
Associates	12	12
- Trade and other payables, including derivatives		
Related parties	(16,723)	(16,723)
2010		
Included in:		
- Trade and other receivables		
Related parties	1,967	1,967
- Trade and other payables, including derivatives		
Associates	(400)	(400)
Related parties	(13,195)	(13,195)

Company 2011	Gross balance outstanding at 31 March RM'000	Net balance outstanding at 31 March RM'000
Included in:		
- Trade and other receivables		
Subsidiaries	329,396	329,396
Associate	12	12
- Trade and other payables, including derivatives		
Subsidiaries	(25,401)	(25,401)
2010		
Included in:		
- Trade and other receivables		
Subsidiaries	237,805	237,805
- Trade and other payables, including derivatives		
Subsidiaries	(25,969)	(25,969)

There are no impairment for doubtful debts and bad debts written off during the year in respect of amount due from related parties.

34. Subsidiaries

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

Name of Company	Principal activities	Effective ownership interest (%) 2011	2010
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 subsidiary	Layer farming, processing, sale of animal feed, animal feed raw materials, lubricants and foodstuffs	100.00	100.00
Rikawawasan Sdn. Bhd.	Deep sea fishing	100.00	100.00
QL Agroventures Sdn. Bhd.	Layer farming	100.00	100.00
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	51.00	51.00
QL Feedmills Sdn. Bhd.	Investment holding	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Layer farming	100.00	100.00
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
PT QL Trimitra**	Integrated livestock farming	80.00	-
PT QL Agrofood**	Layer farming and feed miling	100.00	-
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90.00	90.00
QL Pacific Vet Group Sdn. Bhd.	Distributors of feed, supplements, animal health products and agricultural products	90.00	90.00
Maxincome Resources Sdn. Bhd.	Distribution of lubricants oil	100.00	100.00
Chingsan Development Sdn. Bhd.	Property holding	100.00	100.00
QL AgroResources Sdn. Bhd. and its subsidiary	Investment holding, feed milling and distribution of animal feed raw materials	80.00	80.00
QL Livestock Farming Sdn. Bhd.	Layer, broiler farming and poultry breeding	80.00	80.00

34. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%) 2011	2010
QL Feed Sdn. Bhd. and its subsidiary	Distribution of animal feed raw materials and food grain	100.00	100.00
Hybrid Figures Sdn. Bhd.	Dormant	100.00	100.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	100.00	100.00
QL Farms Sdn. Bhd. and its subsidiaries	Layer and broiler farming, wholesale of frozen chicken parts and investment holding	100.00	100.00
Adequate Triumph Sdn. Bhd.	Property holding	100.00	100.00
QL Inter-Food Sdn. Bhd.	Manufacture and selling of meehoon and noodle	100.00	100.00
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming and cultivation of oil palm	100.00	100.00
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sales of animal feed and providing chicken parts processing service	100.00	100.00
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiary	Investment holding and poultry farming	85.00	85.00
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	85.00	85.00
QL Vietnam AgroResources Liability Limited Company***	Layer farming	100.00	100.00
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding and oil palm cultivation and sale of fresh fruit bunches	100.00	100.00
QL Plantation Sdn. Bhd. and its subsidiaries	Oil palm cultivation and marketing of palm oil products	100.00	100.00
QL Tawau Biogas Sdn. Bhd. (f.k.a. Utusan Ceria Sdn. Bhd.)	Dormant	100.00	-
QL Tawau Palm Pellet Sdn. Bhd. (f.k.a. Rentak Prisma Sdn. Bhd.)	Sale of palm pellet	100.00	-
QL BioEnergy Sdn. Bhd.	Dormant	100.00	100.00

34. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%) 2011	2010
QL NatureCo Sdn. Bhd. and its subsidiaries	Investment holding	80.00	80.00
QL Palm Pellet Sdn. Bhd. and its subsidiary	Development and marketing of "Palm Pelletising System"	80.00	80.00
QL Palm Pellet System Sdn. Bhd. (f.k.a. Artisan Intelek Sdn. Bhd.)	Dormant	80.00	-
QL ZeroPoint Green Energy Sdn. Bhd.	Dormant	80.00	80.00
QL Mutiara (S) Pte. Ltd.* and its subsidiary	Investment holding	78.42	78.42
PT Pipit Mutiara Indah **	Oil palm cultivation	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Marine Products Sdn. Bhd.	Manufacturing of surimi and surimi-based products	100.00	100.00
QL Foods Sdn. Bhd. and its subsidiary	Manufacturing of surimi and surimi-based products	100.00	100.00
QL Aquaculture Sdn. Bhd.	Dormant	100.00	100.00
QL Fishmeal Sdn. Bhd. and its subsidiaries	Manufacturing and trading of fishmeal	100.00	100.00
PT QL Hasil Laut**	Dormant	99.97	99.95
Ambang Spektrum Sdn. Bhd.	Dormant	100.00	-
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Manufacturing of fishmeal and surimi	70.59	65.89
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	70.59	65.89
QL Endau Fishmeal Sdn. Bhd.	Manufacturing of fishmeal	70.59	65.89
Pilihan Mahir Sdn. Bhd.	Dormant	70.59	-
Figo Foods Sdn. Bhd. and its subsidiary	Manufacturing and sales of frozen "halal" foodstuff	100.00	100.00
QL Fujiya Pastry Sdn. Bhd.	Manufacturing and sales of frozen "halal" food products	60.00	60.00
QL Fresh Choice Seafood Sdn. Bhd.	Coastal trawling and the wholesale of marine products	100.00	100.00

34. Subsidiaries (continued)

Name of Company	Principal activities	Effective ownership interest (%) 2011	2010
QL Lian Hoe Sdn. Bhd. and its subsidiary	Manufacturing of surimi, processing and sale of frozen fish products	82.00	82.00
QL Lian Hoe (S) Pte. Ltd.*	Manufacturing and processing of frozen fish products	82.00	100.00
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Biomass Sdn. Bhd.	Dormant	100.00	100.00
QL Green Energy Sdn. Bhd.	Dormant	100.00	100.00

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

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

*** Subsidiary incorporated in Vietnam and audited by a member firm of KPMG.

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

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

	Number of ordinary shares of RM1 each At 1.4.2010	Bought	Sold	At 31.3.2011
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	-	-	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	-	-	2,000,000
QL AgroResources Sdn. Bhd. and its subsidiary	8,480,000	-	-	8,480,000
QL Livestock Farming Sdn. Bhd.	20,000,000	-	-	20,000,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiary	17,000,000	-	-	17,000,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	-	-	4,400,000
QL Agrobio Sdn. Bhd.	510,000	-	-	510,000
PT QL Trimitra ##	-	1,500,000	-	1,500,000

34. Subsidiaries (continued)

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

	Number of ordinary shares of RM1 each			
	At 1.4.2010	Bought	Sold	At 31.3.2011
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL NatureCo Sdn. Bhd. and its subsidiaries	1,599,999	-	-	1,599,999
QL Palm Pellet Sdn. Bhd. and its subsidiary	1,003,666	-	-	1,003,666
QL Palm Pellet System Sdn. Bhd.	-	2	-	2
QL ZeroPoint Green Energy Sdn. Bhd.	250,000	-	-	250,000
QL Mutiara (S) Pte. Ltd. ## and its subsidiary	8,939,996	2,980,000	-	11,919,996
PT Pipit Mutiara Indah @	2,983,000	-	-	2,983,000
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
PT QL Hasil Laut ##	1,999,999	1,000,000	-	2,999,999
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	3,137,980	224,000	-	3,361,980
QL Endau Deep Sea Fishing Sdn. Bhd.	33,800,000	10,000,000	-	43,800,000
QL Endau Fishmeal Sdn. Bhd.	100,000	20,000,000	-	20,100,000
Pilihan Mahir Sdn. Bhd.	-	10,000	-	10,000
QL Fujiya Pastry Sdn. Bhd.	1,499,999	-	-	1,499,999
QL Lian Hoe Sdn. Bhd. and its subsidiary	8,200,000	-	-	8,200,000
QL Lian Hoe (S) Pte. Ltd.^	1,200,000	-	-	1,200,000

Ordinary shares of USD1.00 each
@ Ordinary shares of RP50,000 each
^ Ordinary shares of SGD1.00 each

35. Significant events during the year

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

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

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

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

35.5 In June 2010, PT QL Trimitra (“PT QLT”) entered into a Sales and Purchase Agreement to acquire the assets used in forming part of the business and includes without limitation to goodwill, business networking and know how, land and equipment from CV Trimitra Group and drh Cecep Mochamad at a total consideration of RM2,209,052.00 (USD675,000).

35.6 In June 2010, the Group, via its wholly owned subsidiary, QL Fishery Sdn. Bhd. (“QL Fishery”) acquired an additional 4.7% equity interest in QL Endau Marine Products Sdn. Bhd. (“QLEMP”) for RM3,584,000.00 increasing its ownership from 65.89% to 70.59%.

Consequently, the effective interest of the Group in QL Endau Deep Sea Fishing Sdn. Bhd. and QL Endau Fishmeal Sdn. Bhd., the subsidiaries of QLEMP has increased correspondingly.

35.7 In July 2010, the Group, via its wholly owned subsidiary, QL Fishmeal Sdn. Bhd. acquired two (2) ordinary shares of RM1.00 each of Ambang Spektrum Sdn. Bhd. (“AS”) representing the entire issued and paid-up capital of AS for a consideration of RM2.00.

35. Significant events during the year (continued)

35.8 In October 2010, its wholly owned subsidiary namely QL Green Resources Sdn. Bhd. ("QLGR") had entered into Share Acquisition Agreement ("SAA") to acquire an aggregate of 202,559 ordinary shares of Boilermech Sdn. Bhd. ("BSB") representing approximately 40.51% of the issued and paid-up share capital of BSB for a total cash consideration including transaction cost of approximately RM29,506,000.00 ("Purchase Consideration").

Subsequently, QLGR entered into a Share Sale and Purchase Agreement ("SSPA") with Boilermech Holdings Berhad ("BHB") to swap its entire 40.51% equity interest in BSB comprising 202,559 ordinary shares of RM1.00 each in BSB for a proportionate 40.51% equity stake comprising 90,381,818 new ordinary shares of RM0.10 each in BHB, a newly incorporated company.

As a result of the Share Swap, BSB will become a wholly owned subsidiary of BHB and QLGR's interest in BSB will be held indirectly via BHB.

BHB was listed in the ACE Market of Bursa Malaysia on 5 May 2011.

35.9 In December 2010, QL Pacific Vet Group Sdn. Bhd. had entered into an Asset Sale Agreement with Petswonderland & Co Sdn. Bhd. (Formerly : Goldhill Symphony Sdn. Bhd.) for the sale of Pets Wonderland Business for a total consideration of RM1,661,474.00.

35.10 In January 2011, acquisition of the remaining 51% equity interest in Pilihan Mahir Sdn. Bhd. ("PM") by its subsidiary, QL Endau Marine Products Sdn. Bhd. ("QLEMP") for consideration of RM500,000.00, resulting in PM being the wholly owned subsidiary of QLEMP.

35.11 In February 2011, the Company completed the following:

- private placement of 20,827,920 shares in QL.
- share split of every one (1) existing ordinary share of RM0.50 each held in QL into two (2) ordinary shares of RM0.25 each.
- issuance of 41,600,000 free warrants and increase in authorised share capital of the Company from RM200 million to RM500 million.

36. Significant subsequent events

36.1 In June 2011, the Group, via its wholly owned subsidiary, Maxincome Resources Sdn. Bhd. entered into an Asset Sale and Purchase Agreement to dispose its Inventories, Fixed Assets, Lubricant Business and Intellectual Property for a consideration of RM1,750,000.00.

36.2 In June 2011, the Company completed the conversion of 1,608 warrants into 1,608 ordinary shares of the Company.

37. Acquisition of subsidiaries and business

37.1 Acquisition of a subsidiary

During the financial year, the Group acquired the following subsidiaries:

- 100% equity interest in QL Palm Pellet System Sdn. Bhd. (f.k.a. Artisan Intelek Sdn. Bhd.) for a cash consideration of RM2;

- 100% equity interest in QL Tawau Biogas Sdn. Bhd. (f.k.a. Utusan Ceria Sdn. Bhd.) for a cash consideration of RM2;

- 100% equity interest in QL Tawau Palm Pellet Sdn. Bhd. (f.k.a. Rentak Prisma Sdn. Bhd.) for a cash consideration of RM2;

- 100% equity interest in Ambang Spektrum Sdn. Bhd. for a cash consideration of RM2; and

- the remaining 51% of the equity interest in Pilihan Mahir Sdn. Bhd., being an associate which the Group already held 49% of the equity interest for a cash consideration of RM500,000.

The principal activity of the above companies are shown in Note 34 of the financial statements.

The above subsidiaries are dormant or at its pre-operating stage and hence, there is no contribution to the Group's revenue and the contribution to the consolidated profit of the Group are insignificant.

37. Acquisition of subsidiaries and business (continued)

37.1 Acquisition of a subsidiary (continued)

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

	Recognised values on acquisition RM'000
Property, plant and equipment	1,674
Cash and bank balances	2
Payables	(1,176)
Fair value of net assets/ consideration paid, satisfied in cash	500
Cash acquired	(2)
Net cash outflow	498

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

37.2 Acquisition of business

In June 2010, PT QL Trimitra ("PT QLT") entered into a Sales and Purchase Agreement to acquire the assets used in forming part of the business and includes without limitation to goodwill, business networking and know how, land and equipment from CV Trimitra Group and drh Cecep Mochamad at a total consideration of RM2,209,052.00 (USD675,000). The property, plant and equipment acquired amounted to RM391,000 and the goodwill arising from the acquisition amounted to RM1,818,000.

38. Significant changes in accounting policies

	Retained earnings	
	Group RM'000	Company RM'000
At 1 April 2010, as previously stated	316,831	13,036
Adjustments arising from adoption of FRS 139:		
- Recognition of derivatives previously not recognised, net of tax	(200)	18
At 1 April 2010, as restated	316,631	13,054

38. Significant changes in accounting policies (continued)

38.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were measured at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as available-for-sale as detailed in note 2(c).

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in profit or loss (see note 2(c)).

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

Inter-company loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

38. Significant changes in accounting policies (continued)

38.1 FRS 139, *Financial Instruments: Recognition and Measurement (continued)*

Impairment of trade and other receivables (continued)

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's basic and diluted earnings per share.

38.2 FRS 8, *Operating Segments*

As of 1 April 2010, the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

38.3 FRS 101, *Presentation of Financial Statements* (revised)

The adoption of FRS 101 (revised) effective for the financial year ended 31 March 2011 resulted in the following:

(i) income statements for the year ended 31 March 2010 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity; and

(ii) a statement of financial position at the beginning of the earliest comparative period, i.e. 1 April 2009 have been included following the change in the comparative figures for 31 March 2010 to conform with current year's presentation.

38.4 FRS 117, *Leases*

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

39. Comparative figures

The following comparative figures as at 31 March 2010 have been reclassified to conform with current year's presentation pursuant to the adoption of the FRS 117 *Leases*.

Group	**As restated RM'000**	**As previously stated RM'000**
Statement of financial position		
Cost		
Property, plant and equipment	533,843	481,359
Prepaid lease payment	44,556	97,040

40. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	2011	
	Group RM'000	**Company RM'000**
Total retained earnings of the Company and its subsidiaries:		
- realised	540,836	2,213
- unrealised	(33,091)	7,665
	507,745	9,878
Total share of retained profits from associates		
- realised	3,317	-
	511,062	9,878
Less: Consolidation adjustments	(99,382)	-
Total retained earnings	411,680	9,878

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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 46 to 141 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 8 July 2011

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 46 to 142 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 8 July 2011.

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 statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 141.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 34 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 40 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Lim Hun Soon @ David Lim
Approval Number: 1514/05/12(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 8 July 2011

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List of Properties

as at 31 March 2011

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)
P.T. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)
QL Marine Products Sdn Bhd	CL045081687 CL045076042 Kampung Bolong, District of Tuaran, Sabah	(Dec 2002) (Sept 2003)
QL BioEnergy Sdn. Bhd.	Lot 13 & 13A, POIC Phase 1 Lahad Datu	(Aug 2006)
QL Plantation Sdn. Bhd.	Lot 13B, POIC Phase 1, Lahad Datu	(Sept 2007)
QL 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 Endau Deep Sea Fishing 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 2009)
QL Feedmills Sdn. Bhd.	CL015485864 Inanam, District of Kota Kinabalu, Sabah	(March 2011)
QL Endau Fishmeal Sdn. Bhd.	H.S.(M) 1763, PTD 4159 Jalan Tg. Merit, Mukim Padang Endau, District of Mersing Johor	(Jan 2009)
QL Plantation Sdn. Bhd.	CL105355977 Mile 42, alongside Tawau-Kunak Highway, District of Tawau, Sabah	Dec 1998
QL Plantation Sdn. Bhd.	CL 245321037 PL 246291092 PL 246291083 CL 245354170 Tingkayu, Lahad Datu-Kunak Highway, District of Kunak, Sabah	(July 2000)

Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Leasehold to: 30.12.2044	Oil Palm Estate	14,177 ha	90,884	2
Leasehold to 31.12.2104 Leasehold to 27.4.2929	Surimi & Fishmeal Factory	26 acres 3 acres Build up area 227,300 sq. ft.	15,538	7
Leasehold to: 31.12.2104	Industrial Land	871,200 square feet	10,365	N/A
Leasehold to: 31.12.2104	Industrial Land	871,200 square feet	10,308	N/A
Freehold	Fishmeal factory warehouse cum office	Gross Build up area of 7,544 square metre 4.365 ha	9,460	7
Lot 275 Freehold TLO 117: Leasehold expiring 28.2.2036	Building Coldroom	Lot 275: 1.6212 ha TLO 117: 0.1626 ha Build up area 9,002 sq. m.	9,311	1 1
Leasehold to: 31.12.2915	Vacant Land	2.727 ha	9,099	N/A
Leasehold expiring 25.11.2061	Fishmeal factory Warehouse Office	1.3152 ha Build up area 6,131 sq. m.	8,983	2 2 1
Leasehold to: 31.12.2076	Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha Build up area 31.00 ha	8,594	13
Leasehold to: 31.12.2072 31.12.2073 31.12.2073 31.12.2078	Oil Palm Estate together with palm oil mill & building thereon	76.53 ha Build up area 19.80 ha	8,308	11

Shareholders' Analysis Report

as at 30 June 2011

Authorised share capital	:	RM500,000,000
Issued and paid-up capital	:	RM208,000,402
Type of shares	:	Ordinary shares of RM0.25 each
Voting rights	:	One vote per ordinary share

Shareholders by Size of Holdings, Directors' Shareholdings and Substantial Shareholders

No. of Holders	Holdings	Total Holdings	%
56	less than 100	1,615	0.00
812	100 to 1,000	620,189	0.08
3,775	1,001 to 10,000	18,069,124	2.17
2,186	10,001 to 100,000	67,828,098	8.15
488	100,001 to less than 5% of issued shares	264,419,980	31.78
2	5% and above of issued shares	481,062,602	57.82
7,319		832,001,608	100.00

Note:-
Based on the issued and paid-up share capital of the Company comprising 832,001,608 ordinary shares of RM0.25 each.

Directors' Shareholdings

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

Substantial Shareholders

Name of Shareholders	Shareholdings	%
1 CBG Holdings Sdn. Bhd.	373,846,682	44.93
2 Farsathy Holdings Sdn. Bhd.	107,337,540	12.90

List of top 30 shareholders

	Name of Shareholders	Shareholdings	%
1	CBG HOLDINGS SDN BHD	373,786,682	44.93
2	FARSATHY HOLDINGS SDN BHD	107,275,920	12.89
3	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND	9,000,000	1.08
4	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	8,265,480	0.99

5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	5,291,520	0.64
6	LIU SIN	4,808,160	0.58
7	CHIA TEOW GUAN	4,246,000	0.51
8	CHIA SIANG ENG	3,976,310	0.48
9	CHEAH SUI SIN	3,700,000	0.44
10	JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (STA 2)	3,658,002	0.44
11	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : HSBC-FS FOR VALUE PARTNERS “A” FUND	3,539,600	0.43
12	ATTRACTIVE FEATURES SDN. BHD	3,000,000	0.36
13	KHOO NG HIONG	3,000,000	0.36
14	CHEAH YAW SONG	2,500,000	0.30
15	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : MIDF AMANAH ASSET MANAGEMENT BERHAD FOR LEMBAGA TABUNG HAJI (JG283)	2,335,000	0.28
16	LAU SAM SIONG	2,324,000	0.28
17	HLB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	2,320,000	0.28
18	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	2,277,300	0.27
19	CHIA BAK LANG	2,254,000	0.27
20	TAN THEAN HOCK	2,101,820	0.25
21	LIU FUI MOY	1,987,200	0.24
22	RUBY TECHNIQUE SDN BHD	1,980,000	0.24
23	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (CONVERT IN USD)	1,840,800	0.22
24	LIU SIN	1,807,200	0.22
25	CHIA SONG PHUAN	1,800,000	0.22
26	HONG LEONG ASSURANCE BERHAD BENEFICIARY : AS BENEFICIAL OWNER (UNITLINKED GF)	1,800,000	0.22
27	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : ETIQA INSURANCE BERHAD (NON-PAR FUND 2)	1,800,000	0.22
28	TENGKU ZAINAL RASHID BIN TENGKU MAHMOOD	1,800,000	0.22
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM SEE PEK (8071455)	1,772,000	0.21
30	HLG NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : PB TRUSTEE SERVICES BERHAD FOR HONG LEONG GROWTH FUND	1,758,000	0.21

Warrant Holders' Analysis Report

as at 30 June 2011

No. of warrant : 41,598,392
Exercise price of warrant : RM3.30

Warrant holders by Size of Holdings, Directors' Warrant Holdings and Substantial Warrant Holders

No. of Holders	Holdings	Total Holdings	%
387	less than 100	11,561	0.03
2,245	100 to 1,000	941,073	2.26
943	1,001 to 10,000	3,395,882	8.16
281	10,001 to 100,000	8,637,702	20.77
27	100,001 to less than 5% of issued shares	4,559,038	10.96
2	5% and above of issued shares	24,053,136	57.82
3,885		41,598,392	100.00

Directors' Warrant Holdings

The direct and deemed interests of the Company's Directors are stated in page 34 of this Annual Report.

Substantial Warrant Holders

Name of Shareholders	Shareholdings	%
1 CBG Holdings Sdn. Bhd.	18,692,340	44.94
2 Farsathy Holdings Sdn. Bhd.	5,366,877	12.90

List of top 30 warrant holders

	Name of Shareholders	Shareholdings	%
1	CBG HOLDINGS SDN BHD	18,689,340	44.93
2	FARSATHY HOLDINGS SDN BHD	5,363,796	12.89
3	CHIA LIANG CHUN	341,200	0.82
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	328,696	0.79
5	OOI SING HWAT	270,000	0.65
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ANG YEW CHAI (E-BPJ)	212,040	0.51
7	TAN THEAN HOCK	205,766	0.49
8	CHAI LIANG BOY	203,060	0.49

9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	190,000	0.46
10	KEE SIOK HIN	187,000	0.45
11	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : HSBC-FS FOR VALUE PARTNERS "A" FUND	176,980	0.43
12	HLG NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : HONG LEONG BANK BHD FOR ANG YEW CHAI	163,620	0.39
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE PECK CHUAN (B TINGGI-CL)	159,200	0.38
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHIA SIEW KEE (E-BPJ)	159,060	0.38
15	ECML NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG TIAM MING (008)	156,600	0.38
16	CHIA SONG PHUAN	153,006	0.37
17	YONG KAM FAR	152,000	0.37
18	ATTRACTIVE FEATURES SDN. BHD.	150,000	0.36
19	KHOO NG HIONG	150,000	0.36
20	PUBLIC NOMINEES (ASING) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR HSIEH,CHING-LUNG (E-TSA/UTM)	149,920	0.36
21	AFFIN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK (TAN6190M)	149,700	0.36
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TING SWEE KING (KUCHING-CL)	124,800	0.30
23	YAU KIM KIAT	123,500	0.30
24	HLG NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : HONG LEONG BANK BHD FOR KOH PI ZYN	121,100	0.29
25	RUBY TECHNIQUE SDN BHD	111,500	0.27
26	CHEAH YAW SONG	108,400	0.26
27	TEOH KA HOONG	107,090	0.26
28	CHIA TEOW GUAN	102,800	0.25
29	NG KIM MING	102,000	0.25
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR GOH TIN SOON (MY1032)	100,000	0.24

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting has been scheduled on Tuesday, 23 August 2011 at 10.00 a.m. to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

(1)	To receive the Audited Financial Statements for the financial year ended 31 March 2011 together with the Directors' and Auditors' Report thereon.	**Resolution 1**
(2)	To approve the payment of a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 March 2011.	**Resolution 2**
(3)	To re-elect the following Directors who retire in accordance with Article No. 97 of the Company's Articles of Association:	
	Mr. Chia Song Swa	**Resolution 3**
	Mr. Chia Mak Hooi	**Resolution 4**
	Mr. Chieng Ing Huong	**Resolution 5**
(4)	To re-elect the following Directors who retire in accordance with Article No. 103 of the Company's Articles of Association:	
	Mr. Cheah Juw Teck	**Resolution 6**
	Mr. Tan Bun Poo	**Resolution 7**
(5)	To re-appoint YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company.	**Resolution 8**
(6)	To approve the Directors' fees for the financial year ended 31 March 2011.	**Resolution 9**
(7)	To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 10**
(8)	**Special business**	**Resolution 11**
	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."	
(9)	To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.	

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 23 September 2011 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 September 2011.

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 2011 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

29 July 2011

NOTES:-

(a) 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.

(b) 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.

(c) 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.

(d) Explanatory Statement on Special Business

Resolution 11

The ordinary resolution proposed is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. If passed will empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to allot and 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 authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The Company has issued 20,827,920 new shares of RM0.50 each at an issue price of RM5.60 each, raising a net proceeds of RM115.42 million under the general authority pursuant to the private placement which was approved at the 13th Annual General Meeting held on 24 August 2010 and which will lapse at the conclusion of the 14th Annual General Meeting to be held on 23 August 2011. RM34.62 million of the proceeds arising from the exercise was utilized for working capital purposes and the balance of RM80.8 million for capital expenditure purposes.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares.

Recurrent Related Party Transactions

Recurrent Related Party Transactions of Revenue or Trading Nature of QL Resources Berhad Group

Existing RRPT

Nature of Transaction	Related Parties	Actual transacted value for financial year ended 31 March 2011 (RM'000)	Estimated Value from the date of the forthcoming EGM to the next EGM * (RM'000)	Estimated value as per the mandate obtained from last year's EGM (RM'000)	Actual transacted value for the period 24 August 2010 to 30 June 2011 (RM'000)
Purchase of animal feeds from QL Livestock Farming Sdn. Bhd. ("QLFF")	Success Portfolio Sdn. Bhd.	5,157	6,000	4,200	5,206 #
Purchase of animal feeds from QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	8,941	14,000	14,000	9,102
Purchase of animal feeds from QL Tawau Feedmill Sdn. Bhd. ("QLTF")	Arena Dijaya Sdn. Bhd.	3,057	5,000	4,500	2,798
Purchase of animal feeds from QLTF.	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	3,354	5,000	4,500	3,452
Purchase of animal feeds from QLLF	Green Breeder Sdn. Bhd.	3,632	5,500	3,000	3,863 #
Purchase of eggs, broiler and surimi based products from QL Agroventures Sdn. Bhd.	C Care Enterprise Sdn. Bhd.	1,608	3,000	2,000	838
Purchase of surimi from QL Foods Sdn. Bhd. ("QLF")	Fusipim Sdn. Bhd.	1,816	2,000	1,500	1,423
Purchase of surimi-based products from QLF	Mr Cheah Joo Keang	2,195	2,500	2,500	1,964
Sale of fish to QLF	Sin Teow Fatt Trading Co.	696	800	800	573

Nature of Transaction	Related Parties	Actual transacted value for financial year ended 31 March 2011 (RM'000)	Estimated Value from the date of the forthcoming EGM to the next EGM * (RM'000)	Estimated value as per the mandate obtained from last year's EGM (RM'000)	Actual transacted value for the period 24 August 2010 to 30 June 2011 (RM'000)
Purchase of spare parts by QL Endau Deep Sea Fishing Sdn. Bhd. ("QLEDSF")	Keang Huat Trading Sdn. Bhd. ("KHT")	2,392	3,000	3,000	1,897
Purchase of spare parts by QL Endau Fishmeal Sdn. Bhd. ("QLEF")	KHT	30	150	150	34
Purchase of spare parts by QL Endau Marine Products Sdn. Bhd. ("QLEMP")	KHT	95	200	150	76
Sale of fish by QLEDSF	Perikanan Sri Tanjung Sdn. Bhd. ("PST")	0.3	250	250	-
Purchase of fish by QLEMP	PST	878	1,500	1,000	688
Purchase of raw fish by QLEF	PST	365	350	200	242 @
Sale of fish by QLEDSF	Timurikan Trengganu Marine Products Sdn. Bhd. ("TTMP")	895	800	800	649
Purchase of raw fish by QLEF	TTMP	833	800	200	331 @
Purchase of fish by QLEMP	TTMP	948	1,500	800	779
Sale of fresh fruit bunch to QL Plantation Sdn. Bhd.	MBAS	13,069	15,000	5,000	12,982 ^

Notes:

- * The above estimated values of transactions are based on the actual transacted values for the financial year ended 31 March 2011. However, the value of these transactions may be subjected to changes in the current financial year in light of the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.
- # These transactions have exceeded the estimated value by 10% or more due to major increase in raw material cost resulting in higher feed cost produced.
- @ These transactions have exceeded the estimated value by 10% or more due to the increased in purchase quantity and revision in purchase price.
- ^ This transaction has exceeded the estimated value by 10% or more due to the increased in unit price of FFB.

Classes of Related Parties

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

- **Green Breeder Sdn. Bhd.** is a company involved in livestock breeding. The directors are Dr Ng Siew Thiam and his spouse, Chew Ching Kwang. The major shareholder (77.5%) is May Hoo Trading Sdn. Bhd., a company owned by Dr Ng Siew Thiam and his spouse. Dr Ng Siew Thiam is a Director of QL Livestock Farming Sdn. Bhd. ("QLLF") and also a director and major shareholder (19.98%) of QL AgroResources Sdn. Bhd., which is the holding company of QLLF.

- **C Care Enterprise Sdn. Bhd.** ("C Care") is a retail shop owned by Mr Chia Soon Hooi and his spouse. They are also directors of C Care. Mr Chia Soon Hooi is the brother of Mr Chia Mak Hooi, a director of QL Agroventures Sdn. Bhd. and director and major shareholder in QL.

- **Fusipim** is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr Eng Seng Poo. Madam Chia Kah Chuan is the sister of Mr Cheah Yaw Song, a director of QL Foods Sdn. Bhd. ("QL Foods") and family member of the Chia family.

- **Cheah Joo Kiang** is the son of Mr Cheah Yaw Song and the brother of Cheah Juw Teck who are directors of QL Foods.

- **Sin Teow Fatt Trading Co.** is a partnership involved in fish wholesale and it is owned by Mr Chia Teow Guan, Mr Chia Song Pou, Mr Cheah Yaw Song and Mr Chia Song Phuan. The directors of QL Foods are Mr Chia Song Kun, Mr Chia Seong Pow, Mr Cheah Yaw Song, Mr Chia Teow Guan, Mr Chia Song Phuan and Mr Cheah Juw Teck. QL Foods is a wholly-owned subsidiary of QL Fishery Sdn. Bhd., which in turn is wholly-owned by QL whereby Mr Chia Song Kun, Mr Chia Seong Pow and Mr Chia Mak Hooi, is the director and major shareholder.

- **Keang Huat Trading Sdn. Bhd.** ("KH") is a trading company of all kinds of hardware, marine engines and fishing equipment. Mr Lim Kwan Cheang, Mr Sim Chin Swee and Mr Chua Lee Guan are directors and substantial shareholders of KH. KH is also a major shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("QLEMP"). QL Endau Fishmeal Sdn. Bhd. ("QLEF") is the wholly-owned subsidiary of QLEMP.

- **Perikanan Sri Tanjung Sdn. Bhd.** ("PST") is into deep sea fishing operation. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of PST. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of QLEMP and QLEF. QLEMP is 70.59% owned by QL.

- **Timurikan Trengganu Marine Products Sdn. Bhd.** (“TTMP”) is a company trading in edible fish. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of TTMP. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of QLEMP & QLEF.

- **Success Portfolio Sdn. Bhd.** (“SP”) is a company engaged in livestock farming which Dr Ng Siew Thiam has interest. Dr Ng Siew Thiam is a director and shareholder in QL AgroResources Sdn. Bhd., a 80% owned subsidiary of QL and the holding company of QL Livestock Farming 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.

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

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

- **Arena Dijaya Sdn. Bhd.** (“Arena”) is engaged in livestock farming and is 90% owned by RT Mr Liu Sin is a director and shareholder of Arena.

QL RESOURCES BERHAD (428915-X)

Form of Proxy

No. of ordinary shares held

I/We ....

(FULL NAME IN BLOCK LETTERS)

of ....

(FULL ADDRESS)

being a member/ members of QL Resources Berhad, hereby appoint ....

(FULL NAME)

of ....

(FULL ADDRESS)

or failing him, ...

of ....,

as my/our proxy/proxies to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company, to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 23 August 2011 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		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast on the resolutions specified in the Notice of 14th 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 .... 2011 ....

Signature of shareholder

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.

fold here

Stamp

The Secretary,

QL Resources Berhad (428915-X)

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

fold here